

City of Chillicothe  
Ross County, Ohio  
Single Audit  
For the Year Ended December 31, 2017



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# Dave Yost • Auditor of State

City Council  
City of Chillicothe  
35 South Paint Street  
Chillicothe, Ohio 45601

We have reviewed the *Independent Auditor's Report* of the City of Chillicothe, Ross County, prepared by Millhuff-Stang, CPA, Inc., for the audit period January 1, 2017 through December 31, 2017. 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 City of Chillicothe is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

September 4, 2018

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**City of Chillicothe**  
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*For the Year Ended December 31, 2017*

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**City of Chillicothe**  
*Schedule of Expenditures of Federal Awards*  
*For the Year Ended December 31, 2017*

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Number	CFDA	Disbursements
<b><u>U.S. Department of Housing and Urban Development</u></b>			
<i>Passed through Ohio Development Services Agency:</i>			
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	A-F-15-2AW-1	14.228	\$64,560
Total Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii			64,560
<b>Total U.S. Department of Housing and Urban Development</b>			<b>64,560</b>
<b><u>U.S. Department of Justice</u></b>			
<i>Direct:</i>			
Bullet Proof Vest Partnership Program	N/A	16.607	2,231
<i>Passed through Ohio Office of Attorney General:</i>			
Crime Victim Assistance	2017-VOCA-43556702	16.575	24,580
Crime Victim Assistance	2018-VOCA-109846231	16.575	8,079
Total Crime Victim Assistance			32,659
<b>Total U.S. Department of Justice</b>			<b>34,890</b>
<b><u>U.S. Department of Transportation</u></b>			
<i>Passed through Ohio Department of Transportation:</i>			
Formula Grants for Rural Areas	RPTF-0096-036-161	20.509	197,784
Formula Grants for Rural Areas	RPTF-4096-050-171	20.509	1,169,547
Formula Grants for Rural Areas	RPTF-0096-050-17	20.509	5,393
Formula Grants for Rural Areas	RPTM-0096-050-171	20.509	166,222
Total Formula Grants for Rural Areas			1,538,946
<b>Total U.S. Department of Transportation</b>			<b>1,538,946</b>
<b>Total Federal Awards Expenditures</b>			<b>\$1,638,396</b>

N/A - direct award.

Total accompanying notes are an integral part of this schedule.

**City of Chillicothe**  
*Notes to the Schedule of Expenditures of Federal Awards*  
*For the Year Ended December 31, 2017*

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**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the City of Chillicothe, Ohio (the City) under programs of the federal government for the year ended December 31, 2017. The information on this schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

**Note 2 – Significant Accounting Policies**

Expenditures reported on the schedule are reported on the cash basis of accounting. Such expenditures are recognized following either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**Note 3 – Formula Grants for Rural Areas**

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

**Note 4 – Matching Requirements**

Certain federal programs require that the City contribute non-federal funds (matching funds) to support the federally-funded programs. The City has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the schedule.



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

Independent Auditor's Report

City Council  
City of Chillicothe  
35 South Paint Street  
Chillicothe, Ohio 45601

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Chillicothe, Ross County (the City) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 22, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001, that we consider to be a significant deficiency.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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*.

### **City's Response to Findings**

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Natalie Millhuff-Stang, CPA, CITP  
President/Owner  
Millhuff-Stang, CPA, Inc.  
Portsmouth, Ohio

June 22, 2018

**Report on Compliance For Each Major Program; Report on Internal Control Over Compliance; and  
Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

Independent Auditor's Report

City Council  
City of Chillicothe  
35 South Paint Street  
Chillicothe, Ohio 45601

**Report on Compliance for Each Major Federal Program**

We have audited the City of Chillicothe's, Ross County (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the City's major federal program for the year ended December 31, 2017. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the City's major federal program based on our audit of the types of compliance requirements referred to above. 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 City'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 on compliance for the major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2017.

### **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated June 22, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Natalie Millhuff-Stang, CPA, CITP  
President/Owner  
Millhuff-Stang, CPA, Inc.  
Portsmouth, Ohio

June 22, 2018

**City of Chillicothe**  
*Schedule of Findings and Questioned Costs*  
*For the Year Ended December 31, 2017*

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

<i>Financial Statements</i>	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No
<i>Federal Awards</i>	
Internal control over major federal program(s):	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditor’s report issued on compliance for major federal programs:	Unmodified
Any auditing findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal program(s):	Formula Grants for Rural Areas, CFDA #20.509
Dollar threshold used to distinguish between type A and type B programs:	Type A: >\$750,000 Type B: all others
Auditee qualified as low-risk auditee?	No

**Section II – Financial Statement Findings**

**Finding 2017-001 – Significant Deficiency – Financial Statement and Federal Schedule Reporting**

A monitoring system by the City should be in place to prevent or detect misstatements to help ensure the accurate presentation of the City’s financial statements. Various errors were identified in the financial statements, including errors related to accruals, revenue classifications, capital asset additions, net position classifications, and the presentation of cash in segregated accounts. All errors were deemed immaterial to the financial statements and were not corrected. In addition, errors were also identified in the federal schedule, which were corrected as deemed appropriate. Many of these adjustments were primarily the result of erroneous computations within the compilation process. The City should implement monitoring procedures over the financial reporting process to ensure that financial and federal expenditure information presented is fairly stated.

*Client Response:*  
 See accompanying corrective action plan.

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

None.

**City of Chillicothe**  
*Corrective Action Plan*  
*For the Year Ended December 31, 2017*

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Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	The City will prepare information to the compilers quicker allowing more time to review next year. Maybe set a due date with the compilers and a date to review everything together before the filing deadline.	Time table not specified.	Kristal Spetnagel, City Auditor

**City of Chillicothe**  
*Schedule of Prior Audit Findings*  
*For the Year Ended December 31, 2017*

Finding Number	Finding Summary	Status	Additional Information
Finding 2016-001	Significant Deficiency – Financial Reporting	Not Corrected	Reissued as Finding 2017-001
Finding 2016-002	Material Weakness – Budgetary Information Within Accounting System	Corrected	
Finding 2016-003	Noncompliance/Material Weakness – Formula Grants for Rural Areas – Suspension and Debarment	Corrected	



# **City of Chillicothe, Ohio Comprehensive Annual Financial Report**

**For the Year Ended December 31, 2017**



**Kristal Spetnagel  
Chillicothe City Auditor**

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**CHILICOTHE**  
OHIO'S FIRST CAPITAL

KRISTAL SPETNAGEL  
CITY AUDITOR

June 22, 2018

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

FROM: City Auditor Kristal Spetnagel and Staff

The Auditor's office is pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of Chillicothe for the year ended December 31, 2017. This report, prepared by the City Auditor's Office, contains a comprehensive analysis of the City's financial position and activities for the year 2017. It is intended to provide all pertinent and necessary financial information to the Citizens of Chillicothe.

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

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

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

*Audit*

The 2017 basic financial statements were audited by Millhuff-Stang C.P.A., Inc. This audit was conducted according to generally accepted auditing standards and Government Auditing Standards and included a legal and financial compliance audit, a review of internal controls, and tests of transactions. The Independent Auditor's opinion letter is at the beginning of the financial section.

### Reporting Entity

In accordance with the Governmental Accounting Standards Board (GASB) Statement 14 as amended by GASB Statement No. 39, the following is a brief definition of the reporting entity. This report includes all funds, agencies, boards, and commissions for which the City is financially accountable. In considering that responsibility the City must determine whether an entity is fiscally independent of the City and whether it has the ability to significantly influence operations, select the governing authority, designate management, and maintain accountability over fiscal matters of the entity. The reporting entity is discussed in more detail in Note 1 of the Notes to the Basic Financial Statements.

### History and City Organization

The City of Chillicothe, the first capital of the State of Ohio, was founded in 1796 and served as Ohio's Capital twice from 1803 to 1809 and from 1812 to 1816. Located in Ross County, at the intersection of Routes 23, 35, and 50 approximately 45 miles south of Columbus, Ohio, Chillicothe covers 9.7 square miles and has approximately 21,499 citizens according to the 2017 US Census Bureau estimates. The City has thirteen public parks consisting of 225 acres, six public schools, one parochial school, one charter school, a branch of Ohio University, and two public libraries.

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

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

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

The Treasurer, also elected to four-year terms, and serves as a check and balance to the City Auditor.

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

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

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

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

The City employs approximately 300 people, both full-time and permanent part-time, to serve the citizens of Chillicothe in the various departments described as follows: Public Safety (Police, Fire, and School Patrol), Recreation (Parks and Recreation), Utilities (Water, Sewer, and Sanitation), Transportation (Bus System), Community Environment (Planning, Zoning, and Economic Development), Streets (Engineering and Service Departments), General Government (Administrative services, including Municipal Court), and Finance (Auditor, Tax Auditor, and Treasurer).

### Economic Outlook

Chillicothe and Ross County have a strong shared history as a regional commerce center and trade route. The original trade route through Chillicothe was the Scioto River, which has long since been replaced by the intersecting U.S. Routes 23 and 35. The intersecting highways make the area ideal for manufacturing, retail, and entertainment.

Employment in the Chillicothe and Ross County region is dominated by manufacturing (PH Glatfelter Co., PACCAR Inc.), government (Ross County, City of Chillicothe, Ohio University Chillicothe), and healthcare (Adena Regional Medical Center). According to the Bureau of Labor Statistics the average unemployment rate for the Chillicothe Metropolitan area in 2017 was 4.9% which is the lowest it has been since 2006 when it was 6.2% and is less than half of the peak in 2009 of 12.5%.

Other developments of note:

The construction of two new Chillicothe City Schools is well underway. These schools will provide the best facility with state of the art resources to ensure our teachers can provide our students with the best possible education. The City is working closely with the school district to ensure parking, traffic flow and safety are achieved with everyone's needs in mind.

The City worked with Adena Health System to gain access to capital at a more affordable rate, through the support of a conduit bond issue. The funds received by Adena are being used to make a massive emergency room expansion project a reality. The expansion will increase the emergency room from 1,600 square feet to 60,000 square feet, serving over 60,000 patients a year. This will dramatically increase services to our community and surrounding areas.

North Bridge Street continues to grow with expansion and new construction and new business. Coughlin Chevrolet Buick GMC has constructed a brand-new building and expanded their size, while Harbor Freight Tools has taken over a very large retail storefront. Downtown Chillicothe's dramatic revitalization continues to gain momentum with a brand-new restaurant, The Pour House at Machinery Hall, adding more diversity to our culinary options. Wheatberry Books and The Mighty Children's Museum also had their grand opening in 2017.

### Long'-Term Financial Planning

Chillicothe voters passed two independent income tax levies in May of 2015, each of which were for .02%. The first is dedicated to the City Street construction, maintenance, and repair while the other is dedicated to safety services. The overall Chillicothe City income tax increased from 1.6% to 2.0% effective January 1, 2016. The levies are aimed at paving the streets of Chillicothe and restoring the safety levy capital account to its full potential, allowing Police and Fire to catch up on needed capital improvements.

In September 2015, the City borrowed \$2,000,000 to begin road construction projects. In September 2016, the City re-issued \$1,900,000 in Bonds paying down \$100,000 in principal. In October 2016, the City issued an additional \$3,000,000 in Bonds to continue road construction projects. In August 2017, the City re-issued \$1,500,000 in Bonds paying down \$400,000 in principal. The City also issued bonds in the amount of \$185,000 for street construction equipment. As of December 31, 2017, the City has spent approximately \$3,752,328 in street construction projects and equipment.

City Council passed ordinance 5-18 establishing a strategic plan that will be used to set priorities, focus energy and resources, strengthen operations, and ensure that the City is working toward common goals. The Strategic plan will offer direction and help make decisions on allocating its resources and funding to pursue capital projects or other development needs. It will also lay down a path to meet estimated future financial or capital needs to ensure a strong financial position in the future. This plan ensures City Council is committed to preserving and enhancing the quality of life, for our community by providing proactive leadership, efficient services, and fiscal accountability.

The City will also begin discussing the creation of a Budget Stabilization Fund to assist in stabilizing revenues during periods of economic recession or budget crisis. The fund would provide a safeguard to protect critical programs during an economic downturn and help the City maintain a balanced budget.

### Relevant Financial Policies

The City formally adopted an investment policy by City Ordinance #100-96 which makes it the City Auditor's responsibility to invest all the City's funds in certificates of deposit, money markets, and Treasury Notes with local approved banks. These certificates of deposit range in length from 30 days to one year and are awarded on a bid basis to the institution having the best bid whenever an investment is to be made. The policy further encourages the City to take advantage of every opportunity to earn interest on other funds, including the float on outstanding checks and funds being held by bond trustees. Interest

earned on all investments is designated to the General Fund by law. The only exception is for specifically designated trustee funds and borrowed funds for major projects such as those within the Water and Sewer funds.

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

### Budgetary Controls

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

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

The City maintains its budgetary control by not allowing expenditures/expenses plus encumbrances to exceed appropriations at the object level. All purchases are processed through the computer system in two stages. A department first initiates a purchase by issuing a purchase requisition which is approved by the Purchasing Agent, the Mayor, and then by the City Auditor. This requisition is then converted into a purchase order, which is again signed by both the Purchasing Agent and the City Auditor, and then forwarded to the appropriate vendor. It is important to note that the Auditor approves as to availability of funds and reviews the legality of the expenditures. It should also be noted that any purchase in excess of \$500 must be approved by the Board of Control, which consists of the Mayor, Service Director, and Safety Director.

### Internal Controls

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

benefits likely to be derived therefrom and that it is the task of management to make that evaluation.

Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Chillicothe for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2016. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The City of Chillicothe has now received a Certificate of Achievement for twenty-six consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgement

This Comprehensive Annual Financial Report for the City of Chillicothe is the 27th for our City and represents not only a tremendous effort on the part of the Auditor's staff but is indicative of the professionalism of all the people involved. With this report our taxpayers may now better understand the operation of our City and its basic financial structure.

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

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

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

Respectfully yours,



Kristal M. Spetnagel,  
City Auditor



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of Chillicothe  
Ohio**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2016**

*Christopher P. Morill*

Executive Director/CEO

**CITY OF CHILLICOTHE, OHIO  
LISTING OF ELECTED OFFICIALS**

MAYOR

Luke Feeney  
Term Expires 12-31-19

CITY COUNCIL

Bruce Arnold  
President  
Term Expires 12-31-17

Jean Kerney  
1st Ward Council  
Term Expires 12-31-17

Alicia Gray  
3rd Ward Council  
Term Expires 12-31-17

Joel Fleurima  
5th Ward Council  
Term Expires 12-31-17

Dustin Proehl  
Council At Large  
Term Expires 12-31-17

Aaron Hines  
2nd Ward Council  
Term Expires 12-31-17

Dave Tatman  
4th Ward Council  
Term Expires 12-31-17

Patricia Patrick  
6th Ward Council  
Term Expires 12-31-17

Ceil Corcoran  
Council At Large  
Term Expires 12-31-17

Beth Neal  
Council At Large  
Term Expires 12-31-17

CITY AUDITOR

Kristal Spetnagel  
Term Expires 12-31-17

CITY TREASURER

Jeremy Siberell  
Term Expires 12-31-17

DIRECTOR OF LAW

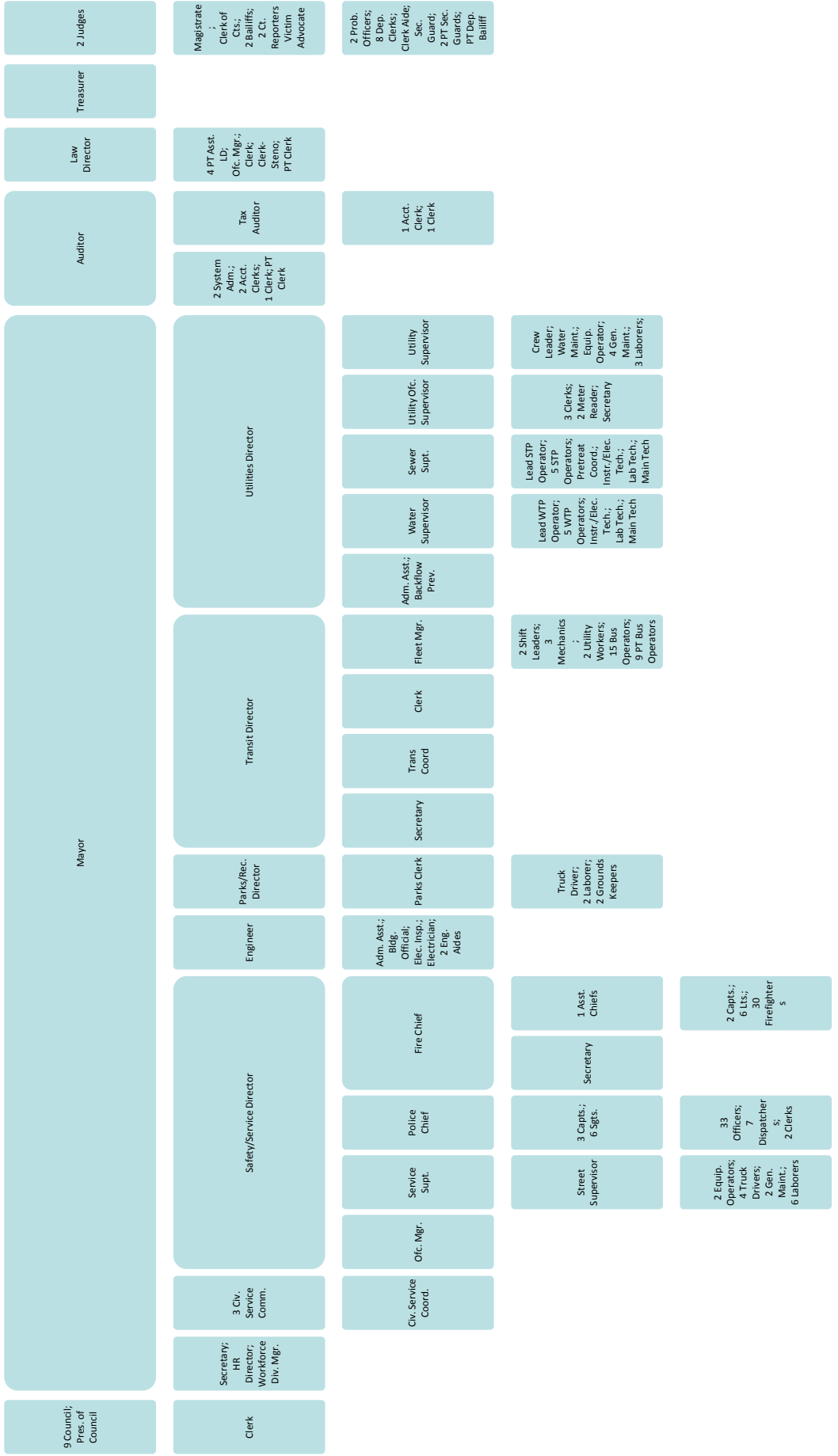
Sherri Rutherford  
Term Expires 12-31-19



**CITY OF CHILLICOTHE, OHIO  
LISTING OF APPOINTED OFFICIALS**

CITY ENGINEER	Richard Johnson
UTILITIES DIRECTOR	Richard Johnson
SAFETY/SERVICE DIRECTOR	Jeffrey Carmen
PARKS/RECREATION DIRECTOR	William Bonner
TRANSIT DIRECTOR	Mike Green
CLERK OF COUNCIL	John Fosson
ASSISTANT LAW DIRECTOR	Ben Sigall
ASSISTANT LAW DIRECTOR	Michele Rout
ASSISTANT LAW DIRECTOR	Carrie Charles
ASSISTANT LAW DIRECTOR	Pamela Wells

# GENERAL PUBLIC



**CITY OF CHILLICOTHE, OHIO  
CITY AUDITOR'S STAFF**

CITY AUDITOR	Kristal Spetnagel
TAX AUDITOR	Julie Parker
SYSTEM ADMINISTRATOR	Heidi Leasure
ACCOUNTS PAYABLE ADMINISTRATOR	Amy Arnold
ACCOUNTING CLERK	Holly Cousins
ACCOUNTING CLERK	Lisa Downard
AUDITOR'S CLERK	Jeanne Meyer
AUDITOR'S CLERK	Danielle Graves

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**Independent Auditor's Report**

City Council  
City of Chillicothe  
35 South Paint Street  
Chillicothe, Ohio 45601

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chillicothe, Ross County (the City), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Chillicothe, Ross County, as of December 31, 2017, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund, Street Construction Maintenance & Repair Fund, and Bus Transit Fund thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 12 through 22 and the net pension liability and employer contributions schedules on pages 82 through 87 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules and the introductory and statistical sections 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Natalie Millhuff-Stang, CPA, CITP  
President/Owner  
Millhuff-Stang, CPA, Inc.  
Portsmouth, Ohio

June 22, 2018

**City of Chillicothe, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2017**  
**Unaudited**

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The discussion and analysis of the City of Chillicothe's financial performance provides an overall review of its financial activities for the year ended December 31, 2017. The purpose of this discussion and analysis is to look at the City's financial performance and discuss pertinent points to better help the reader understand our performance.

**Financial Highlights**

1. The City of Chillicothe's total net position decreased \$1,643,126; net position of the governmental activities decreased \$1,473,268; and net position of the business-type activities decreased \$169,858.
2. The General Fund balance of \$5,310,119 increased \$1,632,613 or 44.39%, from the previous year's balance of \$3,677,506. This was primarily due to an increase in income tax revenues.

**Overview of the Financial Statements**

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

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

The *Statement of Net Position* presents information on all of the City of Chillicothe's assets, liabilities, and deferred inflows/outflows of resources with the difference between these reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Chillicothe is improving or deteriorating.

The *Statement of Activities* presents information showing how the City of Chillicothe's net position changed during the recent fiscal year.

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

The government-wide financial statements can be found starting on page 23 of this report.

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



**City of Chillicothe, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2017**  
**Unaudited**

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

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

The City of Chillicothe maintains 25 individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances, for the General Fund, Street Construction Maintenance and Repair Fund and Bus Transit Fund, which are considered to be major funds. Data from the other 22 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

**Proprietary Funds** - The City maintains two different types of proprietary funds; enterprise funds and internal service funds. The City of Chillicothe uses enterprise funds to account for its water and sewer operations. Proprietary funds are reported in the same way that all activities are reported in the *Statement of Net Position* and the *Statement of Activities* using the full accrual basis of accounting. The City of Chillicothe has two funds that are considered to be major funds, the Water and Sewer funds. Internal service funds are an accounting device used to accumulate and allocate cost internally among the City's various functions. The City uses an internal service fund to account for the fuel purchasing program of the City. Because this service predominately benefits governmental rather than business-type functions, it has been included with governmental activities in the government-wide financial statements.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources from those funds are not available to support the City's programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

### **Government-Wide Financial Analysis**

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

**City of Chillicothe, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2017**  
**Unaudited**

**The City of Chillicothe as a Whole**

The following two statements reflect the net position of the City of Chillicothe as a whole and are divided into the following categories: Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, Net Position (assets and deferred outflows minus liabilities and deferred inflows), Revenues, Expenses and Increase (Decrease) in net position.

**Net Position**

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total</b>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Assets:</b>						
Current and Other Assets	\$16,208,014	\$15,438,284	\$10,272,856	\$10,371,764	\$26,480,870	\$25,810,048
Capital Assets, Net	<u>35,324,640</u>	<u>35,982,625</u>	<u>35,605,043</u>	<u>35,918,148</u>	<u>70,929,683</u>	<u>71,900,773</u>
<i>Total Assets</i>	<u>51,532,654</u>	<u>51,420,909</u>	<u>45,877,899</u>	<u>46,289,912</u>	<u>97,410,553</u>	<u>97,710,821</u>
<b>Deferred Outflows of Resources</b>	<u>6,842,340</u>	<u>6,759,474</u>	<u>1,518,274</u>	<u>1,208,432</u>	<u>8,360,614</u>	<u>7,967,906</u>
<b>Liabilities:</b>						
Current and Other Liabilities	1,630,053	3,703,040	188,466	278,863	1,818,519	3,981,903
<i>Long-Term Liabilities:</i>						
Due Within One Year	2,119,319	1,803,079	804,177	881,875	2,923,496	2,684,954
<i>Due in More Than One Year:</i>						
Net Pension Liability	26,069,151	23,755,343	3,784,759	2,933,494	29,853,910	26,688,837
Other Amounts	<u>9,318,304</u>	<u>8,098,837</u>	<u>2,026,256</u>	<u>2,628,479</u>	<u>11,344,560</u>	<u>10,727,316</u>
<i>Total Liabilities</i>	<u>39,136,827</u>	<u>37,360,299</u>	<u>6,803,658</u>	<u>6,722,711</u>	<u>45,940,485</u>	<u>44,083,010</u>
<b>Deferred Inflows of Resources</b>	<u>1,729,606</u>	<u>1,838,255</u>	<u>42,686</u>	<u>55,946</u>	<u>1,772,292</u>	<u>1,894,201</u>
<b>Net Position:</b>						
Net Investments in						
Capital Assets	26,212,133	29,083,001	33,483,988	33,244,740	59,696,121	62,327,741
<i>Restricted For:</i>						
Debt Service	0	0	4	4	4	4
Capital Projects	685,762	783,956	618,466	618,468	1,304,228	1,402,424
Other Purposes	6,047,010	4,576,188	0	0	6,047,010	4,576,188
<i>Permanent Fund Purpose:</i>						
Expendable	2,325	2,310	0	0	2,325	2,310
Nonexpendable	1,000	1,000	0	0	1,000	1,000
Unrestricted (Deficit)	<u>(15,439,669)</u>	<u>(15,464,626)</u>	<u>6,447,371</u>	<u>6,856,475</u>	<u>(8,992,298)</u>	<u>(8,608,151)</u>
<b>Total Net Position</b>	<u>\$17,508,561</u>	<u>\$18,981,829</u>	<u>\$40,549,829</u>	<u>\$40,719,687</u>	<u>\$58,058,390</u>	<u>\$59,701,516</u>

**City of Chillicothe, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2017**  
**Unaudited**

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GASB Statement No. 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27," significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of these financial statements will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service,
2. Minus plan assets available to pay these benefits.

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is included within the long-term liability section of the Statement of Net Position.

**City of Chillicothe, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2017**  
**Unaudited**

In accordance with GASB 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the City is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Current and other assets of governmental activities increased by \$769,730 or 4.99% due to increases in cash and cash equivalents held by the City which relates to an increase in revenue that exceeded the increase in expenses. Capital assets of the governmental activities decreased \$657,985 or 1.83% due to depreciation expense exceeding acquisitions. Current and other liabilities of the governmental activities decreased by \$2,072,987 or 55.98% due to a decrease in notes payable within the Street Construction Maintenance and Repair Fund which was retired using the proceeds of bonds. Long-term liabilities increased as a result of an increase to the estimate for net pension liability and the issuance of general obligation bonds during 2017.

Current and other assets of business-type activities decreased by \$98,908 or 0.95% as a result of a decrease in equity in pooled cash and cash equivalents. Capital assets decreased by \$313,105 or 0.87% due to depreciation for the year. Current and other liabilities of business-type activities decreased by \$90,397 or 32.42% due to a decrease in accounts payable. Long-term liabilities increased as a result of an increase to the estimate for net pension liability.

The City of Chillicothe's total net position decreased from \$59,701,516 at the beginning of 2017 to \$58,058,390 at the end of the year, a change of \$1,643,126 or 2.75%. This decrease is the result of a decrease in the net position of the governmental activities of \$1,473,268 or 7.76% and a decrease in the net position of the business-type activities of \$169,858 or 0.42%.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for years 2017 and 2016.

**Changes in Net Position**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Revenues</b>						
<i>Program Revenues:</i>						
Charges for Services	\$7,579,089	\$7,084,308	\$7,516,517	\$7,321,034	\$15,095,606	\$14,405,342
Operating Grants and Contributions	2,543,849	2,762,668	0	0	2,543,849	2,762,668
Capital Grants and Contributions	420,773	105,450	0	0	420,773	105,450
<i>General Revenues:</i>						
Property Taxes	1,118,083	1,098,799	0	0	1,118,083	1,098,799
Income and Other Taxes	15,227,883	14,920,733	0	0	15,227,883	14,920,733
Grants and Entitlements	875,632	860,806	0	0	875,632	860,806
Investment Earnings	82,206	49,563	0	0	82,206	49,563
Other	1,278,970	886,566	187,608	218,022	1,466,578	1,104,588
<b>Total Revenues</b>	<b>29,126,485</b>	<b>27,768,893</b>	<b>7,704,125</b>	<b>7,539,056</b>	<b>36,830,610</b>	<b>35,307,949</b>

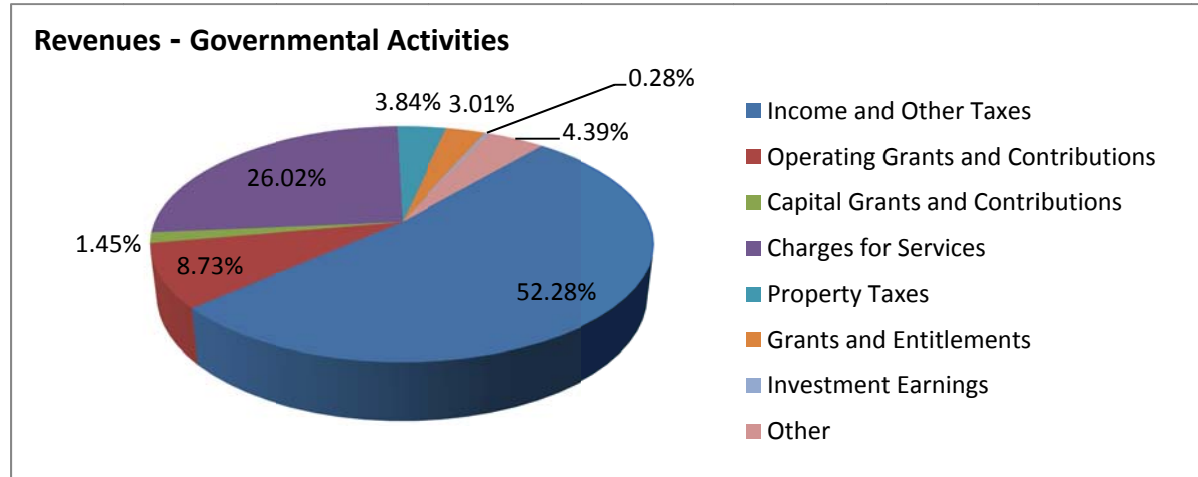
**City of Chillicothe, Ohio**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2017**  
**Unaudited**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Program Expenses</b>						
General Government	\$6,389,653	\$5,849,212	\$0	\$0	\$6,389,653	\$5,849,212
<i>Security of Persons and Property:</i>						
Police	6,332,115	6,400,259	0	0	6,332,115	6,400,259
Fire	6,260,678	6,144,215	0	0	6,260,678	6,144,215
Transportation	8,703,914	8,833,139	0	0	8,703,914	8,833,139
Leisure Time Activities	1,097,183	997,693	0	0	1,097,183	997,693
Community Environment	430,023	432,011	0	0	430,023	432,011
Basic Utility Services	985,975	920,757	0	0	985,975	920,757
Interest and Fiscal Charges	303,446	191,771	0	0	303,446	191,771
Issuance Costs	61,187	71,950	0	0	61,187	71,950
Water and Sewer	<u>0</u>	<u>0</u>	<u>7,909,562</u>	<u>7,227,079</u>	<u>7,909,562</u>	<u>7,227,079</u>
<i>Total Expenses</i>	<u>30,564,174</u>	<u>29,841,007</u>	<u>7,909,562</u>	<u>7,227,079</u>	<u>38,473,736</u>	<u>37,068,086</u>
Increase (Decrease) in Net Position Before Transfers	(1,437,689)	(2,072,114)	(205,437)	311,977	(1,643,126)	(1,760,137)
Net Transfers In (Out)	<u>(35,579)</u>	<u>(28,534)</u>	<u>35,579</u>	<u>28,534</u>	<u>0</u>	<u>0</u>
Increase (Decrease) in Net Position After Transfers	(1,473,268)	(2,100,648)	(169,858)	340,511	(1,643,126)	(1,760,137)
Net position at Beginning of Year	<u>18,981,829</u>	<u>21,082,477</u>	<u>40,719,687</u>	<u>40,379,176</u>	<u>59,701,516</u>	<u>61,461,653</u>
<i>Net position at End of Year</i>	<u>\$17,508,561</u>	<u>\$18,981,829</u>	<u>\$40,549,829</u>	<u>\$40,719,687</u>	<u>\$58,058,390</u>	<u>\$59,701,516</u>

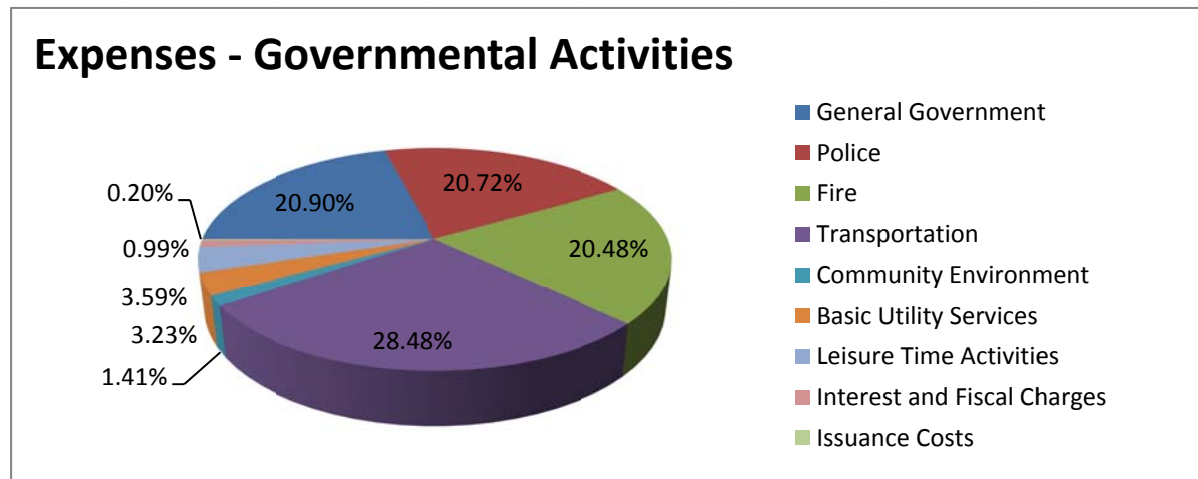
**City of Chillicothe, Ohio**  
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**Governmental Activities**

Governmental activities decreased the City of Chillicothe's net position by \$1,473,268, which is an improvement from the previous year's decrease of \$2,100,648. The City saw a significant increase in revenues, but expenses still exceeded revenues for the year.



