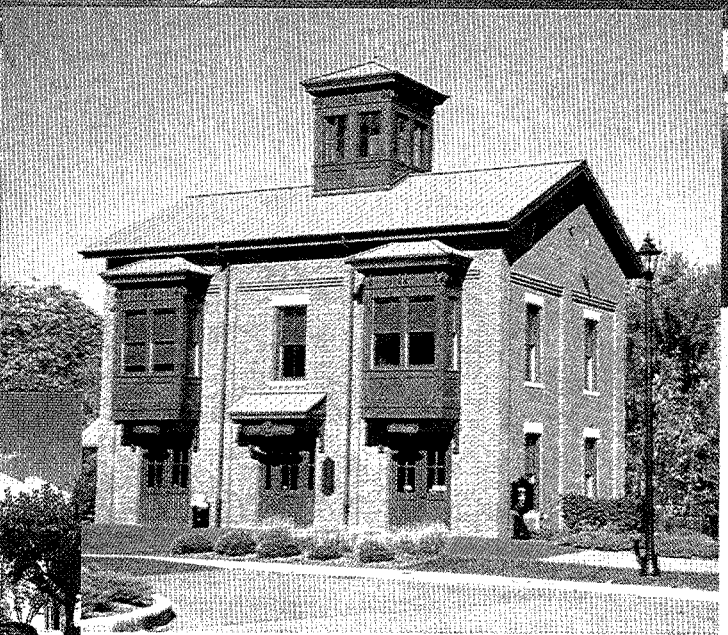


Kenia, Ohio

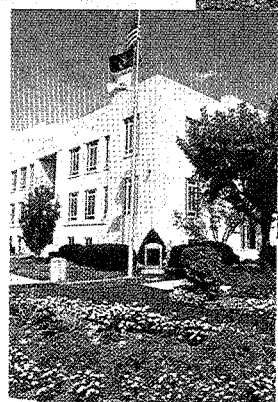
City of Hospitality



Shawnee Park



Kenia Statron



City Hall

Comprehensive Annual Financial Report

For the year Ended
December 31, 2005



**Auditor of State
Betty Montgomery**

Members of Council
City of Xenia
101 North Detroit Street
Xenia, Ohio 45385

We have reviewed the *Independent Auditor's Report* of the City of Xenia, Greene County, prepared by Kennedy, Cottrell + Associates, LLC for the audit period January 1, 2005 through December 31, 2005. 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 Xenia is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

August 8, 2006

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THE CITY OF XENIA, OHIO

GREENE COUNTY

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2005**

**Prepared by:
Department of Finance**

**Mark A. Bazalak
Finance Director**

**Rebecca Louderback
Assistant Finance Director**

**Ryan Duke
Finance Technician**



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GREENE COUNTY, OHIO

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INTRODUCTORY SECTION





Department of Finance

101 North Detroit Street • Xenia, Ohio 45385-2996 • Bus. (937) 376-7235 • Fax (937) 374-1818

June 30, 2006

President of City Council,
Honorable Mayor and Council
City of Xenia, Ohio

Dear Ladies and Gentlemen:

The Comprehensive Annual Financial Report of the City of Xenia, Ohio for the fiscal year ended December 31, 2005 is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City's Finance Department. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City of Xenia's financial activities have been included.

Generally Accepted Accounting Principles 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 MD&A and should be read in conjunction with it. The City of Xenia's MD&A can be found immediately following the report of the independent accountants.

The City of Xenia is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1996 and U.S. Office of Management and Budget Circular A-133, "Audits of State and Local Governments". Information related to this single audit can be found in a separate audit report.

The City of Xenia provides a full range of services. These services include police and fire protection; ambulance and paramedic services; water, sewer and sanitation services; the construction and maintenance of highways, streets and infrastructure; zoning and planning services; and recreational activities. In addition to general government activities, the reporting entity of the City of Xenia includes the Xenia Economic Growth Corporation (XEGC), a discretely presented component unit.

MAJOR INITIATIVES

For the Year

The City has continued to establish and work towards clearly defined goals and objectives. During the budget review process, goals and objectives are developed and prioritized by the City Council and City Staff. The goal and objective setting process drives the organization. It is a continuing cycle of reviewing short and long-term goals, setting goals and objectives, evaluating the results, and reassessing short and long-term goals and their priority. In preparing the 2005 budget, the City identified several major programs/projects needed to meet citizens' needs for cost effective services, to comply with applicable mandated federal and state requirements and to maintain the City's infrastructure.

- v -

City of Hospitality

An Equal Opportunity Employer

Letter of Transmittal

For the Year Ended December 31, 2005

These programs/projects include:

- In – house completion of the Towler Road bridge project
- Award of contracts for the City’s communication center upgrade including all equipment, an upgrade of the City financial system, and the development of an upgraded website
- Began Fire Station 1 renovation
- Award of contract for the upgrade of the City’s network equipment
- U.S. 68 and Patton Street traffic signalization and intersection improvements
- Implemented a video conferencing system for municipal court
- Completed the reconstruction of West Third Street
- Began installation of a new water main on Stelton Road
- Completed the installation of centrifugal blowers at the Ford Road wastewater treatment plant
- Continued the multiyear program of slip lining old and deteriorated sewer mains

For the Future

Maintenance and future expansion of the City's infrastructure remain a major concern of the City Council and City administration. The City has continued to maintain, review and update yearly a five-year capital improvement program that provides a framework for the maintenance and expansion of the infrastructure to meet current and future needs. The City Council has taken a strong leadership role in this area to ensure that public infrastructures are maintained and will be in place to facilitate continuing economic development.

The City has continued an aggressive program to improve and increase services and to repair, replace and expand its public facilities, streets and utilities systems. The utilization of the State's Issue 2 and Local Transportation Improvement Program has helped fund sixteen (16) such projects totaling \$4,323,157 since their inception.

The major projects planned for 2006 are to complete the traffic signalization and construction of intersection improvements at U.S. 68 and Patton; engineering for a major traffic signalization project within the closed loop system for the City; continuing the implementation of the new financial system software; implementation of an upgraded City website; beginning the installation of a new digital phone system; completion of the communications center equipment upgrades; water main, storm sewer, street reconstruction, and sidewalk improvements on South Galloway Street; replacement of water and sewer mains on Church Street; sand filter and under drain replacement; completion of the fire station 1 renovation; and the completion of water main installation on Stelton road. In the area of economic development, the City of Xenia will continue to provide financial and marketing assistance to promote retention and expansion of existing businesses and to attract new business. In the area of commercial development the city looks forward to the development of Progress Center with Lowe’s and the Wal-Mart Super Center. The City is aggressively pursuing annexation to increase the availability of suitable sites for economic development. The sites will be developed as environmentally clean industrial/commercial parks. Finally, with the enactment of legislation in 1989 designating the entire City as a rural enterprise zone for possible partial tax abatement for real and personal property taxes, all the economic development tools and resources are in place for the future. The City is optimistic that the investment made in its infrastructure and economic development program will continue to increase its economic base and quality of life for its citizens.

Letter of Transmittal

For the Year Ended December 31, 2005

The dream of a hike/bike trail between Xenia and Yellow Springs became a reality with its completion in October of 1992 as part of the Little Miami Scenic Trail. The Little Miami Scenic Trail is part of an 80-mile network that extends from eastern Cincinnati to Springfield. During 1993 the H-Connector hike/bike transportation system design was started and the design work was completed in 1996. The H-Connector will utilize railroad right-of-way purchased by the City and other local jurisdictions to connect the Little Miami Scenic Trail commencing at Hedges Road South of Xenia, with the Mad River Bikeway and the Great Miami Trail in Dayton. The construction of the H-Connector spoke to link it with the Ohio to Erie bicycle trail was completed in 1998. Besides providing recreation to the citizens of Xenia, the bikeways will undoubtedly attract many biking and hiking enthusiasts from outside the Xenia area, which will bolster the local economy in future years.

In conjunction with the H-Connector project, the City acquired approximately seven acres of railroad property in southern Xenia adjacent to the Little Miami Scenic Trail bikeway and constructed the "Xenia Station" bicycle transportation hub, a replica railway telegraph office, which opened in May of 1998. The construction of the Little Miami Scenic Trail bikeway from Hedges Road to the Xenia Station site was completed in June 1997 and the construction of the H-Connector bikeway from the Little Miami Scenic Trail to the Mad River bikeway was completed in the fall of 1997. These sites provide recreation to the citizens of Xenia and have attracted many biking and hiking enthusiasts from outside the Xenia area, which will continue to bolster the local economy into future years.

FINANCIAL INFORMATION

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

Single Audit

As a recipient of federal and state financial assistance, the city also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluation and internal audit by City management. As part of the City's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state assistance programs, as well as to determine that the City has complied with applicable state and local laws and regulations. The results of the City's single audit for the fiscal year ended December 31, 2005 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

**Letter of Transmittal
For the Year Ended December 31, 2005**

Budgeting Controls

The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the level of personnel services, operating expenses, and capital outlay through an appropriations ordinance passed by City Council. The appropriation ordinance controls expenditures by fund except for the general fund where it is controlled by department. Only City Council may transfer appropriations between personnel services and operating expenses, or between operating and capital outlay, or between capital outlay and personnel services. In addition, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriations budget approved by the City Council. Activities of all of the City's funds are included in the appropriations budget. The City's budget is based upon accounting for transactions on a basis of cash receipts and cash disbursements rather than on the basis of generally accepted accounting principles that measure revenues and expenditures using the accrual or modified accrual basis of accounting. The City also maintains a purchase order and encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts carry-over at year-end and are re-appropriated as part of the following year's budget.

Cash Management

The City invests in bank savings accounts, treasuries, federal agency securities, instrumentalities, and certificates of deposits having maturities of not more than five years. The City requires collateral for public funds on deposit in accordance with the Ohio Revised Code and City Ordinances.

The following is a summary of the City's investment activities:

	<u>2005</u>	<u>2004</u>
Average monthly investments	\$10,336,199	\$10,208,637
Average Yield	2.7%	2.6%
Total investment earnings	\$273,914	\$262,787

*Investments earnings were restated due to an adjustment in amortization for premium on Investments held by the City of Xenia thru December 31, 2004.

This is an increase in investment earnings of \$11,127 or 4.2% from 2004. This was due to higher interest rates and a higher investment balance.

The City's investment policy is to minimize credit and market risks while earning a competitive yield on its surplus balances. Accordingly, deposits were either insured by federal depository insurance or collateralized. All collateral on deposits was held either by the City's agent or a financial institution's trust department with the pledged securities not in the City's name, surety bond, or by single financial institution's collateralized pool as permitted by Section 135.181 of the Ohio Revised Code. Essentially all the City's investments are in the State Treasury Asset Reserve of Ohio, treasuries, federal agencies, and instrumentalities.

***Letter of Transmittal
For the Year Ended December 31, 2005***

Risk Management

The City of Xenia is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the City of Xenia participates in the Ohio Government Risk Management Plan. This program is a fully reinsured product that provides for 100% "transfer" of risk over the prior year.

OTHER INFORMATION

Independent Audit

State statutes require an annual audit by the State Auditor's Office or, at the State Auditor's discretion, an independent certified public accounting firm. The City and the State Auditor's Office selected the firm of Kennedy, Cottrell + Associates, Inc. to perform the 2005 audit of the City. The auditors' unqualified opinion is included in the Financial Section of this report.

Awards

The Government Finance Officer's Association (GFOA) awarded the Certificate of Achievement for Excellence in Financial Reporting to the City of Xenia for its comprehensive annual financial report for the year ended December 31, 2004. This was the twenty-second consecutive year that the City has received the prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. The report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of only one year. We believe our current report will also conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Finance Department. I would like to express my appreciation to all members of the Finance Department and especially to the Assistant Finance Director.

In closing, without the leadership and support of the Mayor and City Council and support of the entire City staff, preparation of this report would not have been possible.

Respectfully submitted,



Mark A. Bazelak
Finance Director

CITY OF XENIA, OHIO

**List of Principal Officials
For the Year Ended December 31, 2005**

CITY COUNCIL

Patricia L. Felton	President
William R. (Bill) Miller	Vice President
John T. Saraga	Mayor
Dr. Lee G. Esprit, Jr.	
Lawrence W. Gordon	
Phyllis A. Pennewitt	
Dr. Eric V. A. Winston	

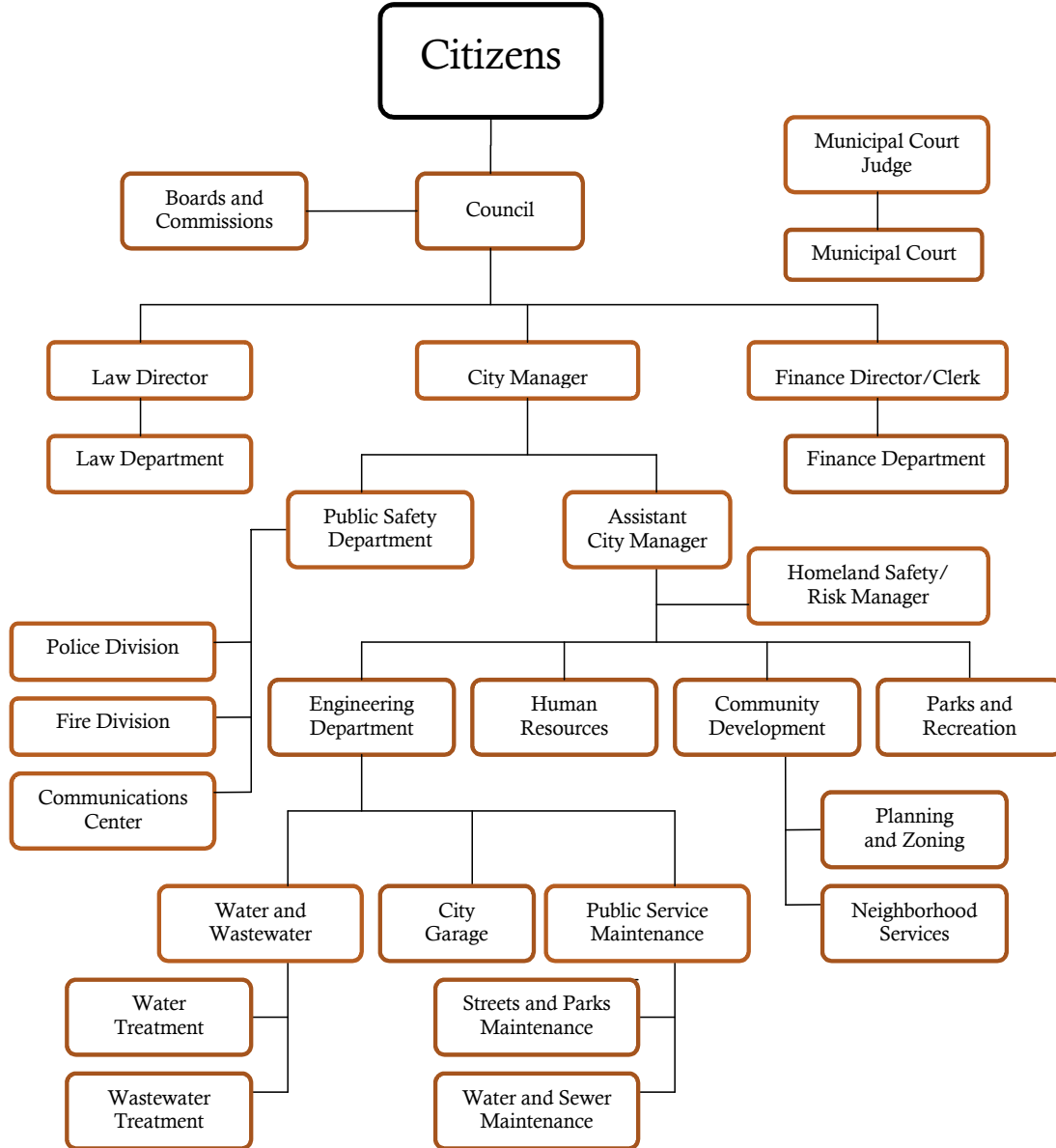
APPOINTED OFFICIALS

Ronald C. Lewis	Law Director
Mark A. Bazalak	Finance Director
William P. Barlow III	City Manager

DEPARTMENT OF FINANCE STAFF

Mark A. Bazalak	Finance Director	
Rebecca A. Louderback	Assistant Finance Director	
Diana Steck	Accounts Receivable Manager	Effective 3/7/2005
Edgar Cardenas	Programmer/Analyst/MIS	
Grant Kelly	Computer Technician	
Michelle Johnson	Secretary to Finance Director/City Clerk	
Ryan Duke	Finance Technician /Finance Office	Effective 1/12/2005
Mary E. Jordan	Finance Clerk/Finance	
Bill McCarthy	Finance Clerk/Finance	
Kathy A. Andrews	Finance Clerk/Income Tax	
Anne Free	Finance Clerk/Income Tax	
Mary Ann Richardson	Finance Clerk/Income Tax	
Dennis W. Evans	Finance Clerk/Utility Billing	
Denise Estle	Finance Clerk/Utility Billing	
Rebecca Moore	Finance Clerk/Utility Billing	
Julie Willis	Finance Clerk/Utility Billing	

**City Organizational Chart
For the Year Ended December 31, 2005**



Commissions

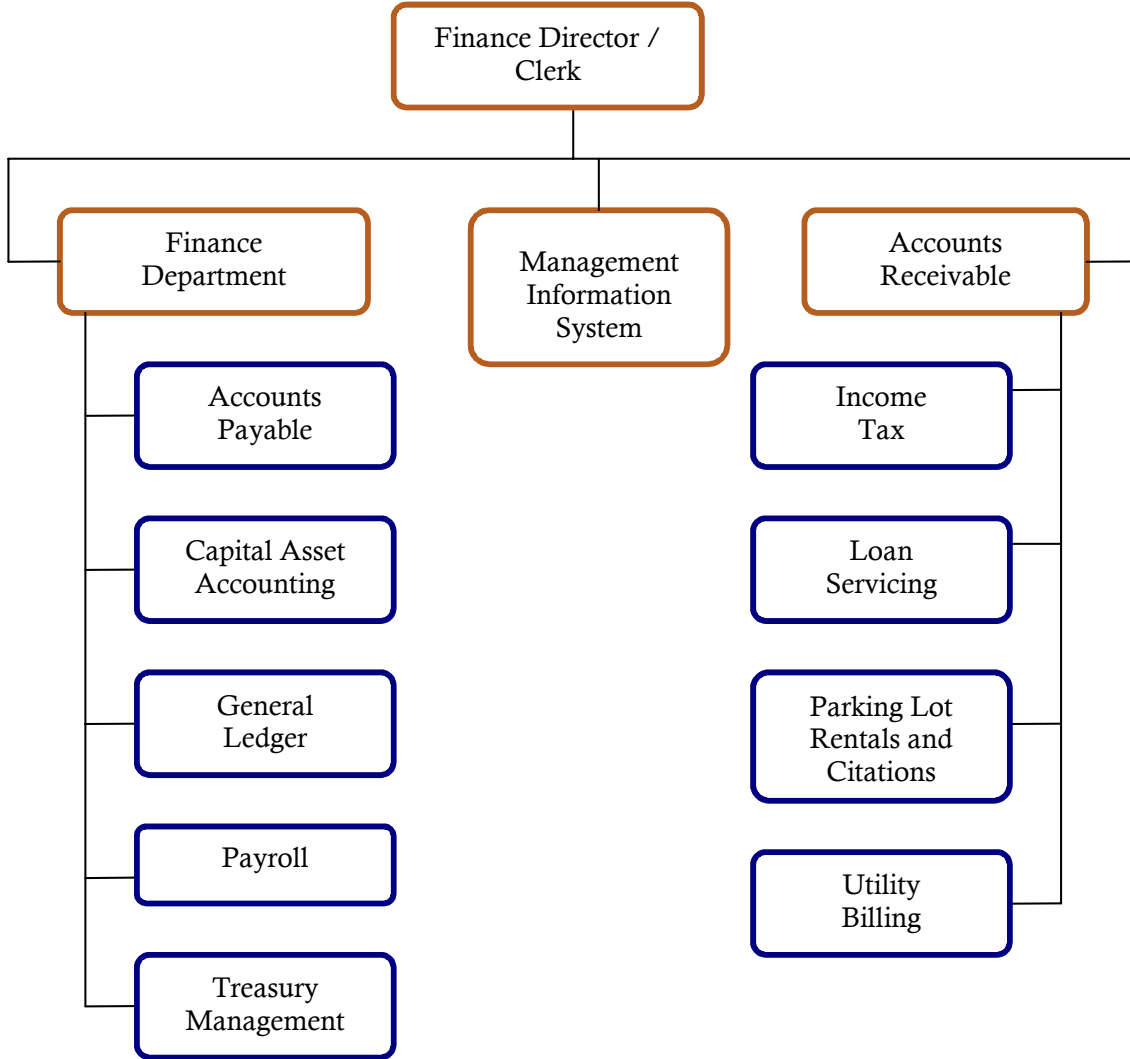
- Records
- Traffic Commission
- Beautification & Environmental
- Community Relations
- Civil Service
- Planning