Of the \$29,126,485 in total revenues, income and other taxes account for 52.28%; charges for services of \$7,579,089 account for 26.02%; operating grants and contributions account for 8.73%; capital grants, unrestricted grants and entitlements, property taxes, and other revenue make up the remaining 12.97%. The income and other tax revenue for 2017 was \$15,227,883, which was an increase of \$307,150 or 2.06%.



The largest functional expense for the City of Chillicothe was for security of persons and property, which includes the Police and Fire departments. General government and transportation functions had increases in expenses as a result of additional available funding from increases in the income tax revenue.

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**Business-Type Activities**

The business-type activities of the City of Chillicothe, which include its water and sewer operations, decreased the net position by \$169,858. The decrease in net position is due the increase in expense exceeding the increase in revenues for the year.

**Financial Analysis of the City of Chillicothe's Funds**

**Governmental Funds**

The focus of the City of Chillicothe's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year. These funds are accounted for by using the modified accrual basis of accounting. The General Fund is the chief operating fund of the City of Chillicothe. At the end of 2017, the total fund balance for the General Fund was \$5,310,119 of which \$4,975,561 or 93.70% was unassigned.

During the current year, the fund balance of the General Fund increased by \$1,632,613. The increase in the General Fund balance was primarily the result of an increase in income tax revenue.

At the end of 2017, the Street Fund had a fund balance of \$3,289,303, which is an increase of \$1,167,244. This was a result of an issuance of general obligation bonds, which were used to retire notes payable and an increase in income tax revenue.

At the end of 2017, the Bus Transit Fund had a fund balance of \$815,168, which is an increase of \$273,788. This was a result of an increase in intergovernmental receivables and intergovernmental revenue for the year.

**Proprietary Funds**

During the current year, the net position of the City of Chillicothe's Water Fund increased by \$189,227 or 0.81%. The increase in the Water Fund net position is due to revenues exceeding expenses, even though expenses increased during 2017.

During the current year, the net position of the Sewer Fund decreased by \$359,085 or 2.08%. The decrease in the Sewer Fund net position is the result of an increase in expenses that resulted in expenses exceeding revenues for the year.

***General Fund Budgeting Highlights***

The City of Chillicothe's budget is prepared according to Ohio law and is based on accounting for certain transactions on a budget basis of cash receipts (revenues), and disbursements and encumbrances (expenditures). The most significant budgeted fund is the General Fund. During 2017, the City of Chillicothe amended its General Fund budget on various occasions. All recommendations for budget changes come to the Finance Committee of City Council for review before going to the whole Council for an ordinance on the change. The City of Chillicothe does allow small budget changes that modify line items within departments within the same fund.

For the General Fund, the original budgeted revenues were \$18,319,635 and the final budgeted revenue amount was \$19,241,974.

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The largest difference between the General Fund's original budget and final budget was in miscellaneous, which increased \$582,441 or 129.86%. This was due to a increase in the estimated receipts for other revenues.

The differences between the General Fund's original budget and final amended budget of expenditures amounted to a \$1,005,062 increase, which included a \$833,547 additional appropriation for basic utility services for the purchase of a garbage truck and equipment.

The difference between the General Fund's final budget and actual for the general government expenditures was \$765,424 or 12.35%. This decrease in actual expenditures was primarily the result of decreases in materials and supplies and capital outlay in several departments.

**Capital Assets and Debt Administration**

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

	Governmental Activities		Business-Type Activities	
	2017	2016	2017	2016
Land	\$6,864,490	\$6,864,490	\$1,889,017	\$1,889,017
Construction in Progress	0	47,500	154,394	154,394
Land Improvements	120,245	111,889	520	1,560
Buildings, Structures and Improvements	10,006,186	10,376,035	2,139,972	2,311,256
Plant and Facilities	0	0	12,245,699	12,761,739
Furniture, Fixture & Equipment	3,262,405	2,636,361	796,575	468,484
Infrastructure	15,071,314	15,946,350	18,378,866	18,331,698
Total	<u>\$35,324,640</u>	<u>\$35,982,625</u>	<u>\$35,605,043</u>	<u>\$35,918,148</u>

Total capital assets for governmental activities of the City of Chillicothe for the year 2017 were \$35,324,640 or \$657,985 less than in 2016. This decrease was due to the current year depreciation exceeding the current year acquisitions.

The decrease in capital assets for business-type activities of \$313,105 was due primarily to the current year depreciation. Additional information concerning capital assets can be found in Note 8 of the notes to the basic financial statements.



**City of Chillicothe, Ohio**  
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As of December 31, 2017, the City of Chillicothe had \$10,835,822 in bonds and loans outstanding.

**OUTSTANDING DEBT AT DECEMBER 31**

	<u>2017</u>	<u>2016</u>
<b>Governmental Activities</b>		
<i>General Obligation Bonds:</i>		
Various Purpose	\$3,575,000	\$3,905,000
Garbage Trucks	295,000	195,000
Street Improvements	4,225,000	3,000,000
Squad/Leaf Blower	157,369	210,000
Police Cruisers	288,453	169,813
Street Sweeper	175,000	0
VCNB Squad Loan	25,000	50,000
Bond Anticipation Note	0	1,900,000
	<u>8,740,822</u>	<u>9,429,813</u>
<b>Business-Type Activities</b>		
Sewer General Obligation Bonds	795,000	915,000
ARMC Water General Obligation Bonds	1,300,000	1,720,000
	<u>2,095,000</u>	<u>2,635,000</u>
<b>Total</b>	<u><u>\$10,835,822</u></u>	<u><u>\$12,064,813</u></u>

The general obligation bonds issued for various purposes are comprised of (1) police and fire pension, (2) street improvements, (3) bus garage facility, (4) municipal court building improvements, and (5) safety vehicles.

Additional information concerning the City of Chillicothe's debt can be found in Note 9 and Note 10 of the notes to the basic financial statements.

**Current Known Facts and Conditions**

Chillicothe voters passed two independent income tax levies in May of 2015. Each levy was for .02%; one of which is dedicated to city street construction, maintenance, and repair while the other is dedicated to safety services. The overall Chillicothe City income tax increased from 1.6% to 2.0% effective January 1, 2016.

In September 2015, the City borrowed \$2,000,000 to begin road construction projects. In September 2016, the City re-issued \$1,900,000 in Bonds paying down \$100,000 in principal. In October 2016, the City issued an additional \$3,000,000 in Bonds to continue road construction projects. In August 2017, the City re-issued \$1,500,000 in Bonds paying down \$400,000 in principal. The City also issued bonds in the amount of \$185,000 for street construction equipment. As of December 31, 2017, the City has spent approximately \$3,752,328 in street construction projects and equipment.

**City of Chillicothe, Ohio**  
**Management's Discussion and Analysis**  
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Significant retail development is still ongoing on North Bridge Street at the Guernsey Crossing site. Downtown development is strong as well. During 2017, several new businesses were opened, such as Wheatberry Books, Kid's World Daycare and Old Canal Antiques. As the community continues to grow, industries such as Kenworth Truck Company and Adena Hospital are in the process of doing a lot of investing and construction upgrades. The Chillicothe City School System has also begun construction of a new elementary school that will consolidate all elementary students in one community school building. The new construction from these industries as well as continuing growth in the community will bring in additional revenue via permits, wages earned, and local dollars spent which will eventually lead to permanent improvement to the downtown area of Chillicothe.

**Contacting the City's Financial Management**

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

City of Chillicothe, Ohio  
Statement of Net Position  
December 31, 2017

	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$10,006,556	\$8,483,348	\$18,489,904
Cash and Cash Equivalents in Segregated Accounts	84,202	0	84,202
Investments	1,000	0	1,000
Materials and Supplies Inventory	74,930	32,776	107,706
Accounts Receivable	309,605	1,072,297	1,381,902
Intergovernmental Receivable	1,587,147	0	1,587,147
Prepaid Items	161,089	65,965	227,054
Income Taxes Receivable	2,523,810	0	2,523,810
Property Taxes Receivable	1,220,567	0	1,220,567
Other Taxes Receivable	196,096	0	196,096
Special Assessments Receivable	43,012	0	43,012
<i>Restricted Assets:</i>			
Equity in Pooled Cash and Cash Equivalents	0	618,466	618,466
Cash and Cash Equivalents with Fiscal Agents	0	4	4
Non-Depreciable Capital Assets	6,864,490	2,043,411	8,907,901
Depreciable Capital Assets, net	28,460,150	33,561,632	62,021,782
<i>Total Assets</i>	<u>51,532,654</u>	<u>45,877,899</u>	<u>97,410,553</u>
<b>Deferred Outflows of Resources</b>	<u>6,842,340</u>	<u>1,518,274</u>	<u>8,360,614</u>
<b>Liabilities:</b>			
Accounts Payable	603,059	50,101	653,160
Accrued Wages and Benefits	166,904	34,924	201,828
Contracts Payable	271,968	0	271,968
Intergovernmental Payable	562,670	99,372	662,042
Accrued Interest Payable	25,452	4,069	29,521
<i>Long-Term Liabilities:</i>			
Due Within One Year	2,119,319	804,177	2,923,496
<i>Due in More Than One Year:</i>			
Net Pension Liability	26,069,151	3,784,759	29,853,910
Other Amounts Due in More Than One Year	9,318,304	2,026,256	11,344,560
<i>Total Liabilities</i>	<u>39,136,827</u>	<u>6,803,658</u>	<u>45,940,485</u>
<b>Deferred Inflows of Resources</b>	<u>1,729,606</u>	<u>42,686</u>	<u>1,772,292</u>
<b>Net Position:</b>			
Net Investments in Capital Assets	26,212,133	33,483,988	59,696,121
<i>Restricted for:</i>			
Debt Service	0	4	4
Capital Outlay	685,762	618,466	1,304,228
Street Maintenance and Repair	3,618,733	0	3,618,733
Bus Transit	1,085,982	0	1,085,982
Housing and Urban Development	57,633	0	57,633
Other Purposes	1,284,662	0	1,284,662
<i>Permanent Fund Purpose:</i>			
Expendable	2,325	0	2,325
Nonexpendable	1,000	0	1,000
Unrestricted (Deficit)	<u>(15,439,669)</u>	<u>6,447,371</u>	<u>(8,992,298)</u>
<i>Total Net Position</i>	<u>\$17,508,561</u>	<u>\$40,549,829</u>	<u>\$58,058,390</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio  
Statement of Activities  
For the Year Ended December 31, 2017

	Program Revenues		
	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Expenses			
<b>Governmental Activities:</b>			
General Government	\$6,389,653	\$2,675,760	\$6,843
<i>Security of Persons and Property:</i>			
Police	6,332,115	41,252	41,146
Fire	6,260,678	1,068,942	14,140
Transportation	8,703,914	2,228,577	2,434,016
Leisure Time Services	1,097,183	111,831	0
Community Environment	430,023	0	47,704
Basic Utility Services	985,975	1,452,727	0
Interest and Fiscal Charges	303,446	0	0
Issuance Costs	61,187	0	0
<i>Total Governmental Activities</i>	<u>30,564,174</u>	<u>7,579,089</u>	<u>2,543,849</u>
<b>Business-Type Activities:</b>			
Sewer	3,631,845	3,171,156	0
Water	4,277,717	4,345,361	0
<i>Total Business-Type Activities</i>	<u>7,909,562</u>	<u>7,516,517</u>	<u>0</u>
<i>Totals</i>	<u>\$38,473,736</u>	<u>\$15,095,606</u>	<u>\$2,543,849</u>

**General Revenues**

*Property Taxes Levied for:*

- General Purposes
- Police and Fire Pension

*Municipal Income Taxes Levied for:*

- General Purposes
- Transportation
- Capital Outlay

Other Taxes

Grants and Entitlements not Restricted to Specific Programs

Investment Earnings

Miscellaneous

*Total General Revenues*

Transfers

*Total General Revenues and Transfers*

Change in Net Position

*Net Position Beginning of Year*

*Net Position End of Year*

See accompanying notes to the basic financial statements

Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-Type Activities	Total
(3,707,050)	\$0	(\$3,707,050)
(6,249,717)	0	(6,249,717)
(5,177,596)	0	(5,177,596)
(3,620,548)	0	(3,620,548)
(985,352)	0	(985,352)
(382,319)	0	(382,319)
466,752	0	466,752
(303,446)	0	(303,446)
(61,187)	0	(61,187)
<u>(20,020,463)</u>	<u>0</u>	<u>(20,020,463)</u>
0	(460,689)	(460,689)
<u>0</u>	<u>67,644</u>	<u>67,644</u>
<u>0</u>	<u>(393,045)</u>	<u>(393,045)</u>
<u>(20,020,463)</u>	<u>(393,045)</u>	<u>(20,413,508)</u>
900,267	0	900,267
217,816	0	217,816
11,706,783	0	11,706,783
2,215,346	0	2,215,346
930,366	0	930,366
375,388	0	375,388
875,632	0	875,632
82,206	0	82,206
<u>1,278,970</u>	<u>187,608</u>	<u>1,466,578</u>
18,582,774	187,608	18,770,382
<u>(35,579)</u>	<u>35,579</u>	<u>0</u>
<u>18,547,195</u>	<u>223,187</u>	<u>18,770,382</u>
(1,473,268)	(169,858)	(1,643,126)
<u>18,981,829</u>	<u>40,719,687</u>	<u>59,701,516</u>
<u>\$17,508,561</u>	<u>\$40,549,829</u>	<u>\$58,058,390</u>

City of Chillicothe, Ohio  
Balance Sheet  
Governmental Funds  
December 31, 2017

	General	Street Construction Maintenance & Repair Fund	Bus Transit	All Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	\$4,366,132	\$3,077,469	\$716,507	\$1,778,663	\$9,938,771
Cash and Cash Equivalents in Segregated Accounts	83,024	0	0	1,178	84,202
Investments in City Treasury	0	0	0	1,000	1,000
Accounts Receivable	252,641	0	56,964	0	309,605
Interfund Receivable	19,791	0	0	75,000	94,791
Intergovernmental Receivable	422,076	422,106	616,966	125,999	1,587,147
Income Taxes Receivable	1,892,858	252,381	126,190	252,381	2,523,810
Property Taxes Receivable	983,997	0	0	236,570	1,220,567
Other Taxes Receivable	196,096	0	0	0	196,096
Special Assessments Receivable	43,012	0	0	0	43,012
Materials and Supplies Inventory	50,210	6,021	18,699	0	74,930
Prepaid Items	127,965	1,271	21,618	10,235	161,089
<i>Total Assets</i>	<u>\$8,437,802</u>	<u>\$3,759,248</u>	<u>\$1,556,944</u>	<u>\$2,481,026</u>	<u>\$16,235,020</u>
<b>Liabilities:</b>					
Accounts Payable	\$464,493	\$48,631	\$25,776	\$64,159	\$603,059
Accrued Wages and Benefits	133,205	5,838	22,393	5,468	166,904
Contracts Payable	20,983	0	250,985	0	271,968
Intergovernmental Payable	360,304	17,708	68,356	116,302	562,670
Interfund Payable	75,000	7,917	3,958	7,916	94,791
<i>Total Liabilities</i>	<u>1,053,985</u>	<u>80,094</u>	<u>371,468</u>	<u>193,845</u>	<u>1,699,392</u>
<b>Deferred Inflows of Resources</b>	<u>2,073,698</u>	<u>389,851</u>	<u>370,308</u>	<u>407,891</u>	<u>3,241,748</u>
<b>Fund Balances:</b>					
Nonspendable	274,376	7,292	40,317	11,235	333,220
Restricted	0	3,282,011	774,851	1,862,290	5,919,152
Committed	45,329	0	0	0	45,329
Assigned	14,853	0	0	5,765	20,618
Unassigned	4,975,561	0	0	0	4,975,561
<i>Total Fund Balances</i>	<u>5,310,119</u>	<u>3,289,303</u>	<u>815,168</u>	<u>1,879,290</u>	<u>11,293,880</u>
<i>Total Liabilities, Deferred Inflows and Fund Balances</i>	<u>\$8,437,802</u>	<u>\$3,759,248</u>	<u>\$1,556,944</u>	<u>\$2,481,026</u>	<u>\$16,235,020</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio  
 Reconciliation of Total Governmental Fund Balances to  
 Net Position of Governmental Activities  
 December 31, 2017

**Total Governmental Fund Balances** \$11,293,880

**Amounts reported for governmental activities in the Statement of Net Position are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 35,324,640

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

Property and Other Taxes	47,581
Income Taxes	1,084,468
Intergovernmental	925,148
Special Assessments	11,565
	11,565

Total 2,068,762

Some interest is not due and payable in the current period and therefore is not reported in the funds. (25,452)

Some liabilities, including the bonds and loan payable, are not due and payable in the current period and therefore are not reported in the funds:

Refunding Bonds	(3,575,000)
General Obligation Bonds	(5,140,822)
Premium on Bonds	(178,231)
Loan Payable	(25,000)
Capital Leases Payable	(423,454)
Landfill Postclosure Costs	(150,448)
Compensated Absences Payable	(1,944,668)
	(1,944,668)

Total (11,437,623)

The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds:

Deferred Outflows - Pension	6,842,340
Deferred Inflows - Pension	(556,620)
Net Pension Liability	(26,069,151)
	(26,069,151)

Total (19,783,431)

An internal service fund is used by management to charge the costs of fuel purchasing program to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the Statement of Net Position.

67,785

Net Position of Governmental Activities \$17,508,561

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2017

	General	Street Construction Maintenance & Repair Fund	Bus Transit	All Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property Taxes	\$910,433	\$0	\$0	\$220,310	\$1,130,743
Income Taxes	11,388,594	1,502,997	760,465	1,521,211	15,173,267
Other Local Taxes	375,388	0	0	0	375,388
Charges for Services	3,237,917	0	2,199,846	117,407	5,555,170
Fines, Licenses, and Permits	1,927,248	0	0	63,097	1,990,345
Intergovernmental	869,409	885,703	1,829,175	181,186	3,765,473
Special Assessments	30,676	0	0	0	30,676
Interest	82,189	0	0	17	82,206
Contributions and Donations	0	0	0	1,310	1,310
Other	927,041	48,381	235,520	68,028	1,278,970
<i>Total Revenues</i>	<u>19,748,895</u>	<u>2,437,081</u>	<u>5,025,006</u>	<u>2,172,566</u>	<u>29,383,548</u>
<b>Expenditures:</b>					
<i>Current:</i>					
General Government	5,941,369	0	0	0	5,941,369
<i>Security of Persons and Property:</i>					
Police	5,062,621	0	0	612,387	5,675,008
Fire	4,863,101	0	0	721,601	5,584,702
Transportation	332,657	2,397,313	4,675,321	213,382	7,618,673
Leisure Time Services	0	0	0	738,995	738,995
Community Environment	46,922	0	0	74,123	121,045
Basic Utility Services	904,387	0	0	0	904,387
Capital Outlay	35,566	0	0	890,606	926,172
<i>Debt Service:</i>					
Principal Retirements	244,202	385,000	34,010	308,931	972,143
Interest and Fiscal Charges	94,540	116,085	44,221	60,662	315,508
Issuance Costs	5,695	55,492	0	0	61,187
<i>Total Expenditures</i>	<u>17,531,060</u>	<u>2,953,890</u>	<u>4,753,552</u>	<u>3,620,687</u>	<u>28,859,189</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,217,835</u>	<u>(516,809)</u>	<u>271,454</u>	<u>(1,448,121)</u>	<u>524,359</u>
<b>Other Financing Sources and Uses:</b>					
Proceeds from the Sale of Capital Assets	0	0	650	0	650
Issuance of General Obligation Bonds	165,000	1,665,000	0	235,000	2,065,000
Inception of Capital Lease	385,106	0	24,276	5,856	415,238
Premium on Debt Issued	5,134	64,053	0	0	69,187
Transfers In	147,514	0	0	1,250,976	1,398,490
Transfers Out	(1,287,976)	(45,000)	(22,592)	(78,501)	(1,434,069)
<i>Total Other Financing Sources and Uses</i>	<u>(585,222)</u>	<u>1,684,053</u>	<u>2,334</u>	<u>1,413,331</u>	<u>2,514,496</u>
<i>Net Change in Fund Balance</i>	<u>1,632,613</u>	<u>1,167,244</u>	<u>273,788</u>	<u>(34,790)</u>	<u>3,038,855</u>
<i>Fund Balance at Beginning of Year</i>	<u>3,677,506</u>	<u>2,122,059</u>	<u>541,380</u>	<u>1,914,080</u>	<u>8,255,025</u>
<i>Fund Balance at End of Year</i>	<u>\$5,310,119</u>	<u>\$3,289,303</u>	<u>\$815,168</u>	<u>\$1,879,290</u>	<u>\$11,293,880</u>

See accompanying notes to the basic financial statements



City of Chillicothe, Ohio  
 Reconciliation of the Statement of Revenues, Expenditures and Changes  
 in Fund Balances of Governmental Funds to the Statement of Activities  
 For the Year Ended December 31, 2017

**Net Change in Fund Balances - Total Governmental Funds** \$3,038,855

**Amounts reported for governmental activities in the Statement of Activities are  
 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 expense. This is the amount by which depreciation exceeds capital outlays in the current period:

Capital Asset Additions	2,648,856	
Current Year Depreciation	(3,246,220)	
<b>Total</b>	<b>(597,364)</b>	<b>(597,364)</b>

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

(60,621)

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

Delinquent Property Taxes	(12,660)	
Income Taxes	(320,772)	
Intergovernmental	74,781	
Delinquent Special Assessments	1,588	
<b>Total</b>	<b>(257,063)</b>	<b>(257,063)</b>

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

Principal Retirement	972,143
----------------------	---------

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

(3,717)

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

Proceeds from Bonds	(2,065,000)	
Premium on Bonds Issued	(69,187)	
Inception of Capital Leases	(415,238)	
<b>Total</b>	<b>(2,549,425)</b>	<b>(2,549,425)</b>

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

64,854

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

Compensated Absences	(49,457)	
Premium on Bonds Issued	15,779	
Capital Leases Traded-In	10,399	
<b>Total</b>	<b>(23,279)</b>	<b>(23,279)</b>

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

2,006,094

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.

(4,078,189)

The internal service fund used by management to charge the cost of fuel purchasing program to individual funds is not reported in the government-wide Statement of Activities. Governmental expenditures and the related internal service fund revenue are eliminated. The net revenue (expense) of the internal service fund is allocated among the activities.

14,444

Change in Net Position - Governmental Activities

**(\$1,473,268)**

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual (Budget Basis)  
General Fund  
For the Year Ended December 31, 2017

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
<b>Revenues</b>				
Local Taxes	\$12,147,206	\$12,174,758	\$12,679,381	\$504,623
Charges for Services	3,166,779	3,220,079	3,238,504	18,425
Fines, Licenses and Permits	1,611,750	1,866,004	1,957,703	91,699
Intergovernmental	902,381	889,038	852,710	(36,328)
Special Assessments	5,000	5,700	5,644	(56)
Investment Earnings	38,000	55,435	58,528	3,093
Other	448,519	1,030,960	1,089,113	58,153
<b>Total Revenue</b>	<b>18,319,635</b>	<b>19,241,974</b>	<b>19,881,583</b>	<b>639,609</b>
<b>Expenditures:</b>				
<i>Current:</i>				
General Government	6,077,661	6,195,415	5,429,991	765,424
Security of Persons and Property				
Police	5,208,326	5,228,568	5,163,860	64,708
Fire	4,693,714	4,721,538	4,677,806	43,732
Transportation	335,000	335,000	332,657	2,343
Community Environment	600	600	59	541
Basic Utility Services	924,213	1,757,760	999,146	758,614
<i>Debt Service:</i>				
Principal Retirement	130,479	130,479	130,479	0
Interest and Fiscal Charges	76,427	76,427	76,427	0
Issuance Costs	0	5,695	5,695	0
<b>Total Expenditures</b>	<b>17,446,420</b>	<b>18,451,482</b>	<b>16,816,120</b>	<b>1,635,362</b>
<b>Excess of Revenues Over Expenditures</b>	<b>873,215</b>	<b>790,492</b>	<b>3,065,463</b>	<b>2,274,971</b>
<b>Other Financing Sources and Uses:</b>				
General Obligation Bonds Issued	0	165,000	165,000	0
Premium on Debt Issued	0	5,134	5,134	0
Transfers In	155,982	150,581	147,514	(3,067)
Transfers Out	(1,101,600)	(1,897,589)	(1,857,589)	40,000
<b>Total Other Financing Sources and Uses</b>	<b>(945,618)</b>	<b>(1,576,874)</b>	<b>(1,539,941)</b>	<b>36,933</b>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<b>(72,403)</b>	<b>(786,382)</b>	<b>1,525,522</b>	<b>2,311,904</b>
<b>Fund Balances at Beginning of Year</b>	<b>2,316,284</b>	<b>2,316,284</b>	<b>2,316,284</b>	<b>0</b>
<b>Prior Year Encumbrances Appropriated</b>	<b>19,047</b>	<b>19,047</b>	<b>19,047</b>	<b>0</b>
<b>Fund Balances at End of Year</b>	<b>\$2,262,928</b>	<b>\$1,548,949</b>	<b>\$3,860,853</b>	<b>\$2,311,904</b>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual (Budget Basis)  
Street Construction Maintenance & Repair Fund  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Local Taxes	\$1,422,500	\$1,443,739	\$1,510,855	\$67,116
Intergovernmental	885,000	885,000	893,297	8,297
Other	6,543	55,306	54,148	(1,158)
<i>Total Revenues</i>	<u>2,314,043</u>	<u>2,384,045</u>	<u>2,458,300</u>	<u>74,255</u>
<b>Expenditures:</b>				
<i>Current:</i>				
Transportation	1,800,816	4,455,239	2,920,486	1,534,753
<i>Debt Service:</i>				
Principal Retirement	2,285,000	2,285,000	2,285,000	0
Interest and Fiscal Charges	104,017	123,777	122,257	1,520
Issuance Costs	0	55,492	55,492	0
<i>Total Expenditures</i>	<u>4,189,833</u>	<u>6,919,508</u>	<u>5,383,235</u>	<u>1,536,273</u>
<i>Excess of Revenues Under Expenditures</i>	(1,875,790)	(4,535,463)	(2,924,935)	1,610,528
<b>Other Financing Sources and Uses:</b>				
Issuance of General Obligation Bonds	1,850,000	1,665,000	1,665,000	0
Premium on Debt Issued	0	64,053	64,053	0
Transfers Out	(45,000)	(45,000)	(45,000)	0
<i>Total Other Financing Sources and Uses</i>	<u>1,805,000</u>	<u>1,684,053</u>	<u>1,684,053</u>	<u>0</u>
<i>Excess of Revenues and Other Sources Under Expenditures and Other Uses</i>	(70,790)	(2,851,410)	(1,240,882)	1,610,528
<i>Fund Balances at Beginning of Year</i>	3,866,924	3,866,924	3,866,924	0
<i>Prior Year Encumbrances Appropriated</i>	<u>135,461</u>	<u>135,461</u>	<u>135,461</u>	<u>0</u>
<i>Fund Balances at End of Year</i>	<u>\$3,931,595</u>	<u>\$1,150,975</u>	<u>\$2,761,503</u>	<u>\$1,610,528</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual (Budget Basis)  
Bus Transit Fund  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Local Taxes	\$714,000	\$730,943	\$764,394	\$33,451
Charges for Services	2,291,650	2,063,206	2,199,846	136,640
Intergovernmental	1,828,325	1,685,641	1,528,294	(157,347)
Other	101,086	202,234	203,579	1,345
<i>Total Revenues</i>	<u>4,935,061</u>	<u>4,682,024</u>	<u>4,696,113</u>	<u>14,089</u>
<b>Expenditures:</b>				
<i>Current:</i>				
Transportation	5,045,911	5,229,844	5,102,208	127,636
<i>Debt Service:</i>				
Principal Retirement	30,000	30,000	30,000	0
Interest and Fiscal Charges	43,131	43,131	43,131	0
<i>Total Expenditures</i>	<u>5,119,042</u>	<u>5,302,975</u>	<u>5,175,339</u>	<u>127,636</u>
<i>Excess of Revenues Under Expenditures</i>	(183,981)	(620,951)	(479,226)	141,725
<b>Other Financing Sources and Uses:</b>				
Proceeds from the Sale of Capital Assets	0	650	650	0
Transfers Out	(22,650)	(22,650)	(22,592)	58
<i>Total Other Financing Sources and Uses</i>	<u>(22,650)</u>	<u>(22,000)</u>	<u>(21,942)</u>	<u>58</u>
<i>Excess of Revenues and Other Sources Under Expenditures and Other Uses</i>	(206,631)	(642,951)	(501,168)	141,783
<i>Fund Balances at Beginning of Year</i>	450,192	450,192	450,192	0
<i>Prior Year Encumbrances Appropriated</i>	<u>277,648</u>	<u>277,648</u>	<u>277,648</u>	<u>0</u>
<i>Fund Balances at End of Year</i>	<u>\$521,209</u>	<u>\$84,889</u>	<u>\$226,672</u>	<u>\$141,783</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio  
Statement of Fund Net Position  
Proprietary Funds  
December 31, 2017

	Enterprise Funds		Total	Governmental
	Water	Sewer		Internal Service
<b>Assets:</b>				
<i>Current Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	\$4,564,533	\$3,918,815	\$8,483,348	\$67,785
Accounts Receivable	604,462	467,835	1,072,297	0
Materials and Supplies Inventory	27,634	5,142	32,776	0
Prepaid Items	41,512	24,453	65,965	0
<b>Total Current Assets</b>	<b>5,238,141</b>	<b>4,416,245</b>	<b>9,654,386</b>	<b>67,785</b>
<i>Noncurrent Assets:</i>				
<i>Restricted Assets:</i>				
Equity in Pooled Cash and Cash Equivalents	0	618,466	618,466	0
Cash and Cash Equivalents with Fiscal Agents	4	0	4	0
Non-Depreciable Capital Assets	1,566,914	476,497	2,043,411	0
Depreciable Capital Assets, Net	19,922,657	13,638,975	33,561,632	0
<b>Total Noncurrent Assets</b>	<b>21,489,575</b>	<b>14,733,938</b>	<b>36,223,513</b>	<b>0</b>
<b>Total Assets</b>	<b>26,727,716</b>	<b>19,150,183</b>	<b>45,877,899</b>	<b>67,785</b>
<b>Deferred Outflows of Resources</b>	<b>813,187</b>	<b>705,087</b>	<b>1,518,274</b>	<b>0</b>
<b>Liabilities:</b>				
<i>Current:</i>				
Accounts Payable	28,677	21,424	50,101	0
Accrued Wages and Benefits	16,093	18,831	34,924	0
Intergovernmental Payable	50,931	48,441	99,372	0
Accrued Interest Payable	2,137	1,932	4,069	0
Compensated Absences Payable	156,376	101,478	257,854	0
General Obligation Bonds Payable	425,000	120,000	545,000	0
Capital Lease Payable	1,323	0	1,323	0
<b>Total Current Liabilities</b>	<b>680,537</b>	<b>312,106</b>	<b>992,643</b>	<b>0</b>
<i>Noncurrent Liabilities:</i>				
Compensated Absences Payable - net of current portion	272,204	164,320	436,524	0
General Obligation Bonds Payable - net of current portion	875,000	675,000	1,550,000	0
Unamortized Premium on Bonds	24,838	14,894	39,732	0
Net Pension Liability	2,049,039	1,735,720	3,784,759	0
<b>Total Noncurrent Liabilities</b>	<b>3,221,081</b>	<b>2,589,934</b>	<b>5,811,015</b>	<b>0</b>
<b>Total Liabilities</b>	<b>3,901,618</b>	<b>2,902,040</b>	<b>6,803,658</b>	<b>0</b>
<b>Deferred Inflows of Resources</b>	<b>27,254</b>	<b>15,432</b>	<b>42,686</b>	<b>0</b>
<b>Net Position:</b>				
Net Investments in Capital Assets	20,163,410	13,320,578	33,483,988	0
Restricted for Debt Service	4	0	4	0
Restricted for Capital Outlay	0	618,466	618,466	0
Unrestricted	3,448,617	2,998,754	6,447,371	67,785
<b>Total Net Position</b>	<b>\$23,612,031</b>	<b>\$16,937,798</b>	<b>\$40,549,829</b>	<b>\$67,785</b>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio  
Statement of Revenues, Expenses and  
Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended December 31, 2017

	Enterprise Funds		Total	Governmental
	Water	Sewer		Activities
				Internal Service
<b>Operating Revenues:</b>				
Charges for Services	\$4,345,361	\$3,171,156	\$7,516,517	\$352,876
Other	122,295	65,313	187,608	0
<i>Total Operating Revenues</i>	<u>4,467,656</u>	<u>3,236,469</u>	<u>7,704,125</u>	<u>352,876</u>
<b>Operating Expenses:</b>				
Personal Services	1,328,621	1,260,024	2,588,645	0
Fringe Benefits	913,540	684,577	1,598,117	0
Contractual Services	102,634	102,426	205,060	0
Materials and Supplies	613,687	751,895	1,365,582	338,432
Depreciation	855,793	638,975	1,494,768	0
Other	242,391	168,154	410,545	0
<i>Total Operating Expenses</i>	<u>4,056,666</u>	<u>3,606,051</u>	<u>7,662,717</u>	<u>338,432</u>
<i>Operating Income (Loss)</i>	<u>410,990</u>	<u>(369,582)</u>	<u>41,408</u>	<u>14,444</u>
<b>Non-Operating Expenses:</b>				
Interest and Fiscal Charges	(24,517)	(24,964)	(49,481)	0
Loss on Disposal of Capital Assets	(196,534)	(830)	(197,364)	0
<i>Total Non-Operating Expense</i>	<u>(221,051)</u>	<u>(25,794)</u>	<u>(246,845)</u>	<u>0</u>
<i>Income (Loss) Before Transfers</i>	<u>189,939</u>	<u>(395,376)</u>	<u>(205,437)</u>	<u>14,444</u>
Transfers In	0	37,000	37,000	0
Transfers Out	(712)	(709)	(1,421)	0
<i>Change in Net Position</i>	<u>189,227</u>	<u>(359,085)</u>	<u>(169,858)</u>	<u>14,444</u>
<i>Net Position at Beginning of Year</i>	<u>23,422,804</u>	<u>17,296,883</u>	<u>40,719,687</u>	<u>53,341</u>
<i>Net Position at End of Year</i>	<u>\$23,612,031</u>	<u>\$16,937,798</u>	<u>\$40,549,829</u>	<u>\$67,785</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2017

	Enterprise Funds		Total	Governmental
	Water	Sewer		Activities
				Internal Service
<b>Cash Flows from Operating Activities:</b>				
Cash Received from Customers	\$4,319,536	\$3,123,900	\$7,443,436	\$352,876
Cash Received from Other Receipts	140,302	91,250	231,552	0
Cash Payments to Employees	(1,961,272)	(1,822,574)	(3,783,846)	0
Cash Payments for Contractual Services	(124,446)	(99,585)	(224,031)	0
Cash Payments for Supplies and Materials	(664,645)	(742,415)	(1,407,060)	(338,432)
Cash Payments for Other Expenses	(252,753)	(182,014)	(434,767)	0
<i>Net Cash Provided by Operating Activities</i>	<u>1,456,722</u>	<u>368,562</u>	<u>1,825,284</u>	<u>14,444</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>				
Transfers In from Other Funds	0	37,000	37,000	0
Transfers Out to Other Funds	(712)	(709)	(1,421)	0
<i>Net Cash Provided (Used) by Non-Capital Financing Activities</i>	<u>(712)</u>	<u>36,291</u>	<u>35,579</u>	<u>0</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Principal Paid on Bonds, Notes and Capital Leases	(420,000)	(120,000)	(540,000)	0
Interest Paid on Bonds, Notes and Capital Leases	(37,406)	(25,150)	(62,556)	0
Cash Paid to Acquire/Construct Capital Assets	(1,225,026)	(154,001)	(1,379,027)	0
<i>Net Cash Used by Capital and Related Financing</i>	<u>(1,682,432)</u>	<u>(299,151)</u>	<u>(1,981,583)</u>	<u>0</u>
<i>Net Change In Cash and Cash Equivalents</i>	(226,422)	105,702	(120,720)	14,444
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>4,790,959</u>	<u>4,431,579</u>	<u>9,222,538</u>	<u>53,341</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$4,564,537</u>	<u>\$4,537,281</u>	<u>\$9,101,818</u>	<u>\$67,785</u>

See accompanying notes to the basic financial statements

City of Chillicothe, Ohio  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2017

	Enterprise Funds		Total	Governmental
	Water	Sewer		Activities Internal Service
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>				
Operating Income	\$410,990	(\$369,582)	\$41,408	\$14,444
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation Expense	855,793	638,975	1,494,768	0
<i>Changes in Assets and Liabilities:</i>				
(Increase) Decrease in Accounts Receivable	(7,818)	(21,319)	(29,137)	0
(Increase) Decrease in Material & Supply Inventory	1,361	1,726	3,087	0
(Increase) Decrease in Prepaid Items	(826)	5,064	4,238	0
(Increase) Decrease in Deferred Outflows of Resources	(164,511)	(147,831)	(312,342)	0
Increase (Decrease) in Accounts Payable	(83,667)	(14,417)	(98,084)	0
Increase (Decrease) in Accrued Wages Payable	1,314	51	1,365	0
Increase (Decrease) in Compensated Absences Payable	738	(125,806)	(125,068)	0
Increase (Decrease) in Intergovernmental Payable	167	6,877	7,044	0
Increase (Decrease) in Net Pension Liability	446,490	404,775	851,265	0
Increase (Decrease) in Deferred Inflows of Resources	(3,309)	(9,951)	(13,260)	0
Net Cash Provided by Operating Activities	<u>\$1,456,722</u>	<u>\$368,562</u>	<u>\$1,825,284</u>	<u>\$14,444</u>

See accompanying notes to the basic financial statements



City of Chillicothe, Ohio  
Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2017

	Agency Funds
	<hr/>
<b>Assets:</b>	
<i>Current Assets:</i>	
Equity in Pooled Cash & Cash Equivalents	\$38,212
Cash and Cash Equivalents in Segregated Accounts	<hr/> 163,376
<i>Total Assets</i>	<hr/> <hr/> \$201,588
<b>Liabilities:</b>	
<i>Current Liabilities:</i>	
Intergovernmental Payable	\$62,968
Undistributed Monies	100,408
Deposits Held and Due to Others	<hr/> 38,212
<i>Total Liabilities</i>	<hr/> <hr/> \$201,588

See accompanying notes to the basic financial statements

**CITY OF CHILLICOTHE, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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**NOTE 1 - DESCRIPTION OF THE CITY OF CHILLICOTHE**

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

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

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

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

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

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

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the City's accounting policies are described below.

**Basis of Presentation**

The City's basic financial statements consist of government-wide statements, including a Statement of Net Position 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 Position and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

**CITY OF CHILLICOTHE, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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For the most part, the effect of interfund activity has been removed from these statements. Interfund services provided and used are not eliminated on the statement of activities. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

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

Fund Financial Statements

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

**Fund Accounting**

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

Governmental Funds

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

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

Street Construction Maintenance & Repair Fund - To account for that portion of the state gasoline tax, motor vehicle registration fees, and income tax revenue designated for maintenance and repair of streets within the City.

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

**CITY OF CHILLICOTHE, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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

Proprietary Funds

Proprietary fund reporting focuses on changes in net position, financial position, and cash flows. The City's proprietary funds are classified as either enterprise or internal service. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost reimbursement basis. The following are the City's major enterprise funds:

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

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

The only internal service fund of the City accounts for a fuel purchasing program which provides bulk fuel purchases for vehicles of the various City departments.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for assets that are held pending determination of their disposition and the City's Municipal Court balances.

**Measurement Focus**

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, liabilities, and deferred inflows/outflows of resources associated with the operation of the City are included on the Statement of Net Position.

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, current liabilities, and certain deferred inflows of resources 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.

**CITY OF CHILLICOTHE, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets, all liabilities and deferred inflows/outflows of resources associated with the operation of these funds are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The Statement of Cash Flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

**Basis of Accounting**

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

Revenues - Exchange and Nonexchange Transactions

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include municipal income taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from municipal income taxes is recognized in the period in which the income is earned (See Note 18).

Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 16). Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

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

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

**CITY OF CHILLICOTHE, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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Expenditures/Expenses

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

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

Budgetary Accounting and Control

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

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

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

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

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

Additionally, the City reflects outstanding encumbrances at year-end as expenditures on the budgetary basis.

Cash and Cash Equivalents

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

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

**CITY OF CHILLICOTHE, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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

Following the local ordinance of the City as well as Ohio statutes, the City has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during 2017 amounted to \$82,189, which includes \$66,677 assigned from other City funds.

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

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

**Inventory**

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

On fund financial statements, inventories are stated at cost determined on a first-in, first-out basis.

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

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2017 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

**Restricted Assets**

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

**Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deletions during the year. Donated capital assets, donated works of art or similar items, and capital assets received in a service concession arrangement are reported at acquisition value. The City maintains a capitalization threshold of five hundred dollars. The City's infrastructure consists of streets, traffic signals, floodwall, park lighting, water and sewer lines, valves, and meters.

**CITY OF CHILLICOTHE, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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

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

**Compensated Absences**

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

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

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

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

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

**Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as



**CITY OF CHILLICOTHE, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

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they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**Accrued Liabilities and Long-Term Obligations**

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

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

**Fund Balance**

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

**Nonspendable** – amounts that cannot be spent because they are either not in spendable form or because they are legally or contractually required to be maintained intact.

**Restricted** – amounts that can be spent only for restricted purposes because either (a) constraints imposed by law through constitutional provisions, charter requirements or enabling legislation; or (b) constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

**Committed** – amounts that can only be used for specific purposes pursuant to constraints imposed by formal ordinance of City Council – the City’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the City Council removes the specified use by taking the same type of action as when imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** – amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. The City Council, Mayor and Auditor have the authority to assign amounts to be used for specific purposes. Currently, the authorizing party must notify the City Auditor of the intent to make an assignment, by declaring the amount, the fund and the purpose for which the funds will be used. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed.

**Unassigned** – this is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

**CITY OF CHILLICOTHE, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the City considers restricted funds to have been spent first. When expenditures are incurred for which committed, assigned or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

**Net Position**

Net Position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets.

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

**Operating Revenues and Expenses**

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

**Interfund Transactions**

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

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

**Interfund Balances**

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

**CITY OF CHILLICOTHE, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2017**

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**Extraordinary and Special Items**

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

Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2017.

**Estimates**

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

**NOTE 3 - BUDGETARY BASIS OF ACCOUNTING**

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

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

1. Revenues and Other Financing Sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures and Other Financing Uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a restriction, commitment, or assignment of fund balance.
4. Certain funds are maintained as separate funds for accounting and budgetary purposes (budget basis) but do not meet the criteria for separate reporting in the financial statements (GAAP basis) and are reported in the General Fund in accordance with GASB Statement No. 54.

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

**CITY OF CHILLICOTHE, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2017**

**Net Change in Fund Balance/Excess of Revenue and Other Sources  
Over (Under) Expenditures and Other Uses**

	<u>General Fund</u>	<u>Street Construction Maintenance &amp; Repair</u>	<u>Bus Transit Fund</u>
<b>GAAP Basis</b>	\$1,632,613	\$1,167,244	\$273,788
Adjustments:			
Net Adjustments for Revenue Accruals	140,258	21,219	(328,893)
Net Adjustments for Expenditure Accruals	379,971	(2,113,379)	68,048
Encumbrances	(192,893)	(315,966)	(489,835)
Net Adjustment for Other Sources (Uses)	(420,106)	0	(24,276)
<i>Prospective Difference:</i>			
Activity of Funds Reclassified For GAAP Reporting Purposes	<u>(14,321)</u>	<u>0</u>	<u>0</u>
Budget Basis	<u>\$1,525,522</u>	<u>(\$1,240,882)</u>	<u>(\$501,168)</u>

**NOTE 4 - NEW GASB PRONOUNCEMENTS AND RESTATEMENT OF NET POSITION**

For fiscal year 2017, the City implemented GASB Statement No. 74, “Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans”, GASB Statement No. 80, “Blending Requirements for Certain Component Units”, GASB Statement No. 81, “Irrevocable Split-Interest Agreements,” and GASB Statement No. 82, “Pension Issues. The implementation of GASB Statements No. 74, 80, 81 and 82 had no effect on the prior period net position or fund balances or disclosures of the City.

**NOTE 5 - CASH, DEPOSITS, AND INVESTMENTS**

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

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

**CITY OF CHILLICOTHE, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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The amount available for deposit and investment are as follows:

Cash and Cash Equivalents	
-Pooled	\$19,146,582
-Segregated	247,578
-Fiscal Agents	4
Investment (Carrying Amount)	1,000
Reconciling items (net) to arrive at bank balances for deposits	<u>614,099</u>
<b>Total available for deposit and investment</b>	<b><u><u>\$20,009,263</u></u></b>

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

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

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 for deposits is the risk that, in the event of a bank failure, the City’s deposits may not be returned.

At December 31, 2017, the carrying amount of all City deposits was \$19,394,164. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosures,” as of December 31, 2017, the City’s bank balance of \$20,008,263 was either covered by the Federal Deposit Insurance or collateralized by the financial institution’s public entity deposit pools in the manner described below.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by:

Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

**CITY OF CHILLICOTHE, OHIO**  
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Three of the City’s four financial institutions are enrolled in the OPCS; however, at December 31, 2017, the other financial institution still maintained its own collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

**Investments:** As of December 31, 2017, the City had the following investment and maturity:

Investment Type	Fair Value	One Year or Less
U.S. Treasury Bond	\$1,000	\$1,000
Total	<u>\$1,000</u>	<u>\$1,000</u>

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

**Credit Risk:** Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City limits its investments to those authorized by state statute. Standard and Poor’s has assigned a rating of “AA+” to U.S. Treasury Bonds.

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

The City has categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above chart identifies the City’s recurring fair value measurements as of December 31, 2017.

The City’s investment is a Level 1 input.

**NOTE 6 - RECEIVABLES**

Receivables at December 31, 2017 consisted of property and other taxes, municipal income taxes, interest, accounts (billings for user charged services), special assessments, and intergovernmental grants. All receivables are considered fully collectible. A summary of the principal items of intergovernmental receivables follows:

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**Governmental Activities**

*General Fund:*

Local Government Distributions	\$363,725
State Property Tax Reimbursements	58,351
Total General Fund	422,076

Street Construction Maintenance & Repair Distributions	422,106
Bus Transit Grants	616,966

*Nonmajor Governmental Funds:*

State Highway Distributions	30,776
HUD Grants	53,004
State Grants	25,468
Police & Fire Pension State Property Tax Reimbursements	14,010
Safety Levy Capital	2,741

Total Nonmajor Governmental Funds	125,999
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<b>Total Intergovernmental Receivables</b>	<b>\$1,587,147</b>
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**NOTE 7 – DEFERRED INFLOW/OUTFLOW**

In addition to assets, the Statements of Net Position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide Statement of Net Position and include deferred charges on refunding debt and pension expense. A deferral on refunding debt results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. A deferral for pension results from changes in Net Pension Liability not recognized as a component of current year pension expense. This amount is deferred and amortized over various periods as instructed by the pension plan administrators. Deferred outflows of resources related to pensions are explained further in Note 13.

	Governmental Activities	Business-Type Activities	Water Fund	Sewer Fund
Pension	\$6,842,340	\$1,503,274	\$813,187	\$690,087
Deferred Charges on Refunding Debt	0	15,000	0	15,000
<b>Total</b>	<b>\$6,842,340</b>	<b>\$1,518,274</b>	<b>\$813,187</b>	<b>\$705,087</b>

In addition to liabilities, the Statements of Net Position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, unavailable revenues and pensions. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2017, but which were levied to finance year 2018 operations. These amounts have been recorded as deferred inflows on both the government-wide Statement of Net Position and the governmental fund financial statements. Additionally, deferred inflows related to

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pensions are reported in the government-wide Statement of Net Position. Deferred inflows related to pensions result from changes in net pension liability not recognized as a component of current year expense. Deferred inflows of resources related to pensions are explained further in Note 13.

	Governmental Activities	Business-Type Activities	Water Fund	Sewer Fund
Property Tax	\$1,172,986	\$0	\$0	\$0
Pension	556,620	42,686	27,254	15,432
<b>Total</b>	<b>\$1,729,606</b>	<b>\$42,686</b>	<b>\$27,254</b>	<b>\$15,432</b>

Unavailable revenue is reported only on the governmental funds Balance Sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, intergovernmental grants and special assessments. These amounts are deferred and recognized as inflows of resources in the period the amounts become available.

	General	Street	Bus Transit	Other Governmental Funds	Totals
Property Tax	\$983,997	\$0	\$0	\$236,570	\$1,220,567
Income Taxes	813,351	108,447	54,223	108,447	1,084,468
Grants and Entitlements	264,785	281,404	316,085	62,874	925,148
Special Assessment	11,565	0	0	0	11,565
Total Deferred Inflows of Resources	<b>\$2,073,698</b>	<b>\$389,851</b>	<b>\$370,308</b>	<b>\$407,891</b>	<b>\$3,241,748</b>



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**NOTE 8 - CAPITAL ASSETS**

The following table provides a summary of the changes in capital assets during 2017 for the governmental activities:

	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017
<b>Governmental Activities:</b>				
<i>Nondepreciable Capital Assets:</i>				
Land	\$6,864,490	\$0	\$0	\$6,864,490
Construction in Progress	47,500	0	(47,500)	0
Total Nondepreciable Capital Assets	<u>6,911,990</u>	<u>0</u>	<u>(47,500)</u>	<u>6,864,490</u>
<i>Depreciable Capital Assets:</i>				
Land Improvements	5,054,974	59,790	(7,600)	5,107,164
Buildings, Structures & Improvements	20,690,769	90,235	(3,500)	20,777,504
Furniture, Fixtures, Equipment & Vehicles	14,171,317	1,672,949	(307,879)	15,536,387
Infrastructure	<u>61,030,819</u>	<u>873,382</u>	<u>0</u>	<u>61,904,201</u>
Total Depreciable Capital Assets	100,947,879	2,696,356	(318,979)	103,325,256
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(4,943,085)	(51,434)	7,600	(4,986,919)
Buildings, Structures & Improvements	(10,314,734)	(456,584)	0	(10,771,318)
Furniture, Fixtures, Equipment & Vehicles	(11,534,956)	(989,784)	250,758	(12,273,982)
Infrastructure	<u>(45,084,469)</u>	<u>(1,748,418)</u>	<u>0</u>	<u>(46,832,887)</u>
Total Accumulated Depreciation	<u>(71,877,244)</u>	<u>(3,246,220)</u>	<u>258,358</u>	<u>(74,865,106)</u>
Total Capital Assets Being Depreciated, Net	<u>29,070,635</u>	<u>(549,864)</u>	<u>(60,621)</u>	<u>28,460,150</u>
<b>Governmental Activities Capital Assets, Net</b>	<u><u>\$35,982,625</u></u>	<u><u>(\$549,864)</u></u>	<u><u>(\$108,121)</u></u>	<u><u>\$35,324,640</u></u>

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

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**Governmental Activities**

General Government	\$292,884
<i>Security of Persons and Property:</i>	
Police	259,782
Fire	251,143
Transportation	1,931,314
Community Environment	308,978
Leisure Time Activities	<u>202,119</u>

**Governmental Activities Depreciation Expense**

\$3,246,220

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

	Balance 1/1/ 2017	Additions	Deletions	Balance 12/31/ 2017
<b>Business-Type Activities:</b>				
<i>Nondepreciable Capital Assets:</i>				
Land	\$1,889,017	\$0	\$0	\$1,889,017
Construction in Progress	154,394	0	0	154,394
Total Nondepreciable Capital Assets	<u>2,043,411</u>	<u>0</u>	<u>0</u>	<u>2,043,411</u>
<i>Depreciable Capital Assets:</i>				
Land Improvements	277,921	0	0	277,921
Buildings, Structures & Improvements	5,116,048	0	0	5,116,048
Plant & Facilities	26,027,607	0	0	26,027,607
Furniture, Fixtures, Equipment & Vehicles	3,529,328	503,338	(7,727)	4,024,939
Infrastructure	<u>31,313,343</u>	<u>875,689</u>	<u>(360,266)</u>	<u>31,828,766</u>
Total Depreciable Capital Assets	66,264,247	1,379,027	(367,993)	67,275,281
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(276,361)	(1,040)	0	(277,401)
Buildings, Structures & Improvements	(2,804,792)	(171,284)	0	(2,976,076)
Plant & Facilities	(13,265,868)	(516,040)	0	(13,781,908)
Furniture, Fixtures, Equipment & Vehicles	(3,060,844)	(175,247)	7,727	(3,228,364)
Infrastructure	<u>(12,981,645)</u>	<u>(631,157)</u>	<u>162,902</u>	<u>(13,449,900)</u>
Total Accumulated Depreciation	<u>(32,389,510)</u>	<u>(1,494,768)</u>	<u>170,629</u>	<u>(33,713,649)</u>
Total Capital Assets Being Depreciated, Net	<u>33,874,737</u>	<u>(115,741)</u>	<u>(197,364)</u>	<u>33,561,632</u>
<b>Business-Type Activities Capital Assets, Net</b>	<u><u>\$35,918,148</u></u>	<u><u>(\$115,741)</u></u>	<u><u>(\$197,364)</u></u>	<u><u>\$35,605,043</u></u>

**CITY OF CHILLICOTHE, OHIO**  
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**NOTE 9 – NOTES PAYABLE**

The City’s note transactions for the year ended December 31, 2017, were as follows:

	Balance 1/1/ 2017	Additions	Deletions	Balance 12/31/ 2017
<b>Governmental Activities:</b>				
<i>Bond Anticipation Notes Payable:</i>				
Street Construction, 2.00%	\$1,900,000	\$0	(\$1,900,000)	\$0
<b>Governmental Activities Notes Payable</b>	<u>\$1,900,000</u>	<u>\$0</u>	<u>(\$1,900,000)</u>	<u>\$0</u>

**NOTE 10 - LONG-TERM OBLIGATIONS**

The City’s long-term obligations activity for the year ended December 31, 2017 was as follows:

**Governmental Activities General Obligation Bonds and Other Long-Term Obligations**

	Balance 1/1/ 2017	Additions	Deletions	Balance 12/31/ 2017	Amount Due Within One Year
<b>Governmental Activities:</b>					
<i>General Obligation Refunding Bonds:</i>					
\$4,850,000, 1.00% - 4.00%, 2013 -2041					
Serial Bonds	\$1,575,000	\$0	(\$330,000)	\$1,245,000	\$300,000
Term Bonds	2,330,000	0	0	2,330,000	0
Issuance Premium on Bonds	18,722	0	(4,253)	14,469	0
<i>General Obligation Bonds:</i>					
Garbage Truck Project					
\$260,000, 2.00%, 2015-2019	195,000	0	(65,000)	130,000	65,000
Issuance Premium on Bonds	3,926	0	(1,309)	2,617	0
Street Improvement Project (2016)	3,000,000	0	(265,000)	2,735,000	275,000
\$3,000,000, 2.52%, 2016-2026					
Issuance Premium on Bonds	102,175	0	(10,217)	91,958	0
Squad / Leaf Blower					
\$210,000, 2.20%, 2016 -2020	210,000	0	(52,631)	157,369	51,320
7 Police Cruisers (2016)					
\$226,417, 1.95%, 2016 -2019	169,813	0	(56,604)	113,209	56,604
7 Police Cruisers (2017)					
\$235,000, 2.65%, 2017 -2020	0	235,000	(59,756)	175,244	56,894

(Continued)

**CITY OF CHILLICOTHE, OHIO**  
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	Balance 1/1/ 2017	Additions	Deletions	Balance 12/31/ 2017	Amount Due Within One Year
Street Improvement Project (2017)	0	1,490,000	0	1,490,000	190,000
\$1,490,000, 2.49%, 2017-2024					
Issuance Premium on Bonds	0	58,722	0	58,722	0
Street Sweeper	0	175,000	0	175,000	30,000
\$175,000, 2.49%, 2017-2024					
Issuance Premium on Bonds	0	5,331	0	5,331	0
Garbage Truck	0	165,000	0	165,000	30,000
\$165,000, 2.49%, 2017-2024					
Issuance Premium on Bonds	0	5,134	0	5,134	0
VCNB Loan -Squad					
\$100,000, 2.50%, 2014 -2018	50,000	0	(25,000)	25,000	25,000
<i>Other Long-Term Obligations:</i>					
Compensated Absences	1,895,211	833,989	(784,532)	1,944,668	768,432
Capital Leases	136,767	415,238	(128,551)	423,454	123,054
Landfill Post-Closure Care	215,302	0	(64,854)	150,448	148,015
<i>Net Pension Liability:</i>					
OPERS	6,972,189	2,123,200	0	9,095,389	0
OP&F	16,783,154	190,608	0	16,973,762	0
Total Net Pension Liability	23,755,343	2,313,808	0	26,069,151	0
<b>Governmental Activities</b>					
<b>Long-Term Obligations</b>	<u>\$33,657,259</u>	<u>\$5,697,222</u>	<u>(\$1,847,707)</u>	<u>\$37,506,774</u>	<u>\$2,119,319</u>

General obligation bonds issued for governmental activities of the City are retired from the General, Street Construction Maintenance & Repair, Bus Transit, Safety Levy Capital, and Police and Fire Pension Funds. General obligation bonds are secured by the City's ability to levy a voted or unvoted property tax levy within the limitations of Ohio law. These bonds are also backed by the full faith and credit of the City as additional security.

In September 2014, the City received a \$100,000 loan from Vinton County National Bank for the purpose of purchasing an emergency squad. The interest rate on this loan is 2.50%. This loan will be repaid from the Safety Levy Capital Fund and the final payment is due on September 15, 2018.

Compensated absences and net pension obligations will be paid from the fund from which the employees' salaries are paid, which include the General, Street Construction Maintenance & Repair, Parks & Recreation, Parking, and Bus Transit funds. Capital lease obligations will be paid from the fund that maintains custody of the related asset. The landfill post-closure care liability will be paid from the General Fund. The City pays obligations related to employee compensation from the fund benefitting from their service.

**CITY OF CHILLICOTHE, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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Refunding General Obligation Bonds - During fiscal year 2013, the City issued \$4,850,000 of general obligation bonds for the refunding of \$335,000 of the 1999 series bonds and retirement of \$4,540,000 of bond anticipation notes. The \$31,481 premium on the issuance of the refunding bonds is netted against this debt and is being amortized over the life of this debt. The refunding was undertaken to reduce total future debt service payments by \$41,469 and to obtain an economic gain of \$24,886 for the \$335,000 of bonds refunded. The refunding bonds are retired through the Bond Retirement Fund using tax revenues.

The Various Purpose Bonds maturing December 1, 2026 shall be subject to mandatory sinking fund redemption in part on December 1, 2024 and December 1, 2025 at the redemption price of 100% of the principal amount thereof to be redeemed plus accrued interest to the respective redemption dates in the principal amount as follows:

Redemption Dates (December 1)	Principal Amount To Be Redeemed
2024	\$125,000
2025	90,000

Unless otherwise called for redemption, the remaining \$95,000 principal amount of such Various Purpose Bonds shall be payable at stated maturity (December 1, 2026).

The Various Purpose Bonds maturing December 1, 2029 shall be subject to mandatory sinking fund redemption in part on December 1, 2027 and December 1, 2028 at the redemption price of 100% of the principal amount thereof to be redeemed plus accrued interest to the respective redemption dates in the principal amount as follows:

Redemption Dates (December 1)	Principal Amount To Be Redeemed
2027	\$95,000
2028	105,000

Unless otherwise called for redemption, the remaining \$105,000 principal amount of such Various Purpose Bonds shall be payable at stated maturity (December 1, 2029).

The Various Purpose Bonds maturing December 1, 2032 shall be subject to mandatory sinking fund redemption in part on December 1, 2030 and December 1, 2031 at the redemption price of 100% of the principal amount thereof to be redeemed plus accrued interest to the respective redemption dates in the principal amount as follows:

Redemption Dates (December 1)	Principal Amount To Be Redeemed
2030	\$110,000
2031	120,000

Unless otherwise called for redemption, the remaining \$120,000 principal amount of such Various Purpose Bonds shall be payable at stated maturity (December 1, 2032).

**CITY OF CHILLICOTHE, OHIO**  
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The Various Purpose Bonds maturing December 1, 2037 shall be subject to mandatory sinking fund redemption in part on December 1, 2033, December 1, 2034, December 1, 2035 and December 1, 2036 at the redemption price of 100% of the principal amount thereof to be redeemed plus accrued interest to the respective redemption dates in the principal amount as follows:

Redemption Dates (December 1)	Principal Amount To Be Redeemed
2033	\$125,000
2034	130,000
2035	135,000
2036	145,000

Unless otherwise called for redemption, the remaining \$150,000 principal amount of such Various Purpose Bonds shall be payable at stated maturity (December 1, 2037).

The Various Purpose Bonds maturing December 1, 2041 shall be subject to mandatory sinking fund redemption in part on December 1, 2038, December 1, 2039 and December 1, 2040 at the redemption price of 100% of the principal amount thereof to be redeemed plus accrued interest to the respective redemption dates in the principal amount as follows:

Redemption Dates (December 1)	Principal Amount To Be Redeemed
2038	\$160,000
2039	165,000
2040	175,000

Unless otherwise called for redemption, the remaining \$180,000 principal amount of such Various Purpose Bonds shall be payable at stated maturity (December 1, 2041).

*General Obligation Bonds* – During 2015, the City issued \$260,000 of general obligation bonds for the retirement of \$300,000 of bond anticipation notes. The premium of \$5,234 on the issuance of the bonds is netted against this debt and is being amortized over the life of this debt. The bonds are retired through the General Fund using tax revenues.