Boards

- Loan Trust
- Tax Appeals
- Zoning Appeals
- Recreation Arts & Cultural Activities

Xenia Economic Growth Corporation

**Finance Department Organizational Chart
For the Year Ended December 31, 2005**



Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Xenia,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

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



Carla E. Perry

President

Jeffrey R. Emmer

Executive Director



FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Xenia, Ohio

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, the aggregate remaining fund information of the City of Xenia, Greene County, Ohio (the City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As described in Note 4, during the year, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 40 "*Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3.*"

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2005, the respective changes in financial position and cash flows, and, and the respective budgetary comparison for the General Fund and State Gas and Vehicle License Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2006 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual non-major fund financial statements and budgetary comparison schedules, schedules of capital assets used in the operation of governmental funds, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual non-major fund financial statements and budgetary comparison schedules, as well as the schedules of capital assets used in the operation of governmental funds, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Kennedy, Cottrell + Associates LLC

Kennedy, Cottrell + Associates
June 28, 2006

The discussion and analysis of Xenia City's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2005. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for 2005 are as follows:

The total change in the net assets of Xenia City was \$1,770,511. Net assets of governmental activities increased \$1,347,824, which represents a 3.3% increase from 2004. Net assets of business-type activities increased by \$422,687 or 2.2% from 2004.

General revenues accounted for \$13.4 million or 52.5% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$12.1 million or 47.9% of total revenues of \$25.5 million

The total assets of governmental activities increased by \$2,250,149 because capital assets, net of accumulated depreciation, increased by \$850,131. Current and other assets increased \$1,400,018.

The City had \$15.6 million in expenses related to governmental activities; \$3.8 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$13.3 million provided additional support for these programs.

In 2004 the income tax fund was combined with the general fund. The general fund had \$14.2 million in revenues and \$13.5 million in expenditures. The general fund balance decreased \$321,001 to \$3,739,243.

Net assets for enterprise funds increased in 2005, in part, because revenues were up due to an increase in utility rates and because Community Development Block Grant (CDBG) funds were received.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – management's discussion and analysis, the basic financial statements, required supplementary information, and an optional section that presents combining statements for nonmajor governmental funds, nonmajor enterprise funds and internal service funds. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

The Government-Wide Financial Statements – These statements provide both long-term and short-term information about the City's overall financial status.

The Fund Financial Statements – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Government-wide Financial Statements

The government-wide financial statements report information about the City as a whole, including the Xenia Economic Growth Corporation (XEGC), the City's discretely presented component unit, using accepted methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide financial statements report the City's net assets and how they have changed. Net-assets (the difference between the City's assets and liabilities) are one way to measure the City's financial health or position.

Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the City, additional non-financial factors such as property tax base and current property tax laws as well as diversification in income tax base must be considered.

The government-wide financial statements of the City (primary government) are divided into two categories:

Governmental Activities – Most of the City's program's and services are reported here including public safety, public health and welfare services, recreation, community development, highways and streets, and general government.

Business-Type Activities – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. All of the City's enterprise activities are reported as business-type activities.

A separately issued audit report containing financial statements is available from XEGC at 181 W. Main Street, Xenia, Ohio 45385.

Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes.

Governmental Funds – Most of the City’s activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the City’s general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance city services and programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City’s own programs. All of the City’s fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table shows a comparison of net assets between 2004 and 2005.

	Governmental Activities 2005	Governmental Activities 2004	Business-type Activities 2005	Business-type Activities 2004	Total 2005	Total 2004
Current and other assets	\$13,133,227	\$11,733,209	\$7,275,521	\$6,650,545	\$20,408,748	\$18,383,754
Capital assets, net	36,246,640	35,396,509	21,456,715	22,066,203	57,703,355	57,462,712
Total assets	49,379,867	47,129,718	28,732,236	28,716,748	78,112,103	75,846,466
Long-term debt outstanding	3,405,470	3,531,384	8,501,712	9,016,026	11,907,182	12,547,410
Other liabilities	3,294,164	2,265,925	428,854	321,739	3,723,018	2,587,664
Total liabilities	6,699,634	5,797,309	8,930,566	9,337,765	15,630,200	15,135,074
Net assets						
Invested in capital assets net of related debt	34,165,799	33,210,938	14,508,761	14,640,414	48,674,560	47,851,352
Restricted	4,210,533	7,174,753	0	0	4,210,533	7,174,753
Unrestricted	4,303,901	946,718	5,292,909	4,738,569	9,596,810	5,685,287
Total net assets	\$42,680,233	\$41,332,409	\$19,801,670	\$19,378,983	\$62,481,903	\$60,711,392

CITY OF XENIA, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2005**

Unaudited

Change in Net Assets – The following table shows the changes in net assets for the fiscal year 2005 compared to 2004.

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2005	2004	2005	2004	2005	2004
Revenues						
Program Revenues						
Charges for services and sales	\$2,926,319	\$3,089,068	\$7,756,825	\$7,210,813	\$10,683,144	\$10,299,881
Operating grants and contributions	231,267	272,929	1,370	0	232,637	272,929
Capital grants and contributions	593,807	570,813	626,408	489,541	1,220,215	1,060,354
General Revenues:						
Income taxes	8,240,773	7,911,246	0	0	8,240,773	7,911,246
Other local taxes	1,351,473	1,788,046	0	0	1,351,473	1,788,046
Motor vehicle and gasoline taxes	1,417,159	1,636,792	0	0	1,417,159	1,636,792
Intergovernmental, unrestricted	1,878,121	1,295,779	0	0	1,878,121	1,295,779
Investment earnings	120,947	139,560	94,443	109,240	215,390	248,800
Miscellaneous	288,763	275,952	0	0	288,763	275,952
Total revenues	17,048,629	16,980,185	8,479,046	7,809,594	25,527,675	24,789,779
Expenses						
Program Expenses						
General government	3,420,815	3,275,929	0	0	3,420,815	3,275,929
Public safety	10,011,879	9,902,921	0	0	10,011,879	9,902,921
Health	99,731	54,859	0	0	99,731	54,859
Highways and streets	1,392,686	2,065,965	0	0	1,392,686	2,065,965
Community development	250,539	284,235	0	0	250,539	284,235
Recreation	350,140	461,068	0	0	350,140	461,068
Debt service:						
Interest and fiscal charges	100,015	99,891	0	0	100,015	99,891
Water	0	0	2,527,636	2,429,236	2,527,636	2,429,236
Sewer	0	0	3,626,868	3,375,684	3,626,868	3,375,684
Sanitation	0	0	1,451,826	1,428,649	1,451,826	1,428,649
Other enterprise funds	0	0	525,029	167,506	525,029	167,506
Total expenses	15,625,805	16,144,868	8,131,359	7,401,075	23,757,164	23,545,943
Total change in net assets						
before transfers	1,422,824	835,317	347,687	408,519	1,770,511	1,243,836
Transfers	(75,000)	0	75,000	0	0	0
Total change in net assets	1,347,824	835,317	422,687	408,519	1,770,511	1,243,836
Beginning net assets	41,332,409	40,497,092	19,378,983	18,970,464	60,711,392	59,467,556
Ending net assets	\$42,680,233	\$41,332,409	\$19,801,670	\$19,378,983	\$62,481,903	\$60,711,392

CITY OF XENIA, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2005**

Unaudited

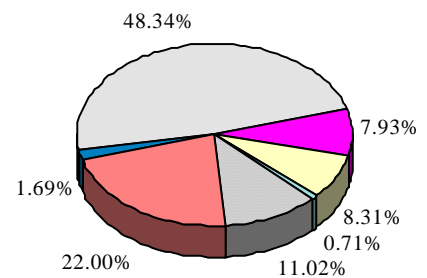
Governmental Activities

Net assets of the City's governmental activities increased by \$1,347,824. This increase is in part due to an increase in revenue and a decrease in expenditures due to budget reductions and careful spending.

The City receives an income tax, which is based on 1.75% of all salaries, wages, commissions and other compensation and on net profits earned from residents living within the City.

Other local taxes and income taxes made up 7.93% and 48.34% respectively of revenues for governmental activities for the City in fiscal year 2005. The City's reliance upon tax revenues is demonstrated by the following graph indicating 56.27% of total revenues from general tax revenues.

Revenue Sources	2005	Percent of Total
Municipal income taxes	\$8,240,773	48.34%
Other local taxes	1,351,473	7.93%
Motor vehicle and gas taxes	1,417,159	8.31%
Investment earnings	120,947	0.71%
Intergovernmental, unrestricted	1,878,121	11.02%
Program revenues	3,751,393	22.00%
Miscellaneous	288,763	1.69%
Total Revenue	\$17,048,629	100.00%



Business-Type Activities

Net assets of the business-type activities increased \$422,687. This increase was due, in part, to water and sewer rate increases which went into effect in 2005 and a decrease in expenditures due to budget reductions.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$7,286,190 which is an increase from last year's balance of \$7,097,331. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2005 and 2004:

	Fund Balance December 31, 2005	Fund Balance December 31, 2004	Increase (Decrease)
General	\$3,739,243	\$4,060,244	(\$321,001)
State Gas and Vehicle License	168,289	136,254	32,035
Capital Improvements	1,830,673	1,404,147	426,526
Other Governmental	1,547,985	1,496,686	51,299
Total	\$7,286,190	\$7,097,331	\$188,859

CITY OF XENIA, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2005**

Unaudited

General Fund – Revenues: General Fund revenues in 2005 decreased approximately 1.6% compared to revenues in fiscal year 2004 as shown in the chart below. The major reason for this decrease is the City did not receive an advance payment on the real estate taxes for 2005 so all real estate taxes are accounted for in unearned revenue.

	2005 Revenues	2004 Revenues	Increase (Decrease)
Municipal income taxes	\$8,158,020	\$8,016,918	\$141,102
Other local taxes	923,384	1,520,132	(596,748)
State shared taxes and permits	1,997,303	1,705,793	291,510
Special assessments	0	27,037	(27,037)
Intergovernmental grants	108,277	146,557	(38,280)
Charges for services	1,440,969	1,468,784	(27,815)
Fines, costs, forfeitures, licenses and permits	1,172,225	1,141,749	30,476
Miscellaneous receipts including interest earnings	357,017	365,137	(8,120)
Total	<u>\$14,157,195</u>	<u>\$14,392,107</u>	<u>(\$234,912)</u>

General Fund – Expenditures: General Fund expenditures only increased \$276,635 or 2.1% over the prior year due the budget cuts and personnel changes as shown in the chart below. General government expenditures decreased by \$51,155 due to personnel changes. Recreation expenditures decreased by \$54,078 or 14.8% from last year. This was largely due to budget cuts and personnel reorganization reducing the amount of payroll charged to the parks budget.

	2005 Expenditures	2004 Expenditures	Increase (Decrease)
General government	2,730,884	\$2,782,039	(\$51,155)
Public safety	9,819,609	9,456,405	363,204
Health	60,873	\$53,237	7,636
Highways and streets	245,640	\$252,475	(6,835)
Community development	283,489	\$265,626	17,863
Recreation	311,461	\$365,539	(54,078)
Total	<u>\$13,451,956</u>	<u>\$13,175,321</u>	<u>\$276,635</u>

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

For the General Fund, final budget basis revenue of \$14.8 million did not significantly change over the original budget estimates of \$14.3 million. The General Fund had an adequate fund balance to cover expenditures.

CITY OF XENIA, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2005**

Unaudited

Capital Improvement Fund – The City's General Capital Improvement Fund revenues increased by \$244,955 or 112% over 2004. The increase is directly related to a federal grant received for an addition to the City's Main Street fire station.

	2005 Revenues	2004 Revenues	Increase (Decrease)
Other Local Taxes	\$50,159	\$42,651	\$7,508
Intergovernmental Grants	225,419	1,690	223,729
Charges for Services	21,689	40,110	(18,421)
Fines, Costs, Forfeitures, Licenses and Permits	8,655	0	8,655
Miscellaneous Receipts including interest earnings	158,380	134,896	23,484
	<u>\$464,302</u>	<u>\$219,347</u>	<u>\$244,955</u>

Capital improvement fund expenditures increased by 38.5% over the prior year due to the addition to the City's Main Street fire station.

	2005 Expenditures	2004 Expenditures	Increase (Decrease)
Capital Outlay	\$775,590	\$521,369	\$254,221
Debt Service:			
Principal retirement	152,149	140,537	11,612
Interest & Fiscal Charges	32,456	31,272	1,184
	<u>\$960,195</u>	<u>\$693,178</u>	<u>\$267,017</u>

The primary funding for the capital improvements fund comes from intergovernmental grants, interest earnings, and transfers. Lower balances and interest rates have caused revenue decline related to interest earnings. A transfer is made into the capital improvement fund at year-end when possible based on financial policy. This transfer is made from the general fund into the capital improvements fund to the extent the balance in the key operating funds (general fund and state gas and vehicle license fund) exceeds two months of operating reserves (the city's reserve requirement). At the end of 2005 the City was able to make a transfer of \$900,000 from the general fund to the capital improvements fund. This transfer has improved the fund balance but the City will still need to pay close attention to the revenue stream when deciding to fund capital improvement projects in the future.

Enterprise Funds – The City's enterprise funds reported a net assets balance of \$19,746,201 which is an increase from last year's balance of \$19,347,043. The schedule below indicates the net assets balance and the total change in net assets by activity as of December 31, 2005 and 2004.

	Net Assets Balance December 31, 2005	Net Assets Balance December 31, 2004	Increase (Decrease)
Water	\$9,272,797	\$8,939,691	\$333,106
Sewer	9,404,296	9,330,321	73,975
Sanitation	(48,925)	(131,683)	82,758
Other Enterprise	1,118,033	1,208,714	(90,681)
Total	<u>\$19,746,201</u>	<u>\$19,347,043</u>	<u>\$399,158</u>

**Management's Discussion and Analysis
For the Year Ended December 31, 2005**

Unaudited

Net assets increased by \$333,106 and \$73,975 for water and sewer, respectively. The increase in water and sewer accounts for 102% of the overall net asset increase in the enterprise funds. The net asset increase in both water and sewer can be attributed to higher non-operating revenues as a result of higher capital contributions. Water and sewer rate increases also have increased the net asset balances in the water and sewer funds in 2005.

Water and sewer operating and non-operating revenues and expenditures are show below:

	Water			Sewer		
	2005	2004	Increase (Decrease)	2005	2004	Increase (Decrease)
Operating Revenues	\$2,566,400	\$2,401,012	\$165,388	\$3,367,121	\$3,174,660	\$192,461
Non-Operating Revenues	302,185	211,760	90,425	341,565	414,465	(72,900)
Total	<u>\$2,868,585</u>	<u>\$2,612,772</u>	<u>\$255,813</u>	<u>\$3,708,686</u>	<u>\$3,589,125</u>	<u>\$119,561</u>
Operating Expenses	\$2,535,479	\$2,431,875	\$103,604	\$3,374,829	\$3,158,277	\$216,552
Non-Operating Expenses	0	0	0	259,882	220,046	39,836
Total	<u>\$2,535,479</u>	<u>\$2,431,875</u>	<u>\$103,604</u>	<u>\$3,634,711</u>	<u>\$3,378,323</u>	<u>\$256,388</u>

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there was a \$961,161 increase in appropriations between the original and final amended budget. The main component of this increase is a \$900,000 supplemental appropriation to transfer funds over the reserve requirement to the general capital improvements fund for future capital purchases.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2005 the City had \$57,703,355 net of accumulated depreciation invested in land, buildings, equipment and vehicles. Of this total, \$36,246,640 was related to governmental activities, and \$21,456,715 was related to business-type activities. The following tables shows fiscal year 2005 and 2004 balances:

	Governmental Activities		Increase (Decrease)
	2005	2004	
Land	\$15,199,451	\$14,927,850	\$271,601
Land Improvements	1,228,403	1,219,738	8,665
Buildings	5,556,146	5,556,146	0
Equipment	15,466,223	15,210,308	255,915
Infrastructure	11,811,580	11,411,839	399,741
Construction In Progress	854,397	28,500	825,897
Less: Accumulated Depreciation	(13,869,560)	(12,957,872)	(911,688)
Total	<u>\$36,246,640</u>	<u>\$35,396,509</u>	<u>\$850,131</u>

CITY OF XENIA, OHIO**Management's Discussion and Analysis
For the Year Ended December 31, 2005****Unaudited**

	Business-Type Activities		Increase (Decrease)
	2005	2004	
Land	\$424,252	\$424,252	\$0
Land Improvements	378,343	378,823	(480)
Buildings	8,294,710	8,289,060	5,650
Equipment	37,036,239	36,206,999	829,240
Construction In Progress	112,538	226,155	(113,617)
Less: Accumulated Depreciation	(24,789,367)	(23,459,086)	(1,330,281)
Total	<u>\$21,456,715</u>	<u>\$22,066,203</u>	<u>(\$609,488)</u>

Increases in governmental activities fixed assets were due to dedicated streets and storm sewers from new developments in the City which caused the increase in land, equipment and infrastructure. The large increase in asset value in Business-type activities was mainly due to dedicated water and sewer mains from new developments in the City, installation of a new blowers at the City's wastewater plants, and purchase of a dump truck for the water department

Additional information on the City's capital assets can be found in Note 8.

Debt

At December 31, 2005 the City had \$1.17 million in bonds outstanding, \$50,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2005 and 2004:

	2005	2004
Governmental Activities:		
General Obligation Bonds	\$1,170,000	\$1,220,000
Capital Leases Payable	910,841	965,571
Compensated Absences	1,324,629	1,345,813
Total Governmental Activities	<u>3,405,470</u>	<u>3,531,384</u>
Business-Type Activities:		
Landfill Liability	1,159,633	1,223,919
Compensated Absences	394,124	366,318
Loans Payable	6,947,950	7,425,787
Total Business-Type Activities	<u>8,501,707</u>	<u>9,016,024</u>
	<u>\$11,907,177</u>	<u>\$12,547,408</u>

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.5% of the total assessed value of real and personal property. At December 31, 2005, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Notes 10, 11, and 12.