*General Obligation Bonds* – During 2016, the City issued \$3,000,000 of general obligation bonds for the purpose of street improvement projects. The premium of \$102,175 on the issuance of the bonds is netted against this debt and is being amortized over the life of this debt. The bonds are retired through the Street Construction Maintenance and Repair Fund using tax revenues.

*General Obligation Bonds* - In June 2016, the City issued \$226,417 of general obligation bonds for the purpose of purchasing 7 police vehicles. This bond will be retired through the Safety Levy Capital Fund using tax revenues.

**CITY OF CHILLICOTHE, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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*General Obligation Bonds* - In October 2016, the City issued \$210,000 of general obligation bonds for the purpose of purchasing an emergency squad and two leaf vacuum machines. This bond will be retired through the General and Safety Levy Capital Funds using tax revenues.

*General Obligation Bonds* - In May 2017, the City issued \$235,000 of general obligation bonds for the purpose of purchasing 7 police vehicles. This bond will be retired through the Safety Levy Capital Fund using tax revenues.

*General Obligation Bonds* – During 2017, the City issued \$1,490,000 of general obligation bonds for the purpose of repaying the 2016 Street Construction Bond Anticipation Notes. The premium of \$58,722 on the issuance of the bonds is netted against this debt and is being amortized over the life of this debt. The bonds are retired through the Street Construction Maintenance and Repair Fund using tax revenues.

*General Obligation Bonds* - In September 2017, the City issued \$175,000 of general obligation bonds for the purpose of purchasing a street sweeper. The premium of \$5,331 on the issuance of bonds is netted against this debt and is amortized over the life of this debt. This bond will be retired through the Street Construction Maintenance and Repair Fund using tax revenues.

*General Obligation Bonds* - In September 2017, the City issued \$165,000 of general obligation bonds for the purpose of purchasing a new garbage truck. The premium of \$5,134 on the issuance of bonds is netted against this debt and is amortized over the life of this debt. This bond will be retired through the General Fund using tax revenues.

**CITY OF CHILLICOTHE, OHIO**  
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**Business-Type Activities Bonds and Other Long-Term Obligations**

	Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017	Amount Due Within One Year
<b>Business-Type Activities:</b>					
<i>General Obligation Refunding Bonds Payable:</i>					
\$1,670,000, 1.00% - 4.00%, 2013 - 2023	\$915,000	\$0	(\$120,000)	\$795,000	\$120,000
Issuance Premium on Bonds	17,376	0	(2,482)	14,894	0
<i>General Obligation Bonds Payable:</i>					
ARMC Water Project Bond, 1.50%	1,720,000	0	(420,000)	1,300,000	425,000
Issuance Premium on Bonds	33,117	0	(8,279)	24,838	0
<i>Other Long-Term Obligations:</i>					
Compensated Absences	819,446	252,387	(377,455)	694,378	257,854
Capital Leases	5,415	0	(4,092)	1,323	1,323
<i>Net Pension Liability - OPERS:</i>					
Water	1,602,549	446,490	0	2,049,039	0
Sewer	1,330,945	404,775	0	1,735,720	0
Total Net Pension Liability - OPERS	<u>2,933,494</u>	<u>851,265</u>	<u>0</u>	<u>3,784,759</u>	<u>0</u>
Business-Type Activities					
<b>Long-Term Obligations</b>	<u>\$6,443,848</u>	<u>\$1,103,652</u>	<u>(\$932,308)</u>	<u>\$6,615,192</u>	<u>\$804,177</u>

General obligation bonds issued for business-type activities are retired through the respective enterprise funds. The City has pledged gross revenues to be derived from the City's water system, after provision of reasonable expenses of operation and maintenance of the system, and certain funds held by the City's trustee. General obligation bonds also require the City to generate revenues from the enterprise operations that are sufficient to meet debt service requirements.

*Refunding General Obligation Bonds* - During fiscal year 2013, the City issued \$1,670,000 of general obligation bonds for the refunding of \$1,220,000 of the 2003 series bonds and retirement of \$400,000 of bond anticipation notes. The \$24,823 premium on the issuance of the refunding bonds is netted against this debt and is being amortized over the life of this debt, which has the same remaining life of the refunded debt of 10 years with a final maturity of December 1, 2023. The refunding was undertaken to reduce total future debt service payments by \$28,915 and to obtain an economic gain of \$5,674 for the bonds refunded. The refunding bonds are retired through the Sewer Fund.

During 2015, the City issued \$2,135,000 of general obligation bonds to retire the \$2,441,000 of bond anticipation notes. The bonds are retired through the Water Fund.

Compensated absences for business-type activities will be paid from the Water and Sewer funds. Capital lease obligations for business-type activities will be paid from the fund that maintains custody of the related asset. The City pays obligations related to employee compensation from the fund benefitting from their service.



**CITY OF CHILLICOTHE, OHIO**  
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Debt service requirements are as follows:

For year ended December 31	G.O. Refunding Bonds		Garbage Truck G.O. Bonds		Squad Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$300,000	\$134,013	\$65,000	\$2,600	\$25,000	\$467
2019	315,000	128,013	65,000	1,300	0	0
2020	195,000	120,925	0	0	0	0
2021	200,000	115,563	0	0	0	0
2022	115,000	109,563	0	0	0	0
2023-2027	525,000	485,363	0	0	0	0
2028-2032	560,000	382,138	0	0	0	0
2033-2037	685,000	252,650	0	0	0	0
2038-2041	680,000	80,244	0	0	0	0
	<u>\$3,575,000</u>	<u>\$1,808,472</u>	<u>\$130,000</u>	<u>\$3,900</u>	<u>\$25,000</u>	<u>\$467</u>

For year ended December 31	Street Improvement Project G.O. Bonds		Squad/Leaf Blower Loan G.O. Bonds		7 Police Cruisers G.O. Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$275,000	\$68,475	\$51,320	\$3,462	\$56,604	\$2,208
2019	285,000	60,225	52,449	2,333	56,605	1,104
2020	290,000	51,675	53,600	1,182	0	0
2021	295,000	45,875	0	0	0	0
2022	305,000	39,531	0	0	0	0
2023-2026	1,285,000	91,844	0	0	0	0
	<u>\$2,735,000</u>	<u>\$357,625</u>	<u>\$157,369</u>	<u>\$6,977</u>	<u>\$113,209</u>	<u>\$3,312</u>

For year ended December 31	7 Police Cruisers G.O. Bonds		Street Improvement Project G.O. Bonds		Street Sweeper G.O. Bonds		Garbage Truck G.O. Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$56,894	\$4,644	\$190,000	\$43,629	\$30,000	\$4,779	\$30,000	\$4,533
2019	58,401	3,136	205,000	31,575	35,000	3,275	30,000	3,075
2020	59,949	1,589	210,000	27,475	35,000	2,575	30,000	2,475
2021	0	0	210,000	23,275	40,000	1,875	35,000	1,875
2022	0	0	220,000	18,025	35,000	875	40,000	1,000
2023-2024	0	0	455,000	19,425	0	0	0	0
	<u>\$175,244</u>	<u>\$9,369</u>	<u>\$1,490,000</u>	<u>\$163,404</u>	<u>\$175,000</u>	<u>\$13,379</u>	<u>\$165,000</u>	<u>\$12,958</u>

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For year ended December 31	Sewer G.O. Refunding Bonds		Water G.O. Bonds	
	Principal	Interest	Principal	Interest
2018	\$120,000	\$22,750	\$425,000	\$26,000
2019	130,000	20,350	435,000	17,500
2020	130,000	17,425	440,000	8,800
2021	135,000	13,850	0	0
2022	140,000	9,800	0	0
2023	140,000	5,600	0	0
	<u>\$795,000</u>	<u>\$89,775</u>	<u>\$1,300,000</u>	<u>\$52,300</u>

**NOTE 11 – CONDUIT DEBT OBLIGATIONS**

In May 2017, the City issued, on behalf of the Adena Regional Medical Center (the Hospital), \$175,000,000 in Revenue Refunding and Improvement Bonds, Series 2017. The proceeds of the Bonds will be used to (i) advance refund the outstanding hospital revenue bonds issued in 2008 by the County of Ross, Ohio for benefit of Adena, (i) finance the acquisition, construction and equipping of additional Hospital Facilities on Adena’s campus, including major renovation of the Emergency Department, and (iii) pay certain costs of issuance of the Bonds.

The Bond is a special limited obligation of the Hospital, and is payable solely from and secured by revenues generated by the Hospital. Neither the City, County, State, nor any other political subdivision is obligated in any manner for the repayment of the bonds. Accordingly, the bonds will not be reported as a liability in the City’s financial statements.

As of December 31, 2017, the hospital revenue refunding bonds aggregated principal amount payable was \$145,570,000.

**NOTE 12 - CAPITAL LEASES**

The City has entered into various agreements to lease equipment. The leases meet the criteria of a capital lease as defined generally as one which transfers benefits and risks of ownership to the lessee. Lease payments are made in accordance with the amortization schedule. At the end of the lease the City has the option of purchasing the asset or trade-in the asset for credit on another purchase. New capital leases are reflected in the Statement of Revenues, Expenditures, and Changes in Fund Balance for governmental funds as a functional expenditure and “inception of capital lease.” Capital lease payments are reflected as debt service expenditures in the General, Bus Transit, Street Construction Maintenance & Repair, and Parks and Recreation funds. These capital leased assets, consisting of equipment, have been capitalized in the amount of \$669,482 in the governmental funds, which represents the present value of the minimum lease payments at the time of acquisition. Principal payments in 2017 were \$118,152 in the governmental funds. The City also received credit on the trade-in of leased assets in the amount of \$10,399.

The City has also entered into a lease agreement in the Water Fund. The capital leased asset, consisting of equipment, has been capitalized in the amount of \$16,944 in the Water Fund and business-type activities. Principal payments in 2017 were \$4,092 in the Water Fund.

The City’s future minimum lease payments and present value of net minimum lease payments required under these capital lease obligations as of December 31, 2017 are as follows:

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Year Ended December 31,	Governmental Activities	Business-Type Activities
2018	\$149,614	\$1,342
2019	110,514	0
2020	104,325	0
2021	102,030	0
2021	20,859	0
Total Future Minimum Lease Payments	487,342	1,342
Less: Amount Representing Interest	(63,888)	(19)
Present Value of Net Minimum Lease	<u>\$423,454</u>	<u>\$1,323</u>

**NOTE 13 – DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

The net pension liability reported on the Statement of Net Position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City’s obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

**CITY OF CHILLICOTHE, OHIO  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2017**

**Plan Description – Ohio Public Employees Retirement System (OPERS)**

*Plan Description* - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

**CITY OF CHILLICOTHE, OHIO**  
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*Funding Policy* - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>	
<b>Statutory Maximum Contribution Rates</b>	<u>2017</u>	<u>2016</u>
Employer	14.0 %	14.0 %
Employee	10.0 %	10.0 %
<b>Actual Contribution Rates</b>		
Employer:		
Pension	13.0 %	12.0 %
Post-employment Health Care Benefits	<u>1.0 %</u>	<u>2.0 %</u>
Total Employer	<u>14.0 %</u>	<u>14.0 %</u>
Employee	<u>10.0 %</u>	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$1,037,868 for 2017. Of this amount, \$14,622 is reported as an intergovernmental payable.

***Plan Description – Ohio Police & Fire Pension Fund (OPF)***

*Plan Description* - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member’s average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

**CITY OF CHILLICOTHE, OHIO**  
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Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

*Funding Policy* - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>Police</u>	<u>Firefighters</u>
<b>2017 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
<b>2017 Actual Contribution Rates</b>		
Employer		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	<u>12.25 %</u>	<u>12.25 %</u>

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$1,273,198 for 2017 of this amount, \$19,000 is reported as an intergovernmental payable.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability for OPERS was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2016, and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

**CITY OF CHILLICOTHE, OHIO**  
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	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.0567200%	0.2679830%	
Prior Measurement Date	<u>0.0571880%</u>	<u>0.2608890%</u>	
Change in Proportinate Share	<u>-0.0004680%</u>	<u>0.0070940%</u>	
Proportionate Share of the Net Pension Liability	\$12,880,147	\$16,973,763	\$29,853,910
Pension Expense	\$2,830,454	\$2,078,380	\$4,908,834

At December 31, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$17,458	\$4,801	\$22,259
Net difference between projected and actual earnings on pension plan investments	1,918,156	1,650,623	3,568,779
Changes of assumptions	2,042,947	0	2,042,947
Changes in proportion and differences between City contributions and proportionate share of contributions	104,744	295,819	400,563
City contributions subsequent to the measurement date	<u>1,037,868</u>	<u>1,273,198</u>	<u>2,311,066</u>
Total Deferred Outflows of Resources	<u>\$5,121,173</u>	<u>\$3,224,441</u>	<u>\$8,345,614</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$76,653	\$39,081	\$115,734
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>32,620</u>	<u>450,952</u>	<u>483,572</u>
Total Deferred Inflows of Resources	<u>\$109,273</u>	<u>\$490,033</u>	<u>\$599,306</u>

\$2,311,066 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

**CITY OF CHILLICOTHE, OHIO**  
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Year Ending December 31:	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
2018	\$1,683,568	\$576,766	\$2,260,334
2019	1,666,175	576,767	2,242,942
2020	680,514	427,180	1,107,694
2021	(56,225)	(162,113)	(218,338)
2022	0	36,721	36,721
Thereafter	<u>0</u>	<u>5,889</u>	<u>5,889</u>
Total	<u>\$3,974,032</u>	<u>\$1,461,210</u>	<u>\$5,435,242</u>

**Actuarial Assumptions - OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions, applied to all periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the OPERS' actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from the study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0 percent down to 7.5 percent, for the defined benefits investment. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2016, compared with December 31, 2015, are presented below.

	<u>December 31, 2016</u>	<u>December 31, 2015</u>
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	4.25 to 10.05 percent including wage inflation
<i>COLA or Ad Hoc COLA:</i>		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.08 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

For 2016, mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation period base of 2015 for males and 2010 for females.



**CITY OF CHILLICOTHE, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

For 2015, mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2015. The prior experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2016, OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money weighted rate of return expressing investment performance, net of investments expense and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3 percent for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other investments	18.00	4.92
Total	100.00 %	5.66 %

**CITY OF CHILLICOTHE, OHIO**  
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**Discount Rate** The discount rate used to measure the total pension liability for 2016 was 7.5 percent. The discount rate for 2015 was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.50 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.50 percent) or one-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
City's proportionate share of the net pension liability	\$19,677,302	\$12,880,147	\$7,215,918

**Actuarial Assumptions – OPF**

OPF’s total pension liability as of December 31, 2016 is based on the results of an actuarial valuation date of January 1, 2016, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2016, are presented below:

Valuation Date	January 1, 2016
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

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The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF’s target asset allocation as of December 31, 2016 are summarized below:

OP&F Asset Class	Target Allocation	Long Term Expected Rate of Return
Cash and Cash Equivalents	0.00 %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income *	20.00	2.37
Global Inflation Protected *	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Real Assets	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	<u>120.00 %</u>	

Note: Assumptions are geometric

\* levered 2x

OPF’s Board of Trustees has incorporated the “risk parity” concept into OPF’s asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

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	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$22,607,056	\$16,973,763	\$12,199,491

**NOTE 14 – POSTEMPLOYMENT BENEFITS**

***Ohio Public Employees Retirement System***

*Plan Description* - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. This is also used to fund health care for Member-Directed Plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45. Please see the Plan Statement in the OPERS 2016 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

*Funding Policy* - The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS may be set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017 state and local employers contributed at a rate of 14.0% of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0% during calendar year 2017. As recommended by OPERS’ actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0.0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their

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surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll for Member-Directed Plan for 2017 was 4.0%.

The City's contractually required postemployment health care contributions to OPERS were \$79,836 for 2017. Of this amount, \$1,125 is reported as an intergovernmental payable. Contributions for 2016 and 2015 were \$148,400 and \$147,582, respectively.

***Ohio Police and Fire Pension Fund***

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OPF) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by OPF. OPF provides health care benefits including coverage for medical, prescription drug, dental, vision, Medicare Part B Premium, and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

The Ohio Revised Code allows, but does not mandate, OPF to provide OPEB benefits. Authority for the OPF Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OPF issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by writing to OPF, 140 East Town Street, Columbus Ohio 43215-5164. That report is also available on OPF's website at [www.op-f.org](http://www.op-f.org).

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OPF defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer, respectively. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was 0.5 percent of covered payroll from January 1, 2017 thru December 31, 2017. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

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The City’s contribution to OPF which was allocated to fund postemployment health care benefits for police and firefighters was \$14,986 and \$14,971 for the year ended December 31, 2017, \$13,919 and \$13,816 for the year ended December 31, 2016, and \$12,659 and \$12,980 for the year ended December 31, 2015.

**NOTE 15 - COMPENSATED ABSENCES**

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

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

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

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

**NOTE 16 - PROPERTY TAXES**

Property taxes include amounts levied against real and public utility property. The assessed value by property classification upon which the 2017 tax levy was based follows:

Property Tax Classification	Assessed Value
Real Property	\$387,403,970
Public Utility Property	22,280,280
Total	<u>\$409,684,250</u>

Ohio law prohibits taxation of property from all taxing authorities in excess of 10 mills of assessed value without a vote of the people. Presently, the City levies differing millages from 0.60 mills to 2.60 mills of the first 10 mills of assessed value for the General Fund, which is dependent upon the various taxing districts within the City. In addition to the 2.60 mills and 1.60 mills, the City has levied .30 and .30 mills of non-voted millage for the Police Pension and Fire Pension levies respectively.

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In 2017, real property taxes were levied on January 1, 2017, on assessed values as of January 1, 2016, the lien date. Real estate taxes were due and payable on February 10 and July 7, 2017.

The County Treasurer collects property taxes on behalf of all taxing districts within the City. The County Auditor periodically remits to the taxing districts their portions of the taxes collected. Accrued property taxes receivable represent current taxes which were levied, measurable, and unpaid, as well as delinquent taxes outstanding as of December 31, 2017.

Although total property tax collections for the next ensuing fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31 and are intended to finance the subsequent year’s operations. Therefore, the total property taxes receivable at year-end are credited to deferred inflows of resources on the financial statements.

**NOTE 17 – TAX ABATEMENTS**

A tax abatement is defined as a reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forego tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the City or the citizens of the City. The City has entered into such agreements. A description of the City’s abatement programs where the City has promised to forego taxes follows:

**Job Creation Tax Credit Program**

Pursuant to ORC 718.15, tax credit for businesses that foster new jobs in Ohio, a city, by ordinance, may grant a refundable or nonrefundable credit against its tax on income to taxpayers to foster job creation in the city. Tax credits granted under this section of the ORC are measured as a percentage of the new income tax revenue the City derives from new employees of the taxpayer and are for a term not to exceed fifteen years. Tax credits are applied against the taxpayer’s annual income tax filing. It is required that the City and the tax payer enter into an agreement specifying all of the conditions of the credit prior to passage of the ordinance granting the credit.

The City currently has Job Creation Tax Credit agreement with one local business (taxpayer). The tax credit percentage and term of the specific agreement is based upon the amount of new investment and the number of jobs created as a result of identified project. Job Creation Tax Credit agreements include specific language for refund of the credits should the terms of the agreement not be met by the taxpayer.

A summary of the taxes foregone on the City’s abatement program for the year ended December 31, 2017 follows:

Program	Tax Abated	Amount
Job Creation Tax Credit Program	Income Tax	\$6,246

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**NOTE 18 - MUNICIPAL INCOME TAXES**

The City levies an income tax of 2.0% on substantially all income earned within the City. In addition, residents of the City are required to pay City income tax on income they earn outside the City. However, a credit is allowed for income taxes paid to other municipalities. The income tax consists of a 1.0% general tax imposed without authority of an election; a 0.1% tax approved by voters in 1981 for the Bus Transit Fund; a 0.4% tax approved by voters in 1984 for the police and fire departments, with 0.1% being reserved for capital outlay; a 0.1% tax approved by voters in 1993 for the Parks & Recreation Fund, with 0.025% being reserved for capital outlay; and a 0.4% tax approved by voters in 2015, of which 0.2% was for street improvements and 0.2% was for safety services.

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

In 2017, these municipal income taxes generated a combined total of \$14,852,495 in local tax revenue.

**NOTE 19 - INTERFUND ACTIVITY**

As of December 31, 2017, receivables and payables that resulted from various interfund transactions were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
<b>Governmental Activities</b>		
General Fund	\$19,791	\$75,000
Street Construction	0	7,917
Bus Transit Fund	0	3,958
<i>Nonmajor Governmental Funds:</i>		
Police Pension	25,000	0
Fire Pension	50,000	0
Safety Levy Capital	0	3,958
Parks and Recreation Capital	0	3,958
Total Nonmajor Governmental Funds	<u>75,000</u>	<u>7,916</u>
<i>Total</i>	<u><u>\$94,791</u></u>	<u><u>\$94,791</u></u>

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



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A summary of interfund transfers for 2017 are as follows:

<u>Transfers Out</u>	<b>Transfers In</b>			
	<u>General</u>	<u>Nonmajor Special Revenue</u>	<u>Sewer</u>	<u>Total</u>
General	\$0	\$1,250,976	\$37,000	\$1,287,976
Street Construction Maintenance & Repair	45,000	0	0	45,000
Bus Transit	22,592	0	0	22,592
Nonmajor Special Revenue Funds	33,501	0	0	33,501
Nonmajor Capital Projects Funds	45,000	0	0	45,000
Water	712	0	0	712
Sewer	709	0	0	709
<b>Total</b>	<b>\$147,514</b>	<b>\$1,250,976</b>	<b>\$37,000</b>	<b>\$1,435,490</b>

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

In 2017, the City made transfers of \$1,287,976 from the General Fund to various Nonmajor Special Revenue Funds and the Sewer Fund to subsidize the programs of those funds.

**NOTE 20 - ROSS COUNTY AND CHILLICOTHE LAW ENFORCEMENT COMPLEX**

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

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

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

- The cost of any repairs or maintenance to the roof section which covers the Law Complex section of the facility shall be shared equally by both entities.

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

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

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

**NOTE 21 - LANDFILL CLOSURE AND POST CLOSURE CARE**

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

In 2017, the City incurred \$41,397 in post closure care costs and decreased its postclosure care liability by \$64,854, which is a change in estimate. To this date, the City has incurred approximately \$2,552,727 in closure and postclosure care costs. These costs have been incurred by the Landfill Closure Fund.

The City has accrued a liability for landfill post-closure care costs of \$150,448. The liability is based on an average of cumulative postclosure care costs to this date projected over the next three years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations. Financial assurance to fund this liability is provided through the General Fund where transfers will be made over the next three years.

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**NOTE 22 – FUND CASH BALANCES**

As of December 31, 2017 fund balances are composed of the following:

	General Fund	Street Fund	Bus Transit Fund	All Other Governmental Funds	Total Governmental Funds
<i>Nonspendable:</i>					
Prepaid Items	\$127,965	\$1,271	\$21,618	\$10,235	\$161,089
Materials and Supplies	50,210	6,021	18,699	0	74,930
Unclaimed Monies	96,201	0	0	0	96,201
Carlisle Hill Trust	0	0	0	1,000	1,000
<i>Total Nonspendable</i>	<u>274,376</u>	<u>7,292</u>	<u>40,317</u>	<u>11,235</u>	<u>333,220</u>
<i>Restricted:</i>					
Bus Transit	0	0	774,851	0	774,851
Street Construction	0	3,282,011	0	0	3,282,011
State Highway	0	0	0	268,330	268,330
Parks & Recreation	0	0	0	344,392	344,392
HUD	0	0	0	52,333	52,333
State Grants	0	0	0	92,803	92,803
Law Enforcement	0	0	0	67,808	67,808
Indigent Drivers	0	0	0	245,093	245,093
OMVI	0	0	0	18,458	18,458
Mandatory Drug Fines	0	0	0	2,473	2,473
Parking	0	0	0	123,939	123,939
Police Pension	0	0	0	2,911	2,911
Fire Pension	0	0	0	12,439	12,439
Bond Retirement	0	0	0	16,646	16,646
Capital Improvement	0	0	0	32,000	32,000
Safety Levy Capital	0	0	0	397,411	397,411
Parks & Rec Capital	0	0	0	182,929	182,929
Carlisle Hill Trust	0	0	0	2,325	2,325
<i>Total Restricted</i>	<u>0</u>	<u>3,282,011</u>	<u>774,851</u>	<u>1,862,290</u>	<u>5,919,152</u>

(Continued)

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	General Fund	Street Fund	Bus Transit Fund	All Other Governmental Funds	Total Governmental Funds
<i>Committed:</i>					
Floodwall	7,539	0	0	0	7,539
Income Tax Refunds	15,914	0	0	0	15,914
Streetscape	21,876	0	0	0	21,876
<i>Total Committed</i>	45,329	0	0	0	45,329
<i>Assigned:</i>					
Landfill	14,853	0	0	0	14,853
Cablevision	0	0	0	5,765	5,765
<i>Total Assigned</i>	14,853	0	0	5,765	20,618
<i>Unassigned</i>	4,975,561	0	0	0	4,975,561
Total Fund Balances	\$5,310,119	\$3,289,303	\$815,168	\$1,879,290	\$11,293,880

**NOTE 23 – ENCUMBRANCE COMMITMENTS**

As of December 31, 2017, the City had encumbrance commitments in the Governmental Funds as follows:

<u>Major Funds</u>	
General	\$208,293
Street Construction Maintenance and Repair	315,966
Bus Transit	489,835
<u>Nonmajor Funds</u>	
State Highway	3,600
Park and Recreation Capital	4,364
Safety Levy Capital	50,029
Total Nonmajor Funds	57,993
Total Encumbrances	\$1,072,087

**NOTE 24 – RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts, theft, destruction of assets, errors and omissions, employee injuries, and natural disasters. The City has addressed these various types of risk by purchasing insurance through commercial carriers. The City belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements, and other expenses resulting from covered claims that exceed the members' deductibles.

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

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In addition, the City maintains replacement cost insurance on buildings and contents in the amount of \$72,432,033. Other property insurance includes \$348,250 unscheduled and \$2,542,133 scheduled for other equipment. Comprehensive boiler and machinery coverage is carried in the amount of \$72,432,033. Insurance deductibles on any of the above coverage do not exceed \$20,000.

The City participates in the Workers' Compensation Program provided by the State of Ohio. The City utilizes TARTAN Benefits as a third-party administrator.

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

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

The City has had no significant reductions in any of its insurance coverage from that maintained in prior years. Additionally, there have been no insurance settlements that have exceeded insurance coverage in any of the past three years.

**NOTE 25 - CONTINGENCIES**

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

Additionally, there are currently no material claims or lawsuits pending against the City with either the Law Director or other outside attorneys.

**NOTE 26 – FISCAL ANALYSIS**

On October 23, 2012, the City was declared in Fiscal Caution by the Auditor of State. The City's management has prepared and submitted an acceptable plan to the Auditor of State and is working to implement changes as submitted.

**NOTE 27 – SUBSEQUENT EVENTS**

In May 2018, the City appropriated \$30,226 for the first of five annual installment payments totaling \$151,124 for the City's share of cost for the upcoming improvements to the Law Enforcement Center.

In May 2018, the City approved financing for the purchase of five police vehicles and a new fire squad. The bond amount for these vehicles will be approximately \$305,000 including bond counsel fees. A down payment of \$50,000 was already appropriated and included in the 2018 Capital Budget for both the Police Vehicles and Squad. The financing will consist of five annual fixed principal and interest payments with the first payment being due in the second quarter of 2019.

**City of Chillicothe, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of Net Pension Liability*  
*Ohio Public Employees Retirement System - Traditional Plan*  
*Last Four Years (1)*

	2017	2016	2015	2014
City's Proportion of the Net Pension Liability	0.056720%	0.057188%	0.055014%	0.055014%
City's Proportionate Share of the Net Pension Liability	\$12,880,147	\$9,905,683	\$6,635,303	\$6,485,434
City Covered-Employee Payroll	\$7,420,000	\$7,379,121	\$7,645,907	\$8,434,393
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	173.59%	134.24%	86.78%	76.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.36%

(1) Information prior to 2014 is not available.

Amounts presented as of the City's measurement date which is the prior fiscal year.

*Changes in Assumptions:* For fiscal year 2016, OPERS reported changes of assumptions which included a reduction in the discount rate from 8.00 percent to 7.50 percent, a decrease of wage inflation from 3.75 percent to 3.25 percent, a reduction in investment rate of return from 8.00 percent to 7.50 percent, a reduction of future salary increases, and an adjustment to assumed life expectancies as result of adopting the RP-2014 Health Annuitant Mortality Table for the purpose of developing mortality rates.

**City of Chillicothe, Ohio**  
*Required Supplementary Information*  
*Schedule of the City's Proportionate Share of Net Pension Liability*  
*Ohio Police and Fire Pension Fund*  
*Last Four Years (1)*

	2017	2016	2015	2014
<i><u>OP&amp;F - Police</u></i>				
City's Proportion of the Net Pension Liability	0.1203590%	0.1160740%	0.1170453%	0.1170453%
City's Proportionate Share of the Net Pension Liability	\$7,623,417	\$7,467,091	\$6,063,435	\$5,700,473
City Covered-Employee Payroll	\$2,783,882	\$2,544,268	\$2,454,862	\$2,693,303
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	273.84%	293.49%	247.00%	211.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.36%	66.77%	72.20%	73.00%
<i><u>OP&amp;F - Fire</u></i>				
City's Proportion of the Net Pension Liability	0.1476240%	0.1448150%	0.1567050%	0.1567050%
City's Proportionate Share of the Net Pension Liability	\$9,350,346	\$9,316,063	\$8,117,972	\$7,632,025
City Covered-Employee Payroll	\$2,763,179	\$2,583,332	\$2,511,146	\$2,620,016
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	338.39%	360.62%	323.28%	291.30%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.36%	66.77%	72.20%	73.00%

(1) Information prior to 2014 is not available.

Amounts presented as of the City's measurement date which is the prior fiscal year.

**City of Chillicothe, Ohio**  
*Required Supplementary Information*  
*Schedule of City's Contributions*  
*Ohio Public Employees Retirement System - Traditional Plan*  
*Last Ten Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$1,037,868	\$890,400	\$885,495	\$917,509
Contributions in Relation to the Contractually Required Contribution	<u>(1,037,868)</u>	<u>(890,400)</u>	<u>(885,495)</u>	<u>(917,509)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
County Covered-Employee Payroll	\$7,983,600	\$7,420,000	\$7,379,121	\$7,645,907
Contributions as a Percentage of Covered-Employee Payroll	13.00%	12.00%	12.00%	12.00%

*Changes in Assumptions:* For fiscal year 2016, OPERS reported changes of assumptions which included a reduction in the discount rate from 8.00 percent to 7.50 percent, a decrease of wage inflation from 3.75 percent to 3.25 percent, a reduction in investment rate of return from 8.00 percent to 7.50 percent, a reduction of future salary increases, and an adjustment to assumed life expectancies as result of adopting the RP-2014 Health Annuitant Mortality Table for the purpose of developing mortality rates.



<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$1,096,471	\$837,949	\$726,806	\$685,089	\$657,185	\$517,898
<u>(1,096,471)</u>	<u>(837,949)</u>	<u>(726,806)</u>	<u>(685,089)</u>	<u>(657,185)</u>	<u>(517,898)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$8,434,393	\$8,379,486	\$7,268,064	\$7,612,100	\$7,731,593	\$7,398,543
13.00%	10.00%	10.00%	9.00%	8.50%	7.00%

**City of Chillicothe, Ohio**  
*Required Supplementary Information*  
*Schedule of City's Contributions*  
*Ohio Police and Fire Pension Fund*  
*Last Ten Years*

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i><u>OP&amp;F - Police</u></i>				
Contractually Required Contribution	\$568,869	\$528,938	\$483,411	\$466,424
Contributions in Relation to the Contractually Required Contribution	<u>(568,869)</u>	<u>(528,938)</u>	<u>(483,411)</u>	<u>(466,424)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
County Covered-Employee Payroll	\$2,994,047	\$2,783,882	\$2,544,268	\$2,454,862
Contributions as a Percentage of Covered-Employee Payroll	19.00%	19.00%	19.00%	19.00%
<i><u>OP&amp;F - Fire</u></i>				
Contractually Required Contribution	\$704,329	\$649,347	\$607,083	\$590,119
Contributions in Relation to the Contractually Required Contribution	<u>(704,329)</u>	<u>(649,347)</u>	<u>(607,083)</u>	<u>(590,119)</u>
Contribution Deficiency (Excess)	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
County Covered-Employee Payroll	\$2,997,146	\$2,763,179	\$2,583,332	\$2,511,146
Contributions as a Percentage of Covered-Employee Payroll	23.50%	23.50%	23.50%	23.50%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$448,435	\$349,232	\$352,043	\$341,738	\$343,396	\$328,590
<u>(448,435)</u>	<u>(349,232)</u>	<u>(352,043)</u>	<u>(341,738)</u>	<u>(343,396)</u>	<u>(328,590)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,693,303	\$2,739,072	\$2,761,118	\$2,680,297	\$2,693,303	\$2,577,179
15.88%	12.75%	12.75%	12.75%	12.75%	12.75%
\$554,133	\$459,633	\$463,333	\$449,770	\$451,953	\$451,499
<u>(554,133)</u>	<u>(459,633)</u>	<u>(463,333)</u>	<u>(449,770)</u>	<u>(451,953)</u>	<u>(451,499)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$2,620,016	\$2,664,539	\$2,685,988	\$2,607,363	\$2,620,016	\$2,617,388
20.38%	17.25%	17.25%	17.25%	17.25%	17.25%

**CITY OF CHILLICOTHE, OHIO  
GOVERNMENTAL FUNDS**

**NONMAJOR SPECIAL REVENUE FUNDS**

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

**State Highway Fund**

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

**Parks and Recreation Fund**

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

**HUD Fund**

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

**Grants Fund**

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

**Cablevision Fund**

To account for monies received for the purpose of maintenance and repair of the cable system as provided for in the cable franchise agreement.

**Law Enforcement Fund**

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

**Indigent Drivers Alcohol Treatment Fund**

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

**CITY OF CHILLICOTHE, OHIO  
GOVERNMENTAL FUNDS**

**NONMAJOR SPECIAL REVENUE FUNDS**

**OMVI Enforcement & Education Fund**

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

**Mandatory Drug Fines Fund**

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

**Parking Fund**

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

**Police Pension Fund**

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

**Fire Pension Fund**

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

**CITY OF CHILLICOTHE, OHIO  
GOVERNMENTAL FUNDS**

**NONMAJOR BOND RETIREMENT FUND**

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

**NONMAJOR CAPITAL PROJECTS FUNDS**

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

**Capital Improvement Fund**

To account for funds received for the purpose of making capital improvements and for purchases of capital equipment.

**Issue II Fund**

To account for revenue from the state that is used for various road projects. This fund had no revenues or expenditures during 2017. Therefore, only a budgetary schedule has been presented for this fund.

**Safety Levy Capital Fund**

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

**Parks and Recreation Capital Fund**

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

**CITY OF CHILLICOTHE, OHIO  
GOVERNMENTAL FUNDS**

**NONMAJOR PERMANENT FUND**

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

**Carlisle Hill Fund**

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

**FUNDS REPORTED SEPARATELY FOR BUDGETARY PURPOSES**

The following funds have been combined with the General Fund for reporting in accordance with accounting principles generally accepted in the United States of America. However, their budgets are reported separately in this section for accountability purposes.

**Floodwall Fund**

To account for income tax proceeds transferred from the General Fund for the maintenance of a floodwall. The transfers are made per ordinance requirements. One quarter of one percent (0.25%) is to be transferred into the fund until the fund reaches a balance of sixty thousand dollars transferred per year.

**Income Tax Fund**

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

**Landfill Closure**

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

**Streetscape**

To account for streetscape maintenance expenses, which are covered by transfers from the General Fund.

**Unclaimed Monies**

To account for assets held for owners of unclaimed intangible property. Unclaimed property is property for which the owner has not taken some action to indicate ownership interest over a certain period of time specified under Chapter 169, Ohio Revised Code.

City of Chillicothe, Ohio  
Combining Balance Sheet  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2017

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	\$1,198,790	\$16,646	\$560,902	\$2,325	\$1,778,663
Cash and Cash Equivalents in Segregated Accounts	1,178	0	0	0	1,178
Investments in City Treasury	0	0	0	1,000	1,000
Interfund Receivable	75,000	0	0	0	75,000
Intergovernmental Receivable	123,258	0	2,741	0	125,999
Income Taxes Receivable	94,643	0	157,738	0	252,381
Property Taxes Receivable	236,570	0	0	0	236,570
Prepaid Items	4,741	0	5,494	0	10,235
<i>Total Assets</i>	<u>\$1,734,180</u>	<u>\$16,646</u>	<u>\$726,875</u>	<u>\$3,325</u>	<u>\$2,481,026</u>
<b>Liabilities:</b>					
Accounts Payable	\$30,962	\$0	\$33,197	\$0	\$64,159
Accrued Wages and Benefits	5,468	0	0	0	5,468
Intergovernmental Payable	116,302	0	0	0	116,302
Interfund Payable	0	0	7,916	0	7,916
<i>Total Liabilities</i>	<u>152,732</u>	<u>0</u>	<u>41,113</u>	<u>0</u>	<u>193,845</u>
<b>Deferred Inflows of Resources</b>	<u>339,963</u>	<u>0</u>	<u>67,928</u>	<u>0</u>	<u>407,891</u>
<b>Fund Balances:</b>					
Nonspendable	4,741	0	5,494	1,000	11,235
Restricted	1,230,979	16,646	612,340	2,325	1,862,290
Assigned	5,765	0	0	0	5,765
<i>Total Fund Balances</i>	<u>1,241,485</u>	<u>16,646</u>	<u>617,834</u>	<u>3,325</u>	<u>1,879,290</u>
<i>Total Liabilities, Deferred Inflows and Fund Balances</i>	<u>\$1,734,180</u>	<u>\$16,646</u>	<u>\$726,875</u>	<u>\$3,325</u>	<u>\$2,481,026</u>



City of Chillicothe, Ohio  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2017

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>					
Property Taxes	\$220,310	\$0	\$0	\$0	\$220,310
Income Taxes	570,797	0	950,414	0	1,521,211
Charges for Services	117,407	0	0	0	117,407
Fines, Licenses, and Permits	63,097	0	0	0	63,097
Intergovernmental	179,375	0	1,811	0	181,186
Interest	2	0	0	15	17
Contributions and Donations	1,310	0	0	0	1,310
Other	66,520	0	1,508	0	68,028
<i>Total Revenues</i>	<u>1,218,818</u>	<u>0</u>	<u>953,733</u>	<u>15</u>	<u>2,172,566</u>
<b>Expenditures:</b>					
<i>Current:</i>					
<i>Security of Persons and Property:</i>					
Police	612,387	0	0	0	612,387
Fire	721,601	0	0	0	721,601
Transportation	213,382	0	0	0	213,382
Leisure Time Services	738,995	0	0	0	738,995
Community Environment	74,123	0	0	0	74,123
Capital Outlay	0	0	890,606	0	890,606
<i>Debt Service:</i>					
Principal Retirements	30,419	0	278,512	0	308,931
Interest and Fiscal Charges	7,754	0	52,908	0	60,662
<i>Total Expenditures</i>	<u>2,398,661</u>	<u>0</u>	<u>1,222,026</u>	<u>0</u>	<u>3,620,687</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,179,843)</u>	<u>0</u>	<u>(268,293)</u>	<u>15</u>	<u>(1,448,121)</u>
<b>Other Financing Sources and Uses:</b>					
Issuance of General Obligation Bonds	0	0	235,000	0	235,000
Inception of Capital Lease	5,856	0	0	0	5,856
Transfers In	1,250,976	0	0	0	1,250,976
Transfers Out	(33,501)	0	(45,000)	0	(78,501)
<i>Total Other Financing Sources and Uses</i>	<u>1,223,331</u>	<u>0</u>	<u>190,000</u>	<u>0</u>	<u>1,413,331</u>
<i>Net Change in Fund Balance</i>	<u>43,488</u>	<u>0</u>	<u>(78,293)</u>	<u>15</u>	<u>(34,790)</u>
<i>Fund Balance at Beginning of Year</i>	<u>1,197,997</u>	<u>16,646</u>	<u>696,127</u>	<u>3,310</u>	<u>1,914,080</u>
<i>Fund Balance at End of Year</i>	<u>\$1,241,485</u>	<u>\$16,646</u>	<u>\$617,834</u>	<u>\$3,325</u>	<u>\$1,879,290</u>

City of Chillicothe, Ohio  
 Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 For the Year Ended December 31, 2017

	State Highway	Parks & Recreation	HUD	Grants	Cablevision
<b>Assets:</b>					
Equity in Pooled Cash and Cash Equivalents	\$261,668	\$332,261	\$4,629	\$86,636	\$5,765
Cash and Cash Equivalents in Segregated Accounts	0	0	0	0	0
Interfund Receivable	0	0	0	0	0
Intergovernmental Receivable	30,776	0	53,004	25,468	0
Income Taxes Receivable	0	94,643	0	0	0
Property Taxes Receivable	0	0	0	0	0
Prepaid Items	0	4,741	0	0	0
<i>Total Assets</i>	<u>\$292,444</u>	<u>\$431,645</u>	<u>\$57,633</u>	<u>\$112,104</u>	<u>\$5,765</u>
<b>Liabilities:</b>					
Accounts Payable	\$0	\$23,525	\$0	\$0	\$0
Accrued Wages and Benefits	0	4,147	0	0	0
Intergovernmental Payable	0	14,172	0	0	0
<i>Total Liabilities</i>	<u>0</u>	<u>41,844</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Deferred Inflows of Resources</b>	<u>24,114</u>	<u>40,668</u>	<u>5,300</u>	<u>19,301</u>	<u>0</u>
<b>Fund Balances:</b>					
Nonspendable	0	4,741	0	0	0
Restricted	268,330	344,392	52,333	92,803	0
Assigned	0	0	0	0	5,765
<i>Total Fund Balances</i>	<u>268,330</u>	<u>349,133</u>	<u>52,333</u>	<u>92,803</u>	<u>5,765</u>
<i>Total Liabilities, Deferred Inflows and Fund Balances</i>	<u>\$292,444</u>	<u>\$431,645</u>	<u>\$57,633</u>	<u>\$112,104</u>	<u>\$5,765</u>

continued

Law Enforcement	Indigent Driver's Alcohol Treatment	OMVI Enforcement & Education	Mandatory Drug Fines	Parking	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
\$67,808	\$244,246	\$18,411	\$2,189	\$136,313	\$20,829	\$18,035	\$1,198,790
0	847	47	284	0	0	0	1,178
0	0	0	0	0	25,000	50,000	75,000
0	0	0	0	0	7,005	7,005	123,258
0	0	0	0	0	0	0	94,643
0	0	0	0	0	118,285	118,285	236,570
0	0	0	0	0	0	0	4,741
<u>\$67,808</u>	<u>\$245,093</u>	<u>\$18,458</u>	<u>\$2,473</u>	<u>\$136,313</u>	<u>\$171,119</u>	<u>\$193,325</u>	<u>\$1,734,180</u>
\$0	\$0	\$0	\$0	\$7,437	\$0	\$0	\$30,962
0	0	0	0	1,321	0	0	5,468
0	0	0	0	3,616	42,918	55,596	116,302
0	0	0	0	12,374	42,918	55,596	152,732
0	0	0	0	0	125,290	125,290	339,963
0	0	0	0	0	0	0	4,741
67,808	245,093	18,458	2,473	123,939	2,911	12,439	1,230,979
0	0	0	0	0	0	0	5,765
<u>67,808</u>	<u>245,093</u>	<u>18,458</u>	<u>2,473</u>	<u>123,939</u>	<u>2,911</u>	<u>12,439</u>	<u>1,241,485</u>
<u>\$67,808</u>	<u>\$245,093</u>	<u>\$18,458</u>	<u>\$2,473</u>	<u>\$136,313</u>	<u>\$171,119</u>	<u>\$193,325</u>	<u>\$1,734,180</u>

City of Chillicothe, Ohio  
 Combining Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 Nonmajor Special Revenue Funds  
 For the Year Ended December 31, 2017

	State Highway	Parks & Recreation	HUD	Grants	Cablevision
<b>Revenues:</b>					
Property Taxes	\$0	\$0	\$0	\$0	\$0
Income Taxes	0	570,797	0	0	0
Charges for Services	0	110,521	0	0	0
Fines, Licenses, and Permits	0	0	0	0	0
Intergovernmental	71,468	0	47,704	31,827	0
Interest	0	0	2	0	0
Contributions and Donations	0	1,310	0	0	0
Other	0	17,098	0	0	0
<i>Total Revenues</i>	<u>71,468</u>	<u>699,726</u>	<u>47,706</u>	<u>31,827</u>	<u>0</u>
<b>Expenditures:</b>					
<i>Current:</i>					
<i>Security of Persons and Property:</i>					
Police	0	0	0	0	0
Fire	0	0	0	0	0
Transportation	63,443	0	0	0	0
Leisure Time Services	0	738,995	0	0	0
Community Environment	0	0	67,280	6,843	0
<i>Debt Service:</i>					
Principal Retirements	0	419	0	0	0
Interest and Fiscal Charges	0	154	0	0	0
<i>Total Expenditures</i>	<u>63,443</u>	<u>739,568</u>	<u>67,280</u>	<u>6,843</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>8,025</u>	<u>(39,842)</u>	<u>(19,574)</u>	<u>24,984</u>	<u>0</u>
<b>Other Financing Sources and Uses</b>					
Inception of Capital Lease	0	5,856	0	0	0
Transfers In	0	9,800	14,672	6,843	0
Transfers Out	0	(69)	0	(33,432)	0
<i>Total Other Financing Sources and Uses</i>	<u>0</u>	<u>15,587</u>	<u>14,672</u>	<u>(26,589)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>8,025</u>	<u>(24,255)</u>	<u>(4,902)</u>	<u>(1,605)</u>	<u>0</u>
<i>Fund Balance at Beginning of Year</i>	<u>260,305</u>	<u>373,388</u>	<u>57,235</u>	<u>94,408</u>	<u>5,765</u>
<i>Fund Balance at End of Year</i>	<u>\$268,330</u>	<u>\$349,133</u>	<u>\$52,333</u>	<u>\$92,803</u>	<u>\$5,765</u>

continued

Law Enforcement	Indigent Driver's Alcohol Treatment	OMVI Enforcement & Education	Mandatory Drug Fines	Parking	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$0	\$0	\$110,155	\$110,155	\$220,310
0	0	0	0	0	0	0	570,797
0	0	0	0	6,886	0	0	117,407
9,970	24,840	3,640	2,802	21,845	0	0	63,097
0	0	0	0	0	14,188	14,188	179,375
0	0	0	0	0	0	0	2
0	0	0	0	0	0	0	1,310
0	0	0	0	49,422	0	0	66,520
<u>9,970</u>	<u>24,840</u>	<u>3,640</u>	<u>2,802</u>	<u>78,153</u>	<u>124,343</u>	<u>124,343</u>	<u>1,218,818</u>
10,321	140	0	15,961	0	585,965	0	612,387
0	0	0	0	0	0	721,601	721,601
0	0	0	0	149,939	0	0	213,382
0	0	0	0	0	0	0	738,995
0	0	0	0	0	0	0	74,123
0	0	0	0	0	6,780	23,220	30,419
0	0	0	0	0	1,718	5,882	7,754
<u>10,321</u>	<u>140</u>	<u>0</u>	<u>15,961</u>	<u>149,939</u>	<u>594,463</u>	<u>750,703</u>	<u>2,398,661</u>
<u>(351)</u>	<u>24,700</u>	<u>3,640</u>	<u>(13,159)</u>	<u>(71,786)</u>	<u>(470,120)</u>	<u>(626,360)</u>	<u>(1,179,843)</u>
0	0	0	0	0	0	0	5,856
0	0	0	0	126,661	460,000	633,000	1,250,976
0	0	0	0	0	0	0	(33,501)
0	0	0	0	126,661	460,000	633,000	1,223,331
(351)	24,700	3,640	(13,159)	54,875	(10,120)	6,640	43,488
<u>68,159</u>	<u>220,393</u>	<u>14,818</u>	<u>15,632</u>	<u>69,064</u>	<u>13,031</u>	<u>5,799</u>	<u>1,197,997</u>
<u>\$67,808</u>	<u>\$245,093</u>	<u>\$18,458</u>	<u>\$2,473</u>	<u>\$123,939</u>	<u>\$2,911</u>	<u>\$12,439</u>	<u>\$1,241,485</u>

City of Chillicothe, Ohio  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2017

	Capital Improvement	Safety Levy Capital	Parks & Recreation Capital	Total Nonmajor Capital Projects Funds
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$32,000	\$351,575	\$177,327	\$560,902
Intergovernmental Receivable	0	2,741	0	2,741
Income Taxes Receivable	0	126,190	31,548	157,738
Prepaid Items	0	5,494	0	5,494
<i>Total Assets</i>	<u>\$32,000</u>	<u>\$486,000</u>	<u>\$208,875</u>	<u>\$726,875</u>
<b>Liabilities:</b>				
Accounts Payable	\$0	\$24,765	\$8,432	\$33,197
Interfund Payable	0	3,958	3,958	7,916
<i>Total Liabilities</i>	<u>0</u>	<u>28,723</u>	<u>12,390</u>	<u>41,113</u>
<b>Deferred Inflows of Resources</b>	<u>0</u>	<u>54,372</u>	<u>13,556</u>	<u>67,928</u>
<b>Fund Balances:</b>				
Nonspendable	0	5,494	0	5,494
Restricted	32,000	397,411	182,929	612,340
<i>Total Fund Balances</i>	<u>32,000</u>	<u>402,905</u>	<u>182,929</u>	<u>617,834</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$32,000</u>	<u>\$486,000</u>	<u>\$208,875</u>	<u>\$726,875</u>

City of Chillicothe, Ohio  
Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2017

	Capital Improvement	Safety Levy Capital	Parks & Recreation Capital	Total Nonmajor Capital Projects Funds
<b>Revenues:</b>				
Income Taxes	\$0	\$760,319	\$190,095	\$950,414
Intergovernmental	0	1,811	0	1,811
Other	0	1,508	0	1,508
<i>Total Revenues</i>	<u>0</u>	<u>763,638</u>	<u>190,095</u>	<u>953,733</u>
<b>Expenditures:</b>				
Capital Outlay	0	586,405	304,201	890,606
<i>Debt Service:</i>				
Principal Retirements	0	278,512	0	278,512
Interest and Fiscal Charges	0	52,908	0	52,908
<i>Total Expenditures</i>	<u>0</u>	<u>917,825</u>	<u>304,201</u>	<u>1,222,026</u>
<i>Excess of Revenues Under Expenditures</i>	<u>0</u>	<u>(154,187)</u>	<u>(114,106)</u>	<u>(268,293)</u>
<b>Other Financing Sources and Uses:</b>				
Issuance of General Obligation Bonds	0	235,000	0	235,000
Transfers Out	0	(22,500)	(22,500)	(45,000)
<i>Total Other Financing Sources and Uses</i>	<u>0</u>	<u>212,500</u>	<u>(22,500)</u>	<u>190,000</u>
<i>Net Change in Fund Balance</i>	0	58,313	(136,606)	(78,293)
<i>Fund Balance at Beginning of Year</i>	<u>32,000</u>	<u>344,592</u>	<u>319,535</u>	<u>696,127</u>
<i>Fund Balance at End of Year</i>	<u><u>\$32,000</u></u>	<u><u>\$402,905</u></u>	<u><u>\$182,929</u></u>	<u><u>\$617,834</u></u>

City of Chillicothe, Ohio  
 Schedule of Revenues, Expenditures, and Changes in  
 Fund Balances - Budget and Actual (Budget Basis)  
 General Fund  
 For the Year Ended December 31, 2017

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
<b>Revenues</b>				
Local Taxes	\$12,147,206	\$12,174,758	\$12,679,381	\$504,623
Charges for Services	3,166,779	3,220,079	3,238,504	18,425
Fines, Licenses and Permits	1,611,750	1,866,004	1,957,703	91,699
Intergovernmental	902,381	889,038	852,710	(36,328)
Special Assessments	5,000	5,700	5,644	(56)
Interest	38,000	55,435	58,528	3,093
Other	448,519	1,030,960	1,089,113	58,153
<b>Total Revenue</b>	<b>18,319,635</b>	<b>19,241,974</b>	<b>19,881,583</b>	<b>639,609</b>
<b>Expenditures</b>				
<i>Current:</i>				
General Government				
Mayor				
Personal Services	214,575	234,521	215,072	19,449
Fringe Benefits	111,128	127,182	122,804	4,378
Travel Transportation	3,000	3,720	3,116	604
Materials and Supplies	25,550	29,188	24,463	4,725
Contractual Services	26,400	12,770	12,770	0
Other	13,750	32,924	30,750	2,174
<b>Total Mayor</b>	<b>394,403</b>	<b>440,305</b>	<b>408,975</b>	<b>31,330</b>
City Council				
Personal Services	61,834	62,565	62,565	0
Fringe Benefits	173,254	197,523	189,012	8,511
Materials and Supplies	2,000	1,535	528	1,007
Capital Outlay	0	1,460	698	762
Other	1,000	1,000	0	1,000
<b>Total City Council</b>	<b>238,088</b>	<b>264,083</b>	<b>252,803</b>	<b>11,280</b>
Treasurer				
Personal Services	9,230	9,230	9,230	0
Fringe Benefits	27,025	27,242	27,164	78
Contractual Services	14,000	20,000	20,000	0
<b>Total Treasurer</b>	<b>50,255</b>	<b>56,472</b>	<b>56,394</b>	<b>78</b>

continued



City of Chillicothe, Ohio  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual (Budget Basis)  
General Fund  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Income Tax Department</b>				
Personal Services	142,516	148,316	146,152	2,164
Fringe Benefits	70,706	74,906	74,439	467
Materials and Supplies	5,000	5,000	4,998	2
Contractual Services	6,650	6,650	5,631	1,019
Travel	250	1,085	892	193
Capital Outlay	2,000	2,650	669	1,981
Other	75	590	486	104
<b>Total Income Tax Department</b>	<b>227,197</b>	<b>239,197</b>	<b>233,267</b>	<b>5,930</b>
<b>Land and Buildings</b>				
Materials and Supplies	165,700	200,347	173,092	27,255
Contractual Services	14,000	67,162	60,015	7,147
Capital Outlay	25,000	95,097	68,998	26,099
Other	500	719	713	6
<b>Total Land and Buildings</b>	<b>205,200</b>	<b>363,325</b>	<b>302,818</b>	<b>60,507</b>
<b>Law Director</b>				
Personal Services	356,929	367,549	357,452	10,097
Fringe Benefits	160,289	195,669	183,054	12,615
Travel Transportation	100	100	0	100
Materials and Supplies	29,039	29,829	29,378	451
Contractual Services	4,380	8,460	7,521	939
Capital Outlay	2,000	4,994	2,994	2,000
Other	2,000	11,381	10,827	554
<b>Total Law Director</b>	<b>554,737</b>	<b>617,982</b>	<b>591,226</b>	<b>26,756</b>
<b>Auditor</b>				
Personal Services	246,081	245,036	243,494	1,542
Fringe Benefits	137,250	138,295	134,776	3,519
Travel Transportation	1,750	3,688	2,638	1,050
Materials and Supplies	5,775	5,407	5,405	2
Contractual Services	150	411	411	0
Capital Outlay	42,216	87,474	87,474	0
Other	950	4,705	2,604	2,101
<b>Total Auditor</b>	<b>434,172</b>	<b>485,016</b>	<b>476,802</b>	<b>8,214</b>

continued

City of Chillicothe, Ohio  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual (Budget Basis)  
General Fund  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Municipal Court				
Personal Services	1,098,037	1,105,803	1,045,480	60,323
Fringe Benefits	566,451	558,673	509,764	48,909
Travel Transportation	4,500	5,155	5,037	118
Materials and Supplies	65,750	64,273	61,804	2,469
Contractual Services	10,000	14,500	14,100	400
Capital Outlay	10,000	26,513	13,231	13,282
Other	9,170	7,234	5,191	2,043
<b>Total Municipal Court</b>	<b>1,763,908</b>	<b>1,782,151</b>	<b>1,654,607</b>	<b>127,544</b>
Civil Service				
Personal Services	300	300	300	0
Fringe Benefits	0	12	12	0
Travel	500	500	0	500
Materials and Supplies	22,000	39,518	6,050	33,468
Contractual Services	15,000	15,060	7,705	7,355
Other	1,700	1,700	0	1,700
<b>Total Civil Service</b>	<b>39,500</b>	<b>57,090</b>	<b>14,067</b>	<b>43,023</b>
Service Department				
Personal Services	112,744	120,444	105,406	15,038
Fringe Benefits	66,470	67,970	63,788	4,182
Travel	1,100	170	0	170
Materials and Supplies	4,350	11,217	3,753	7,464
Contractual Services	600	1,311	650	661
Capital Outlay	25,000	41,061	21,090	19,971
Other	200	500	460	40
<b>Total Service Department</b>	<b>210,464</b>	<b>242,673</b>	<b>195,147</b>	<b>47,526</b>
Engineering				
Personal Services	218,714	234,597	171,998	62,599
Fringe Benefits	104,264	106,564	77,837	28,727
Travel Transportation	150	0	0	0
Materials and Supplies	11,850	15,348	11,669	3,679
Contractual Services	8,000	16,773	2,921	13,852
Capital Outlay	10,000	14,532	11,257	3,275
Other	2,850	2,830	1,961	869
<b>Total Engineering</b>	<b>355,828</b>	<b>390,644</b>	<b>277,643</b>	<b>113,001</b>

continued

City of Chillicothe, Ohio  
 Schedule of Revenues, Expenditures, and Changes in  
 Fund Balances - Budget and Actual (Budget Basis)  
 General Fund  
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Postage and Stores				
Materials and Supplies	60,000	78,000	56,860	21,140
Total Postage and Stores	60,000	78,000	56,860	21,140
Miscellaneous				
Fringe Benefits	17,500	17,500	14,380	3,120
Travel Transportation	2,500	2,301	0	2,301
Materials and Supplies	485,870	544,772	481,525	63,247
Contractual Services	302,200	417,664	333,208	84,456
Capital Outlay	26,900	34,900	17,787	17,113
Other	708,939	161,340	62,482	98,858
Total Miscellaneous	1,543,909	1,178,477	909,382	269,095
Total General Government	6,077,661	6,195,415	5,429,991	765,424
Security of Persons and Property				
Police Department				
Personal Services	3,654,625	3,633,482	3,628,433	5,049
Fringe Benefits	1,238,756	1,264,650	1,251,758	12,892
Travel Transportation	1,500	1,375	130	1,245
Materials and Supplies	164,425	187,916	161,033	26,883
Contractual Services	94,100	80,415	74,635	5,780
Other	48,570	54,380	41,521	12,859
Total Police Department	5,201,976	5,222,218	5,157,510	64,708
Fire Department				
Personal Services	3,251,276	3,269,811	3,245,676	24,135
Fringe Benefits	1,111,313	1,102,778	1,096,590	6,188
Travel Transportation	500	324	306	18
Materials and Supplies	257,075	256,696	245,367	11,329
Contractual Services	24,700	19,953	19,544	409
Other	48,850	71,976	70,323	1,653
Total Fire Department	4,693,714	4,721,538	4,677,806	43,732
Civil Defense				
Other	6,350	6,350	6,350	0
Total Civil Defense	6,350	6,350	6,350	0
Total Security of Persons and Property	9,902,040	9,950,106	9,841,666	108,440

continued

City of Chillicothe, Ohio  
 Schedule of Revenues, Expenditures, and Changes in  
 Fund Balances - Budget and Actual (Budget Basis)  
 General Fund  
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Transportation				
Streets and Sidewalks				
Materials and Supplies	335,000	335,000	332,657	2,343
Total Streets and Sidewalks	335,000	335,000	332,657	2,343
Total Transportation	335,000	335,000	332,657	2,343
Community Environment				
Design and Review				
Materials and Supplies	500	500	59	441
Other	100	100	0	100
Total Design and Review	600	600	59	541
Total Community Environment	600	600	59	541
Basic Utility Services				
Refuse Department				
Personal Services	383,576	405,021	371,415	33,606
Fringe Benefits	198,937	205,200	184,088	21,112
Materials and Supplies	30,700	495,672	32,455	463,217
Contractual Services	296,000	296,000	290,165	5,835
Capital Outlay	0	334,439	100,000	234,439
Other	15,000	21,428	21,023	405
Total Refuse Department	924,213	1,757,760	999,146	758,614
Total Basic Utility Services	924,213	1,757,760	999,146	758,614

continued

City of Chillicothe, Ohio  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual (Budget Basis)  
General Fund  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<i>Debt Service:</i>				
Principal Retirements	130,479	130,479	130,479	0
Interest and Fiscal Charges	76,427	76,427	76,427	0
Issuance Costs	0	5,695	5,695	0
<b>Total Debt Service</b>	<b>206,906</b>	<b>212,601</b>	<b>212,601</b>	<b>0</b>
<b>Total Expenditures</b>	<b>17,446,420</b>	<b>18,451,482</b>	<b>16,816,120</b>	<b>1,635,362</b>
Excess of Revenues Over Expenditures	873,215	790,492	3,065,463	2,274,971
<b>Other Financing Sources (Uses)</b>				
General Obligation Bonds Issued	0	165,000	165,000	0
Premium on Debt Issued	0	5,134	5,134	0
Transfers-In	155,982	150,581	147,514	(3,067)
Transfers-Out	(1,101,600)	(1,897,589)	(1,857,589)	40,000
<b>Total Other Sources (Uses)</b>	<b>(945,618)</b>	<b>(1,576,874)</b>	<b>(1,539,941)</b>	<b>36,933</b>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(72,403)	(786,382)	1,525,522	2,311,904
Fund Balances at Beginning of Year	2,316,284	2,316,284	2,316,284	0
Prior Year Encumbrances Appropriated	19,047	19,047	19,047	0
<b>Fund Balances at End of Year</b>	<b>\$2,262,928</b>	<b>\$1,548,949</b>	<b>\$3,860,853</b>	<b>\$2,311,904</b>

City of Chillicothe, Ohio  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual (Budget Basis)  
Street Construction Maintenance & Repair Fund  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local Taxes	\$1,422,500	\$1,443,739	\$1,510,855	\$67,116
Intergovernmental	885,000	885,000	893,297	8,297
Other	6,543	55,306	54,148	(1,158)
<b>Total Revenue</b>	<b>2,314,043</b>	<b>2,384,045</b>	<b>2,458,300</b>	<b>74,255</b>
<b>Expenditures</b>				
<i>Current:</i>				
Transportation				
Personal Services	440,000	489,703	357,959	131,744
Fringe Benefits	200,000	200,297	156,233	44,064
Materials and Supplies	191,400	239,600	154,377	85,223
Contractual Services	83,992	72,955	70,585	2,370
Capital Outlay	742,000	3,308,205	2,039,573	1,268,632
Other	143,424	144,479	141,759	2,720
<b>Total Transportation</b>	<b>1,800,816</b>	<b>4,455,239</b>	<b>2,920,486</b>	<b>1,534,753</b>
<i>Debt Service:</i>				
Principal Retirement	2,285,000	2,285,000	2,285,000	0
Interest and Fiscal Charges	104,017	123,777	122,257	1,520
Issuance Costs	0	55,492	55,492	0
<b>Total Debt Service</b>	<b>2,389,017</b>	<b>2,464,269</b>	<b>2,462,749</b>	<b>1,520</b>
<b>Total Expenditures</b>	<b>4,189,833</b>	<b>6,919,508</b>	<b>5,383,235</b>	<b>1,536,273</b>
Excess of Revenues Under Expenditures	(1,875,790)	(4,535,463)	(2,924,935)	1,610,528
<b>Other Financing Sources (Uses)</b>				
Issuance of General Obligation Bonds	1,850,000	1,665,000	1,665,000	0
Premium on Debt Issued	0	64,053	64,053	0
Transfers - Out	(45,000)	(45,000)	(45,000)	0
<b>Total Other Sources (Uses)</b>	<b>1,805,000</b>	<b>1,684,053</b>	<b>1,684,053</b>	<b>0</b>
Excess of Revenues and Other Sources Under Expenditures and Other Uses	(70,790)	(2,851,410)	(1,240,882)	1,610,528
Fund Balances at Beginning of Year	3,866,924	3,866,924	3,866,924	0
Prior Year Encumbrances Appropriated	135,461	135,461	135,461	0
<b>Fund Balances at End of Year</b>	<b>\$3,931,595</b>	<b>\$1,150,975</b>	<b>\$2,761,503</b>	<b>\$1,610,528</b>