ECONOMIC FACTORS

The Dayton metropolitan area with the opening of the I-675 interstate beltway is continuing to experience development of new industrial parks and research centers to support the automotive industrial base around the area, the large military operations at Wright Patterson Air Force Base and the education and research activities at Wright State, Central State, Wilberforce and Cedarville Universities. In 1990, the Ohio Department of Transportation started the completion of the U.S. Route 35 East By-pass around the southeastern part of the City and has continued the reconstruction of U.S. Route 35 to a four-lane limited access highway from Xenia to the West Virginia border. The City is hopeful that reconstruction of U.S. Route 35 will foster economic development activities in the Xenia area in the near future.

The City continued during 2005 to attract several new businesses and to have several existing businesses expand. In addition, the water and sewer utilities along with the main entrance road have been designed and engineered to serve the 277 plus acres of undeveloped land that was annexed to the City in 2001 for future commercial/industrial development. State funding has been approved to assist in the financing of the construction of the infrastructure for the newly annexed land. There are currently twelve (12) approved single family and condominium residential housing projects in various stages of development in Xenia. At "build out" these projects will add 2,019 single family and condominium units to the City's housing stock. This growth will continue to increase the City's property tax and income tax base. The community currently has a 5.5 percent unemployment rate as compared to a statewide rate of 5.9 percent and a national average of 5.1 percent.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mark A. Bazalak, Finance Director of Xenia City.

CITY OF XENIA, OHIO

**Statement of Net Assets
December 31, 2005**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	XEGC
Assets:				
Cash and cash equivalents	\$ 1,102,386	\$ 1,008,054	\$ 2,110,440	\$ 139,060
Investments	4,805,507	4,394,302	9,199,809	425,000
Receivables:				
Taxes, including interest, penalties and liens	3,961,768	0	3,961,768	0
Intergovernmental	1,810,522	0	1,810,522	0
Accounts	727,584	1,151,453	1,879,037	0
Special assessments, including liens	89,340	11,217	100,557	0
Loans	0	376,423	376,423	181,901
Accrued interest	73,971	67,592	141,563	3,811
Grants	652,921	0	652,921	0
Allowance for uncollectible accounts	(280,727)	(5,300)	(286,027)	0
Interfund balances	(28,671)	28,671	0	0
Inventories	79,517	186,361	265,878	0
Prepaid items	139,109	56,748	195,857	4,741
Capital Assets not being depreciated	16,053,848	536,790	16,590,638	0
Capital Assets, net of accumulated depreciation	20,192,792	20,919,925	41,112,717	802
Total Assets	49,379,867	28,732,236	78,112,103	755,315
Liabilities:				
Accounts payable	656,165	212,973	869,138	1,166
Accrued payroll	997,254	215,881	1,213,135	5,141
Unearned revenue	1,629,593	0	1,629,593	0
Accrued interest payable	11,152	0	11,152	0
Long-term liabilities:				
Amounts due within one year	442,302	622,831	1,065,133	0
Amounts due in more than one year	2,963,168	7,878,881	10,842,049	0
Total Liabilities	6,699,634	8,930,566	15,630,200	6,307
Net Assets:				
Invested in Capital Assets, Net of Related Debt	34,165,799	14,508,761	48,674,560	802
Restricted For:				
Capital Projects	2,348,808	0	2,348,808	0
Debt Service	17,137	0	17,137	0
Street Construction/Maintenance	365,623	0	365,623	0
Safety Programs	564,538	0	564,538	0
Other Purposes	914,427	0	914,427	0
Unrestricted	4,303,901	5,292,909	9,596,810	748,206
Total Net Assets	\$ 42,680,233	\$ 19,801,670	\$ 62,481,903	\$ 749,008

See accompanying notes to the basic financial statements

CITY OF XENIA, OHIO

**Statement of Activities
For the Year Ended December 31, 2005**

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General government	\$ 3,420,815	\$ 1,472,029	\$ 101,630	\$ 0
Public safety	10,011,879	1,383,846	117,317	225,419
Health	99,731	0	0	0
Highways and streets	1,392,686	550	12,320	368,388
Community development	250,539	32,933	0	0
Recreation	350,140	36,961	0	0
Interest and fiscal charges	100,015	0	0	0
Total Governmental Activities	15,625,805	2,926,319	231,267	593,807
Business-Type Activities:				
Water	2,527,636	2,652,204	546	182,154
Sewer	3,626,868	3,511,327	602	163,254
Sanitation	1,451,826	1,525,059	180	0
Loan Programs	464,438	5,024	12	281,000
Parking	60,591	63,211	30	0
Total Business-Type Activities	8,131,359	7,756,825	1,370	626,408
Total primary government	\$ 23,757,164	\$ 10,683,144	\$ 232,637	\$ 1,220,215
Component Unit:				
XEGC	\$ 178,557	\$ 181,241	\$ 0	\$ 0
General Revenues:				
Income taxes				
Other local taxes				
Motor vehicle and gas taxes				
Intergovernmental, unrestricted				
Investment earnings				
Miscellaneous				
Transfers				
Total General Revenues and Transfers				
Change in Net Assets				
Net Assets Beginning of Year				
Net Assets End of Year				

See accompanying notes to the basic financial statements

CITY OF XENIA, OHIO

Net (Expense) Revenue and Changes in Net Assets			Component
Primary Government			Unit
Governmental Activities	Business-Type Activities	Total	XEGC
\$ (1,847,156)	\$ 0	\$ (1,847,156)	
(8,285,297)	0	(8,285,297)	
(99,731)	0	(99,731)	
(1,011,428)	0	(1,011,428)	
(217,606)	0	(217,606)	
(313,179)	0	(313,179)	
(100,015)	0	(100,015)	
<u>(11,874,412)</u>	<u>0</u>	<u>(11,874,412)</u>	
	0	307,268	
	0	48,315	
	0	73,413	
	(178,402)	(178,402)	
	0	2,650	
<u>0</u>	<u>253,244</u>	<u>253,244</u>	
<u>(11,874,412)</u>	<u>253,244</u>	<u>(11,621,168)</u>	
			\$ 2,684
8,240,773	0	8,240,773	0
1,351,473	0	1,351,473	0
1,417,159	0	1,417,159	0
1,878,121	0	1,878,121	0
120,947	94,443	215,390	10,952
288,763	0	288,763	0
(75,000)	75,000	0	0
<u>13,222,236</u>	<u>169,443</u>	<u>13,391,679</u>	<u>10,952</u>
1,347,824	422,687	1,770,511	13,636
<u>41,332,409</u>	<u>19,378,983</u>	<u>60,711,392</u>	<u>735,372</u>
<u>\$ 42,680,233</u>	<u>\$ 19,801,670</u>	<u>\$ 62,481,903</u>	<u>\$ 749,008</u>

CITY OF XENIA, OHIO

**Balance Sheet
Governmental Funds
December 31, 2005**

	General	State Gas and Vehicle License	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 476,783	\$ 8,170	\$ 327,190	\$ 274,430	\$ 1,086,573
Investments	2,078,387	35,611	1,426,279	1,196,299	4,736,576
Receivables:					
Taxes, including interest, penalties and liens	3,696,774	0	3,794	261,200	3,961,768
Intergovernmental	885,793	485,000	0	439,729	1,810,522
Accounts	684,088	0	35,220	5,982	725,290
Special assessments, including liens	89,340	0	0	0	89,340
Accrued interest	0	450	55,932	17,589	73,971
Grants	54,792	0	225,419	372,710	652,921
Allowance for uncollectible accounts	(264,815)	0	(15,912)	0	(280,727)
Inventories	8,079	39,943	0	0	48,022
Prepaid items	101,971	5,550	0	27,792	135,313
Advances to other funds	0	0	14,091	0	14,091
Total Assets	\$ 7,811,192	\$ 574,724	\$ 2,072,013	\$ 2,595,731	\$ 13,053,660
Liabilities:					
Accounts payable	\$ 52,649	\$ 21,213	\$ 190,204	\$ 385,736	\$ 649,802
Accrued payroll	953,564	46,628	0	21,574	1,021,766
Deferred revenue	3,065,736	338,594	51,136	640,436	4,095,902
Total Liabilities	4,071,949	406,435	241,340	1,047,746	5,767,470
Fund Balances:					
Reserved for:					
Encumbrances	112,199	6,792	1,491,884	655,646	2,266,521
Inventories	8,079	39,943	0	0	48,022
Prepaid items	101,971	5,550	0	27,792	135,313
Advances to other funds	0	0	14,091	0	14,091
Debt service	0	0	0	20,610	20,610
Unreserved and undesignated in:					
General Fund	3,516,994	0	0	0	3,516,994
Special revenue funds	0	116,004	0	961,039	1,077,043
Capital projects funds	0	0	324,698	(117,102)	207,596
Total Fund Balances	3,739,243	168,289	1,830,673	1,547,985	7,286,190
Total Liabilities and Funds Balances	\$ 7,811,192	\$ 574,724	\$ 2,072,013	\$ 2,595,731	\$ 13,053,660

See accompanying notes to the basic financial statements

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2005***

Total Governmental Fund Balances	\$ 7,286,190
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital Assets used in governmental activities are not resources and therefore are not reported in the funds.	36,240,397
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	2,466,309
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(3,357,568)
The City Garage internal service fund is used by management to charge the costs of vehicle maintainance to individual departments. The assets and liabilities of the City Garage fund are allocated between the governmental and business-type activities in the statement of net assets. This is the amount that applies to the governmental activities.	<u>44,905</u>
<i>Net Assets of Governmental Funds</i>	<u><u>\$ 42,680,233</u></u>

See accompanying notes to the basic financial statements

CITY OF XENIA, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2005**

	General	State Gas and Vehicle License	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues:					
Municipal income tax	\$ 8,158,020	\$ 0	\$ 0	\$ 0	\$ 8,158,020
Other local taxes	923,384	0	50,159	261,951	1,235,494
State shared taxes and permits	1,997,303	900,668	0	276,334	3,174,305
Intergovernmental grants	108,277	50,592	225,419	432,380	816,668
Charges for services	1,440,969	500	21,689	0	1,463,158
Fines, costs, forfeitures, licenses and permits	1,172,225	0	8,655	176,511	1,357,391
Miscellaneous receipts and reimbursements, including interest	357,017	701	158,380	196,774	712,872
Total Revenue	14,157,195	952,461	464,302	1,343,950	16,917,908
Expenditures:					
Current:					
General government	2,730,884	0	0	326,774	3,057,658
Public safety	9,819,609	0	0	106,113	9,925,722
Health	60,873	0	0	0	60,873
Highways and streets	245,640	992,754	0	95,905	1,334,299
Community development	283,489	0	0	0	283,489
Recreation	311,461	0	0	8,439	319,900
Capital outlay	0	0	775,590	706,919	1,482,509
Debt service:					
Principal retirement	0	0	152,149	50,000	202,149
Interest & fiscal charges	0	0	32,456	66,960	99,416
Total Expenditures	13,451,956	992,754	960,195	1,361,110	16,766,015
Excess (deficiency) of revenues over expenditures	705,239	(40,293)	(495,893)	(17,160)	151,893
Other financing sources (uses):					
Transfers in	0	60,000	900,000	68,459	1,028,459
Transfers out	(1,028,459)	0	(75,000)	0	(1,103,459)
Other Financing Sources- Capital Leases	0	0	97,419	0	97,419
Total other financing sources (uses)	(1,028,459)	60,000	922,419	68,459	22,419
Net change in fund balances	(323,220)	19,707	426,526	51,299	174,312
Fund Balances at Beginning of Year	4,060,244	136,254	1,404,147	1,496,686	7,097,331
Increase in inventory reserve	2,219	12,328	0	0	14,547
Fund Balances End of Year	\$ 3,739,243	\$ 168,289	\$ 1,830,673	\$ 1,547,985	\$ 7,286,190

See accompanying notes to the basic financial statements

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For The Fiscal Year Ended December 31, 2005***

Net Change in Fund Balances - Total Governmental Funds \$ 174,312

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays and capital contributions exceeded depreciation . 975,469

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of fixed assets. (123,587)

Revenues and transfers in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 130,721

The repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 202,149

New capital leases increase long-term liabilities in the statement of net assets but are an other financing source-capital leases in the governmental funds. (97,419)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (599)

Some expenses reported in the statement of activities, such as change in inventory and compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. 74,536

The City Garage Internal Service Fund, which is used to charge the cost of services to individual funds, is not included in the statement of activities. Governmental fund expenditures and related internal service revenues are eliminated. The net revenue (expense) of the City Garage Internal Service Fund is allocated among the governmental and business-type activities. 12,242

Change in Net Assets of Governmental Activities \$ 1,347,824

See accompanying notes to the basic financial statements

CITY OF XENIA, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Municipal Income Tax	\$ 7,927,784	\$ 8,378,205	\$ 8,144,457	\$ (233,748)
Other Local Taxes	1,456,000	1,456,000	1,426,384	(29,616)
State Shared Taxes and Permits	1,832,752	1,832,752	1,988,858	156,106
Intergovernmental Grants	114,390	118,247	105,638	(12,609)
Charges for Services	1,514,450	1,514,450	1,434,128	(80,322)
Fines, Costs, Forfeitures, Licenses and Permits	1,056,351	1,056,351	1,161,194	104,843
Miscellaneous Receipts and Reimbursements, including Interest	391,178	395,178	356,869	(38,309)
Total Revenues	<u>14,292,905</u>	<u>14,751,183</u>	<u>14,617,528</u>	<u>(133,655)</u>
Expenditures:				
Current:				
General Government	2,892,527	2,978,015	2,774,697	203,318
Public Safety	10,216,685	10,190,268	9,819,053	371,215
Health	77,787	77,787	61,951	15,836
Highways and Streets	248,245	248,245	248,013	232
Community Development	257,128	257,128	254,649	2,479
Recreation	361,931	364,021	346,257	17,764
Total Expenditures	<u>14,054,303</u>	<u>14,115,464</u>	<u>13,504,620</u>	<u>610,844</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	238,602	635,719	1,112,908	477,189
Other Financing Sources (Uses):				
Transfers Out	(193,459)	(1,093,459)	(1,028,459)	(65,000)
Total Other Financing Sources (Uses):	<u>(193,459)</u>	<u>(1,093,459)</u>	<u>(1,028,459)</u>	<u>65,000</u>
Net Change in Fund Balance	45,143	(457,740)	84,449	542,189
Fund Balance at Beginning of Year	2,205,041	2,205,041	2,205,041	0
Prior Year Encumbrances	89,808	89,808	89,808	0
Fund Balance at End of Year	<u>\$ 2,339,992</u>	<u>\$ 1,837,109</u>	<u>\$ 2,379,298</u>	<u>\$ 542,189</u>

See accompanying notes to the basic financial statements

CITY OF XENIA, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund – State Gas and Vehicle License Fund
For the Year Ended December 31, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
State Shared Taxes and Permits	\$ 920,000	\$ 920,000	\$ 929,595	\$ 9,595
Intergovernmental Grants	44,000	44,303	50,592	6,289
Charges for Services	1,000	500	500	0
Miscellaneous Receipts and Reimbursements, including Interest	3,000	850	1,080	230
Total Revenues	<u>968,000</u>	<u>965,653</u>	<u>981,767</u>	<u>16,114</u>
Expenditures:				
Current:				
Highways and Streets	<u>1,038,236</u>	<u>1,076,946</u>	<u>1,046,982</u>	<u>29,964</u>
Total Expenditures	<u>1,038,236</u>	<u>1,076,946</u>	<u>1,046,982</u>	<u>29,964</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(70,236)	(111,293)	(65,215)	46,078
Other Financing Sources (Uses):				
Transfers In	<u>125,000</u>	<u>88,000</u>	<u>60,000</u>	<u>(28,000)</u>
Total Other Financing Sources (Uses):	<u>125,000</u>	<u>88,000</u>	<u>60,000</u>	<u>(28,000)</u>
Net Change in Fund Balance	54,764	(23,293)	(5,215)	18,078
Fund Balance at Beginning of Year	(3,786)	(3,786)	(3,786)	0
Prior Year Encumbrances	<u>27,351</u>	<u>27,351</u>	<u>27,351</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 78,329</u>	<u>\$ 272</u>	<u>\$ 18,350</u>	<u>\$ 18,078</u>

See accompanying notes to the basic financial statements

CITY OF XENIA, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2005**

	<i>Business-type activities - Enterprise Funds</i>		
	Water	Sewer	Sanitation
Assets:			
<i>Current Assets:</i>			
Cash and cash equivalents	\$ 449,301	\$ 285,236	\$ 166,458
Investments	1,958,591	1,243,395	725,624
Receivables:			
Accounts	334,109	695,149	121,079
Special assessments, including liens	0	0	0
Loans	0	0	0
Accrued interest	29,440	20,936	10,143
Allowance for uncollectible accounts	(2,100)	(2,100)	(1,100)
Inventories	175,705	10,656	0
Prepaid items	31,918	19,513	3,829
Total Current Assets	2,976,964	2,272,785	1,026,033
<i>Noncurrent Assets:</i>			
Unrestricted:			
Loans receivable (net of current)	0	0	0
Capital Assets not being depreciated	189,908	231,272	0
Capital Assets, net of accumulated depreciation	6,449,066	14,171,057	234,071
Total Noncurrent Assets	6,638,974	14,402,329	234,071
Total Assets	9,615,938	16,675,114	1,260,104
Liabilities:			
<i>Current Liabilities:</i>			
Accounts payable	62,247	65,844	84,572
Accrued payroll	94,452	98,576	19,603
Interfund payable	0	0	0
Loan payable	0	491,638	0
Compensated Absences	29,831	25,351	7,235
Landfill liability - current	0	0	68,133
Total Current Liabilities	186,530	681,409	179,543
<i>Noncurrent Liabilities</i>			
Compensated Absences	156,611	133,093	37,986
Loans payable	0	6,456,316	0
Landfill liability - noncurrent	0	0	1,091,500
Total Noncurrent Liabilities	156,611	6,589,409	1,129,486
Total Liabilities	343,141	7,270,818	1,309,029
Net Assets:			
Invested in Capital Assets, net of debt	6,638,974	7,454,375	234,071
Unrestricted	2,633,823	1,949,921	(282,996)
Total Net Assets	\$ 9,272,797	\$ 9,404,296	\$ (48,925)

Adjustment to consolidate the net assets of the Utility Billing Internal Service Fund.

Adjustment to consolidate the allocated portion of net assets of the City Garage Internal Service Fund.

Total net assets per the government-wide Statement of Net Assets.