City of Chillicothe, Ohio  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual (Budget Basis)  
Bus Transit Fund  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local Taxes	\$714,000	\$730,943	\$764,394	\$33,451
Charges for Services	2,291,650	2,063,206	2,199,846	136,640
Intergovernmental	1,828,325	1,685,641	1,528,294	(157,347)
Other	101,086	202,234	203,579	1,345
<b>Total Revenue</b>	<b>4,935,061</b>	<b>4,682,024</b>	<b>4,696,113</b>	<b>14,089</b>
<b>Expenditures</b>				
<i>Current:</i>				
Transportation				
Bus Transit System				
Personal Services	1,593,599	1,766,421	1,743,523	22,898
Fringe Benefits	756,860	784,038	769,943	14,095
Travel Transportation	1,200	1,200	869	331
Contractual Services	1,714,648	1,667,755	1,665,865	1,890
Materials and Supplies	369,650	384,312	330,625	53,687
Capital Outlay	363,601	379,677	346,730	32,947
Other	246,353	246,441	244,653	1,788
<b>Total Transportation</b>	<b>5,045,911</b>	<b>5,229,844</b>	<b>5,102,208</b>	<b>127,636</b>
Debt Service				
Principal Retirement	30,000	30,000	30,000	0
Interest and Fiscal Charges	43,131	43,131	43,131	0
<b>Total Expenditures</b>	<b>5,119,042</b>	<b>5,302,975</b>	<b>5,175,339</b>	<b>127,636</b>
Excess of Revenues Under Expenditures	(183,981)	(620,951)	(479,226)	141,725
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	0	650	650	0
Transfers-Out	(22,650)	(22,650)	(22,592)	58
<b>Total Other Sources (Uses)</b>	<b>(22,650)</b>	<b>(22,000)</b>	<b>(21,942)</b>	<b>58</b>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(206,631)	(642,951)	(501,168)	141,783
Fund Balances at Beginning of Year	450,192	450,192	450,192	0
Prior Year Encumbrances Appropriated	277,648	277,648	277,648	0
<b>Fund Balances at End of Year</b>	<b>\$521,209</b>	<b>\$84,889</b>	<b>\$226,672</b>	<b>\$141,783</b>

City of Chillicothe, Ohio  
 Schedule of Revenues, Expenditures, and Changes in  
 Fund Balances - Budget and Actual (Budget Basis)  
 State Highway Fund  
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$72,000	\$74,863	\$76,830	\$1,967
Total Revenue	72,000	74,863	76,830	1,967
<b>Expenditures</b>				
<i>Current:</i>				
Transportation				
Capital Outlay	80,000	196,051	116,051	80,000
Total Transportation	80,000	196,051	116,051	80,000
Total Expenditures	80,000	196,051	116,051	80,000
Excess of Revenues Under Expenditures	(8,000)	(121,188)	(39,221)	81,967
Fund Balances at Beginning of Year	221,888	221,888	221,888	0
Prior Year Encumbrances Appropriated	75,401	75,401	75,401	0
Fund Balances at End of Year	\$289,289	\$176,101	\$258,068	\$81,967



City of Chillicothe, Ohio  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual (Budget Basis)  
Parks and Recreation Fund  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Income Taxes	\$543,500	\$556,021	\$573,744	\$17,723
Charges for Services	100,000	110,521	110,521	0
Contributions and Donations	0	1,310	1,310	0
Other	13,147	24,158	21,043	(3,115)
<b>Total Revenue</b>	<b>656,647</b>	<b>692,010</b>	<b>706,618</b>	<b>14,608</b>
<b>Expenditures</b>				
<i>Current:</i>				
Leisure Time Activities				
Parks and Recreation				
Personal Services	300,469	382,965	339,133	43,832
Fringe Benefits	116,599	154,103	141,559	12,544
Materials and Supplies	90,278	126,078	105,158	20,920
Contractual Services	5,530	8,057	6,932	1,125
Other	4,024	6,209	5,529	680
<b>Total Parks and Recreation</b>	<b>516,900</b>	<b>677,412</b>	<b>598,311</b>	<b>79,101</b>
Leisure Time Activities				
Swimming Pool				
Personal Services	84,500	82,051	71,389	10,662
Fringe Benefits	14,500	16,949	13,494	3,455
Materials and Supplies	40,000	46,938	42,261	4,677
Other	1,000	1,516	1,515	1
<b>Total Swimming Pool</b>	<b>140,000</b>	<b>147,454</b>	<b>128,659</b>	<b>18,795</b>
<b>Total Leisure Time Activities</b>	<b>656,900</b>	<b>824,866</b>	<b>726,970</b>	<b>97,896</b>
Excess of Revenues Under Expenditures	(253)	(132,856)	(20,352)	112,504
<b>Other Financing Sources (Uses)</b>				
Transfers-In	9,800	9,800	9,800	0
Transfers-Out	(168)	(168)	(69)	99
<b>Total Other Sources (Uses)</b>	<b>9,632</b>	<b>9,632</b>	<b>9,731</b>	<b>99</b>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	9,379	(123,224)	(10,621)	112,603
Fund Balances at Beginning of Year	342,882	342,882	342,882	0
Fund Balances at End of Year	<u>\$352,261</u>	<u>\$219,658</u>	<u>\$332,261</u>	<u>\$112,603</u>

City of Chillicothe, Ohio  
 Schedule of Revenues, Expenditures, and Changes in  
 Fund Balances - Budget and Actual (Budget Basis)  
 HUD Fund  
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$75,000	\$47,704	\$47,704	\$0
Interest	0	5	2	(3)
Other	0	14,680	14,672	(8)
<b>Total Revenue</b>	<b>75,000</b>	<b>62,389</b>	<b>62,378</b>	<b>(11)</b>
<b>Expenditures</b>				
<i>Current:</i>				
Community Environment				
Rehabilitation & Development				
Materials and Supplies	75,000	39,672	35,546	4,126
Contractual Services	0	48,560	48,560	0
<b>Total Community Environment</b>	<b>75,000</b>	<b>88,232</b>	<b>84,106</b>	<b>4,126</b>
<b>Total Expenditures</b>	<b>75,000</b>	<b>88,232</b>	<b>84,106</b>	<b>4,126</b>
Excess of Revenues Under Expenditures	0	(25,843)	(21,728)	4,115
Fund Balances at Beginning of Year	26,357	26,357	26,357	0
Fund Balances at End of Year	\$26,357	\$514	\$4,629	\$4,115

City of Chillicothe, Ohio  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual (Budget Basis)  
Grants Fund  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$33,432	\$47,264	\$47,207	(\$57)
Total Revenue	33,432	47,264	47,207	(57)
<b>Expenditures</b>				
<i>Current:</i>				
Community Environment State Grants Capital Outlay	0	6,843	6,843	0
Total Community Environment	0	6,843	6,843	0
Total Expenditures	0	6,843	6,843	0
Excess of Revenues Over Expenditures	33,432	40,421	40,364	(57)
<b>Other Financing Uses</b>				
Transfers-Out	(33,432)	(33,432)	(33,432)	0
Total Other Uses	(33,432)	(33,432)	(33,432)	0
Excess of Revenues Over Expenditures and Other Uses	0	6,989	6,932	(57)
Fund Balances at Beginning of Year	79,704	79,704	79,704	0
Fund Balances at End of Year	\$79,704	\$86,693	\$86,636	(\$57)

City of Chillicothe, Ohio  
 Schedule of Revenues, Expenditures, and Changes in  
 Fund Balances - Budget and Actual (Budget Basis)  
 Cablevision Fund  
 For the Year Ended December 31, 2017

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

City of Chillicothe, Ohio  
 Schedule of Revenues, Expenditures, and Changes in  
 Fund Balances - Budget and Actual (Budget Basis)  
 Law Enforcement Fund  
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines and Forfeitures	\$10,000	\$10,100	\$9,970	(\$130)
Total Revenue	10,000	10,100	9,970	(130)
<b>Expenditures</b>				
<i>Current:</i>				
Security of Persons and Property				
Police				
Other	10,000	10,000	9,796	204
Total Security of Persons & Property	10,000	10,000	9,796	204
Total Expenditures	10,000	10,000	9,796	204
Excess of Revenues Over Expenditures	0	100	174	74
Fund Balances at Beginning of Year	67,634	67,634	67,634	0
Fund Balances at End of Year	\$67,634	\$67,734	\$67,808	\$74

City of Chillicothe, Ohio  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual (Budget Basis)  
Indigent Driver's Alcohol Treatment Fund  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines, Licenses and Permits	\$20,000	\$24,201	\$25,105	\$904
Total Revenue	20,000	24,201	25,105	904
<b>Expenditures</b>				
<i>Current:</i>				
Security of Persons and Property				
Alcohol Treatment				
Contractual Services	50,000	50,000	0	50,000
Other	20,000	15,000	140	14,860
Total Security of Persons and Property	70,000	65,000	140	64,860
Total Expenditures	70,000	65,000	140	64,860
Excess of Revenues Over (Under) Expenditures	(50,000)	(40,799)	24,965	65,764
Fund Balances at Beginning of Year	219,281	219,281	219,281	0
Fund Balances at End of Year	\$169,281	\$178,482	\$244,246	\$65,764

City of Chillicothe, Ohio  
 Schedule of Revenues, Expenditures, and Changes in  
 Fund Balances - Budget and Actual (Budget Basis)  
 OMVI Enforcement and Education Fund  
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines, Licenses and Permits	\$3,000	\$3,578	\$3,671	\$93
Total Revenue	3,000	3,578	3,671	93
<b>Expenditures</b>				
Total Expenditures	0	0	0	0
Excess of Revenues Over Expenditures	3,000	3,578	3,671	93
Fund Balances at Beginning of Year	14,740	14,740	14,740	0
Fund Balances at End of Year	\$17,740	\$18,318	\$18,411	\$93

City of Chillicothe, Ohio  
 Schedule of Revenues, Expenditures, and Changes in  
 Fund Balances - Budget and Actual (Budget Basis)  
 Mandatory Drug Fines Fund  
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Fines, Licenses and Permits	\$4,800	\$4,800	\$2,930	(\$1,870)
Total Revenue	4,800	4,800	2,930	(1,870)
<b>Expenditures</b>				
<i>Current:</i>				
Security of Persons and Property Enforcement & Education Other	0	20,000	15,961	4,039
Total Security of Persons and Property	0	20,000	15,961	4,039
Total Expenditures	0	20,000	15,961	4,039
Excess of Revenues Over (Under) Expenditures	4,800	(15,200)	(13,031)	2,169
Fund Balances at Beginning of Year	15,220	15,220	15,220	0
Fund Balances at End of Year	\$20,020	\$20	\$2,189	\$2,169



City of Chillicothe, Ohio  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual (Budget Basis)  
Parking Fund  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues</b>				
Charges for Services	\$5,200	\$6,868	\$6,886	\$18
Fines, Licenses and Permits	30,000	22,000	21,845	(155)
Miscellaneous	16,099	49,886	50,011	125
<b>Total Revenue</b>	<b>51,299</b>	<b>78,754</b>	<b>78,742</b>	<b>(12)</b>
<b>Expenditures</b>				
<i>Current:</i>				
Transportation				
Traffic Control & Parking Facility				
Personal Services	111,808	114,241	92,208	22,033
Fringe Benefits	41,484	42,051	27,739	14,312
Travel	200	0	0	0
Contractual Services	1,000	20,718	718	20,000
Materials and Supplies	22,275	22,756	17,791	4,965
Capital Outlay	10,704	45,839	5,600	40,239
<b>Total Transportation</b>	<b>187,471</b>	<b>245,605</b>	<b>144,056</b>	<b>101,549</b>
<b>Total Expenditures</b>	<b>187,471</b>	<b>245,605</b>	<b>144,056</b>	<b>101,549</b>
Excess of Revenues Under Expenditures	(136,172)	(166,851)	(65,314)	101,537
<b>Other Financing Sources (Uses)</b>				
Transfers-In	71,526	120,700	126,661	5,961
Transfers Out	(4,000)	(4,000)	0	4,000
<b>Total Other Sources (Uses)</b>	<b>67,526</b>	<b>116,700</b>	<b>126,661</b>	<b>9,961</b>
Excess of Revenues and Other Sources Over (Under) Expenditures and other Uses	(68,646)	(50,151)	61,347	111,498
Fund Balances at Beginning of Year	74,966	74,966	74,966	0
Fund Balances at End of Year	<u>\$6,320</u>	<u>\$24,815</u>	<u>\$136,313</u>	<u>\$111,498</u>

City of Chillicothe, Ohio  
 Schedule of Revenues, Expenditures, and Changes in  
 Fund Balances - Budget and Actual (Budget Basis)  
 Police Pension Fund  
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$118,752	\$110,155	\$110,155	\$0
Intergovernmental	17,400	14,317	14,188	(129)
<b>Total Revenue</b>	<b>136,152</b>	<b>124,472</b>	<b>124,343</b>	<b>(129)</b>
<b>Expenditures</b>				
<i>Current:</i>				
Security of Persons and Property				
Police Pension & Disability				
Fringe Benefits	585,614	596,614	583,170	13,444
Other	3,500	3,500	2,465	1,035
<b>Total Security of Persons &amp; Property</b>	<b>589,114</b>	<b>600,114</b>	<b>585,635</b>	<b>14,479</b>
<i>Debt Service:</i>				
Principal Retirement	6,780	6,780	6,780	0
Interest and Fiscal Changes	1,718	1,718	1,718	0
<b>Total Expenditures</b>	<b>597,612</b>	<b>608,612</b>	<b>594,133</b>	<b>14,479</b>
Excess of Revenues Under Expenditures	(461,460)	(484,140)	(469,790)	14,350
<b>Other Financing Sources</b>				
Transfers-In	467,012	482,012	485,000	2,988
<b>Total Other Sources</b>	<b>467,012</b>	<b>482,012</b>	<b>485,000</b>	<b>2,988</b>
Excess of Revenues and Other Sources Over (Under) Expenditures	5,552	(2,128)	15,210	17,338
Fund Balances at Beginning of Year	5,619	5,619	5,619	0
Fund Balances at End of Year	\$11,171	\$3,491	\$20,829	\$17,338

City of Chillicothe, Ohio  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual (Budget Basis)  
Fire Pension Fund  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues</b>				
Property Taxes	\$118,752	\$110,155	\$110,155	\$0
Intergovernmental	17,400	14,317	14,188	(129)
<b>Total Revenue</b>	<b>136,152</b>	<b>124,472</b>	<b>124,343</b>	<b>(129)</b>
<b>Expenditures</b>				
<i>Current:</i>				
Security of Persons and Property				
Fire Pension & Disability				
Fringe Benefits	709,021	719,121	719,034	87
Other	0	3,500	2,465	1,035
<b>Total Security of Persons &amp; Property</b>	<b>709,021</b>	<b>722,621</b>	<b>721,499</b>	<b>1,122</b>
<i>Debt Service:</i>				
Principal Retirement	5,882	23,220	23,220	0
Interest and Fiscal Changes	3,500	5,882	5,882	0
<b>Total Expenditures</b>	<b>718,403</b>	<b>751,723</b>	<b>750,601</b>	<b>1,122</b>
Excess of Revenues Under Expenditures	(582,251)	(627,251)	(626,258)	993
<b>Other Financing Sources (Uses)</b>				
Transfers-In	610,419	628,419	643,000	14,581
Transfers-Out	(23,220)	0	0	0
<b>Total Other Sources (Uses)</b>	<b>587,199</b>	<b>628,419</b>	<b>643,000</b>	<b>14,581</b>
Excess of Revenues and Other Sources Over Expenditures and Other Uses	4,948	1,168	16,742	15,574
Fund Balances at Beginning of Year	1,293	1,293	1,293	0
Fund Balances at End of Year	\$6,241	\$2,461	\$18,035	\$15,574

City of Chillicothe, Ohio  
 Schedule of Revenues, Expenditures, and Changes in  
 Fund Balances - Budget and Actual (Budget Basis)  
 Bond Retirement Fund  
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Total Revenue	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Total Expenditures	0	0	0	0
Excess of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balances at Beginning of Year	16,647	16,647	16,647	0
Fund Balances at End of Year	<u>\$16,647</u>	<u>\$16,647</u>	<u>\$16,647</u>	<u>\$0</u>

City of Chillicothe, Ohio  
 Schedule of Revenues, Expenditures, and Changes in  
 Fund Balances - Budget and Actual (Budget Basis)  
 Capital Improvement Fund  
 For the Year Ended December 31, 2017

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

City of Chillicothe, Ohio  
 Schedule of Revenues, Expenditures, and Changes in  
 Fund Balances - Budget and Actual (Budget Basis)  
 Issue II Fund  
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$220,000	\$0	\$0	\$0
Total Revenue	220,000	0	0	0
<b>Expenditures</b>				
Capital Outlay				
Capital Outlay	220,000	0	0	0
Total Capital Outlay	220,000	0	0	0
Total Expenditures	220,000	0	0	0
Excess of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balances at Beginning of Year	0	0	0	0
Fund Balances at End of Year	\$0	\$0	\$0	\$0

City of Chillicothe, Ohio  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual (Budget Basis)  
Safety Levy Capital Fund  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Income Taxes	\$713,000	\$730,594	\$764,248	\$33,654
Other	0	1,555	1,508	(47)
<b>Total Revenue</b>	<b>713,000</b>	<b>732,149</b>	<b>765,756</b>	<b>33,607</b>
<b>Expenditures</b>				
Capital Outlay				
Contractual Services	37,000	37,000	34,341	2,659
Materials and Supplies	40,000	40,000	33,225	6,775
Capital Outlay	372,300	778,734	627,688	151,046
Other	16,320	26,297	9,648	16,649
<b>Total Capital Outlay</b>	<b>465,620</b>	<b>882,031</b>	<b>704,902</b>	<b>177,129</b>
<i>Debt Service:</i>				
Principal Retirement	251,216	251,216	251,193	23
Interest and Fiscal Changes	18,649	18,672	18,672	0
<b>Total Expenditures</b>	<b>735,485</b>	<b>1,151,919</b>	<b>974,767</b>	<b>177,152</b>
Excess of Revenues Under Expenditures	(22,485)	(419,770)	(209,011)	210,759
<b>Other Financing Sources (Uses)</b>				
Issuance of General Obligation Bonds	0	235,000	235,000	0
Transfers-Out	(22,500)	(22,500)	(22,500)	0
<b>Total Other Sources (Uses)</b>	<b>(22,500)</b>	<b>212,500</b>	<b>212,500</b>	<b>0</b>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(44,985)	(207,270)	3,489	210,759
Fund Balances at Beginning of Year	233,060	233,060	233,060	0
Prior Year Encumbrances Appropriated	65,000	65,000	65,000	0
<b>Fund Balances at End of Year</b>	<b>\$253,075</b>	<b>\$90,790</b>	<b>\$301,549</b>	<b>\$210,759</b>

City of Chillicothe, Ohio  
 Schedule of Revenues, Expenditures, and Changes in  
 Fund Balances - Budget and Actual (Budget Basis)  
 Parks and Recreation Capital Fund  
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Income Taxes	\$178,500	\$182,663	\$191,077	\$8,414
Total Revenue	178,500	182,663	191,077	8,414
<b>Expenditures</b>				
Capital Outlay				
Capital Outlay	262,030	405,297	305,481	99,816
Other	0	200	26	174
Total Capital Outlay	262,030	405,497	305,507	99,990
Total Expenditures	262,030	405,497	305,507	99,990
Excess of Revenues Under Expenditures	(83,530)	(222,834)	(114,430)	108,404
<b>Other Financing Uses</b>				
Transfers-Out	(22,500)	(22,500)	(22,500)	0
Total Other Uses	(22,500)	(22,500)	(22,500)	0
Excess of Revenues Under Expenditures and Other Uses	(106,030)	(245,334)	(136,930)	108,404
Fund Balances at Beginning of Year	306,169	306,169	306,169	0
Prior Year Encumbrances Appropriated	3,724	3,724	3,724	0
Fund Balances at End of Year	\$203,863	\$64,559	\$172,963	\$108,404



City of Chillicothe, Ohio  
 Schedule of Revenues, Expenditures, and Changes in  
 Fund Balances - Budget and Actual (Budget Basis)  
 Carlisle Hill Fund  
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Interest	\$0	\$10	\$15	\$5
Total Revenue	0	10	15	5
<b>Expenditures</b>				
Total Expenditures	0	0	0	0
Excess of Revenues Over Expenditures	0	10	15	5
Fund Balances at Beginning of Year	3,310	3,310	3,310	0
Fund Balances at End of Year	<u>\$3,310</u>	<u>\$3,320</u>	<u>\$3,325</u>	<u>\$5</u>

City of Chillicothe, Ohio  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual (Budget Basis)  
Floodwall Fund  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues</b>				
Total Revenue	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
<i>Current:</i>				
Community Environment				
Floodwall Maintenance				
Materials and Supplies	40,750	40,890	34,323	6,567
Capital Outlay	10,000	14,200	12,698	1,502
Other	200	60	60	0
Total Community Environment	50,950	55,150	47,081	8,069
Total Expenditures	50,950	55,150	47,081	8,069
Excess of Revenues Under Expenditures	(50,950)	(55,150)	(47,081)	8,069
<b>Other Financing Sources (Uses)</b>				
Transfers-In	54,016	54,016	54,016	0
Transfers-Out	(9,800)	(9,800)	(9,800)	0
Total Other Sources (Uses)	44,216	44,216	44,216	0
Excess of Revenues and Other Sources Under Expenditures and Other Uses	(6,734)	(10,934)	(2,865)	8,069
Fund Balances at Beginning of Year	11,005	11,005	11,005	0
Fund Balances at End of Year	\$4,271	\$71	\$8,140	\$8,069

City of Chillicothe, Ohio  
 Schedule of Revenues, Expenditures, and Changes in  
 Fund Balances - Budget and Actual (Budget Basis)  
 Income Tax Fund  
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Total Revenue	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
<i>Current:</i>				
General Government				
Unallocated & Refunded Income Tax				
Other	450,000	463,000	445,325	17,675
Total General Government	450,000	463,000	445,325	17,675
Total Expenditures	450,000	463,000	445,325	17,675
Excess of Revenues Under Expenditures	(450,000)	(463,000)	(445,325)	17,675
<b>Other Financing Sources</b>				
Transfers-In	450,000	463,000	453,000	(10,000)
Total Other Sources	450,000	463,000	453,000	(10,000)
Excess of Revenues and Other Sources Over Expenditures	0	0	7,675	7,675
Fund Balances at Beginning of Year	8,239	8,239	8,239	0
Fund Balances at End of Year	<u>\$8,239</u>	<u>\$8,239</u>	<u>\$15,914</u>	<u>\$7,675</u>

City of Chillicothe, Ohio  
 Schedule of Revenues, Expenditures, and Changes in  
 Fund Balances - Budget and Actual (Budget Basis)  
 Landfill Closure Fund  
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Total Revenue	\$0	\$0	\$0	\$0
<b>Expenditures</b>				
Capital Outlay				
Capital Outlay	40,000	51,400	41,397	10,003
Total Capital Outlay	40,000	51,400	41,397	10,003
Total Expenditures	40,000	51,400	41,397	10,003
Excess of Revenues Under Expenditures	(40,000)	(51,400)	(41,397)	10,003
<b>Other Financing Sources</b>				
Transfers-In	27,397	27,397	27,397	0
Total Other Sources	27,397	27,397	27,397	0
Excess of Revenues and Other Sources Under Expenditures	(12,603)	(24,003)	(14,000)	10,003
Fund Balances at Beginning of Year	18,453	18,453	18,453	0
Prior Year Encumbrances Appropriated	10,400	10,400	10,400	0
Fund Balances at End of Year	\$16,250	\$4,850	\$14,853	\$10,003

City of Chillicothe, Ohio  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances - Budget and Actual (Budget Basis)  
Streetscape Fund  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Miscellaneous	\$1,000	\$1,000	\$0	(\$1,000)
Total Revenue	1,000	1,000	0	(1,000)
<b>Expenditures</b>				
Capital Outlay				
Capital Outlay	15,000	16,576	4,569	12,007
Total Capital Outlay	15,000	16,576	4,569	12,007
Total Expenditures	15,000	16,576	4,569	12,007
Excess of Revenues Under Expenditures	(14,000)	(15,576)	(4,569)	11,007
<b>Other Financing Sources</b>				
Transfers-In	10,000	10,000	10,000	0
Total Other Sources	10,000	10,000	10,000	0
Excess of Revenues and Other Sources Over (Under) Expenditures	(4,000)	(5,576)	5,431	11,007
Fund Balances at Beginning of Year	14,869	14,869	14,869	0
Prior Year Encumbrances Appropriated	1,576	1,576	1,576	0
Fund Balances at End of Year	<u>\$12,445</u>	<u>\$10,869</u>	<u>\$21,876</u>	<u>\$11,007</u>

City of Chillicothe, Ohio  
 Schedule of Revenues, Expenditures, and Changes in  
 Fund Balances - Budget and Actual (Budget Basis)  
 Unclaimed Monies Fund  
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Miscellaneous	\$0	\$8,000	\$7,570	(\$430)
Total Revenue	0	8,000	7,570	(430)
<b>Expenditures</b>				
<i>Current:</i>				
General Government				
Monies Claimed	1,000	1,000	108	\$892
Total General Government	1,000	1,000	108	892
Total Expenditures	1,000	1,000	108	892
Excess of Revenues Over (Under) Expenditures	(1,000)	7,000	7,462	462
Fund Balances at Beginning of Year	88,739	88,739	88,739	0
Fund Balances at End of Year	\$87,739	\$95,739	\$96,201	\$462

**CITY OF CHILLICOTHE, OHIO  
PROPRIETARY FUNDS**

**ENTERPRISE FUNDS**

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

**NONMAJOR INTERNAL SERVICE FUND**

Internal service funds are maintained to account for the operations of City activities that provide services to other City departments and funds.

**Fuel Purchasing Program**

To account for the activity from the City's fuel purchasing program. Since this is the only nonmajor internal service fund, no combining statements for the internal service fund are presented.

City of Chillicothe, Ohio  
Schedule of Revenues, Expenses, and Changes in  
Fund Equity - Budget and Actual (Budget Basis)  
Water Fund  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues</b>				
Charges for Services	\$4,000,200	\$4,152,708	\$4,319,536	\$166,828
Other Operating Revenue	108,352	150,652	140,302	(10,350)
<b>Total Revenue</b>	<b>4,108,552</b>	<b>4,303,360</b>	<b>4,459,838</b>	<b>156,478</b>
<b>Expenses</b>				
<i>Current:</i>				
Personal Services	1,287,131	1,395,573	1,327,124	68,449
Fringe Benefits	732,460	696,618	634,148	62,470
Contractual Services	138,275	139,479	124,446	15,033
Materials and Supplies	801,053	804,588	647,099	157,489
Other Operating Expenses	267,352	262,893	252,753	10,140
Capital Outlay	792,682	1,779,144	1,480,094	299,050
<i>Debt Service:</i>				
Principal Retirement	420,000	420,000	420,000	0
Interest and Fiscal Charges	32,300	32,300	32,300	0
<b>Total Expenses</b>	<b>4,471,253</b>	<b>5,530,595</b>	<b>4,917,964</b>	<b>612,631</b>
Excess of Revenues Under Expenses	(362,701)	(1,227,235)	(458,126)	769,109
<b>Other Financing Uses</b>				
Transfers-Out	(1,100)	(1,100)	(712)	388
<b>Total Other Uses</b>	<b>(1,100)</b>	<b>(1,100)</b>	<b>(712)</b>	<b>388</b>
Excess of Revenues Under Expenses and Other Uses	(363,801)	(1,228,335)	(458,838)	769,497
Fund Equity at Beginning of Year	4,262,448	4,262,448	4,262,448	0
Prior Year Encumbrances Appropriated	528,512	528,512	528,512	0
<b>Fund Equity at End of Year</b>	<b>\$4,427,159</b>	<b>\$3,562,625</b>	<b>\$4,332,122</b>	<b>\$769,497</b>



City of Chillicothe, Ohio  
Schedule of Revenues, Expenses, and Changes in  
Fund Equity - Budget and Actual (Budget Basis)  
Sewer Fund  
For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues</b>				
Charges for Services	\$2,880,000	\$2,973,017	\$3,123,900	\$150,883
Other Operating Revenues	40,789	91,239	91,250	11
<b>Total Revenue</b>	<b>2,920,789</b>	<b>3,064,256</b>	<b>3,215,150</b>	<b>150,894</b>
<b>Expenses</b>				
<i>Current:</i>				
Personal Services	1,117,055	1,308,393	1,259,965	48,428
Fringe Benefits	606,191	692,453	562,609	129,844
Travel Transportation	150	0	0	0
Contractual Services	73,475	100,069	99,585	484
Materials and Supplies	451,985	444,472	410,740	33,732
Other Operating Expenses	202,688	188,714	182,014	6,700
Capital Outlay	684,382	983,278	555,087	428,191
<i>Debt Service:</i>				
Principal Retirement	120,000	120,000	120,000	0
Interest and Fiscal Charges	25,150	25,150	25,150	0
<b>Total Expenses</b>	<b>3,281,076</b>	<b>3,862,529</b>	<b>3,215,150</b>	<b>647,379</b>
Excess of Revenues Under Expenses	(360,287)	(798,273)	0	798,273
<b>Other Financing Sources (Uses)</b>				
Transfers-In	30,000	34,500	37,000	2,500
Transfers-Out	(145,100)	(146,100)	(709)	145,391
<b>Total Other Sources (Uses)</b>	<b>(115,100)</b>	<b>(111,600)</b>	<b>36,291</b>	<b>147,891</b>
Excess of Revenues and Other Sources Over (Under) Expenses and Other Uses	(475,387)	(909,873)	36,291	946,164
Fund Equity at Beginning of Year	4,213,577	4,213,577	4,213,577	0
Prior Year Encumbrances Appropriated	218,003	218,003	218,003	0
<b>Fund Equity at End of Year</b>	<b>\$3,956,193</b>	<b>\$3,521,707</b>	<b>\$4,467,871</b>	<b>\$946,164</b>

City of Chillicothe, Ohio  
 Schedule of Revenues, Expenses, and Changes in  
 Fund Equity - Budget and Actual (Budget Basis)  
 Internal Service Fund  
 For the Year Ended December 31, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Charges for Services	\$300,000	\$323,085	\$352,876	\$29,791
Total Revenue	300,000	323,085	352,876	29,791
<b>Expenses</b>				
<i>Current:</i>				
Materials and Supplies	302,500	350,500	338,432	12,068
Total Expenses	302,500	350,500	338,432	12,068
Excess of Revenues Over (Under) Expenses	(2,500)	(27,415)	14,444	41,859
Fund Equity at Beginning of Year	53,341	53,341	53,341	0
Fund Equity at End of Year	\$50,841	\$25,926	\$67,785	\$41,859

**CITY OF CHILLICOTHE, OHIO  
FIDUCIARY FUNDS**

**AGENCY FUNDS**

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

**Court Agency Fund**

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

**Deposits Agency Fund**

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

City of Chillicothe, Ohio  
Statement of Changes in Assets & Liabilities  
Agency Funds  
For the Year Ended December 31, 2017