See accompanying notes to the basic financial statements

CITY OF XENIA, OHIO

Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 103,148	\$ 1,004,143	\$ 19,724
449,642	4,377,252	85,981
1,116	1,151,453	2,294
11,217	11,217	0
64,810	64,810	0
7,073	67,592	0
0	(5,300)	0
0	186,361	31,495
481	55,741	4,803
<u>637,487</u>	<u>6,913,269</u>	<u>144,297</u>
311,613	311,613	0
115,610	536,790	0
60,596	20,914,790	11,378
<u>487,819</u>	<u>21,763,193</u>	<u>11,378</u>
<u>1,125,306</u>	<u>28,676,462</u>	<u>155,675</u>
5	212,668	6,668
3,250	215,881	9,795
0	0	14,091
0	491,638	0
643	63,060	3,959
0	68,133	0
<u>3,898</u>	<u>1,051,380</u>	<u>34,513</u>
3,375	331,065	20,787
0	6,456,316	0
0	1,091,500	0
<u>3,375</u>	<u>7,878,881</u>	<u>20,787</u>
<u>7,273</u>	<u>8,930,261</u>	<u>55,300</u>
176,206	14,503,626	11,378
941,827	5,242,575	88,997
<u>\$ 1,118,033</u>	<u>19,746,201</u>	<u>\$ 100,375</u>
	26,798	
	28,671	
	<u>\$ 19,801,670</u>	

CITY OF XENIA, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2005**

	<i>Business-type Activities - Enterprise Funds</i>		
	Water	Sewer	Sanitation
Operating revenues:			
Charges for services	\$ 2,566,400	\$ 3,367,121	\$ 1,450,458
Operating expenses:			
Personnel services	1,451,076	1,511,542	287,290
General operating	7,591	8,093	0
Contractual services	516,249	650,456	1,084,892
Materials and supplies	130,274	154,136	6,860
Depreciation	416,589	1,036,902	80,627
Non-governmental	13,700	13,700	0
Total expenditures	2,535,479	3,374,829	1,459,669
Operating income (loss)	30,921	(7,708)	(9,211)
Non-operating revenues:			
Interest revenue	33,681	33,503	17,188
Capital contributions	182,154	163,254	0
Other	85,804	144,206	74,601
Intergovernmental	546	602	180
Total Non-operating revenue	302,185	341,565	91,969
Non-operating expenses:			
Interest expense	0	206,632	0
Loss on disposal	0	53,250	0
Total Non-Operating Expenses	0	259,882	0
Income (loss) before operating transfers	333,106	73,975	82,758
Transfers			
Transfers in	0	0	0
Total Transfers	0	0	0
Change in Net Assets	333,106	73,975	82,758
Net assets, beginning of year	8,939,691	9,330,321	(131,683)
Net assets, end of year	\$ 9,272,797	\$ 9,404,296	\$ (48,925)

Change in net assets - total enterprise funds

Adjustment to consolidate the Utility Billing Internal Service Fund activities.

Adjustment to consolidate the allocated portion of the City Garage Internal Service Fund activities.

Total change in net assets of business-type activities.

See accompanying notes to the basic financial statements

CITY OF XENIA, OHIO

Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 68,030	\$ 7,452,009	\$ 649,169
53,266	3,303,174	152,267
0	15,684	4,641
29,473	2,281,070	133,362
491	291,761	321,354
6,009	1,540,127	2,178
435,790	463,190	0
525,029	7,895,006	613,802
(456,999)	(442,997)	35,367
10,071	94,443	(1,030)
0	345,408	0
205	304,816	1,364
281,042	282,370	70
291,318	1,027,037	404
0	206,632	0
0	53,250	0
0	259,882	0
(165,681)	324,158	35,771
75,000	75,000	0
75,000	75,000	0
(90,681)	399,158	35,771
1,208,714	19,347,043	64,604
\$ 1,118,033	\$ 19,746,201	\$ 100,375
	\$ 399,158	
	16,215	
	7,314	
	\$ 422,687	

CITY OF XENIA, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2005**

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Sanitation
Cash Flows from Operating Activities:			
Cash Received from Customers	\$2,628,370	\$3,347,962	\$1,473,341
Cash Payments for Goods and Services	(624,509)	(659,841)	(1,077,032)
Cash Payments to Employees	(1,441,372)	(1,477,363)	(278,427)
Net Cash Provided (Used) by Operating Activities	562,489	1,210,758	117,882
Cash Flows from Noncapital Financing Activities:			
Transfers In from Other Funds	0	0	0
Net Cash Provided by Noncapital Financing Activities	0	0	0
Cash Flows from Capital and Related Financing Activities:			
Intergovernmental Grants	546	602	180
Acquisition and Construction of Assets	(277,197)	(342,955)	0
Principal Paid on Loans	0	(477,835)	0
Interest Paid on All Debt	0	(206,632)	0
Net Cash Provided (Used) by Capital and Related Financing Activities	(276,651)	(1,026,820)	180
Cash Flows from Investing Activities:			
Sale of Investments	0	0	0
Purchase of Investments	(334,141)	(208,965)	(132,008)
Receipts of Interest	57,015	37,788	19,550
Net Cash Used by Investing Activities	(277,126)	(171,177)	(112,458)
Net Increase (Decrease) in Cash and Cash Equivalents	8,712	12,761	5,604
Cash and Cash Equivalents at Beginning of Year	440,589	272,475	160,854
Cash and Cash Equivalents at End of Year	\$449,301	\$285,236	\$166,458
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$30,921	(\$7,708)	(\$9,211)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	416,589	1,036,902	80,627
Income - Other Nonoperating	70,343	119,235	75,335
Changes in Assets and Liabilities:			
Decrease in Principal Receivable	0	0	0
(Increase) Decrease in Accounts Receivable	61,970	(19,159)	22,883
(Increase) Decrease in Prepaid Items	(1,056)	2,983	177
(Increase) Decrease in Inventory	(42,904)	(180)	0
Decrease in Landfill Liability	0	0	(64,286)
Increase (Decrease) in Accounts Payable	16,922	43,082	3,494
Increase in Accrued Payroll	8,569	15,767	2,929
Increase in Compensated Absences	1,135	19,836	5,934
Total Adjustments	531,568	1,218,466	127,093
Net Cash Provided (Used) by Operating Activities	\$562,489	\$1,210,758	\$117,882

Schedule of Noncash Investing, Capital and Financing Activities:

During 2005, the water fund received \$182,154 and the sewer fund received \$163,254 of capital assets through contributions. At December 31, 2005 the water and sewer funds had outstanding liabilities of \$28,531 and \$1,416, respectively, for the purchase of certain capital assets. During 2005, the fair value of investments decreased by \$19,176, \$7,164, \$3,046 and \$382 in the Water, Sanitation, Other Enterprise and Internal Service Funds, respectively. The fair value of investments increased by \$32,701 in the Sewer Fund during 2005.

See accompanying notes to the basic financial statements

CITY OF XENIA, OHIO

Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$135,420	\$7,585,093	\$649,169
(444,640)	(2,806,022)	(461,470)
(52,329)	(3,249,491)	(146,208)
<u>(361,549)</u>	<u>1,529,580</u>	<u>41,491</u>
75,000	75,000	0
<u>75,000</u>	<u>75,000</u>	<u>0</u>
281,042	282,370	70
0	(620,152)	(2,565)
0	(477,835)	0
0	(206,632)	0
<u>281,042</u>	<u>(1,022,249)</u>	<u>(2,495)</u>
27,363	27,363	0
(48,074)	(723,188)	(33,757)
13,265	127,618	342
<u>(7,446)</u>	<u>(568,207)</u>	<u>(33,415)</u>
(12,953)	14,124	5,581
116,101	990,019	14,143
<u>\$103,148</u>	<u>\$1,004,143</u>	<u>\$19,724</u>
(\$456,999)	(\$442,997)	\$35,367
6,009	1,540,127	2,178
25	264,938	136
89,032	89,032	0
(610)	65,084	0
52	2,156	(305)
0	(43,084)	726
0	(64,286)	0
5	63,503	(2,670)
35	27,300	1,562
902	27,807	4,497
<u>95,450</u>	<u>1,972,577</u>	<u>6,124</u>
<u>(\$361,549)</u>	<u>\$1,529,580</u>	<u>\$41,491</u>

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2005***

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 197,522
Total Assets	<u>\$ 197,522</u>
Liabilities:	
Accounts payable	\$ 99,218
Restricted deposits	98,304
Total Liabilities	<u>\$ 197,522</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Xenia, Ohio, was incorporated in 1817, became a city in 1834, and operates under a Council-Manager form of government.

The financial statements are presented as of December 31, 2005 and for the year then ended, and have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14, *"The Financial Reporting Entity,"* in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Generally, component units are legally separate organizations for which the elected officials of the primary government (i.e. the City) are financially accountable. The City would consider an organization to be a component unit if:

1. The City appoints a voting majority of the organization's governing body AND (a) is able to impose its will on that organization OR (b) there is a potential for the organization to provide specific financial burdens on the City; OR
2. The organization is fiscally dependent upon the City; OR
3. The nature of the relationship between the City and the organization is such that the exclusion from the financial reporting entity would render the financial statements of the City misleading.

Based on the foregoing, the City's financial reporting entity has one component unit, the Xenia Economic Growth Corporation (XEGC), and includes all funds, agencies, boards and commissions that are part of the primary government, including the following services: public safety (police and fire), highways and streets, water, sewer, sanitation, recreation, public improvements, planning and zoning, and general administrative services.

Discretely Presented Component Unit - The component unit column in the government-wide financial statements includes the financial data of the City's component unit. It is reported in a separate column to emphasize that it is legally separate from the City.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

The Xenia Economic Growth Corporation (XEGC) provides loan servicing and economic development services to the business community and to the City of Xenia. XEGC's administrative services are primarily funded by the City of Xenia. The amount of this funding for 2005 was \$174,400. XEGC's board is appointed by the City Council and XEGC is considered legally separate from the City. The City has the ability to impose its will on XEGC by removing XEGC board members and modifying their budget. The City is legally entitled to access XEGC's resources and provides a majority of its funding, making XEGC fiscally dependant on the City. A separately issued audit report containing financial statements is available from XEGC at 181 W. Main Street, Xenia, Ohio 45385.

B. Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses. The various funds are summarized by type in the basic financial statements. The following fund types are used by the City:

The City reports the following major governmental funds:

General Fund - This fund is used to account for all financial resources except those 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 and the limitations of the City Charter.

State Gas and Vehicle License Fund - This fund is required by State law to account for that portion of gasoline tax and motor vehicle license fees designated for maintenance of streets within the City.

Capital Improvements Fund - This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment (other than those financed by proprietary funds or municipal court capital improvements fund).

The City reports the following major proprietary funds:

Water Fund - This fund is used to account for providing water service to the City and surrounding areas.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Sewer Fund – This fund is used to account for providing sewer service to the City and surrounding areas.

Sanitation Fund – This fund is used to account for providing sanitation service to the City's residents.

Additionally, the City reports the following funds types:

Internal Service Funds - These funds are used to account for the financing of services provided for billing for utilities (water, sewer, & sanitation) and servicing the vehicles of City departments on a cost -reimbursement basis.

Fiduciary Funds – These funds are used to account for assets held by the City as an agent for individuals, private organizations or other governmental units. The classification for the City's fiduciary funds would be an agency fund. The City has three agency funds as follows:

- (1) Municipal Court funds: The Municipal Court is considered part of the reporting entity of the City. The Court handles court cases for the City but the City controls the fiscal operations of Court, reviews and approved budget requests, and provides space for the Court and offices;
- (2) Imprest Cash fund: The purchase of this fund is to account for petty cash;
- (3) Insurance Deposit fund: This fund is used to account for assets held by the City for citizens to ensure that fire damaged property is repaired or demolished. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government and its' discretely presented component unit, except for fiduciary funds. The statements distinguish between those activities of the primary government that are governmental and those that are considered business-type activities. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Interfund services provided and used are not eliminated in the process of consolidation.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the 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 – Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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

D. Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which the City considers to be 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt and compensated absences, which are recognized when due.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. 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 specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Revenues considered susceptible to accrual are intergovernmental grants, interest on investments, state shared taxes, fines and forfeitures, and municipal income tax. Other revenues, including licenses, permits, certain charges for services, and miscellaneous revenues are recorded when received in cash, because generally these revenues are not measurable until received.

Property taxes measurable as of December 31, 2005 but which are not intended to finance 2005 operations and delinquent property taxes, whose availability is indeterminate, are recorded as unearned revenues.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds and fiduciary funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

For governmental activities and proprietary funds, the City applies Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB statements and interpretations issued after November 30, 1989 to its business-type activities and enterprise funds.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets and Budgetary Accounting

The City follows procedures prescribed by State law in establishing the budgetary data shown in the financial statements, as follows:

1. The City must submit a budget of estimated cash receipts and disbursements for all governmental funds to the County Budget Commission by July 20 of each year for the following calendar year.
2. The County Budget Commission certifies its actions by September 1, and issues a "Certificate of Resources" limiting the maximum amount the City may expend from a given fund during the year.
3. About January 1, this Certificate is amended to include any unencumbered balances from the preceding year. The City must prepare its appropriations so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Resources.
4. A temporary appropriation measure is passed at the second City Council meeting in December. The permanent appropriation measure is normally passed at the first City Council meeting in January of the budget year. The permanent appropriation may not exceed estimated resources certified by the County Budget Commission.
5. Unused appropriations lapse at year-end and encumbrances are reappropriated in the ensuing year's budget.
6. All funds have annual budgets legally adopted by City Council.

The City Manager acts as budget officer for the City and submits a proposed operating budget to the City Council on an annual basis. Public hearings are held to obtain taxpayer comments. The Council enacts the budget through passage of an appropriations ordinance. The appropriations ordinance controls expenditures at the level of personnel services, operating and capital expenditures/expenses by fund except for the general fund where the control is by department within the general fund. Only City Council may transfer appropriations between personnel services and operating expenses, or between operating and capital outlay, or between capital outlay and personnel services. Supplemental appropriations are made to the budget and original appropriations ordinance during the year by Council passage of supplemental appropriations ordinances. Supplemental appropriations to the original appropriations ordinance were made during the year, but were not material in relation to the original appropriations.

While financial position, results of operations and changes in fund balances are reported 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 and disbursements. The Statements of Revenues, Expenditures and Changes in Fund Balances-Budget and Actual - (Non-GAAP Budgetary Basis) for the general fund and each major special revenue

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets and Budgetary Accounting (Continued)

fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are:

- (1) Revenues are recorded when received in cash (budget) as opposed to when they are both measurable and available (GAAP).
- (2) Expenditures are recorded when paid in cash or encumbered (budget) as opposed to when the liability is incurred (GAAP).

The adjustments necessary to convert the results of operations for the year ended December 31, 2005 on the GAAP basis to the budget basis are as follows:

	Net Change in Fund Balances	
	<u>General Fund</u>	<u>State Gas and Vehicle License Fund</u>
GAAP Basis (as reported)	\$ (323,220)	\$ 19,707
Revenue Accrual	460,333	29,306
Expenditure Accrual	69,405	(28,229)
Outstanding Encumbrances	(122,069)	(25,999)
Budget Basis	<u>\$ 84,449</u>	<u>\$ (5,215)</u>

F. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintains its own cash and investment account.

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City reports its investments at fair value, except for nonparticipating investment contracts (certificates of deposit and repurchase agreements) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. During 2005, the Capital Improvements Fund was allocated approximately \$72,025 of investment earnings in excess of the amount the fund would have received if earnings were based on each fund's share of pooled investment.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Investments (Continued)

The City invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 2005. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2005.

H. Inventory

Inventory is valued at cost, using the first-in/first-out (FIFO) method. The proprietary fund inventories are recorded as expenses when used. Inventory in governmental funds consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Governmental inventories are equally offset by a fund balance reserve that indicates they do not constitute "available spendable resources" and are not available for appropriation.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2005, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

J. Capital Assets and Depreciation

Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000. Estimated historical costs for capital asset values were initially determined by identifying historical costs when such information was available.

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation (Continued)

Contributed capital assets are recorded at fair market value at the date received. Capital assets include land, land improvements, buildings, building improvements, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Assets and in the respective funds.

All capital assets are depreciated, excluding land. Depreciation has been provided using the straight-line method over the following estimated useful lives, as follows:

Description	Governmental and Business-Type Activities Estimated Lives (in years)
Land Improvements	20 – 25
Buildings and Improvements	20 – 40
Machinery and Equipment	2 – 25
Infrastructure	15 – 100

K. Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

Obligation	Fund
General Obligation Bonds	City Motor Vehicle License Tax Fund, Debt Service Fund
Loan Payable	Sewer Fund
Landfill Liability	Sanitation Fund
Compensated Absences	General Fund, Municipal Income Tax Fund, State Gas and Vehicle License Fund, Law Enforcement Fund, Municipal Court Victim Fund, Water Fund, Sewer Fund, Sanitation Fund, Parking Revenue Fund, Housing Rehabilitation Loan Fund, and Garage Fund
Capital Leases	Capital Improvements Fund

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences

Compensated absences are accrued as they are earned by employees if both of the following conditions are met:

1. The employee's rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employee for the benefits through paid time off or cash payment.

Compensated absences accumulated by governmental fund type and proprietary fund type employees are reported as an expense when earned in the government-wide financial statements. For governmental fund financial statements, compensated absences are only reported if unused reimbursable leave is still outstanding following an employee's resignation or retirement.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes are net assets restricted by state law to be expended for specific purposes. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

N. Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

O. Interfund Activity

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Reservations of Fund Balance

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for inventories of supplies, prepaid items, debt service, advances and encumbrances (excluding encumbered amounts reflected as payables).

Q. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. 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 treatment and distribution, wastewater collection and treatment, maintenance of storm water collection systems and collection of solid waste refuse. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

R. 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.

S. Allocation of Indirect Expenses

The City allocates some personnel expenses over different funds based on City ordinance. These indirect costs have been included as part of program expenses reported for the functional activities.

T. Provision for Loan Losses

Potential losses on specific loans are charged to operations when management determines that there is a loss contingency. This evaluation includes consideration of various factors such as collateral, loan loss experience, lending policies, and current economic conditions.

NOTE 2 – DEFICIT FUND EQUITY

The fund deficit at December 31, 2005 of \$28,963 in the Issue II Fund (capital projects fund) arises from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on a cash basis. The fund deficit at December 31, 2005 of \$48,925 in the Sanitation Fund (enterprise fund) arises from the recognition of expenses on the accrual basis which are greater than expenses recognized on a cash basis. The deficits do not exist under the cash basis of accounting. Transfers are provided when cash is required, not when accruals occur.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets of governmental funds as reported in the government-wide statement of net assets. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

<i>Capital Assets not reported in funds:</i>	
Capital Assets used in governmental activities	\$36,240,397
Total	<u>\$36,240,397</u>
<i>Other long-term assets not available to pay for current-period expenditures:</i>	
Delinquent Income Tax Revenue	\$825,481
Shared Revenues	1,263,782
Delinquent Property Tax Revenue	115,979
Grant Revenues	33,998
Special Assessment Revenue	31,559
Charges for Services	157,516
Miscellaneous Revenue	37,994
Total	<u>\$2,466,309</u>
<i>Long-Term liabilities not reported in the funds:</i>	
General Obligation Bonds Payable	(\$1,170,000)
Accrued Interest on Long-Term Debt	(11,152)
Capital Leases Payable	(910,841)
Compensated Absences Payable- Government Activities	(1,265,575)
Total	<u>(\$3,357,568)</u>
<i>Amount of City Garage Internal Service fund applicable to government activities:</i>	
City Garage Fund Net Assets at year end	\$73,577
Portion of City Garage Fund allocated to business-type activities	(28,672)
Total	<u>\$44,905</u>

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 3 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Continued)

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The following is a detailed listing of those reconciling items that are net adjustments or a combination of several transactions:

Amount capital outlay exceeded depreciation in the current period:

Capital Outlay	\$2,177,743
Depreciation Expense	(1,202,274)
Total	<u>\$975,469</u>

Governmental revenues not reported in the funds:

Increase in Delinquent Income Tax Revenue	\$82,753
Increase in Shared Revenue	127,856
Increase in Delinquent Property Taxes	115,979
Decrease in Special Assessment Revenue	(53,524)
Decrease in Intergovernmental Grants	(23,475)
Decrease in Charges for Services	(133,075)
Increase in Miscellaneous Revenues	14,207
Total	<u>\$130,721</u>

Expenses not requiring the use of current financial resources:

Decrease in Compensated Absences Payable	\$59,989
Increase in supplies inventory	14,547
Increase in Compensated Absences Payable-City Garage	0
Total	<u>\$74,536</u>

Net loss of the City Internal Service Fund report in government activities:

City Garage Internal Service Fund change in net assets	\$19,556
Portion of Internal Service fund change in net assets allocated to business type activities	(7,314)
Total	<u>\$12,242</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

NOTE 4 – DEPOSITS AND INVESTMENTS

A. Deposits

At December 31, 2005, the carrying amount of the City and Component Unit cash deposits was \$2,632,343 and \$564,060 respectively and the bank balance was \$3,246,112 and \$574,756 respectively. Of the bank balance, federal depository insurance coverage was \$200,000 for the City and \$100,000 for the Component Unit.

For the remaining bank balance not covered by depository insurance, the State of Ohio by statute has established a collateral pooling system for financial institutions acting as public depositories. The public depositories must pledge qualified securities with a market value at least equal to 105 percent of the total amount of all public deposits to be secured by the collateral pool. The securities so pledged provide the equivalent of a deposit insurance fund. This approach protects all public entities against a single public depository collapse. The state has implemented collateral pools to minimize the interest penalty to public entities for protecting public deposits. The cash deposits are held in certificates of deposit and interest-bearing demand deposit and savings accounts.

B. Investments

The City's investments at December 31, 2005 are summarized below:

Investment Type	Total Fair Value	Credit Rating	Investment Maturities				
			Less than 6 Months	6 Months to 1 Year	1 - 3 Years	3 - 5 Years	12-28 Years
FREDDIE MAC	\$ 124,002	AAA	\$ 49,900	\$ 49,244	\$ 24,858	\$ 0	\$ 0
FHLBC	2,622,046	AAA	349,281	738,796	648,195	209,015	676,759
FHLB	824,510	AAA	194,636	381,622	248,252	0	0
FHLB DISCOUNT NT	54,984	AAA	54,984	0	0	0	0
FNMA	1,656,455	AAA	59,888	315,592	418,262	344,001	518,712
FNM DISCOUNT NT	94,485	AAA	94,485	0	0	0	0
US TREASURY N/B	109,231	AAA	55,078	54,154	0	0	0
FRE DISCOUNT Nt	133,634	AAA	133,634	0	0	0	0
FHLMC	2,786,336	AAA	596,157	786,668	1,127,055	276,456	0
STAR Ohio	570	Aam	570	0	0	0	0
Money Market Funds	469,176	Unrated	469,176	0	0	0	0
Total Investments	\$ 8,875,428		\$ 2,057,787	\$ 2,326,075	\$ 2,466,622	\$ 829,473	\$ 1,195,471

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 4 – DEPOSITS AND INVESTMENTS (Continued)

B. Investments (Continued)

Interest Rate Risk – Interest rate risk is the risk that an interest rate change could adversely affect an investment's fair value. State Regulations and City policy reduce exposure to declines in fair values by limiting the life of investments to five years. Although at the time of purchase the average life of some of the securities was under five years, certain investments identified above have exceeded the five year limit. The reporting of effective duration in the table above quantifies. The reporting of effective duration in the table above quantifies, to the fullest extent possible, the interest rate risk of the City's fixed income assets.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a failure of a depository institution or counterparty to a transaction, the City will be unable to recover the value of deposits, investments, or collateral securities in the possession of an outside party. At December 31, 2005, the City's deposits and investments, including the collateral on lent securities, had no exposure to custodial credit risk. The City does not have a policy to limit custodial credit risk.

Foreign Currency Risk – Foreign currency risk is the risk that changes in exchange rates between the U.S. Dollar and foreign currencies could adversely affect an investment's fair value. The City Investment policy does not allow the purchasing of foreign securities. The City had no exposure to foreign currency risk at fiscal year end.

Credit Risk – Credit risk is the risk that an issuer or counterparty to an investment will be unable to fulfill its obligations. The City Investment policy allows fund managers to invest in only the following Instruments: (1) Treasury Bills and Treasury Notes and Bonds; (2) Obligations of Federal Agencies and Instrumentalities; (3) Non Negotiable Interest Bearing Time Certificates of Deposit and Savings Accounts; (4) Bankers Acceptances of banks in top 100 based on asset size, or Ohio based banks with at least \$2 billion in assets; (5) Commercial paper rated at least A-1/P-1; (6) Star Ohio; (7) No load money market mutual funds consisting exclusively of obligations listed in 5 and 6; (8) Repurchase Agreements under terms in the policy; (9) NOW accounts; (10) and insured obligations of the State of Ohio and its political subdivisions. As of December 31, 2005, 99.9% of the City's portfolio was invested in AAA rated securities.

Concentration of Credit Risk – Concentration of credit risk is the risk of inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party caused by a lack of diversification. The City portfolio must be invested in more than one type of financial instrument, in more than one financial institution, and at different maturity lengths according to cash flow needs. At December 31, 2005, the City had no concentration of credit risk.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

NOTE 5 - TAXES (Continued)

A. Property Taxes

Property taxes consist of amounts levied against real and tangible property (used in business) located in the City. Real property taxes are levied each January 1 on the assessed value listed as of the prior January 1. Assessed values are established by the County Auditor at 35% of appraised market value. Property values are required to be updated every three years and revalued every six years. The last revaluation was completed in 2002.

The property tax calendar is as follows:

Levy date	January 1, 2004
Lien date	January 1, 2005
Tax bill mailed	January 11, 2005
First installment payment due	February 11, 2005
Second installment payment due	July 13, 2005

The assessed values upon which 2005 tax receipts were based, are as follows:

	<u>Assessed Values</u> <u>January 1, 2004</u>
Real Estate	\$317,048,820
Tangible Personal	<u>31,092,174</u>
Total	<u><u>\$348,140,994</u></u>

The County Treasurer collects property taxes on behalf of taxing districts in the County, including the City of Xenia. Property taxes may be paid in full on February 11 or one-half on February 11 and July 13. The County Auditor remits to the City, in April and August, its portion of taxes collected.

Ohio law prohibits taxation of property in excess of \$10.00 per \$1,000 (10.0 mills) of assessed value without a vote of the citizens. Under current procedures, the City's share is \$3.00 per \$1,000 (3.0 mills) of assessed value. The City also receives an additional .2 mills to pay debt service for our general obligation bonds.

An additional property tax levy of 3.5 mills was renewed by a vote of the citizens of Xenia in November, 2004. The additional levy is for five years, to be assessed for tax-duplicate years 2004 to 2008, and collected in the fiscal years 2005 through 2009.

B. Income Tax

Effective January 1, 1992, the City income tax rate changed from 1.5% to 1.75% on substantially all income earned within the City. In addition, City residents pay City tax on income earned outside the City; however, a credit of up to 1.5% is allowed for income taxes paid to other municipalities. Employers within the City withhold income tax on employee compensation and remit at least quarterly. Corporations and other individual taxpayers pay estimated taxes quarterly and file an annual declaration.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 6 – LOANS RECEIVABLE

The City operates three long-term enterprise fund loan programs (loan fund, the Community Development Block Grant (CDBG) and Urban Development Action Grant (UDAG) revolving loan fund and the housing rehabilitation loan fund). Other loans receivable are held by the Xenia Economic Growth Corporation, a component unit of the City.

Loans receivable at December 31, 2005 were:

<u>Loan Type</u>	<u>Loan Fund</u>	<u>Housing Rehabilitation Loan Fund</u>	<u>Xenia Economic Growth Corp.</u>
Down payment assistance loans	\$0	\$15,315	\$0
Mortgage grants	58,299	77,194	0
Rehabilitation loans	0	225,349	0
Job development loans	266	0	0
Economic development loans	0	0	181,901
Total Loans receivable	<u>\$58,565</u>	<u>\$317,858</u>	<u>\$181,901</u>

Loan Fund - In 1983, the City assumed the assets, liabilities and loan commitments of Xenia Environmental Neighborhood Improvement Association, Inc. (X.E.N.I.A., Inc.). X.E.N.I.A., Inc. provided mortgage grants and low or zero interest loans to encourage economic and neighborhood development. The City no longer issues mortgage grants or loans from this fund.

Housing Rehabilitation Loan Fund - The City was awarded a \$600,000 Community Housing Improvement Program (CHIP) Grant in August, 1998 which ended in 2001. The program had an owner-occupied rehabilitation activity, rental rehabilitation activity, and down payment assistance. These activities offered deferred loans, direct low interest loans or a combination thereof with various payoff dates. There are also some delinquencies from previous housing rehabilitation programs.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 7 - TRANSFERS

Following is a summary of operating transfers in and out for all funds for 2005:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Fund	\$0	\$1,028,459
Recreation Special	5,000	0
State Gas and Vehicle License Tax Fund	60,000	0
Law Enforcement	63,459	0
Capital Improvements Fund	900,000	75,000
Total Governmental Funds	<u>1,028,459</u>	<u>1,103,459</u>
Enterprise Funds		
C.D.B.G./Revolving Loan	75,000	0
Total Enterprise Funds	<u>75,000</u>	<u>0</u>
Total Transfers	<u>\$1,103,459</u>	<u>\$1,103,459</u>

The transfers from the General Fund to the Recreation Special Fund, State Gas and Vehicle License Tax Fund, and the Law Enforcement Fund were used to support operations. The transfer from the General Fund to the Capital Improvements Fund was to support capital purchases. The transfer from the Capital Improvements Fund to the C.D.B.G./Revolving Loan Fund was used to reimburse the C.D.B.G./Revolving Loan Fund for the local matching portion of the C.D.B.G. grant.

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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

NOTE 8 - FIXED ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2005:
Check to financials

Historical Cost:

Class	December 31, 2004	Additions	Deletions	December 31, 2005
Capital assets not being depreciated:				
Land	\$14,927,850	\$271,601	\$0	\$15,199,451
Construction in Progress	28,500	825,897	0	854,397
Subtotal	14,956,350	1,097,498	0	16,053,848
Capital assets being depreciated:				
Land improvements	1,219,738	12,416	(3,751)	1,228,403
Buildings and improvements	5,556,146		0	5,556,146
Machinery and Equipment	15,210,308	566,201	(310,286)	15,466,223
Infrastructure	11,411,839	501,628	(101,887)	11,811,580
Subtotal	33,398,031	1,080,245	(415,924)	34,062,352
Total Cost	\$48,354,381	\$2,177,743	(\$415,924)	\$50,116,200

Accumulated Depreciation:

Class	December 31, 2004	Additions	Deletions	December 31, 2005
Land improvements	(\$510,130)	(\$45,979)	\$3,751	(\$552,358)
Buildings and improvements	(1,846,026)	(143,259)	0	(1,989,285)
Machinery and Equipment	(6,836,975)	(698,213)	239,530	(7,295,658)
Infrastructure	(3,764,741)	(316,574)	49,056	(4,032,259)
Total Depreciation	(\$12,957,872)	(\$1,204,025) *	\$292,337	(\$13,869,560)
Net Value:	\$35,396,509			\$36,246,640

* Depreciation expenses were charged to governmental functions as follows:

General Government	(\$244,668)
Public Safety	(362,426)
Highways and Streets	(490,721)
Community Development	(164)
Recreation	(61,858)
Health	(42,437)
Total Depreciation Expense recorded within the Governmental Activities	(1,202,274)
Amount of Depreciation Expense recorded in the Internal Service Fund	(1,751)
Total Additions to Accumulated Depreciation	(\$1,204,025)

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

NOTE 8 - FIXED ASSETS (Continued)

B. Business-Type Activities Capital Assets (Continued)

Summary by Category at December 31, 2005:

Historical Cost:

Class	December 31, 2004	Additions	Deletions	December 31, 2005
<i>Capital assets not being depreciated:</i>				
Land	\$424,252	\$0	\$0	\$424,252
Construction in Progress	226,155	112,538	(226,155)	112,538
Subtotal	650,407	112,538	(226,155)	536,790
<i>Capital assets being depreciated:</i>				
Land improvements	378,823	1,570	(2,050)	378,343
Buildings and improvements	8,289,060	5,650	0	8,294,710
Machinery and Equipment	36,206,999	1,096,906	(267,666)	37,036,239
Total Cost	\$45,525,289	\$1,216,664	(\$495,871)	\$46,246,082

Accumulated Depreciation:

Class	December 31, 2004	Additions	Deletions	December 31, 2005
Land Improvements	(\$241,968)	(\$11,793)	\$2,050	(\$251,711)
Buildings and Improvements	(3,637,760)	(248,862)	0	(3,886,622)
Machinery and Equipment	(19,579,358)	(1,279,899)	208,223	(20,651,034)
Total Depreciation	(\$23,459,086)	(\$1,540,554)	\$210,273	(\$24,789,367)

Net Value:

Total	\$22,066,203			\$21,456,715
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C. Component Unit (XEGC) Capital Assets

Summary by Category at December 31, 2005:

Historical Cost:

Class	December 31, 2004	Additions	Deletions	December 31, 2005
<i>Capital assets being depreciated:</i>				
Machinery and Equipment	\$29,444	\$0	\$0	\$29,444
Total Cost	\$29,444	\$0	\$0	\$29,444

Accumulated Depreciation:

Class	December 31, 2004	Additions	Deletions	December 31, 2005
Machinery and Equipment	(\$28,144)	(\$498)	\$0	(\$28,642)
Total Depreciation	(\$28,144)	(\$498)	\$0	(\$28,642)

Net Value:

Total	\$1,300			\$802
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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 9 – DEFINED BENEFIT PENSION PLANS

All of the City’s full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

A. Ohio Public Employees Retirement System (“OPERS”)

The following information was provided by the OPERS to assist the City in complying with GASB Statement No. 27, “Accounting for Pensions by State and Local Government Employers.”

All employees of the City, except uniformed police officers and firefighters, participate in OPERS. OPERS administers three separate pension plans as described below:

1. The Traditional Pension Plan (TP) – a cost sharing multiple-employer defined benefit plan.
2. The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earning thereon.
3. The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report that includes financial statements and required supplementary information for the Ohio PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2004, member and employer contribution rates were consistent across all three plans (TP, MD and CO). Separate divisions for the law enforcement and public safety exist only within the Traditional Plan.

The 2005 member contribution rate was 8.5%. The 2005 employer contribution rate for local government employer units was 13.55%, of covered payroll. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City’s contributions to the OPERS for the years ending December 31, 2005, 2004, 2003 and were \$846,540, 785,637, and 781,767 respectively which represents 89%, 93% and 92% respectively, that was paid in each year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Ohio Public Employees Retirement System (“OPERS”) (Continued)

The following information was provided by the OPERS to assist the City in complying with GASB Statement No. 12, *“Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers”*.

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

OPERS provides retirement, disability, survivor and post-retirement health care benefits to qualifying members of both the Traditional and the Combined Plans; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age and service retirees must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the Retirement System is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12.

A portion of each employer's contribution to the OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2005 employer contribution rate for local government employer units was 13.55% of covered payroll of which 4% (\$33,862 for the City of Xenia) was used to fund health care.

The Ohio Revised Code provides the statutory authority to require public employers to fund post retirement health care through their contributions to OPERS.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System’s latest actuarial review performed as of December 31, 2004. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2003 was 8.0%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

A. Ohio Public Employees Retirement System (“OPERS”) (Continued)

Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The Traditional Pension and Combined Plans had 376,109 active contributing participants at year-end 2005. The number of active contributing participants for both plans used in the December 31, 2004 actuarial valuation was 355,287. The employer contributions actually made to fund post-employment benefits. The portion of the City of Xenia’s employer contributions that was used to fund post-employment benefits was \$249,899. The actuarial value of the OPERS net assets available for OPEB at December 31, 2003 is \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability for OPEB, based on the actuarial cost method used, were \$29.5 billion and \$18.7 billion, respectively.

The Health Care “Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004 will be effective January 1, 2007. The HCPP restructures OPERS’ health care coverage in response to rising health care costs. Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years or service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses. In addition to HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets.

B. Ohio Police and Fire Pension Fund (“OP&F”)

The following information was provided by OP&F to assist the City in complying with GASB Statement No. 27, “*Accounting for Pensions by State and Local Government Employers.*”

All City full-time police officers and full-time firefighters participate in OP&F, a cost-sharing multiple-employer defined benefit pension plan. The OP&F Fund provides retirement and disability 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. The OP&F issues a stand-alone financial report that includes financial statements and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

B. Ohio Police and Fire Pension Fund (“OP&F”) (Continued)

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F for the years ending December 31, 2005, 2004, and 2003 were \$536,032, \$494,308, and \$490,679 for police and \$607,910, \$575,488, and \$609,432 for firefighters which represents 74%, 77% and 77% of the required contributions paid in each year.

The following information was provided by the OP&F to assist the City in complying with GASB Statement No. 12, “*Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers*”.

The OP&F Fund provides access to post-employment health care coverage to any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The health care coverage provided by OP&F is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll. The Ohio Revised Code also provides statutory authority allowing the OP&F's Board of Trustees to offer health care coverage to all eligible individuals.

Health care funding and accounting is on a pay-as-you go basis. A percentage of covered payroll, as defined by the Board is used to pay retiree health care expenses. The Board defines allocation as 7.75% of covered payroll for 2004 and 2005.

In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees have monthly health care contributions.

As of December 31, 2004, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,812 for police and 10,528 for firefighters. The portion of the City's employer contributions to OP&F that were used to pay post-retirement benefits were \$212,805 for police and \$196,355 for firefighter.

The Fund's total health care expense for the year ended December 31, 2004 were \$102,173,796, which was net of member contributions of \$55,665,341.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

NOTE 10 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2005 were as follows:

	Balance December 31, 2004	Additions	(Reductions)	Balance December 31, 2005	Due Within One Year
Business-Type Activities:					
Loans Payable:					
3.04% Sewer Loan Payable 1993	\$1,141,707	\$0	(\$148,716)	\$992,991	\$153,273
2.79% Sewer Loan Payable 1999	6,284,082	0	(329,118)	5,954,964	338,365
Total Loans Payable	7,425,789	0	(477,834)	6,947,955	491,638
Landfill Liability	1,223,919	0	(64,286)	1,159,633	68,133
Compensated Absences	366,318	394,124	(366,318)	394,124	63,060
Total Business Type Activities	\$9,016,026	\$394,124	(\$908,438)	\$8,501,712	\$622,831
Governmental Activities Long-Term Debt:					
4.70 - 5.75%					
General Obligation Bond Payable 2000	\$1,220,000	\$0	(\$50,000)	\$1,170,000	\$50,000
Capital Leases Payable	965,571	97,419	(152,149)	910,841	202,166
Compensated Absences	1,345,813	1,324,629	(1,345,813)	1,324,629	190,136
Total Governmental Activities	\$3,531,384	\$1,422,048	(\$1,547,962)	\$3,405,470	\$442,302

In prior years, the liability for compensated absences has been liquidated from the following funds:

<u>Business type Activities</u>	<u>Governmental Activities</u>
Water Fund	General Fund
Sewer Fund	State Gas & Vehicle Fund
Sanitation Fund	Law Enforcement Fund
Parking Revenue Fund	Municipal Court Victim Fund
Housing Rehabilitation Fund	Garage Fund

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

NOTE 10 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

A. Principal and Interest Requirements

Principal and Interest requirements to retire long-term obligations outstanding at December 31, 2005 are as follows:

Years	General Obligation Bond		Sewer Loans Payable	
	Principal	Interest	Principal	Interest
2006	50,000	64,422	491,638	192,830
2007	55,000	61,731	505,838	178,629
2008	60,000	58,755	520,450	164,017
2009	60,000	55,620	535,485	148,983
2010	65,000	52,323	550,955	133,513
2011-2015	380,000	200,675	2,233,729	459,395
2016-2020	500,000	74,750	2,109,860	149,880
Totals	<u>\$1,170,000</u>	<u>\$568,276</u>	<u>\$6,947,955</u>	<u>\$1,427,247</u>

B. General Obligation Bond

In 2000, the City issued \$1,400,000 of general obligations bonds to fund street improvements in our Industrial park and to pay off our unfunded police and fire pension liability. The bonds mature at different times and rates over a 20-year period. The City received a discount from the Police and Fire Pension Fund for paying off the unfunded police and fire pension obligation. The discount combined with the refinancing through the issuance of general obligation bonds will result in a projected cash savings of over \$420,000 and a projected present value savings of over \$86,000.