	Balance 1/1/2017	Additions	Reductions	Balance 12/31/2017
<b>Deposits Agency</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$39,076	\$6,322	\$7,186	\$38,212
<i>Total Assets</i>	<u>\$39,076</u>	<u>\$6,322</u>	<u>\$7,186</u>	<u>\$38,212</u>
<b>Liabilities</b>				
Deposits Held and Due to Others	\$39,076	\$6,322	\$7,186	\$38,212
<i>Total Liabilities</i>	<u>\$39,076</u>	<u>\$6,322</u>	<u>\$7,186</u>	<u>\$38,212</u>
<b>Municipal Court Agency</b>				
<b>Assets</b>				
Cash and Cash Equivalents in Segregated Accounts	\$175,077	\$1,823,834	\$1,835,535	\$163,376
<i>Total Assets</i>	<u>\$175,077</u>	<u>\$1,823,834</u>	<u>\$1,835,535</u>	<u>\$163,376</u>
<b>Liabilities</b>				
Intergovernmental Payable	\$73,552	\$750,931	\$761,515	\$62,968
Undistributed Monies	101,525	382,754	383,871	100,408
Deposits Held and Due to Others	0	690,149	690,149	0
<i>Total Liabilities</i>	<u>\$175,077</u>	<u>\$1,823,834</u>	<u>\$1,835,535</u>	<u>\$163,376</u>
<b>Total Agency Funds</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$39,076	\$6,322	\$7,186	\$38,212
Cash and Cash Equivalents in Segregated Accounts	175,077	1,823,834	1,835,535	163,376
<i>Total Assets</i>	<u>\$214,153</u>	<u>\$1,830,156</u>	<u>\$1,842,721</u>	<u>\$201,588</u>
<b>Liabilities</b>				
Intergovernmental Payable	\$73,552	\$750,931	\$761,515	\$62,968
Undistributed Monies	101,525	382,754	383,871	100,408
Deposits Held and Due to Others	39,076	696,471	697,335	38,212
<i>Total Liabilities</i>	<u>\$214,153</u>	<u>\$1,830,156</u>	<u>\$1,842,721</u>	<u>\$201,588</u>

## Statistical Section

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

<b><u>Contents</u></b>	<b><u>Page(s)</u></b>
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the City's financial position has changed over time.	138-143
<b>Revenue Capacity</b>	
These schedules contain information to help the reader understand and access the factors affecting the City's ability to generate its most significant local revenue sources, the property tax and income tax.	144-148
<b>Debt Capacity</b>	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	149-154
<b>Economic and Demographic Information</b>	
This schedule offers economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	155-156
<b>Operating Information</b>	
These schedules contain service data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	157-161

**Sources:** Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

CITY OF CHILlicoTHE, OHIO  
NET POSITION BY COMPONENT  
LAST TEN YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$39,182,366	\$39,109,104	\$40,021,089	\$37,577,135	\$37,188,766	\$36,003,964	\$34,537,906	\$31,019,197	\$29,083,001	\$26,212,133
<i>Restricted:</i>										
Debt Service	0	13,507	14,099	14,670	14,956	1,940	3,152	2,720	0	0
Capital Projects	1,007,274	321,193	1,488,796	2,433,951	587,122	753,555	874,538	691,212	783,956	685,762
<i>Permanent Fund:</i>										
Expendable	2,147	2,187	2,207	2,235	2,250	2,265	2,265	2,295	2,310	2,325
Nonexpendable	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Street Construction, Maintenance and Repair	402,192	321,959	326,271	377,749	597,155	577,311	493,184	0	2,507,600	3,618,733
Bus Transit	319,668	2,465,846	205,481	13,980	144,362	454,151	585,710	719,872	745,369	1,085,982
Housing and Urban Development Program	602,453	1,234,949	418,947	655,388	630,777	211,626	88,716	90,128	62,535	57,633
Other Purposes	1,801,592	1,216,833	998,585	950,556	770,263	918,037	983,910	1,155,410	1,260,684	1,284,662
Unrestricted (Deficit)	1,105,720	686,586	(1,172,862)	(266,958)	(273,582)	575,723	(14,972,673)	(12,599,357)	(15,464,626)	(15,439,669)
<b>Total Governmental Activities Net Position</b>	<b>\$44,424,412</b>	<b>\$45,373,164</b>	<b>\$42,303,613</b>	<b>\$41,759,706</b>	<b>\$39,663,069</b>	<b>\$39,499,572</b>	<b>\$22,597,708</b>	<b>\$21,082,477</b>	<b>\$18,981,829</b>	<b>\$17,508,561</b>
<b>Business Type - Activities</b>										
Net Investment in Capital Assets	\$31,628,281	\$32,021,986	\$32,510,938	\$30,558,748	\$32,431,229	\$32,846,152	\$33,479,256	\$33,549,707	\$33,244,740	\$33,483,988
<i>Restricted:</i>										
Debt Service	1,652,563	1,694,714	1,627,337	1,283,936	1,283,936	1,351,634	1,351,634	4	4	4
Capital Projects	1,818,467	1,818,467	1,818,467	1,818,467	1,818,467	1,818,467	1,818,467	618,468	618,468	618,466
Unrestricted	5,481,570	5,094,530	4,830,440	7,450,049	4,928,272	4,914,405	3,032,263	6,210,997	6,856,475	6,447,371
<b>Total Business-Type Activities Net Position</b>	<b>\$40,580,881</b>	<b>\$40,629,697</b>	<b>\$40,787,182</b>	<b>\$41,111,200</b>	<b>\$40,461,904</b>	<b>\$40,930,658</b>	<b>\$39,681,620</b>	<b>\$40,379,176</b>	<b>\$40,719,687</b>	<b>\$40,549,829</b>
<b>Primary Government</b>										
Net Investment in Capital Assets	\$70,810,647	\$71,131,090	\$72,532,027	\$68,135,883	\$69,619,995	\$68,850,116	\$68,017,162	\$64,568,904	\$62,327,741	\$59,696,121
<i>Restricted</i>	7,607,356	9,090,655	6,901,190	7,551,932	5,850,288	6,089,986	6,202,576	3,281,109	5,981,926	7,354,567
<i>Unrestricted</i>	6,587,290	5,781,116	3,657,578	7,183,091	4,654,690	5,490,128	(11,940,410)	(6,388,360)	(8,608,151)	(8,992,298)
<b>Total Primary Government Net Position</b>	<b>\$85,005,293</b>	<b>\$86,002,861</b>	<b>\$83,090,795</b>	<b>\$82,870,906</b>	<b>\$80,124,973</b>	<b>\$80,430,230</b>	<b>\$62,279,328</b>	<b>\$61,461,653</b>	<b>\$59,701,516</b>	<b>\$58,058,390</b>

CITY OF CHILLICOTHE, OHIO  
CHANGES IN NET POSITION  
LAST TEN YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
<i>Charges for Services:</i>										
General Government	\$1,682,510	\$2,155,542	\$2,619,886	\$2,248,670	\$2,198,878	\$2,064,040	\$2,206,675	\$2,326,602	\$2,483,728	\$2,675,760
Security of Persons and Property:										
Police	356,516	96,135	57,760	52,402	62,719	43,245	42,685	49,952	33,477	41,252
Fire	960,872	1,112,873	1,138,072	1,227,034	1,128,525	1,090,048	1,136,677	999,256	1,037,872	1,068,942
Transportation	123,925	192,654	848,534	1,059,399	1,200,451	1,159,503	2,038,070	2,345,012	1,959,322	2,228,577
Basic Utility Services	989,259	1,004,003	989,639	942,951	939,539	1,620,594	1,460,742	1,461,615	1,455,317	1,452,727
Leisure Time Activities	136,601	103,915	90,134	107,531	125,053	72,920	109,667	91,472	114,592	111,831
Subtotal - Charges for Services	4,249,683	4,665,122	5,744,025	5,637,987	5,655,165	6,050,350	6,994,516	7,273,909	7,084,308	7,579,089
<i>Operating Grants and Contributions:</i>										
General Government	25,746	24,324	207,793	250,860	225,772	224,910	212,942	0	0	6,843
Security of Persons and Property:										
Police	0	0	151,421	0	29,330	132,204	74,464	33,611	14,800	41,146
Fire	0	0	146,250	0	155,117	254,413	30,317	19,502	14,017	14,140
Transportation	2,391,097	3,387,055	1,555,346	2,125,408	2,341,454	3,524,770	2,464,472	2,676,569	2,664,810	2,434,016
Community Environment	583,111	1,971,841	131,711	1,866,383	1,127,170	50,375	120,686	83,757	69,041	47,704
Leisure Time Activities	5,633	5,973	6,407	17,046	19,877	5,938	17,440	0	0	0
Subtotal - Operating Grants and Contributions	3,005,587	5,389,193	2,198,928	4,259,697	3,898,720	4,192,610	2,920,321	2,813,439	2,762,668	2,543,849
<i>Capital Grants and Contributions:</i>										
Security of Persons and Property:										
Police	6,297	0	0	0	0	0	0	0	0	0
Transportation	0	3,691,384	794,490	336,199	464,966	99,608	60,131	330,000	95,450	420,773
Leisure Time Activities	104,747	87,321	136,400	0	0	33,997	4,960	0	10,000	0
Subtotal - Capital Grants and Contributions	111,044	3,778,705	930,890	336,199	464,966	133,605	65,091	330,000	105,450	420,773
<b>Total Governmental Activities Program Revenues</b>	7,366,314	13,833,020	8,873,843	10,233,883	10,018,851	10,376,565	9,979,928	10,417,348	9,952,426	10,543,711
<b>Business-Type Activities</b>										
<i>Charges for Services</i>										
Water	4,366,400	4,401,964	4,439,150	4,515,934	3,747,483	4,467,383	4,343,590	4,389,716	4,276,662	4,345,361
Sewer	3,227,754	3,155,672	3,086,853	3,188,581	2,658,330	3,189,215	3,026,390	3,091,530	3,044,372	3,171,156
<b>Total Business-Type Activities Program Revenues</b>	7,594,154	7,557,636	7,526,003	7,704,515	6,405,813	7,656,598	7,369,980	7,481,246	7,321,034	7,516,517
<b>Total Primary Government Program Revenues</b>	\$14,960,468	\$21,390,656	\$16,399,846	\$17,938,398	\$16,424,664	\$18,033,163	\$17,349,908	\$17,898,594	\$17,273,460	\$18,060,228

continued

CITY OF CHILLICOTHE, OHIO  
CHANGES IN NET POSITION  
LAST TEN YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Expenses</b>										
<b>Governmental Activities</b>										
General Government	\$5,269,764	\$5,856,422	\$5,972,704	\$5,714,391	\$5,699,394	\$5,333,744	\$5,100,298	\$5,586,664	\$5,849,212	\$6,389,653
Security of Persons and Property:										
Police	5,406,935	5,616,398	5,921,752	5,347,177	5,537,262	5,414,997	5,338,983	5,207,081	6,400,259	6,332,115
Fire	5,206,800	5,370,049	5,427,992	5,486,905	5,692,471	5,586,698	5,564,205	5,263,397	6,144,215	6,260,678
Transportation	6,191,675	7,341,642	5,650,615	6,504,578	6,321,374	6,134,684	6,402,993	8,356,705	8,833,139	8,703,914
Community Environment	677,158	1,685,430	969,074	1,432,828	930,752	833,234	603,419	445,176	432,011	430,023
Basic Utility Services	934,806	874,302	1,172,801	673,426	920,910	752,633	1,108,199	898,156	920,757	985,975
Leisure Time Activities	927,550	520,058	856,056	863,046	933,458	617,180	775,554	789,943	997,693	1,097,183
Interest and Fiscal Charges	124,333	136,428	132,305	116,032	115,936	125,816	167,577	177,562	191,771	303,446
Insurance Costs	0	0	0	0	0	156,699	0	6,928	71,950	61,187
<b>Total Governmental Activities Expenses</b>	<b>24,739,021</b>	<b>27,400,729</b>	<b>26,103,299</b>	<b>26,138,383</b>	<b>26,151,557</b>	<b>24,955,685</b>	<b>25,061,228</b>	<b>26,731,612</b>	<b>29,841,007</b>	<b>30,564,174</b>
<b>Business-Type Activities</b>										
Water	4,169,380	4,400,088	3,900,284	4,995,184	4,089,141	3,896,122	3,983,254	3,675,217	4,078,550	4,277,717
Sewer	3,148,719	3,248,239	3,887,721	3,328,562	3,103,909	3,494,256	3,123,064	3,278,689	3,148,529	3,631,845
<b>Total Business-Type Activities Expenses</b>	<b>7,318,099</b>	<b>7,648,327</b>	<b>7,788,005</b>	<b>8,323,746</b>	<b>7,193,050</b>	<b>7,390,378</b>	<b>7,106,318</b>	<b>6,953,906</b>	<b>7,227,079</b>	<b>7,909,562</b>
<b>Total Primary Government Program Expenses</b>	<b>32,057,120</b>	<b>35,049,056</b>	<b>33,891,304</b>	<b>34,462,129</b>	<b>33,344,607</b>	<b>32,346,063</b>	<b>32,167,546</b>	<b>33,685,518</b>	<b>37,068,086</b>	<b>38,473,736</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(17,372,707)	(13,567,709)	(17,229,456)	(15,904,500)	(16,132,706)	(14,579,120)	(15,081,300)	(16,314,264)	(19,888,581)	(20,020,463)
Business-Type Activities	276,055	(90,691)	(262,002)	(619,231)	(787,237)	266,220	263,662	527,340	93,955	(393,045)
<b>Total Primary Government Net Expense</b>	<b>(17,096,652)</b>	<b>(13,658,400)</b>	<b>(17,491,458)</b>	<b>(16,523,731)</b>	<b>(16,919,943)</b>	<b>(14,312,900)</b>	<b>(14,817,638)</b>	<b>(15,786,924)</b>	<b>(19,794,626)</b>	<b>(20,413,508)</b>

continued



CITY OF CHILLICOTHE, OHIO  
CHANGES IN NET POSITION  
LAST TEN YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Revenues and Other Changes in Net Position</b>										
<i>Governmental Activities</i>										
<i>Taxes:</i>										
<i>Property and Other Local Taxes Levied for:</i>										
General Purposes	986,223	935,673	941,165	899,306	880,624	883,741	865,677	861,079	884,981	900,267
Police and Fire Pension	236,293	221,814	226,362	216,144	211,970	226,163	222,750	215,431	213,818	217,816
<i>Municipal Income Taxes Levied for:</i>										
General Purposes	9,211,925	9,186,508	9,109,304	9,495,655	9,598,751	9,662,424	9,863,588	10,333,167	11,500,817	11,706,783
Transportation	669,926	668,288	662,443	690,670	697,395	702,702	716,139	732,147	2,176,293	2,215,346
Capital Outlay	836,963	836,331	827,341	864,429	862,151	878,096	894,889	915,798	938,664	930,366
Other Taxes	190,237	133,653	230,591	207,975	238,930	243,520	262,223	290,727	304,959	375,388
Grants and Entitlements not Restricted to Specific Programs	3,738,582	2,098,454	1,820,969	1,937,176	979,018	1,148,330	915,163	741,609	860,806	875,632
Investment Income	358,230	151,647	55,348	50,035	31,662	16,768	17,177	14,841	49,563	82,206
Miscellaneous	622,353	323,883	456,890	341,810	549,757	674,708	558,521	706,066	873,248	1,278,970
Gain on Sale of Capital Assets	0	0	387	0	0	0	0	0	13,318	0
<b>Total Governmental Activities</b>	<u>16,850,732</u>	<u>14,556,251</u>	<u>14,330,800</u>	<u>14,703,200</u>	<u>14,050,258</u>	<u>14,436,452</u>	<u>14,316,127</u>	<u>14,810,865</u>	<u>17,816,467</u>	<u>18,582,774</u>
<i>Business-Type Activities</i>										
Investment Income	36,975	16	0	2,846	1,911	1,134	5,142	4	0	0
Miscellaneous	105,659	99,701	403,064	118,047	121,841	180,571	189,347	158,380	218,022	187,608
<b>Total Business-Type Activities</b>	<u>142,634</u>	<u>99,717</u>	<u>403,064</u>	<u>120,893</u>	<u>123,752</u>	<u>181,705</u>	<u>194,489</u>	<u>158,384</u>	<u>218,022</u>	<u>187,608</u>
<b>Total Primary Government General Revenues and Other Changes in Net Position</b>	<u>16,993,366</u>	<u>14,655,968</u>	<u>14,733,864</u>	<u>14,824,093</u>	<u>14,174,010</u>	<u>14,618,157</u>	<u>14,510,616</u>	<u>14,969,249</u>	<u>18,034,489</u>	<u>18,770,382</u>
<i>Transfers</i>										
Governmental Activities	(19,571)	(39,790)	(16,423)	(14,352)	(14,189)	(20,829)	(25,443)	(11,832)	(28,534)	(35,579)
Business-Type Activities	19,571	39,790	16,423	14,352	14,189	20,829	25,443	11,832	28,534	35,579
<b>Change in Net Position</b>	<u>(541,546)</u>	<u>948,752</u>	<u>(2,915,079)</u>	<u>(1,215,652)</u>	<u>(2,096,637)</u>	<u>(163,497)</u>	<u>(790,616)</u>	<u>(1,515,231)</u>	<u>(2,100,648)</u>	<u>(1,473,268)</u>
Governmental Activities	438,260	48,816	157,485	(483,986)	(649,296)	468,754	483,594	697,556	340,511	(169,858)
Business-Type Activities	<u>(\$103,286)</u>	<u>\$997,568</u>	<u>(\$2,757,594)</u>	<u>(\$1,699,638)</u>	<u>(\$2,745,933)</u>	<u>\$305,257</u>	<u>(\$307,022)</u>	<u>(\$817,675)</u>	<u>(\$1,760,137)</u>	<u>(\$1,643,126)</u>

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Fund</b>										
Reserved	\$112,003	\$141,640	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unreserved	4,463,107	2,232,978	0	0	0	0	0	0	0	0
Nonspendable	0	0	220,157	252,251	261,459	258,593	248,463	261,226	255,045	274,376
Committed	0	0	197,064	159,667	110,387	114,900	87,271	51,286	34,567	45,329
Assigned	0	0	32,505	46,264	14,607	0	0	0	18,453	14,853
Unassigned (Deficit)	0	0	1,133,784	1,334,086	(520,457)	1,703,062	1,948,943	2,663,924	3,369,441	4,975,561
Total General Fund	4,575,110	2,374,618	1,583,510	1,792,268	(134,004)	2,076,555	2,284,677	2,976,436	3,677,506	5,310,119
<b>All Other Governmental Funds</b>										
Reserved	1,595,859	443,926	0	0	0	0	0	0	0	0
<i>Unreserved, Undesignated, Reported in:</i>										
Special Revenue Funds	581,784	865,429	0	0	0	0	0	0	0	0
Debt Service Funds	16,325	16,591	0	0	0	0	0	0	0	0
Capital Projects Funds	572,514	97,329	0	0	0	0	0	0	0	0
Permanent Funds	2,147	2,187	0	0	0	0	0	0	0	0
Nonspendable	0	0	19,740	44,927	53,611	90,404	110,275	90,886	78,331	58,844
Restricted	0	0	1,134,928	1,636,977	1,202,380	2,409,387	2,203,639	2,356,673	4,493,423	5,919,152
Assigned	0	0	5,765	5,765	5,765	5,765	5,765	5,765	5,765	5,765
Unassigned (Deficit)	0	0	(1,942,241)	(2,216,810)	(2,695,504)	(115,987)	(52,204)	(415,703)	0	0
Total All Other Governmental Funds	2,768,629	1,425,462	(781,808)	(529,141)	(1,433,748)	2,389,569	2,267,475	2,037,621	4,577,519	5,983,761
<b>Total Governmental Funds</b>	\$7,343,739	\$3,800,080	\$801,702	\$1,263,127	(\$1,567,752)	\$4,466,124	\$4,552,152	\$5,014,057	\$8,255,025	\$11,293,880

**Note:** The provisions of the Governmental Accounting Standards Board (GASB) Statement No. 54 were adopted in calendar year 2011. The standard replaces the previous reserved and unreserved fund balance categories with the following five fund balance classifications: nonspendable, restricted, committed, assigned, and unassigned fund balance.

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>										
Property Taxes	\$1,215,794	\$1,153,839	\$1,162,849	\$1,132,782	\$1,088,740	\$1,115,022	\$1,075,485	\$1,077,820	\$1,088,547	\$1,130,743
Municipal Income Taxes	10,718,814	10,691,127	10,599,088	10,526,861	10,851,650	11,177,609	11,303,794	12,109,853	14,148,768	15,173,267
Other Taxes	190,237	133,653	230,591	207,975	238,930	243,520	262,223	290,727	304,959	375,388
Charges for Services	2,212,147	2,415,065	4,081,250	3,957,405	3,997,022	4,301,048	5,255,945	5,423,454	5,138,328	5,555,170
Fines, Licenses and Permits	2,003,958	2,232,953	1,597,242	1,658,779	1,631,754	1,525,476	1,734,819	1,844,592	1,917,514	1,990,345
Intergovernmental	6,625,215	9,847,621	6,506,226	6,682,596	5,175,386	5,827,097	3,465,617	4,237,598	3,531,008	3,765,473
Special Assessments	21,631	17,104	50,186	34,087	7,558	13,150	3,752	5,863	11,566	30,676
Investment Earnings	358,230	151,647	55,348	50,035	31,662	16,768	17,177	14,841	49,563	82,206
Contributions and Donations	0	0	0	0	0	0	0	0	26,900	1,310
Miscellaneous	653,732	354,180	502,048	437,117	647,058	702,684	767,139	701,553	877,828	1,278,970
<b>Total Revenues</b>	<b>23,999,758</b>	<b>26,997,189</b>	<b>24,784,828</b>	<b>24,687,637</b>	<b>23,669,760</b>	<b>25,122,374</b>	<b>23,885,951</b>	<b>25,706,301</b>	<b>27,094,981</b>	<b>29,383,548</b>
<b>Expenditures</b>										
<i>Current:</i>										
General Government	5,149,587	6,715,055	5,856,255	5,604,348	5,766,533	5,449,967	5,202,316	5,483,348	5,589,191	5,941,369
Security of Persons and Property:										
Police	5,198,129	5,724,315	5,617,250	5,332,157	5,437,570	4,983,010	5,072,888	4,888,702	5,514,183	5,675,008
Fire	4,687,957	4,880,108	5,051,759	5,091,470	5,360,909	5,096,719	5,171,591	4,923,945	5,194,391	5,584,702
Transportation	4,688,758	8,567,602	6,090,170	4,838,279	4,293,719	5,575,178	5,584,866	6,718,751	7,495,984	7,618,673
Community Environment	332,345	1,370,904	859,783	1,163,349	619,530	525,336	299,055	146,428	94,711	121,045
Basic Utilities Services	946,803	880,792	843,424	685,053	892,274	756,499	1,101,188	907,781	929,540	904,387
Leisure Time Activities	866,912	936,905	783,079	746,962	740,641	492,124	613,047	618,742	690,016	738,995
Capital Outlay	356,415	1,715,632	1,277,088	576,632	3,172,838	445,986	587,718	985,259	1,145,498	926,172
<i>Debt Service:</i>										
Principal Retirement	726,220	327,983	1,164,204	264,081	175,691	438,596	388,174	728,014	576,503	972,143
Interest and Fiscal Changes	126,952	139,122	134,923	118,684	116,222	112,800	173,042	181,383	189,523	315,508
Issuance Costs	0	0	0	0	156,699	0	0	6,928	71,950	61,187
<b>Total Expenditures</b>	<b>23,100,078</b>	<b>31,258,418</b>	<b>27,677,935</b>	<b>24,421,015</b>	<b>26,574,927</b>	<b>24,032,914</b>	<b>24,193,505</b>	<b>25,589,281</b>	<b>27,491,490</b>	<b>28,859,189</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>899,680</b>	<b>(4,261,229)</b>	<b>(2,893,107)</b>	<b>266,622</b>	<b>(2,905,167)</b>	<b>1,089,460</b>	<b>(307,554)</b>	<b>117,020</b>	<b>(396,509)</b>	<b>524,359</b>
<b>Other Financing Sources (Uses)</b>										
Sale of Capital Assets	0	11,101	23,339	0	25,832	41,696	0	16,559	40,128	650
Refunding Bonds Issues	0	0	0	0	0	4,850,000	0	0	0	0
Issuance of General Obligation Bonds	0	0	0	0	0	0	0	260,000	3,436,417	2,065,000
Premium on General Obligation Bonds	0	0	0	0	0	31,481	0	5,234	102,175	69,187
Issuance of Notes	200,000	900,000	0	0	0	0	300,000	0	0	0
Insurance Recoveries	17,892	0	0	0	0	0	0	0	0	0
Proceeds from Loan	0	0	0	0	0	0	100,000	0	0	0
Inception of Capital Lease	25,731	46,259	42,285	209,155	62,645	42,068	19,025	74,924	87,291	415,238
Payment for Refunded Note	0	(200,000)	0	0	0	0	0	0	0	0
Transfers In	2,820,011	3,620,697	2,884,584	2,503,682	1,965,487	2,396,777	1,610,036	1,691,615	1,342,353	1,398,490
Transfers Out	(2,839,582)	(3,460,487)	(2,901,007)	(2,518,034)	(1,979,676)	(2,417,606)	(1,635,479)	(1,703,447)	(1,370,887)	(1,434,069)
<b>Total Other Financing Sources (Uses)</b>	<b>224,052</b>	<b>717,570</b>	<b>49,201</b>	<b>194,803</b>	<b>74,288</b>	<b>4,944,416</b>	<b>393,582</b>	<b>344,885</b>	<b>3,637,477</b>	<b>2,514,496</b>
<b>Net Change in Fund Balances</b>	<b>\$1,123,732</b>	<b>(\$3,543,659)</b>	<b>(\$2,843,906)</b>	<b>\$461,425</b>	<b>(\$2,830,879)</b>	<b>\$6,033,876</b>	<b>\$86,028</b>	<b>\$461,905</b>	<b>\$3,240,968</b>	<b>\$3,038,855</b>
Debt Service as a Percentage of Noncapital Expenditures	4.0%	1.9%	5.3%	1.6%	1.3%	2.5%	2.5%	3.8%	3.3%	4.9%

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

Collection Year	Real Property		Tangible Personal Property				Total	Ratio	Direct Rate
	Assessed Value		Public Utility		General Business				
	Residential/Agricultural/Commercial/Industrial	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value			
2008	\$398,492,350	\$1,138,549,571	\$14,169,310	\$16,101,489	\$15,581,790	\$249,308,640	\$428,243,450	30.50%	3.20
2009	396,324,680	1,132,256,229	15,266,240	17,348,000	2,605,380	20,843,040	414,196,300	35.39%	3.20
2010	397,696,220	1,136,274,914	17,742,500	20,161,932	1,250,990	20,015,840	416,689,710	35.42%	3.20
2011	390,798,540	1,116,567,257	18,993,540	21,583,568	0	0	409,792,080	36.01%	3.20
2012	383,333,450	1,095,238,429	20,775,130	23,608,102	0	0	404,108,580	36.12%	3.20
2013	382,797,100	1,093,706,000	21,039,510	23,908,534	0	0	403,836,610	36.13%	3.20
2014	373,143,320	1,066,123,771	22,222,520	25,252,864	0	0	395,365,840	36.23%	3.20
2015	367,212,160	1,049,177,600	22,622,080	25,706,909	0	0	389,834,240	36.27%	3.20
2016	372,366,600	1,063,904,571	23,142,100	26,297,841	0	0	395,508,700	36.28%	3.20
2017	387,403,970	1,106,868,485	22,280,280	25,318,500	0	0	409,684,250	36.19%	3.20

**Source:** Ross County Auditor

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

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

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

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

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b><u>Direct Tax Rate:</u></b>										
<b>City of Chillicothe Millage</b>										
General Operating	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60	2.60
Police Pensior	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
Fire Pension	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
<i>Total City Direct Rate Millage</i>	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20	3.20
<b><u>Overlapping Rates by Taxing District:</u></b>										
<b>Ross County Millage</b>										
Operating	10.60	11.70	11.70	12.50	12.50	12.50	12.50	12.50	12.80	12.70
<i>Total County Millage</i>	10.60	11.70	11.70	12.50	12.50	12.50	12.50	12.50	12.80	12.70
<b>Chillicothe City School District Millage</b>										
Operating	46.20	46.20	46.20	46.20	46.20	46.20	53.30	53.40	50.20	50.10
Debt Service	4.47	4.47	4.47	4.80	4.80	4.80	5.80	5.80	8.79	7.90
<i>Total School Millage</i>	50.67	50.67	50.67	51.00	51.00	51.00	59.10	59.20	58.99	58.00
<b>Other Millage</b>										
Operating	4.80	4.80	4.80	5.80	5.80	5.80	5.80	5.80	6.30	6.70
<i>Total Other Millage</i>	4.80	4.80	4.80	5.80	5.80	5.80	5.80	5.80	6.30	6.70
<b><i>Total Direct and Overlapping Millage</i></b>	<b>69.27</b>	<b>70.37</b>	<b>70.37</b>	<b>72.50</b>	<b>72.50</b>	<b>72.50</b>	<b>80.60</b>	<b>80.70</b>	<b>81.29</b>	<b>80.60</b>

**Source:** Ross County Auditor

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

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

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

Year	Current Tax Levy	Current Tax Collections	Percent of Current Tax Collections To Tax Levy	Delinquent Tax Collections (1)	Total Tax Collections (2)	Percent of Total Tax Collections To Tax Levy	Total Outstanding Delinquent Taxes	Percentage of Delinquent Taxes to Total Tax Levy
2008	\$1,328,749	\$1,289,316	97.03%	\$56,208	\$1,345,524	101.26%	\$55,618	4.19%
2009	1,286,895	1,245,462	96.78%	41,434	1,286,896	100.00%	60,422	4.70%
2010	1,294,281	1,256,523	97.08%	37,818	1,294,341	100.00%	64,742	5.00%
2011	1,272,921	1,210,720	95.11%	51,912	1,262,632	99.19%	41,513	3.26%
2012	1,253,115	1,205,570	96.21%	28,702	1,234,272	98.50%	44,015	3.51%
2013	1,252,173	1,215,108	97.04%	29,323	1,244,431	99.38%	38,815	3.10%
2014	1,224,221	1,174,894	95.97%	28,692	1,203,586	98.31%	50,917	4.16%
2015	1,205,250	1,175,627	97.54%	34,804	1,210,431	100.43%	50,212	4.17%
2016	1,228,868	1,186,274	96.53%	44,329	1,230,603	100.14%	60,414	4.92%
2017	1,275,881	1,224,152	95.95%	49,437	1,273,589	99.82%	47,670	3.74%

**Source:** Ross County Auditor

(1) The County Auditor collects property taxes on behalf of the City. In Ohio, delinquent taxes collected each year are not reported individually back to the tax year in which they become delinquent. The County Auditor's current tax collection system does not permit the identification of delinquent tax collection by tax levy year.

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

City of Chillicothe, Ohio  
Principal Taxpayers - Real Estate and PU-PP Tax  
2017 and 2008

2017		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
Ohio Power Company	\$18,795,280	4.59%
Chillicothe TK Owner LLC	8,373,750	2.04%
P.H. Glatfelter	6,633,370	1.62%
Chillicothe Mall Inc.	4,255,300	1.04%
National Church Residence	3,754,820	0.92%
Columbia Gas of Ohio	3,311,930	0.81%
Menard Inc.	2,888,440	0.71%
Central Center LTD	2,779,850	0.68%
Zane Plaza LLC	2,476,940	0.60%
Kmart Corporation	2,310,010	0.56%
<b>Total</b>	<b>\$55,579,690</b>	<b>13.57%</b>
<b>Total Assessed Valuation</b>	<b>\$409,684,250</b>	

2008		
Taxpayer	Real Property Assessed Valuation (1)	Percentage of Real Assessed Valuation
P.H. Glatfelter	\$22,869,130	5.54%
DDR Chillicothe LLC	4,471,030	1.08%
Chillicothe Mall Inc.	4,185,670	1.01%
Central Center LTD	3,101,500	0.75%
PPG Industries Inc.	2,911,100	0.71%
Sam's Real Estate Business	2,629,020	0.64%
Kmart Corporation	2,311,240	0.56%
Zane Plaza LLC	2,360,590	0.57%
Traditions of Chillicothe	1,669,940	0.40%
QNP Corporation	1,572,630	0.38%
<b>Total</b>	<b>\$48,081,850</b>	<b>11.65%</b>
<b>Total Assessed Valuation</b>	<b>\$412,661,660</b>	

**Source:** Ross County Auditor

(1) The amounts presented represent the assessed values upon which 2017 and 2008 collections were based.