NOTE 11 – LEASES

A. Capital Leases

Under capital leases the City has leases for two medic units, a ladder truck, a fire pumper, a communication center, a building security system, and a phone system. The cost of these capital leases is included in Governmental Activities capital assets. The related liabilities are included in amounts due within one year and amounts due in more than one year within the Governmental Activities liabilities. The original cost of the assets acquired under capital lease was \$1,259,414.18 and the book value at December 31, 2005 was \$1,039,301.78. The following is a schedule of future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of December 31, 2005:

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2005**

NOTE 11 – LEASES (Continued)

A. Capital Leases (Continued)

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>
2006	\$206,497
2007	206,497
2008	173,337
2009	144,103
2010	108,961
2011-2012	<u>174,139</u>
Minimum Lease Payments	1,013,534
Less amount representing interest at the City's incremental borrowing rate of interest	<u>(102,693)</u>
Present value of minimum lease payments	<u><u>\$910,841</u></u>

B. Operating Leases

The City leases office and machinery equipment and parking lots under operating agreements that expire at various dates through 2008. Payments on operating leases were \$116,807 during 2005. The following is a schedule of future minimum rental payments of noncancellable operating leases of more than one year:

<u>Year Ending December 31, 2004</u>	<u>Amount</u>
2006	\$92,286
2007	37,236
2008	18,921
2009	17,976
2010	12,921

NOTE 12 - SOLID WASTE LANDFILL CLOSURE AND POSTCLOSURE CARE COSTS

In 1991, the City stopped accepting waste at the City of Xenia Landfill. EPA required the City to 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. During 2002, the City determined that it had a \$1,300,000 accrued liability (per GASB 18) for post-closure costs for the closed City landfill. These costs are funded by a component of the city Sanitation rate. The estimated costs of postclosure care are subject to changes corresponding to the effects of inflation, revision of laws and other variables. The landfill liability at December 31, 2005 is \$1,159,633.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2005***

NOTE 13 - RISK MANAGEMENT

The City of Xenia is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the City of Xenia participates in the Ohio Government Risk Management Plan. This program is a fully reinsured product that provides for 100% “transfer” of risk. Members do not retain or share any risk. There were no significant reductions in insurance coverage in any category of risk over the prior year. The amount of any settlements have not exceeded insurance coverage over the past three years.

NOTE 14 - CONTINGENCIES

The City is defendant in various court actions, but it is either covered by insurance or the amount involved is not material in relation to the financial statements.

The City participates in several federally assisted programs (principally Community Development Block Grants and Urban Development Action Grants) which are subject to program compliance audits by the grantors or their representatives. A single financial and compliance audit of the City was completed in fiscal year 2003 with no findings for recovery. The grantor agencies, at their option, may perform economy and efficiency audits, program results audits or conduct monitoring visits. Such audits and visits could lead to reimbursement to the grantor agencies. Management believes such reimbursements, if any, would not be material.

NOTE 15 – CHANGE IN ACCOUNTING PRINCIPLES

Xenia has implemented GASB 40, *Deposits and Investment Risk Disclosures*, which amends GASB Statement No. 3, *Deposits with Financial Institutions, Investment (Including Repurchase Agreements) and Reverse Repurchase Agreements*. Implementation of this GASB statement had no impact on Xenia’s financial position or results of operation.

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE
THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS, NONMAJOR
ENTERPRISE FUNDS, INTERNAL SERVICE FUNDS AND FIDUCIARY
FUNDS.*

Nonmajor Governmental Funds

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Recreation Special Fund

To account for specific recreation activities funded by fees.

Indigent Driver Alcohol Treatment Fund

To account for fine monies collected under DUI and driving under license suspension offenses cited under state law. The purpose of the fund is to provide funding for an indigent driver treatment program.

Law Enforcement and Education Fund

To account for fine monies collected under DUI offenses cited under state law. The purpose of the fund is to fund costs incurred while enforcing DUI laws and educate the public concerning DUI.

State Route Repair Fund

Required by State law to account for that portion of gasoline tax and motor vehicle license fees designated for maintenance of State highways within the City.

City Motor Vehicle License Tax Fund

To account for specific local street repairs approved by the City and funded by the permissive municipal motor vehicle license tax.

County Motor Vehicle License Tax Fund

To account for specific major street repairs approved by Greene County, Ohio and funded by the permissive County motor vehicle license tax.

Special Miscellaneous Improvements Fund

To account for revenues from lease of the Xenia Towne Square. Restricted by local ordinance for permanent improvements.

Tax Increment Equivalent Fund

To account for State payments in lieu of property taxes in the Urban Renewal Zone (Xenia Towne Square). Restricted by State law and local ordinance for improvements other than those directly benefiting the Urban Renewal zone.

(Continued)

Special Revenue Funds

Law Enforcement Fund

To account for the proceeds from sales of contraband seized during arrests on felony charges.

Drug Law Enforcement Fund

To account for drug offenses, fines and bond forfeitures.

Municipal Court Victim Fund

To account for revenues and expenditures related to the special fee assessed and collected by the Court to provide funding for the Victim Advocate Program for Xenia Municipal Court.

Debt Service Fund

Debt Service Fund

This fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources.

Capital Projects Funds

The Capital Projects Funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary or trust funds.

Municipal Court Capital Improvements Fund

This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment associated with the municipal court. This fund was established during 1991.

Issue II Fund

This fund is used to account for revenues and expenditures related to Issue II money which is used for infrastructure projects funded and approved by the State of Ohio Public Works Commission. This fund was established during 1989.

CITY OF XENIA, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2005**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Cash and cash equivalents	\$ 179,109	\$ 3,822	\$ 91,499	\$ 274,430
Investments	780,777	16,661	398,861	1,196,299
Receivables:				
Taxes, including interest, penalties and liens	200,000	61,200	0	261,200
Intergovernmental	439,729	0	0	439,729
Accounts	5,982	0	0	5,982
Accrued interest	11,132	322	6,135	17,589
Grants	29,322	0	343,388	372,710
Prepaid items	11,666	0	16,126	27,792
Total Assets	\$ 1,657,717	\$ 82,005	\$ 856,009	\$ 2,595,731
Liabilities:				
Accounts payable	\$ 2,403	\$ 0	\$ 383,333	\$ 385,736
Accrued payroll	21,574	0	0	21,574
Deferred revenue	575,323	61,395	3,718	640,436
Total Liabilities	599,300	61,395	387,051	1,047,746
Fund Balances:				
Reserved for:				
Encumbrances	85,712	0	569,934	655,646
Prepaid items	11,666	0	16,126	27,792
Debt service	0	20,610	0	20,610
Unreserved and undesignated in:				
Special revenue funds	961,039	0	0	961,039
Capital projects funds	0	0	(117,102)	(117,102)
Total Fund Balances	1,058,417	20,610	468,958	1,547,985
Total Liabilities and Funds Balances	\$ 1,657,717	\$ 82,005	\$ 856,009	\$ 2,595,731

CITY OF XENIA, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2005**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Other local taxes	\$ 197,058	\$ 64,893	\$ 0	\$ 261,951
State shared taxes and permits	268,675	7,659	0	276,334
Intergovernmental grants	88,992	0	343,388	432,380
Fines, costs, forfeitures, licenses and permits	84,216	0	92,295	176,511
Miscellaneous receipts and reimbursements, including interest	164,293	509	31,972	196,774
Total Revenue	803,234	73,061	467,655	1,343,950
Expenditures:				
Current:				
General government	326,774	0	0	326,774
Public safety	105,690	423	0	106,113
Highways and streets	95,186	719	0	95,905
Recreation	8,439	0	0	8,439
Capital outlay	228,232	0	478,687	706,919
Debt service:				
Principal retirement	16,500	33,500	0	50,000
Interest & fiscal charges	22,097	44,863	0	66,960
Total Expenditures	802,918	79,505	478,687	1,361,110
Excess (deficiency) of revenues over expenditures	316	(6,444)	(11,032)	(17,160)
Other financing sources (uses):				
Transfers in	68,459	0	0	68,459
Total other financing sources (uses)	68,459	0	0	68,459
Net change in fund balances	68,775	(6,444)	(11,032)	51,299
Fund Balances at Beginning of Year	989,642	27,054	479,990	1,496,686
Fund Balances End of Year	\$ 1,058,417	\$ 20,610	\$ 468,958	\$ 1,547,985

CITY OF XENIA, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2005**

	Recreation Special	Indigent Driver Alcohol Treatment	Law Enforcement and Education	State Route Repair	City Motor Vehicle License Tax
Assets:					
Cash and cash equivalents	\$ 519	\$ 73,064	\$ 6,778	\$ 10,163	\$ 11,021
Investments	2,262	318,497	29,544	44,303	48,044
Receivables:					
Taxes, including interest, penalties and liens	0	0	0	0	0
Intergovernmental	0	0	0	36,500	90,000
Accounts	0	5,982	0	0	0
Accrued interest	0	5,073	533	656	1,324
Grants	0	0	0	0	0
Prepaid items	46	0	0	154	0
Total Assets	\$ 2,827	\$ 402,616	\$ 36,855	\$ 91,776	\$ 150,389
Liabilities:					
Accounts payable	\$ 0	\$ 0	\$ 0	\$ 2,236	\$ 0
Accrued payroll	0	0	0	0	0
Deferred revenue	0	3,074	323	25,005	65,492
Total Liabilities	0	3,074	323	27,241	65,492
Fund Balances:					
Reserved for:					
Encumbrances	0	0	3,762	609	0
Prepaid items	46	0	0	154	0
Unreserved and undesignated	2,781	399,542	32,770	63,772	84,897
Total Fund Balances	2,827	399,542	36,532	64,535	84,897
Total Liabilities and Funds Balances	\$ 2,827	\$ 402,616	\$ 36,855	\$ 91,776	\$ 150,389

CITY OF XENIA, OHIO

County Motor Vehicle License Tax	Special Miscellaneous Improvements	Tax Increment Equivalent	Law Enforcement	Drug Law Enforcement	Municipal Court Victim	Total Nonmajor Special Revenue Funds
\$ 2,334	\$ 23,792	\$ 10,651	\$ 11,269	\$ 5,137	\$ 24,381	\$ 179,109
10,179	103,717	46,430	49,122	22,394	106,285	780,777
0	0	200,000	0	0	0	200,000
313,229	0	0	0	0	0	439,729
0	0	0	0	0	0	5,982
480	0	0	597	421	2,048	11,132
0	0	0	25,021	0	4,301	29,322
0	0	0	3,096	8,000	370	11,666
<u>\$ 326,222</u>	<u>\$ 127,509</u>	<u>\$ 257,081</u>	<u>\$ 89,105</u>	<u>\$ 35,952</u>	<u>\$ 137,385</u>	<u>\$ 1,657,717</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 167	\$ 2,403
0	747	0	10,356	0	10,471	21,574
278,320	0	200,000	332	255	2,522	575,323
<u>278,320</u>	<u>747</u>	<u>200,000</u>	<u>10,688</u>	<u>255</u>	<u>13,160</u>	<u>599,300</u>
77,126	0	2,341	1,230	0	644	85,712
0	0	0	3,096	8,000	370	11,666
(29,224)	126,762	54,740	74,091	27,697	123,211	961,039
47,902	126,762	57,081	78,417	35,697	124,225	1,058,417
<u>\$ 326,222</u>	<u>\$ 127,509</u>	<u>\$ 257,081</u>	<u>\$ 89,105</u>	<u>\$ 35,952</u>	<u>\$ 137,385</u>	<u>\$ 1,657,717</u>

CITY OF XENIA, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005**

	Recreation Special	Indigent Driver Alcohol Treatment	Law Enforcement and Education	State Route Repair	City Motor Vehicle License Tax
Revenues:					
Other local taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State shared taxes and permits	0	0	0	73,028	160,447
Intergovernmental grants	0	0	0	0	0
Fines, costs, forfeitures, licenses and permits	0	22,552	2,746	0	0
Miscellaneous receipts and reimbursements, including interest	2,716	5,703	686	599	2,718
Total Revenue	2,716	28,255	3,432	73,627	163,165
Expenditures:					
Current:					
General government	0	0	0	0	0
Public safety	0	0	2,745	0	0
Highways and streets	0	0	0	47,674	0
Recreation	8,439	0	0	0	0
Capital outlay	0	0	6,998	0	189,158
Debt service:					
Principal retirement	0	0	0	0	16,500
Interest & fiscal charges	0	0	0	0	22,097
Total Expenditures	8,439	0	9,743	47,674	227,755
Excess (deficiency) of revenues over expenditures	(5,723)	28,255	(6,311)	25,953	(64,590)
Other financing sources (uses):					
Transfers in	5,000	0	0	0	0
Total other financing sources (uses)	5,000	0	0	0	0
Net Change in Fund Balances	(723)	28,255	(6,311)	25,953	(64,590)
Fund Balances at Beginning of Year	3,550	371,287	42,843	38,582	149,487
Fund Balances End of Year	\$ 2,827	\$ 399,542	\$ 36,532	\$ 64,535	\$ 84,897

CITY OF XENIA, OHIO

County Motor Vehicle License Tax	Special Miscellaneous Improvements	Tax Increment Equivalent	Law Enforcement	Drug Law Enforcement	Municipal Court Victim	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 197,058	\$ 0	\$ 0	\$ 0	\$ 197,058
35,200	0	0	0	0	0	268,675
0	0	0	44,460	0	44,532	88,992
0	0	0	0	0	58,918	84,216
<u>1,192</u>	<u>83,976</u>	<u>2,562</u>	<u>60,868</u>	<u>799</u>	<u>2,474</u>	<u>164,293</u>
<u>36,392</u>	<u>83,976</u>	<u>199,620</u>	<u>105,328</u>	<u>799</u>	<u>105,924</u>	<u>803,234</u>
0	18,719	149,512	0	0	158,543	326,774
0	0	0	102,945	0	0	105,690
47,512	0	0	0	0	0	95,186
0	0	0	0	0	0	8,439
0	10,464	5,036	16,576	0	0	228,232
0	0	0	0	0	0	16,500
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>22,097</u>
<u>47,512</u>	<u>29,183</u>	<u>154,548</u>	<u>119,521</u>	<u>0</u>	<u>158,543</u>	<u>802,918</u>
(11,120)	54,793	45,072	(14,193)	799	(52,619)	316
<u>0</u>	<u>0</u>	<u>0</u>	<u>63,459</u>	<u>0</u>	<u>0</u>	<u>68,459</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>63,459</u>	<u>0</u>	<u>0</u>	<u>68,459</u>
(11,120)	54,793	45,072	49,266	799	(52,619)	68,775
<u>59,022</u>	<u>71,969</u>	<u>12,009</u>	<u>29,151</u>	<u>34,898</u>	<u>176,844</u>	<u>989,642</u>
<u>\$ 47,902</u>	<u>\$ 126,762</u>	<u>\$ 57,081</u>	<u>\$ 78,417</u>	<u>\$ 35,697</u>	<u>\$ 124,225</u>	<u>\$ 1,058,417</u>

CITY OF XENIA, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2005**

	Municipal Court Capital Improvements	Issue II	Total Nonmajor Capital Projects Funds
Assets:			
Cash and cash equivalents	\$ 89,475	\$ 2,024	\$ 91,499
Investments	390,035	8,826	398,861
Receivables:			
Accrued interest	6,135	0	6,135
Grants	0	343,388	343,388
Prepaid items	16,126	0	16,126
Total Assets	<u>\$ 501,771</u>	<u>\$ 354,238</u>	<u>\$ 856,009</u>
Liabilities:			
Accounts payable	\$ 132	\$ 383,201	\$ 383,333
Deferred revenue	3,718	0	3,718
Total Liabilities	<u>3,850</u>	<u>383,201</u>	<u>387,051</u>
Fund Balances:			
Reserved for:			
Encumbrances	71,350	498,584	569,934
Prepaid items	16,126	0	16,126
Unreserved and undesignated	410,445	(527,547)	(117,102)
Total Fund Balances	<u>497,921</u>	<u>(28,963)</u>	<u>468,958</u>
Total Liabilities and Funds Balances	<u>\$ 501,771</u>	<u>\$ 354,238</u>	<u>\$ 856,009</u>

CITY OF XENIA, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2005***

	Municipal Court Capital Improvements	Issue II	Total Nonmajor Capital Projects Funds
Revenues:			
Intergovernmental grants	\$ 0	\$ 343,388	\$ 343,388
Fines, costs, forfeitures, licenses and permits	92,295	0	92,295
Miscellaneous receipts and reimbursements, including interest	7,074	24,898	31,972
Total Revenue	99,369	368,286	467,655
Expenditures:			
Capital outlay	80,560	398,127	478,687
Total Expenditures	80,560	398,127	478,687
Net change in fund balances	18,809	(29,841)	(11,032)
Fund Balances at Beginning of Year	479,112	878	479,990
Fund Balances End of Year	\$ 497,921	\$ (28,963)	\$ 468,958

CITY OF XENIA, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Municipal Income Taxes	\$ 7,927,784	\$ 8,378,205	\$ 8,144,457	\$ (233,748)
Other Local Taxes	1,456,000	1,456,000	1,426,384	(29,616)
State Shared Taxes and Permits	1,832,752	1,832,752	1,988,858	156,106
Intergovernmental Grants	114,390	118,247	105,638	(12,609)
Charges for Services	1,514,450	1,514,450	1,434,128	(80,322)
Fines, Costs, Forfeitures, Licenses and Permits	1,056,351	1,056,351	1,161,194	104,843
Miscellaneous Receipts and Reimbursements, Including Interest	391,178	395,178	356,869	(38,309)
Total Revenues	<u>14,292,905</u>	<u>14,751,183</u>	<u>14,617,528</u>	<u>(133,655)</u>
Expenditures:				
General Government:				
City Council and General Government:				
Personnel Services	30,213	30,213	29,688	525
General Operating Expenses	30,567	25,232	13,017	12,215
Contractual Services	60,760	64,520	52,052	12,468
Materials and Supplies	4,505	6,080	5,764	316
Contributions	125,000	125,000	120,021	4,979
Total City Council and General Government	<u>251,045</u>	<u>251,045</u>	<u>220,542</u>	<u>30,503</u>
Municipal Court:				
Personnel Services	1,283,471	1,283,471	1,206,245	77,226
General Operating Expenses	17,435	14,040	13,883	157
Contractual Services	106,250	156,989	156,474	515
Materials and Supplies	28,808	21,305	20,754	551
Contributions	60,000	60,159	60,158	1
Total Municipal Court	<u>1,495,964</u>	<u>1,535,964</u>	<u>1,457,514</u>	<u>78,450</u>
City Law Department:				
Personnel Services	166,363	171,851	171,846	5
General Operating Expenses	3,274	2,085	1,117	968
Contractual Services	14,720	14,959	12,390	2,569
Materials and Supplies	5,542	6,492	5,148	1,344
Total City Law Department	<u>189,899</u>	<u>195,387</u>	<u>190,501</u>	<u>4,886</u>

(Continued)

CITY OF XENIA, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2005***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
City Manager's Office:				
Personnel Services	75,446	76,123	76,117	6
General Operating Expenses	1,450	3,237	2,695	542
Contractual Services	17,745	15,701	8,157	7,544
Materials and Supplies	3,175	2,755	1,974	781
Total City Manager's Office	97,816	97,816	88,943	8,873
Personnel Office:				
Personnel Services	18,747	19,712	19,708	4
General Operating Expenses	4,610	4,640	1,738	2,902
Contractual Services	29,705	68,898	56,418	12,480
Materials and Supplies	12,190	12,002	6,772	5,230
Total Personnel Office	65,252	105,252	84,636	20,616
Finance Office:				
Personnel Services	65,190	64,699	59,976	4,723
General Operating Expenses	1,750	598	597	1
Contractual Services	60,823	63,134	63,115	19
Materials and Supplies	5,560	4,892	4,793	99
Total Finance Office	133,323	133,323	128,481	4,842
Municipal Building and General Services:				
Contractual Services	148,979	148,881	137,304	11,577
Materials and Supplies	3,060	3,158	2,853	305
Total Municipal Building and General Services	152,039	152,039	140,157	11,882
Data Processing:				
Personnel Services	31,925	31,925	27,349	4,576
General Operating Expenses	3,000	2,100	1,900	200
Contractual Services	44,918	44,168	41,801	2,367
Materials and Supplies	21,754	23,404	21,663	1,741
Total Data Processing	101,597	101,597	92,713	8,884

(Continued)

CITY OF XENIA, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2005***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Clerk of City Council:				
Personnel Services	16,349	16,349	16,171	178
General Operating Expenses	190	190	35	155
Contractual Services	37,529	36,579	33,438	3,141
Materials and Supplies	3,000	3,950	3,703	247
Total Clerk of City Council	<u>57,068</u>	<u>57,068</u>	<u>53,347</u>	<u>3,721</u>
Volunteer Program:				
General Operating Expenses	1,075	1,538	1,462	76
Contractual Services	750	750	0	750
Materials and Supplies	1,700	1,237	861	376
Total Volunteer Program	<u>3,525</u>	<u>3,525</u>	<u>2,323</u>	<u>1,202</u>
Public Affairs & CATV:				
General Operating Expenses	1,300	1,300	1,273	27
Contractual Services	8,000	6,500	4,774	1,726
Materials and Supplies	1,000	2,500	2,286	214
Total Public Affairs & CATV	<u>10,300</u>	<u>10,300</u>	<u>8,333</u>	<u>1,967</u>
Tax Department:				
Personnel Services	243,742	243,742	232,398	11,344
General Operating Expenses	5,235	5,050	3,886	1,164
Contractual Services	67,757	67,614	61,020	6,594
Materials and Supplies	17,965	18,293	9,903	8,390
Total Tax Department	<u>334,699</u>	<u>334,699</u>	<u>307,207</u>	<u>27,492</u>
Total General Government	<u>2,892,527</u>	<u>2,978,015</u>	<u>2,774,697</u>	<u>203,318</u>
Public Safety:				
Violence Against Women Grant:				
Personnel Services	84,304	84,304	79,414	4,890
Contractual Services	3,600	3,600	1,800	1,800
Total Violence Against Women Grant	<u>87,904</u>	<u>87,904</u>	<u>81,214</u>	<u>6,690</u>

(Continued)

CITY OF XENIA, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2005***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Police:				
Personnel Services	4,005,383	3,940,866	3,851,523	89,343
General Operating Expenses	83,070	76,270	53,980	22,290
Contractual Services	354,006	390,856	355,127	35,729
Materials and Supplies	82,705	95,155	87,774	7,381
Total Police	4,525,164	4,503,147	4,348,404	154,743
Communications:				
Personnel Services	1,012,649	1,012,649	994,541	18,108
General Operating Expenses	5,525	3,075	793	2,282
Contractual Services	163,339	162,389	130,378	32,011
Materials and Supplies	28,845	32,245	27,732	4,513
Capital Outlay	80,095	80,095	15,095	65,000
Total Communications	1,290,453	1,290,453	1,168,539	121,914
Fire:				
Personnel Services	3,619,159	3,619,159	3,592,466	26,693
General Operating Expenses	27,005	16,590	13,945	2,645
Contractual Services	320,685	326,355	299,448	26,907
Materials and Supplies	119,489	124,234	119,715	4,519
Total Fire	4,086,338	4,086,338	4,025,574	60,764
Civil Defense:				
Personnel Services	33,125	33,125	31,592	1,533
General Operating Expenses	1,995	2,520	2,207	313
Contractual Services	42,068	41,543	27,942	13,601
Materials and Supplies	3,340	3,340	545	2,795
Total Civil Defense	80,528	80,528	62,286	18,242
Engineering:				
Personnel Services	54,486	54,486	54,388	98
General Operating Expenses	1,015	2,277	2,271	6
Contractual Services	34,593	29,916	26,934	2,982
Materials and Supplies	4,095	3,110	2,783	327
Total Engineering	94,189	89,789	86,376	3,413

(Continued)

CITY OF XENIA, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2005***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Construction Inspection:				
Personnel Services	36,067	36,667	34,580	2,087
General Operating Expenses	280	280	169	111
Contractual Services	13,718	13,318	10,478	2,840
Materials and Supplies	2,044	1,844	1,433	411
Total Construction Inspection	<u>52,109</u>	<u>52,109</u>	<u>46,660</u>	<u>5,449</u>
Total Public Safety	<u>10,216,685</u>	<u>10,190,268</u>	<u>9,819,053</u>	<u>371,215</u>
Health:				
Property Maintenance:				
Personnel Services	26,584	26,713	26,708	5
General Operating Expenses	416	166	100	66
Contractual Services	48,737	48,009	33,190	14,819
Materials and Supplies	2,050	2,899	1,953	946
Total Property Maintenance	<u>77,787</u>	<u>77,787</u>	<u>61,951</u>	<u>15,836</u>
Total Health	<u>77,787</u>	<u>77,787</u>	<u>61,951</u>	<u>15,836</u>
Highways and Streets:				
Street Lighting:				
Contractual Services	248,245	248,245	248,013	232
Total Highways and Streets	<u>248,245</u>	<u>248,245</u>	<u>248,013</u>	<u>232</u>
Community Development:				
Neighborhood Services:				
Personnel Services	120,843	121,006	121,004	2
General Operating Expenses	1,035	871	750	121
Contractual Services	11,246	11,293	10,206	1,087
Materials and Supplies	1,600	1,554	1,322	232
Total Neighborhood Services	<u>134,724</u>	<u>134,724</u>	<u>133,282</u>	<u>1,442</u>
Planning:				
Personnel Services	93,254	93,604	93,601	3
General Operating Expenses	1,787	1,102	1,071	31
Contractual Services	25,451	25,701	24,776	925
Materials and Supplies	1,912	1,997	1,919	78
Total Planning	<u>122,404</u>	<u>122,404</u>	<u>121,367</u>	<u>1,037</u>
Total Community Development	<u>257,128</u>	<u>257,128</u>	<u>254,649</u>	<u>2,479</u>

(Continued)

CITY OF XENIA, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – General Fund
For the Year Ended December 31, 2005**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Recreation:				
Parks and Recreation:				
Personnel Services	92,298	92,298	88,833	3,465
General Operating Expenses	610	610	0	610
Contractual Services	36,018	18,475	17,461	1,014
Materials and Supplies	8,100	25,643	24,902	741
Total Parks and Recreation	<u>137,026</u>	<u>137,026</u>	<u>131,196</u>	<u>5,830</u>
Xenia Station:				
Personnel Services	62,089	62,647	62,644	3
Contractual Services	11,773	12,195	10,366	1,829
Materials and Supplies	11,276	10,296	6,640	3,656
Total Xenia Station	<u>85,138</u>	<u>85,138</u>	<u>79,650</u>	<u>5,488</u>
General Park Maintenance:				
Personnel Services	61,772	62,338	62,336	2
General Operating Expenses	0	66	66	0
Contractual Services	57,109	61,020	55,168	5,852
Materials and Supplies	20,886	18,433	17,841	592
Total General Park Maintenance	<u>139,767</u>	<u>141,857</u>	<u>135,411</u>	<u>6,446</u>
Total Recreation	<u>361,931</u>	<u>364,021</u>	<u>346,257</u>	<u>17,764</u>
Total Expenditures	<u>14,054,303</u>	<u>14,115,464</u>	<u>13,504,620</u>	<u>610,844</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	238,602	635,719	1,112,908	477,189
Other Financing Sources (Uses):				
Transfers Out	(193,459)	(1,093,459)	(1,028,459)	65,000
Total Other Financing Sources (Uses)	<u>(193,459)</u>	<u>(1,093,459)</u>	<u>(1,028,459)</u>	<u>65,000</u>
Net Change in Fund Balance	45,143	(457,740)	84,449	542,189
Fund Balance at Beginning of Year	2,205,041	2,205,041	2,205,041	0
Prior Year Encumbrances	89,808	89,808	89,808	0
Fund Balance at End of Year	<u>\$ 2,339,992</u>	<u>\$ 1,837,109</u>	<u>\$ 2,379,298</u>	<u>\$ 542,189</u>

CITY OF XENIA, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds - Special Revenue – State Gas and Vehicle License Fund
For the Year Ended December 31, 2005***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
State Shared Taxes and Permits	\$ 920,000	\$ 920,000	\$ 929,595	\$ 9,595
Intergovernmental Grants	44,000	44,303	50,592	6,289
Charges for Services	1,000	500	500	0
Miscellaneous Receipts and Reimbursements, Including Interest	3,000	850	1,080	230
Total Revenues	<u>968,000</u>	<u>965,653</u>	<u>981,767</u>	<u>16,114</u>
Expenditures:				
Highways and Streets - Current:				
Personnel Services	740,690	740,690	726,850	13,840
General Operating	230	536	491	45
Contractual Services	142,875	169,172	159,432	9,740
Materials and Supplies	154,441	166,548	160,209	6,339
Total Expenditures	<u>1,038,236</u>	<u>1,076,946</u>	<u>1,046,982</u>	<u>29,964</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(70,236)	(111,293)	(65,215)	46,078
Other Financing Sources (Uses):				
Transfers In	125,000	88,000	60,000	(28,000)
Total Other Financing Sources (Uses)	<u>125,000</u>	<u>88,000</u>	<u>60,000</u>	<u>(28,000)</u>
Net Change in Fund Balance	54,764	(23,293)	(5,215)	18,078
Fund Balance at Beginning of Year	(3,786)	(3,786)	(3,786)	0
Prior Year Encumbrances	27,351	27,351	27,351	0
Fund Balance at End of Year	<u>\$ 78,329</u>	<u>\$ 272</u>	<u>\$ 18,350</u>	<u>\$ 18,078</u>

CITY OF XENIA, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds - Capital Projects – Capital Improvements Fund
For the Year Ended December 31, 2005**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Other Local Taxes	\$ 40,000	\$ 50,000	\$ 49,663	\$ (337)
Intergovernmental Grants	531,165	531,165	0	(531,165)
Charges for Services	50,000	50,000	22,594	(27,406)
Fines, Costs, Forfeitures, Licenses and Permits	0	9,000	8,655	(345)
Miscellaneous Receipts and Reimbursements Including Interest	217,338	180,800	160,726	(20,074)
Total Revenues	<u>838,503</u>	<u>820,965</u>	<u>241,638</u>	<u>(579,327)</u>
Expenditures:				
Capital Outlay:				
Contractual Services	45,900	43,307	10,823	32,484
Materials and Supplies	19,050	21,643	15,534	6,109
Capital Improvements	2,041,145	2,367,898	2,119,418	248,480
Debt Service:				
Principal Retirement	224,769	224,769	152,149	72,620
Interest and Fiscal Charges	72,595	72,595	32,456	40,139
Total Expenditures	<u>2,403,459</u>	<u>2,730,212</u>	<u>2,330,380</u>	<u>399,832</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,564,956)	(1,909,247)	(2,088,742)	(179,495)
Other Financing Sources (Uses):				
Proceeds from Capital Lease	900,000	900,000	0	(900,000)
Transfers In	0	900,000	900,000	0
Transfers Out	(75,000)	(75,000)	(75,000)	0
Total Other Financing Sources (Uses)	<u>825,000</u>	<u>1,725,000</u>	<u>825,000</u>	<u>(900,000)</u>
Net Change in Fund Balance	(739,956)	(184,247)	(1,263,742)	(1,079,495)
Fund Balance at Beginning of Year	880,171	880,171	880,171	0
Prior Year Encumbrances	505,312	505,312	505,312	0
Fund Balance at End of Year	<u>\$ 645,527</u>	<u>\$ 1,201,236</u>	<u>\$ 121,741</u>	<u>\$ (1,079,495)</u>

CITY OF XENIA, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005**

	RECREATION SPECIAL		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
Revenues:			
Miscellaneous Receipts and Reimbursements, Including Interest	\$ 3,000	\$ 2,732	\$ (268)
Total Revenues	<u>3,000</u>	<u>2,732</u>	<u>(268)</u>
Expenditures:			
Recreation - Current:			
Contractual Services	<u>9,600</u>	<u>8,485</u>	<u>1,115</u>
Total Expenditures	<u>9,600</u>	<u>8,485</u>	<u>1,115</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(6,600)	(5,753)	847
Other Financing Sources (Uses):			
Transfers In	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>5,000</u>	<u>5,000</u>	<u>0</u>
Net Change in Fund Balance	(1,600)	(753)	847
Fund Balance at Beginning of Year	<u>3,570</u>	<u>3,570</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,970</u>	<u>\$ 2,817</u>	<u>\$ 847</u>

CITY OF XENIA, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Fines, Costs, Forfeitures, Licenses and Permits	\$ 27,000	\$ 23,329	\$ (3,671)
Miscellaneous Receipts and Reimbursements, Including Interest	8,500	9,278	778
Total Revenues	<u>35,500</u>	<u>32,607</u>	<u>(2,893)</u>
Expenditures:			
Public Safety - Current:			
Contractual Services	<u>25,000</u>	<u>0</u>	<u>25,000</u>
Total Expenditures	<u>25,000</u>	<u>0</u>	<u>25,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,500	32,607	22,107
Fund Balance at Beginning of Year	<u>363,260</u>	<u>363,260</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 373,760</u>	<u>\$ 395,867</u>	<u>\$ 22,107</u>

CITY OF XENIA, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Fines, Costs, Forfeitures, Licenses and Permits	\$ 3,000	\$ 2,963	\$ (37)
Miscellaneous Receipts and Reimbursements, Including Interest	1,000	1,028	28
Total Revenues	<u>4,000</u>	<u>3,991</u>	<u>(9)</u>
Expenditures:			
Public Safety - Current:			
Contractual Services	10,350	3,625	6,725
Materials and Supplies	7,600	3,331	4,269
Capital Outlay	10,000	6,998	3,002
Total Expenditures	<u>27,950</u>	<u>13,954</u>	<u>13,996</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,950)	(9,963)	13,987
Fund Balance at Beginning of Year	<u>42,792</u>	<u>42,792</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 18,842</u>	<u>\$ 32,829</u>	<u>\$ 13,987</u>

CITY OF XENIA, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
State Shared Taxes and Permits	\$ 73,000	\$ 75,373	\$ 2,373
Miscellaneous Receipts and Reimbursements, Including Interest	1,000	1,129	129
Total Revenues	<u>74,000</u>	<u>76,502</u>	<u>2,502</u>
Expenditures:			
Highways and Streets - Current:			
Contractual Services	37,032	32,619	4,413
Materials and Supplies	35,994	32,277	3,717
Total Expenditures	<u>73,026</u>	<u>64,896</u>	<u>8,130</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	974	11,606	10,632
Fund Balance at Beginning of Year	42,343	42,343	0
Prior Year Encumbrances	614	614	0
Fund Balance at End of Year	<u>\$ 43,931</u>	<u>\$ 54,563</u>	<u>\$ 10,632</u>

CITY OF XENIA, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
State Shared Taxes and Permits	\$ 180,000	\$ 166,533	\$ (13,467)
Miscellaneous Receipts and Reimbursements, including Interest	3,000	3,075	75
Total Revenues	<u>183,000</u>	<u>169,608</u>	<u>(13,392)</u>
Expenditures:			
Highways and Streets - Current:			
Contractual Services	100	0	100
Capital Outlay	189,158	189,158	0
Debt Service:			
Principal Retirement	16,500	16,500	0
Interest and Fiscal Charges	<u>22,097</u>	<u>22,097</u>	<u>0</u>
Total Expenditures	<u>227,855</u>	<u>227,755</u>	<u>100</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(44,855)	(58,147)	(13,292)
Fund Balance at Beginning of Year	<u>117,979</u>	<u>117,979</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 73,124</u>	<u>\$ 59,832</u>	<u>\$ (13,292)</u>

CITY OF XENIA, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
State Shared Taxes and Permits	\$ 142,353	\$ 0	\$ (142,353)
Miscellaneous Receipt and Reimbursements, Including Interest	1,200	1,160	(40)
Total Revenues	<u>143,553</u>	<u>1,160</u>	<u>(142,393)</u>
Expenditures:			
Highways and Streets - Current:			
Contractual Services	117,140	76,339	40,801
Capital Outlay	54,353	48,299	6,054
Total Expenditures	<u>171,493</u>	<u>124,638</u>	<u>46,855</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(27,940)	(123,478)	(95,538)
Fund Balance at Beginning of Year	38,687	38,687	0
Prior Year Encumbrances	20,340	20,340	0
Fund Balance at End of Year	<u>\$ 31,087</u>	<u>\$ (64,451)</u>	<u>\$ (95,538)</u>

CITY OF XENIA, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Miscellaneous Receipts and Reimbursements, Including Interest	\$ 84,700	\$ 85,211	\$ 511
Total Revenues	<u>84,700</u>	<u>85,211</u>	<u>511</u>
Expenditures:			
General Government - Current:			
Personnel Services	40,806	18,439	22,367
Contractual Services	670	0	670
Materials and Supplies	2,000	648	1,352
Capital Outlay	75,000	10,464	64,536
Total Expenditures	<u>118,476</u>	<u>29,551</u>	<u>88,925</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(33,776)	55,660	89,436
Fund Balance at Beginning of Year	73,444	73,444	0
Prior Year Encumbrances	60	60	0
Fund Balance at End of Year	<u>\$ 39,728</u>	<u>\$ 129,164</u>	<u>\$ 89,436</u>