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

TAX YEAR	TAX RATE	TOTAL TAX COLLECTED	PERCENTAGE OF TAXES FROM		TAXES FROM		PERCENTAGE OF TAXES FROM	
			WITHHOLDING	WITHHOLDING	NET PROFITS	NET PROFITS	INDIVIDUALS	INDIVIDUALS
2008	1.60%	\$10,746,951	\$8,666,403	80.64%	\$1,252,889	11.66%	\$827,659	7.70%
2009	1.60%	10,498,943	8,433,031	80.32%	1,236,915	11.78%	828,997	7.90%
2010	1.60%	10,669,085	8,626,375	80.85%	1,301,488	12.20%	741,222	6.95%
2011	1.60%	10,824,546	8,718,614	80.54%	1,347,319	12.45%	758,613	7.01%
2012	1.60%	11,010,045	9,033,890	82.05%	1,143,223	10.38%	832,932	7.57%
2013	1.60%	11,244,828	9,032,367	80.32%	1,341,249	11.93%	871,212	7.75%
2014	1.60%	11,093,640	9,051,918	81.60%	1,159,502	10.45%	882,220	7.95%
2015	1.60%	11,644,732	9,313,648	79.98%	1,372,129	11.78%	958,955	8.24%
2016	2.00%	14,485,410	11,895,696	82.12%	1,634,125	11.28%	955,589	6.60%
2017	2.00%	15,251,845	12,176,357	79.84%	1,833,424	12.02%	1,242,064	8.14%

**Source:** City Income Tax Department

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



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

YEAR	Governmental Activities					Business-Type Activities					TOTAL DEBT	PERCENTAGE OF PERSONAL INCOME	PER CAPITA
	GENERAL OBLIGATION BONDS	OPWC LOANS	LONG TERM NOTES	LOANS	CAPITAL LEASES	GENERAL OBLIGATION BONDS	MORTGAGE REVENUE BONDS	LONG TERM NOTES	CAPITAL LEASES				
2008	\$1,140,000	\$75,675	\$0	\$0	\$117,598	\$1,685,000	\$6,675,000	\$0	\$0	\$0	\$9,693,273	2.33%	\$445
2009	870,000	63,063	0	0	114,276	1,595,000	5,665,000	0	0	0	8,307,339	1.68%	373
2010	660,000	50,450	0	0	107,864	1,510,000	4,615,000	0	0	0	6,943,314	1.48%	317
2011	450,000	37,838	0	0	270,679	1,415,000	3,520,000	0	0	0	5,693,517	1.22%	260
2012	355,000	25,225	0	0	258,451	1,320,000	2,390,000	2,441,000	0	0	6,789,676	1.45%	310
2013	4,850,000	12,613	0	0	223,699	1,670,000	1,215,000	2,441,000	15,011	15,011	10,427,323	2.23%	476
2014	4,550,000	0	300,000	100,000	167,163	1,150,000	0	2,441,000	11,939	11,939	8,720,102	1.83%	398
2015	4,523,209	0	0	75,000	154,073	3,231,255	0	0	8,644	8,644	7,992,181	1.64%	368
2016	7,604,636	0	0	50,000	136,767	2,685,493	0	0	5,415	5,415	10,482,311	2.08%	479
2017	8,894,053	0	0	25,000	423,454	2,134,732	0	0	1,323	1,323	11,478,562	2.29%	534

Source: City Auditor's Office

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

YEAR	POPULATION (1)	ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY (2)	GROSS BONDED DEBT (3)	RATIO OF GROSS BONDED DEBT TO	
				ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY	GROSS BONDED DEBT PER CAPITA
2008	21,796	\$1,403,959,700	\$9,500,000	0.68%	\$436
2009	22,296	1,170,447,269	8,130,000	0.69%	365
2010	21,901	1,176,452,686	6,785,000	0.58%	310
2011	21,901	1,138,150,825	5,385,000	0.47%	246
2012	21,901	1,118,846,531	4,065,000	0.36%	186
2013	21,901	1,117,614,534	7,735,000	0.69%	353
2014	21,899	1,091,376,635	5,700,000	0.52%	260
2015	21,738	1,074,884,509	7,754,464	0.72%	357
2016	21,901	1,090,202,412	10,290,129	0.94%	470
2017	21,499	1,132,186,985	11,028,785	0.97%	513

**Sources:**

- (1) U.S. Census Bureau
- (2) Ross County Auditor
- (3) Includes all general obligation bonded debt with the exception of Special Assessment debt.

CITY OF CHILLICOTHE, OHIO  
 COMPUTATION OF DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
 DECEMBER 31, 2017

JURISDICTION	GOVERNMENTAL ACTIVITIES DEBT OUTSTANDING	PERCENTAGE APPLICABLE TO CITY (1)	AMOUNT APPLICABLE TO CITY
<b>DIRECT - CITY OF CHILLICOTHE</b>			
CAPITAL LEASES	\$423,454	100.00%	\$423,454
LOANS PAYABLE	25,000	100.00%	25,000
GENERAL OBLIGATION BONDS	8,894,053	100.00%	8,894,053
<b>TOTAL DIRECT DEBT</b>	<b>9,342,507</b>		<b>9,342,507</b>
<b>OVERLAPPING</b>			
ROSS COUNTY	5,997,386	31.45%	1,886,178
CHILLICOTHE CITY SCHOOLS	41,785,904	92.00%	38,443,032
UNION-SCIOTO LOCAL SCHOOLS	1,216,079	19.37%	235,555
SOUTHEASTERN LOCAL SCHOOLS	1,315,701	1.69%	22,235
ZANE TRACE LOCAL SCHOOLS	347,125	1.07%	3,714
SCIOTO TOWNSHIP	518,953	82.73%	429,330
SPRINGFIELD TOWNSHIP	41,834	3.94%	1,648
<b>TOTAL OVERLAPPING DEBT</b>	<b>51,222,982</b>		<b>41,021,692</b>
<b>TOTAL</b>	<b>\$60,565,489</b>		<b>\$50,364,199</b>

**Sources:** Chillicothe City Auditor and Ross County Auditor

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

CITY OF CHILLICOTHE, OHIO  
LEGAL DEBT MARGIN  
LAST FIFTEEN YEARS

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Assessed Property Value	\$428,243,450	\$414,196,300	\$416,689,710	\$409,792,080	\$404,108,580	\$403,836,610	\$395,365,840	\$389,834,240	\$395,508,700	\$409,684,250
Overall Legal Debt Limit (10 1/2% of Assessed Valuation)	44,965,562	43,490,612	43,752,420	43,028,168	42,431,401	42,402,844	41,513,413	40,932,595	41,528,414	43,016,846
Debt Outstanding:										
General Obligation Bonds	1,140,000	870,000	660,000	450,000	355,000	4,850,000	4,550,000	4,495,000	7,479,813	8,715,822
General Obligation Bonds - Enterprise	1,685,000	1,595,000	1,510,000	1,415,000	1,320,000	1,215,000	1,150,000	3,170,000	2,635,000	2,095,000
General Obligation Revenue Bonds	6,675,000	5,665,000	4,615,000	3,520,000	2,390,000	1,215,000	0	0	0	0
OPWC Loans	75,675	63,063	50,450	37,838	25,225	12,613	0	0	0	0
Loan Payable	0	0	0	0	0	0	100,000	75,000	50,000	25,000
Notes Payable	3,000,000	4,800,000	4,400,000	8,341,000	7,681,000	2,441,000	2,741,000	0	0	0
Total Gross Indebtedness	12,575,675	12,993,063	11,235,450	13,763,838	11,771,225	10,188,613	8,541,000	7,740,000	10,164,813	10,835,822
Less:										
Notes Payable from Governmental Fund Revenues	2,800,000	4,800,000	4,400,000	5,100,000	4,640,000	0	300,000	0	0	0
Notes Payable from Enterprise Fund Revenues	0	0	0	3,241,000	3,041,000	2,441,000	2,441,000	0	0	0
Revenue Bonds Payable from Enterprise Fund Revenues	6,675,000	5,665,000	4,615,000	3,520,000	2,390,000	1,215,000	0	0	0	0
G.O. Bonds Payable from Enterprise Fund Revenues	1,685,000	1,595,000	1,510,000	1,415,000	1,320,000	1,670,000	1,150,000	3,170,000	2,635,000	2,095,000
OPWC Loan Payable from Governmental Fund Revenues	75,675	63,063	50,450	37,838	25,225	12,613	0	0	0	0
Loan Payable from Governmental Fund Revenues	0	0	0	0	0	0	100,000	75,000	50,000	25,000
Bond Retirement Fund Balance	16,326	16,591	16,646	16,646	16,646	16,646	16,646	16,646	16,646	16,646
Total Net Debt Applicable to Debt Limit	1,323,674	853,409	643,354	433,354	338,354	4,833,354	4,533,354	4,478,354	7,463,167	8,699,176
Legal Debt Margin Within 10 1/2% Limitations	\$43,641,888	\$42,637,203	\$43,109,066	\$42,594,814	\$42,093,047	\$37,569,490	\$36,980,059	\$36,454,241	\$34,065,247	\$34,317,670
Legal Debt Margin as a Percentage of the Debt Limit	97.06%	98.04%	98.53%	98.99%	99.20%	88.60%	89.08%	89.06%	82.03%	79.78%
Unvoted Debt Limitation (5 1/2% of Assessed Valuation)	\$23,553,390	\$22,780,797	\$22,917,934	\$22,538,564	\$22,225,972	\$22,211,014	\$21,745,121	\$21,440,883	\$21,752,979	\$22,532,634
Total Gross Indebtedness	12,575,675	12,993,063	11,235,450	13,763,838	11,771,225	10,188,613	8,541,000	7,740,000	10,164,813	10,835,822
Less:										
Notes Payable from Governmental Fund Revenues	2,800,000	4,800,000	4,400,000	5,100,000	4,640,000	0	300,000	0	0	0
Notes Payable from Enterprise Fund Revenues	0	0	0	3,241,000	3,041,000	2,441,000	2,441,000	0	0	0
Revenue Bonds Payable from Enterprise Fund Revenues	6,675,000	5,665,000	4,615,000	3,520,000	2,390,000	1,215,000	0	0	0	0
G.O. Bonds Payable from Enterprise Fund Revenues	1,685,000	1,595,000	1,510,000	1,415,000	1,320,000	1,670,000	1,150,000	3,170,000	2,635,000	2,095,000
OPWC Loan Payable from Governmental Fund Revenues	75,675	63,063	50,450	37,838	25,225	12,613	0	0	0	0
Loan Payable from Governmental Fund Revenues	0	0	0	0	0	0	100,000	75,000	50,000	25,000
Bond Retirement Fund Balance	16,326	16,591	16,646	16,646	16,646	16,646	16,646	16,646	16,646	16,646
Net Debt Within 5 1/2% Limitations	1,323,674	853,409	643,354	433,354	338,354	4,833,354	4,533,354	4,478,354	7,463,167	8,699,176
Unvoted Legal Debt Margin Within 5 1/2% Limitations	\$22,229,716	\$21,927,388	\$22,274,580	\$22,105,210	\$21,887,618	\$17,377,660	\$17,211,767	\$16,962,529	\$14,289,812	\$13,833,458
Unvoted Legal Debt Margin as a Percentage of the Unvoted Debt Limitation	94.38%	96.25%	97.19%	98.08%	98.48%	78.24%	79.15%	79.11%	65.69%	61.39%

Source: City Financial Records

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

YEAR	WATER SERVICE CHARGES AND INTEREST	DIRECT OPERATING EXPENSES (1)	NET AVAILABLE REVENUES	DEBT SERVICE			COVERAGE
				PRINCIPAL	INTEREST		
2008	\$4,367,330	\$2,893,049	\$1,474,281	\$985,000	\$290,950		1.16
2009	4,401,980	3,310,974	1,091,006	1,010,000	266,817		0.85
2010	4,439,150	2,863,090	1,576,060	1,050,000	226,417		1.23
2011	4,518,780	3,919,286	599,494	1,095,000	184,418		0.47
2012	3,749,394	2,770,143	979,251	1,130,000	147,188		0.77
2013	4,467,383	2,976,961	1,490,422	1,175,000	104,813		1.16
2014	4,343,590	3,056,584	1,287,006	1,215,000	60,750		1.01
2015	4,389,716	2,392,092	1,997,624	0	0		0.00
2016	4,276,662	2,921,545	1,355,117	0	0		0.00
2017	4,345,361	3,200,873	1,144,488	0	0		0.00

**Source:** City Auditor's Office

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

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

YEAR	SEWER SERVICE CHARGES AND INTEREST	DIRECT OPERATING EXPENSES (1)	NET AVAILABLE REVENUES	DEBT SERVICE		
				PRINCIPAL	INTEREST	COVERAGE
2008	\$3,233,799	\$2,419,443	\$814,356	\$265,000	\$13,515	2.92
2009	3,155,672	2,522,863	632,809	0	0	0
2010	3,086,853	3,165,581	(78,728)	0	0	0
2011	3,188,581	2,590,976	597,605	0	0	0
2012	2,658,330	2,382,254	276,076	0	0	0
2013	3,190,439	2,776,428	414,011	0	0	0
2014	3,026,390	2,448,510	577,880	0	0	0
2015	3,091,530	2,599,547	491,983	0	0	0
2016	3,044,372	2,485,787	558,585	0	0	0
2017	3,171,156	2,967,076	204,080	0	0	0

**Source:** City Auditor's Office

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

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

Year	Population (1)	Total Personal Income (5)	Personal			School Enrollment (2)	Unemployment Rate (3)	Total Assessed Property Value (4)
			Income Per Capita (1)	Median Age (1)	Income Per Capita (1)			
2008	21,796	416,325,396	19,101	40.0	3,137	8.0%	428,243,450	
2009	22,296	494,525,280	22,180	40.0	3,122	12.5%	414,196,300	
2010	21,901	468,528,093	21,393	40.0	3,118	10.8%	416,689,710	
2011	21,901	468,528,093	21,393	40.0	2,905	8.7%	409,792,080	
2012	21,901	468,528,093	21,393	40.0	3,051	8.2%	404,108,580	
2013	21,901	468,528,093	21,393	40.0	2,891	8.5%	403,836,610	
2014	21,899	476,872,624	21,776	40.0	3,073	6.3%	395,365,840	
2015	21,738	486,822,510	22,395	40.0	3,199	5.4%	389,834,240	
2016	21,901	504,358,129	23,029	40.0	3,344	5.2%	395,508,700	
2017	21,499	502,173,375	23,358	43.0	3,174	4.9%	409,684,250	

**Sources:**

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

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

2017			
Employer	Nature of Business	Employees	Percentage of Total City Employment
Wal-Mart	Retail	1,194	16.51%
Glatfelter Paper Company	Paper Industry	1,099	15.20%
Ross County	County Government	665	9.20%
Chillicothe City Schools	Education	621	8.59%
Ohio University-Chillicothe	College Campus	442	6.11%
City of Chillicothe	City Government	287	3.97%
Menards	Retail	273	3.77%
Lowe's	Retail	234	3.24%
Horizon Family of Companies	Communications	127	1.76%
Time Warner	Cable TV/Internet	114	1.58%
Total		<u>5,056</u>	<u>69.91%</u>
Total Employment Within the City		<u>7,232</u>	<u>100.00%</u>

2008			
Employer	Nature of Business	Employees	Percentage of Total City Employment
Glatfelter Paper Company	Paper Industry	1,297	3.80%
Ross County	County Government	850	2.49%
Wal-Mart	Retail	810	2.38%
Chillicothe City Schools	Education	707	2.07%
Ohio University-Chillicothe	College Campus	642	1.88%
City of Chillicothe	City Government	245	0.72%
Lowe's	Retail	228	0.67%
Horizon Family of Companies	Communications	214	0.63%
Time Warner	Cable TV/Internet	104	0.30%
American Electric Power	Utility Center	11	0.03%
Total		<u>5,108</u>	<u>14.98%</u>
Total Employment Within the City		<u>34,100</u>	<u>100.00%</u>

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



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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Government</b>										
Square Footage Occupied	39,577	39,577	39,577	39,577	39,577	39,577	39,577	39,577	39,577	39,577
Administrative Vehicles	0	0	0	0	0	0	0	0	0	0
Engineering Vehicles	10	9	9	9	9	9	9	8	7	3
Municipal Court Vehicles	2	2	2	2	2	2	2	3	4	2
Service Department Vehicles	34	34	34	34	35	34	36	40	43	42
<b>Police</b>										
Stations	1	1	1	2	2	2	2	2	2	2
Square Footage of Building	29,090	29,090	29,090	36,392	36,392	36,392	36,392	36,392	36,392	36,392
Vehicles	23	22	26	33	33	34	32	38	39	31
<b>Fire</b>										
Stations	3	3	3	3	3	3	3	3	3	3
Square Footage of Building	23,476	23,476	23,476	23,476	23,476	23,476	23,476	23,476	23,476	23,476
Vehicles	30	27	27	27	28	28	27	26	26	19
<b>Recreation</b>										
Number of Parks	12	12	13	13	13	13	13	13	13	13
Number of Pools	1	1	1	1	1	1	1	1	1	1
Number of Tennis Courts	4	4	4	4	4	4	4	4	4	4
Number of Baseball Diamonds	13	13	13	13	13	13	13	13	13	13
Number of Tot Lots	4	4	4	4	4	4	4	4	4	6
Number of Soccer Fields	8	8	8	8	8	8	8	8	8	8
Vehicles	22	21	21	21	22	22	23	25	25	26
Volleyball Courts	0	0	0	0	0	0	0	0	0	3
<b>Floodwall</b>										
Miles	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
<b>Transportation</b>										
Square Footage of Building	26,157	26,157	18,855	18,855	18,855	18,855	18,855	18,855	18,855	18,855
Vehicles	21	24	21	23	16	20	20	24	23	25
<b>Water Department</b>										
Water Lines (miles)	133	133	133	136	136	136	136	136	136	137
Vehicles	20	20	21	21	19	19	19	21	21	16
<b>Sewer Department</b>										
Sewer Lines/Storm Sewer (miles)	103	103	103	105	105	106	106	106	106	106
Vehicles	26	26	28	29	25	26	26	14	14	21

Sources: Chillicothe City Auditor and Chillicothe City Engineer

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Government										
Council	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Auditor	6.5	6.5	5.5	4.5	4.5	4.5	4.5	4.5	5	4.5
Income Tax	3	3	3	3	2	2	3	3	3	3
Treasurer	1	1	1	1	1	1	1	1	1	1
Mayor	6.5	5.5	4.5	4.5	4.5	4.5	3.5	3.5	3.5	4
Law Director	7	7	6.5	5.5	6	5	5	5	6	6
Engineering	7	6	7	6	6	6	6	5	5	5.5
Civil Service	1	2.5	2.5	2.5	2.5	2.5	0	0	1.5	1.5
Municipal Court	24.5	23.5	23.5	23	21.5	23	19	22	22	20.5
Security of Persons and Property										
Police	53.5	54.5	50	51	50.5	48	44	46	53	53
Fire	47	47	42	47	47	44	43	39	43	45
School Crossing Guards	7.5	7.5	0	0	0	0	0	0	0	0
Traffic Control-Meters	1	1	0	0	0	0	0	0	1	1
Leisure Time Activities										
Parks	5	5	4	4	4	1	1	1.5	3	3
Recreation	5	4	3	3	3	3	5	3.5	4	5
Transportation										
Service	25.5	27	22	20	20	18	17	17	14	24
Transit	24	24	23	23	23	31	30.5	31	33	41
Basic Utility Services										
Water	28	29	25.5	28.5	28	27	26.5	26	26.5	25.5
Sewer	18.5	17.5	16.5	17	16.5	16	15	16	15	15
Totals:	277	277	245	249	245.5	242	229.5	229.5	245	264

**Source:** City Payroll Department W-2 Audit Listing  
**Method:** Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee at year end.

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>General Government</b>										
<i>Council and Clerk</i>										
Number of Ordinances Passed	166	158	103	125	103	107	115	133	95	115
Number of Resolutions Passed	25	26	19	20	22	19	16	16	17	28
Number of Planning Commission Docket Items	11	6	10	10	12	10	12	12	16	13
Zoning Board of Appeals Docket Items	35	23	32	20	21	19	9	18	21	18
Design & Review Board Docket Items	32	55	27	32	37	41	35	40	49	32
<i>Finance Department</i>										
Number of Checks/Vouchers Issued	5,646	6,290	5,185	5,197	5,482	4,853	5,144	5,289	4,798	5,221
Amount of Checks Written	\$33,538,991	\$42,906,483	\$34,508,413	\$38,000,816	\$43,661,426	\$44,304,621	\$34,821,093	\$34,912,698	\$29,655,614	\$29,523,145
Interest Earnings for fiscal year (cash basis)	\$335,401	\$203,115	\$59,358	\$54,710	\$34,509	\$17,995	\$16,882	\$15,131	\$46,212	\$56,528
Number of Receipts Issued	2,036	2,340	2,491	2,194	2,049	2,047	2,398	2,325	2,216	3,054
Agency Ratings - Moody's Financial Services	A2	A2	A2	A2	A2	A2	A2	A2	A2	A2
General Fund Receipts (cash basis)	\$16,144,252	\$19,634,492	\$16,075,288	\$18,270,177	\$17,611,705	\$18,020,422	\$16,175,260	\$16,385,326	\$18,509,640	\$19,797,937
General Fund Expenditures (cash basis)	\$16,590,076	\$19,145,869	\$17,039,755	\$18,494,994	\$20,203,210	\$18,698,612	\$16,583,845	\$16,002,738	\$17,918,806	\$18,218,572
General Fund Cash Balances	\$2,678,364	\$3,520,378	\$2,587,572	\$2,772,711	\$1,022,988	\$1,191,040	\$1,144,727	\$1,770,329	\$2,010,718	\$2,667,376
<i>Income Tax Department</i>										
Number of Individual Returns	7,864	8,176	6,715	12,665	8,180	7,116	5,979	6,489	6,251	6,383
Amount of Business Returns	2,239	2,359	2,141	2,888	2,338	2,177	1,899	2,022	2,082	1,982
Number of Business Withholding Accounts	1,960	1,952	1,862	1,968	2,087	2,206	2,127	2,086	\$2,239	\$2,224
Amount of Penalties and Interest Collected	\$54,444	\$107,958	\$63,209	\$49,456	\$45,888	\$34,077	\$61,556	\$119,010	69,032	78,576
Annual Number of Corporate Withholding Forms Processed	10,864	11,365	11,530	11,835	11,937	11,877	11,941	13,190	16,614	16,344
Annual Number of Balance Due Statements Forms Processed	1,908	1,948	1,985	1,683	1,662	1,403	1,403	1,658	1,356	1,328
Annual Number of Estimated Payment Forms Processed	2,440	2,414	1,892	2,053	2,094	1,823	1,378	1,576	1,696	1,502
Annual Number of Reconciliations of Withholding Processed	1,677	1,714	1,347	1,526	1,360	1,658	1,698	1,732	1,821	1,981
<i>Engineering Department</i>										
Dollar Amount of Construction Overseen by Engineer	\$1,200,000	\$1,000,000	\$700,000	\$700,000	\$500,000	\$1,500,000	\$1,200,000	\$1,200,000	\$1,200,000	\$1,893,070
<i>Municipal Court</i>										
Number of Civil Cases	2,027	1,895	1,568	1,634	1,698	1,384	1,292	1,311	1,392	1,793
Amount of Criminal Cases	4,720	4,122	3,684	4,110	3,590	3,737	3,348	3,082	3,853	4,228
Amount of Traffic Cases	10,327	10,121	8,663	9,023	10,014	8,500	9,617	9,267	9,934	9,547
Amount of Small Claims Cases	435	229	163	146	155	142	256	274	244	270

Source: Departments of the City of Chillicothe

continued

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

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<i>Civil Service</i>										
Number of Police Entry Tests Administered	0	108	52	0	56	0	71	1	0	110
Number of Fire Entry Tests Administered	0	57	0	66	0	0	0	0	1	43
Number of Police Promotional Tests Administered	0	14	0	5	4	0	10	3	0	5
Number of Fire Promotional Tests Administered	6	0	1	16	0	14	0	2	0	0
Number of Hires of Police Officers from Certified Lists	0	5	0	4	2	0	2	7	8	1
Number of Hires of Fire Medics Officers from Certified Lists	0	0	0	8	6	0	2	2	3	0
Number of Promotions from Police Certified Lists	0	2	0	0	2	0	1	4	0	0
Number of Promotions from Fire Certified Lists	0	0	0	6	2	4	2	1	2	0
<i>Building Department Indicators</i>										
Construction Permits Issued	13	11	10	8	10	8	12	11	16	6
Estimated Value of Construction	\$16,967,414	\$17,823,496	\$18,217,008	\$12,635,438	\$22,245,181	\$2,139,000	\$2,430,000	\$2,007,034	\$3,678,195	\$1,885,000
Number of Permits Issued	849	947	901	867	1,099	902	798	857	742	681
Amount of Revenue Generated from Permits	\$127,646	\$79,438	\$79,257	\$117,985	\$123,461	\$141,653	\$179,793	\$194,320	\$198,007	\$246,735
Number of Contractor Registrations Issued	344	377	344	374	270	190	300	297	350	185
Revenue Generated from Above 1	\$3,306	\$3,413	\$2,764	\$1,970	\$13,500	\$3,291	\$5,701	\$4,432	\$3,500	\$18,500
<i>Police Department</i>										
Total Calls for Service	25,610	25,984	24,162	24,429	25,457	23,047	23,245	24,557	27,700	28,304
Number of Traffic Citations Issued	3,008	1,995	2,165	3,144	3,277	2,346	2,465	1,978	2,795	3,070
Number of Parking Citations Issued (2)	3,400	2,229	1,134	N/A	N/A	N/A	N/A	N/A	517	2,075
Number of Criminal Arrests	5,010	3,790	2,462	2,808	3,414	3,130	2,941	2,984	4,064	5,092
Number of Accident Reports Completed	1,121	1,033	1,251	916	1,189	1,225	1,375	1,289	1,262	1,147
DUI Arrests	187	176	100	101	97	101	85	97	183	139
Prisoner costs for room and board	\$375,252	\$372,985	\$369,559	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Motor Vehicle Accidents	771	724	902	710	843	858	1,006	896	958	891
Property Damage Accidents	350	309	349	366	346	367	369	393	304	256
Faultities from Motor Vehicle Accidents	0	1	0	0	3	0	0	1	1	0
Gasoline Costs of Fleet	\$75,859	\$63,199	\$87,492	\$115,574	\$124,490	\$112,069	\$107,862	\$53,367	\$51,510	\$69,487
DARE Program hours	1,440	1,600	1,600	1,680	1,600	1,600	1,600	1,600	1,600	1,600
<i>Fire Department</i>										
EMS Calls	4,911	5,134	5,045	5,407	5,079	4,618	4,893	4,866	5,316	5,399
Ambulance Billing Collections (net)	\$893,804	\$1,030,299	\$1,128,158	\$1,224,578	\$1,105,372	\$1,120,547	\$1,127,057	\$994,663	\$1,035,755	\$1,079,703
Fire Calls	795	681	777	823	796	704	692	840	997	919
Fires with Loss	52	35	40	54	42	42	29	39	69	62
Fires with Losses Exceeding \$10K	4	7	10	16	19	15	8	11	13	14
Fire Losses \$	\$931,810	\$255,490	\$2,062,830	\$628,110	\$2,383,260	\$379,250	\$393,201	\$515,667	\$696,453	\$550,870
Fire Safety Inspections	100 plus	100 plus	75	75	220	400 plus	515	500	673	538
Number of Times Mutual Aid Given to Fire	7	0	0	0	1	4	0	4	11	21
Number of Times Mutual Aid Received for Fire	0	7	2	0	0	1	1	5	2	3
Number of Injuries Requiring Medical Attention	4	3	19	7	7	2	2	1	3	1
Faultities Due to Fire	1	2	2	0	0	0	0	0	0	2

Source: Departments of the City of Chillicothe

(2) Parking citation data ends in July of 2010 because of the layoff of the City's parking enforcer. And begins again in 2016 after the reinstatement of the parking enforcer position.

continued

CITY OF CHILlicothe, OHIO  
OPERATING INDICATORS BY FUNCTION /PROGRAM  
LAST TEN YEARS

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>Leisure Time Activities</b>										
<i>Recreation Department</i>										
Recreation Swimming Pool Receipts	\$92,861	\$48,588	\$49,537	\$62,176	\$88,019	\$61,131	\$71,006	\$61,315	\$77,083	\$87,426
Recreation Mens, Women & Chillicothe Leagues Receipts	\$25,315	\$25,790	\$22,572	\$24,775	\$0	\$0	\$0	\$0	\$4,700	\$1,400
Number of Tree License Issues	19	19	20	17	0	8	13	13	20	17
Amount of Revenue from Tree License	\$475	\$475	\$500	\$425	\$0	\$200	\$425	\$325	\$1,425	\$425
Total Acreage all Parks	225	876	876	876	876	876	876	876	876	876
<b>Transportation</b>										
<i>Street Construction &amp; State Highway</i>										
Street Sweeper (hours)	1,100	1,000	950	900	0	950	1,050	900	950	950
Cold Patch (hours)	1,600	1,500	1,700	2,000	0	1,800	2,080	2,000	2,050	2,050
Snow and Ice Removal (regular hours)	200	300	400	150	221	215	400	850	96	100
Snow and Ice Removal (overtime hours)	200	449	452	332	0	350	375	877	0	100
Leaf Collection (hours)	3,000	3,000	2,000	2,000	0	3,000	3,500	3,200	3,300	3,300
Downtown Square Repair after Events (hours)	75	75	50	50	0	68	75	70	75	80
Tons of Snow Melting Salt Purchased (Nov-Mar)	151	810	692	791	642	721	954	950	240	300
Cost of Salt Purchased	\$6,054	\$48,096	\$43,973	\$50,201	\$40,754	\$33,357	\$66,031	\$79,999	\$11,087	\$19,551
<b>Basic Utility Services</b>										
<i>Refuse Department</i>										
Refuse Disposal per year (in tons) August through July	8,124	7,566	8,261	7,599	7,954	7,895	7,548	7,514	7,654	6,799
Refuse Disposal cost per year August through July	\$286,340	\$290,408	\$290,000	\$252,335	\$234,749	\$282,233	\$268,151	\$281,235	\$286,413	\$254,407
<i>Water Department (2)</i>										
Water Rates per 1st 300 Cu ft of Water Used (Inside City) bimonthly	14.48	14.48	14.48	11.68	11.92	12.40	12.40	12.65	12.65	12.65
Water Rates per 1st 300 Cu ft of Water Used (Outside City) bimonthly	21.71	21.71	21.71	17.54	17.89	18.61	18.61	18.99	18.85	18.99
Total Water Collections Annually (including P&I)	\$4,242,825	\$4,233,031	\$4,370,433	\$3,835,549	\$0	\$3,927,993	\$4,236,920	\$4,160,214	\$4,407,356	\$4,062,891
Number of Active Customers	9,153	9,167	9,151	9,196	0	9,300	9,360	9,417	10,133	9,455
<i>WasteWater Department (3)</i>										
Sewer Rates per 1st 300 Cu ft of Water Used (Inside City) bimonthly	11.74	11.74	11.74	8.58	8.75	9.11	9.11	9.29	9.60	9.60
Sewer Rates per 1st 300 Cu ft of Water Used (Outside City) bimonthly	17.61	17.61	17.61	12.84	13.10	13.64	13.64	13.91	14.37	14.37
Total Flow of Wastewater Treatment Plant (Millions of Gallons)	1009,626	934,845	901,546	1015,795	\$74,905	\$77,677	\$74,301	\$45,500	\$78,030	\$78,670
Tons of Dry Sludge Removed	313,360	341,000	481,480	291,220	337,440	388,859	391,840	346,000	373,460	300,060
Wastewater Calls for Service	250	19	250	200	200	250	230	109	204	240
After Hours Wastewater Calls for Service (hours)	596	76	300	250	250	300	330	142	326	320
Sewer Jet, Vac-all, other services (hours)	953	1,000	1,500	1,500	2,500	3,000	3,500	3,000	3,400	3,200

**Source:** Departments of the City of Chillicothe

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

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

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# Dave Yost • Auditor of State

CITY OF CHILLICOTHE

ROSS COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
SEPTEMBER, 18 2018