CITY OF XENIA, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005**

	TAX INCREMENT EQUIVALENT		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
Revenues:			
Other Local Taxes	\$ 165,000	\$ 197,058	\$ 32,058
Miscellaneous Receipts and Reimbursements, Including Interest	0	3,204	3,204
Total Revenues	<u>165,000</u>	<u>200,262</u>	<u>35,262</u>
Expenditures:			
General Government - Current:			
Contractual Services	4,000	2,512	1,488
Non-governmental	147,000	147,000	0
Capital Outlay	24,967	11,846	13,121
Total Expenditures	<u>175,967</u>	<u>161,358</u>	<u>14,609</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,967)	38,904	49,871
Fund Balance at Beginning of Year	6,706	6,706	0
Prior Year Encumbrances	9,871	9,871	0
Fund Balance at End of Year	<u>\$ 5,610</u>	<u>\$ 55,481</u>	<u>\$ 49,871</u>

CITY OF XENIA, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005***

	LAW ENFORCEMENT		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
Revenues:			
Intergovernmental Grants	\$ 111,664	\$ 19,409	\$ (92,255)
Miscellaneous Receipts and Reimbursements, Including Interest	65,800	61,477	(4,323)
Total Revenues	<u>177,464</u>	<u>80,886</u>	<u>(96,578)</u>
Expenditures:			
Public Safety - Current:			
Personnel Services	137,671	77,487	60,184
General Operating	5,680	0	5,680
Contractual Services	16,449	12,266	4,183
Materials and Supplies	11,139	6,488	4,651
Capital Outlay	25,150	16,576	8,574
Total Expenditures	<u>196,089</u>	<u>112,817</u>	<u>83,272</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,625)	(31,931)	(13,306)
Other Financing Sources (Uses):			
Transfers In	63,459	63,459	0
Total Other Financing Sources (Uses)	<u>63,459</u>	<u>63,459</u>	<u>0</u>
Net Change in Fund Balance	44,834	31,528	(13,306)
Fund Balance at Beginning of Year	27,398	27,398	0
Prior Year Encumbrances	1,019	1,019	0
Fund Balance at End of Year	<u>\$ 73,251</u>	<u>\$ 59,945</u>	<u>\$ (13,306)</u>

CITY OF XENIA, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Miscellaneous Receipts and Reimbursements, Including Interest	\$ 1,000	\$ 1,051	\$ 51
Total Revenues	<u>1,000</u>	<u>1,051</u>	<u>51</u>
Expenditures:			
Public Safety - Current:			
Contractual Services	8,800	8,000	800
Materials and Supplies	300	0	300
Capital Outlay	10,000	0	10,000
Total Expenditures	<u>19,100</u>	<u>8,000</u>	<u>11,100</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,100)	(6,949)	11,151
Fund Balance at Beginning of Year	<u>34,837</u>	<u>34,837</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 16,737</u>	<u>\$ 27,888</u>	<u>\$ 11,151</u>

CITY OF XENIA, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Grants	\$ 42,000	\$ 41,512	\$ (488)
Fines, Costs, Forfeitures, Licenses and Permits	66,000	62,857	(3,143)
Miscellaneous Receipts and Reimbursements, Including Interest	6,000	3,740	(2,260)
Total Revenues	<u>114,000</u>	<u>108,109</u>	<u>(5,891)</u>
Expenditures:			
General Government - Current:			
Personnel Services	148,826	148,819	7
General Operating	1,310	1,181	129
Contractual Services	6,084	5,947	137
Materials and Supplies	<u>2,363</u>	<u>2,230</u>	<u>133</u>
Total Expenditures	<u>158,583</u>	<u>158,177</u>	<u>406</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(44,583)	(50,068)	(5,485)
Fund Balance at Beginning of Year	176,544	176,544	0
Prior Year Encumbrances	<u>250</u>	<u>250</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 132,211</u>	<u>\$ 126,726</u>	<u>\$ (5,485)</u>

CITY OF XENIA, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Fund
For the Year Ended December 31, 2005**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DEBT SERVICE FUND			
Revenues:			
Other Local Taxes	\$ 61,792	\$ 64,893	\$ 3,101
State Shares Taxes and Permits	6,800	7,659	859
Miscellaneous Receipts and Reimbursements, Including Interest	700	730	30
Total Revenues	<u>69,292</u>	<u>73,282</u>	<u>3,990</u>
Expenditures:			
Public Safety:			
Police and Fire Pension			
Contractual Services	<u>1,000</u>	<u>423</u>	<u>577</u>
Total Public Safety	<u>1,000</u>	<u>423</u>	<u>577</u>
Highways and Streets:			
Streets			
Contractual Services	<u>1,000</u>	<u>719</u>	<u>281</u>
Total Highways and Streets	<u>1,000</u>	<u>719</u>	<u>281</u>
Debt Service:			
Principal Retirement	33,500	33,500	0
Interest and Fiscal Charges	<u>44,864</u>	<u>44,863</u>	<u>1</u>
Total Expenditures	<u>80,364</u>	<u>79,505</u>	<u>859</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,072)	(6,223)	4,849
Fund Balance at Beginning of Year	<u>26,972</u>	<u>26,972</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 15,900</u>	<u>\$ 20,749</u>	<u>\$ 4,849</u>

CITY OF XENIA, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2005**

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Fines, Costs, Forfeitures, Licenses and Permits	\$ 130,000	\$ 103,835	\$ (26,165)
Miscellaneous Receipts and Reimbursements, Including Interest	11,000	11,474	474
Total Revenues	<u>141,000</u>	<u>115,309</u>	<u>(25,691)</u>
Expenditures:			
Capital Outlay:			
Contractual Services	60,485	44,332	16,153
Materials and Supplies	10,102	1,481	8,621
Capital Improvements	112,119	107,441	4,678
Total Expenditures	<u>182,706</u>	<u>153,254</u>	<u>29,452</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(41,706)	(37,945)	3,761
Fund Balance at Beginning of Year	442,015	442,015	0
Prior Year Encumbrances	201	201	0
Fund Balance at End of Year	<u>\$ 400,510</u>	<u>\$ 404,271</u>	<u>\$ 3,761</u>

CITY OF XENIA, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2005***

	ISSUE II FUND		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Intergovernmental Grants	\$ 1,012,404	\$ 0	\$ (1,012,404)
Miscellaneous Receipts and Reimbursements Including Interest	25,000	25,034	34
Total Revenues	<u>1,037,404</u>	<u>25,034</u>	<u>(1,012,370)</u>
Expenditures:			
Capital Outlay:			
Capital Improvements	<u>1,036,825</u>	<u>513,510</u>	<u>523,315</u>
Total Expenditures	<u>1,036,825</u>	<u>513,510</u>	<u>523,315</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	579	(488,476)	(489,055)
Fund Balance at Beginning of Year	<u>883</u>	<u>883</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,462</u>	<u>\$ (487,593)</u>	<u>\$ (489,055)</u>

Nonmajor Enterprise Funds

These funds are used to account for operations that are financed and operated in a manner similar to private business - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Loan Fund

In 1983, the City assumed all assets, liabilities and loan commitments of Xenia Environmental Neighborhood Improvement Association, Inc. (X.E.N.I.A., Inc.). The City is collecting outstanding loans. Net income and loan repayments are used to finance an economic development project managed by the Xenia Economic Growth Corporation.

Parking Revenue Fund

To account for parking enforcement and the rental of parking lots owned by the City.

CDBG and UDAG Revolving Loan Fund

To account for monies received from the federal government under Community Development Block Grant (CDBG) and Urban Development Action Grant (UDAG) programs. The monies are used for economic development loans. Net income and loan repayments are used for similar economic development activities.

Housing Rehabilitation Loan Fund

To account for monies received from the federal government under Community Development Block Grant program. The monies are used for housing rehabilitation mortgage grants and low interest loans, net income and loan repayments will be used for similar activities.

CITY OF XENIA, OHIO

**Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2005**

	Loan	Parking Revenue	CDBG & UDAG Revolving Loan	Housing Rehabilitation Loan	Total Nonmajor Enterprise Funds
Assets:					
Current Assets:					
Cash and cash equivalents	\$ 1,282	\$ 6,299	\$ 24,617	\$ 70,950	\$ 103,148
Investments	5,592	27,459	107,304	309,287	449,642
Receivables:					
Accounts	0	1,116	0	0	1,116
Special assessments, including liens	11,217	0	0	0	11,217
Loans	878	0	0	63,932	64,810
Accrued interest	91	0	2,047	4,935	7,073
Prepaid items	208	273	0	0	481
Total Current Assets	19,268	35,147	133,968	449,104	637,487
Noncurrent Assets:					
Unrestricted:					
Loans receivable (net of current)	57,687	0	0	253,926	311,613
Capital Assets not being depreciated	0	111,310	0	4,300	115,610
Capital Assets, net of accumulated depreciation	0	0	60,521	75	60,596
Total Noncurrent Assets	57,687	111,310	60,521	258,301	487,819
Total Assets	\$ 76,955	\$ 146,457	\$ 194,489	\$ 707,405	\$ 1,125,306
Liabilities:					
Current Liabilities:					
Accounts payable	\$ 0	\$ 5	\$ 0	\$ 0	\$ 5
Accrued payroll	0	3,043	0	207	3,250
Compensated Absences	0	529	0	114	643
Total Current Liabilities	0	3,577	0	321	3,898
Noncurrent Liabilities					
Compensated Absences	0	2,780	0	595	3,375
Total Noncurrent Liabilities	0	2,780	0	595	3,375
Total Liabilities	0	6,357	0	916	7,273
Net Assets:					
Invested in Capital Assets, net of debt	0	111,310	60,521	4,375	176,206
Unrestricted	76,955	28,790	133,968	702,114	941,827
Total Net Assets	\$ 76,955	\$ 140,100	\$ 194,489	\$ 706,489	\$ 1,118,033

CITY OF XENIA, OHIO

**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended December 31, 2005**

	Loan	Parking Revenue	CDBG & UDAG Revolving Loan	Housing Rehabilitation Loan	Total Nonmajor Enterprise Funds
Operating revenues:					
Charges for services	\$ 9	\$ 63,017	\$ 0	\$ 5,004	\$ 68,030
Operating expenses:					
Personnel services	0	50,376	0	2,890	53,266
Contractual services	963	9,724	13,323	5,463	29,473
Materials and supplies	0	491	0	0	491
Depreciation	0	0	5,934	75	6,009
Non-governmental	21,032	0	386,113	28,645	435,790
Total expenditures	21,995	60,591	405,370	37,073	525,029
Operating income (loss)	(21,986)	2,426	(405,370)	(32,069)	(456,999)
Non-operating revenues:					
Interest revenue	128	(329)	3,463	6,809	10,071
Other	11	194	0	0	205
Intergovernmental	12	30	281,000	0	281,042
Total Non-operating revenue	151	(105)	284,463	6,809	291,318
Income (loss) before operating transfers	(21,835)	2,321	(120,907)	(25,260)	(165,681)
Transfers					
Transfers in	0	0	75,000	0	75,000
Total Transfers	0	0	75,000	0	75,000
Change in Net Assets	(21,835)	2,321	(45,907)	(25,260)	(90,681)
Net assets, beginning of year	98,790	137,779	240,396	731,749	1,208,714
Net assets, end of year	\$ 76,955	\$ 140,100	\$ 194,489	\$ 706,489	\$ 1,118,033

CITY OF XENIA, OHIO

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2005**

	Loan	Parking Revenue	CDBG & UDAG Revolving Loan	Housing Rehabilitation Loan	Total Other Enterprise Funds
Cash Flows from Operating Activities:					
Cash Received from Customers	\$1,131	\$62,407	\$0	\$71,882	\$135,420
Cash Payments for Goods and Services	(946)	(10,150)	(399,436)	(34,108)	(444,640)
Cash Payments to Employees	0	(49,550)	0	(2,779)	(52,329)
Net Cash Provided (Used) by Operating Activities	185	2,707	(399,436)	34,995	(361,549)
Cash Flows from Noncapital Financing Activities:					
Transfers In from Other Funds	0	0	75,000	0	75,000
Net Cash Provided by Noncapital Financing Activities	0	0	75,000	0	75,000
Cash Flows from Capital and Related Financing Activities:					
Intergovernmental Grants	12	30	281,000	0	281,042
Net Cash Provided by Capital and Related Financing Activities	12	30	281,000	0	281,042
Cash Flows from Investing Activities:					
Sale of Investments	0	0	27,363	0	27,363
Purchase of Investments	(462)	(3,229)	0	(44,383)	(48,074)
Receipts of Interest	167	109	3,893	9,096	13,265
Net Cash Provided (Used) by Investing Activities	(295)	(3,120)	31,256	(35,287)	(7,446)
Net Increase (Decrease) in Cash and Cash Equivalents	(98)	(383)	(12,180)	(292)	(12,953)
Cash and Cash Equivalents at Beginning of Year	1,380	6,682	36,797	71,242	116,101
Cash and Cash Equivalents at End of Year	\$1,282	\$6,299	\$24,617	\$70,950	\$103,148
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating Income (Loss)	(\$21,986)	\$2,426	(\$405,370)	(\$32,069)	(\$456,999)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	0	0	5,934	75	6,009
Income - Other Nonoperating	11	14	0	0	25
Changes in Assets and Liabilities:					
Decrease in Principal Receivable	22,154	0	0	66,878	89,032
Increase in Accounts Receivable	0	(610)	0	0	(610)
Decrease in Prepaid Items	6	46	0	0	52
Increase in Accounts Payable	0	5	0	0	5
Increase (Decrease) in Accrued Payroll	0	(21)	0	56	35
Increase in Compensated Absences Payable	0	847	0	55	902
Total Adjustments	22,171	281	5,934	67,064	95,450
Net Cash Provided (Used) by Operating Activities	\$185	\$2,707	(\$399,436)	\$34,995	(\$361,549)

Schedule of Noncash Investing, Capital and Financing Activities:

During 2005, the fair value of investments decreased by \$12, \$67 and \$2,967 in the Loan, Parking Revenue and Housing Rehabilitation Loan Funds, respectively. The fair value of investments increased by \$30 in the CDBG & UDAG Revolving Loan Fund during 2005.

Internal Service Funds

These funds are used to account for the financing of goods or services provided by one department to other departments of the City, on a cost-reimbursement basis.

Utility Billing Fund

To account for utility billing services provided to the water, sewer and sanitation enterprise funds of the City.

City Garage Fund

To account for the monies received from other departments to cover the cost of servicing the vehicles of the City departments.

CITY OF XENIA, OHIO

**Combining Statement of Net Assets
Internal Service Funds
December 31, 2005**

	<u>Utility Billing</u>	<u>City Garage</u>	<u>Total Internal Service Funds</u>
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 3,911	\$ 15,813	\$ 19,724
Investments	17,050	68,931	85,981
Receivables:			
Accounts	0	2,294	2,294
Inventories	0	31,495	31,495
Prepaid items	1,007	3,796	4,803
Total Current Assets	<u>21,968</u>	<u>122,329</u>	<u>144,297</u>
Noncurrent Assets:			
Unrestricted:			
Capital Assets (net of accumulated depreciation)	5,135	6,243	11,378
Total Noncurrent Assets	<u>5,135</u>	<u>6,243</u>	<u>11,378</u>
Total Assets	<u>27,103</u>	<u>128,572</u>	<u>155,675</u>
Liabilities:			
Current Liabilities:			
Accounts payable	305	6,363	6,668
Accrued payroll	0	9,795	9,795
Interfund payable	0	14,091	14,091
Compensated Absences	0	3,959	3,959
Total Current Liabilities	<u>305</u>	<u>34,208</u>	<u>34,513</u>
Noncurrent Liabilities			
Compensated Absences	0	20,787	20,787
Total Noncurrent Liabilities	<u>0</u>	<u>20,787</u>	<u>20,787</u>
Total Liabilities	<u>305</u>	<u>54,995</u>	<u>55,300</u>
Net Assets:			
Invested in Capital Assets, net of debt	5,135	6,243	11,378
Unrestricted	21,663	67,334	88,997
Total Net Assets	<u>\$ 26,798</u>	<u>\$ 73,577</u>	<u>\$ 100,375</u>

CITY OF XENIA, OHIO

**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2005**

	<u>Utility Billing</u>	<u>City Garage</u>	<u>Total Internal Service Funds</u>
Operating revenues:			
Charges for services	<u>\$ 66,000</u>	<u>\$ 583,169</u>	<u>\$ 649,169</u>
Operating expenses:			
Personnel services	0	152,267	152,267
General operating	3,674	967	4,641
Contractual services	39,744	93,618	133,362
Materials and supplies	5,786	315,568	321,354
Depreciation	<u>427</u>	<u>1,751</u>	<u>2,178</u>
Total expenditures	<u>49,631</u>	<u>564,171</u>	<u>613,802</u>
Operating income (loss)	16,369	18,998	35,367
Non-operating revenues:			
Interest revenue	(204)	(826)	(1,030)
Other	50	1,314	1,364
Intergovernmental	<u>0</u>	<u>70</u>	<u>70</u>
Total Non-operating revenue	<u>(154)</u>	<u>558</u>	<u>404</u>
Change in Net Assets	16,215	19,556	35,771
Net assets, beginning of year	<u>10,583</u>	<u>54,021</u>	<u>64,604</u>
Net assets, end of year	<u><u>\$ 26,798</u></u>	<u><u>\$ 73,577</u></u>	<u><u>\$ 100,375</u></u>

CITY OF XENIA, OHIO

**Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2005**

	Utility Billing	City Garage	Totals
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$66,000	\$583,169	\$649,169
Cash Payments for Goods and Services	(49,365)	(412,105)	(461,470)
Cash Payments to Employees	0	(146,208)	(146,208)
Net Cash Provided by Operating Activities	<u>16,635</u>	<u>24,856</u>	<u>41,491</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Intergovernmental Grants	0	70	70
Acquisition and Construction of Assets	(2,565)	0	(2,565)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(2,565)</u>	<u>70</u>	<u>(2,495)</u>
<u>Cash Flows from Investing Activities:</u>			
Purchase of Investments	(11,724)	(22,033)	(33,757)
Receipts of Interest	68	274	342
Net Cash Used by Investing Activities	<u>(11,656)</u>	<u>(21,759)</u>	<u>(33,415)</u>
Net Increase in Cash and Cash Equivalents	2,414	3,167	5,581
Cash and Cash Equivalents at Beginning of Year	1,497	12,646	14,143
Cash and Cash Equivalents at End of Year	<u>\$3,911</u>	<u>\$15,813</u>	<u>\$19,724</u>
<u>Reconciliation of Operating Income to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Income	\$16,369	\$18,998	\$35,367
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	427	1,751	2,178
Income - Other Nonoperating	9	127	136
Changes in Assets and Liabilities:			
Increase in Prepaid Items	(291)	(14)	(305)
Decrease in Inventory	0	726	726
Increase (Decrease) in Accounts Payable	121	(2,791)	(2,670)
Increase in Accrued Payroll	0	1,562	1,562
Increase in Compensated Absences	0	4,497	4,497
Total Adjustments	<u>266</u>	<u>5,858</u>	<u>6,124</u>
Net Cash Provided by Operating Activities	<u>\$16,635</u>	<u>\$24,856</u>	<u>\$41,491</u>

Schedule of Noncash Investing, Capital and Financing Activities:

During 2005, the fair value of investments decreased by \$112 and \$270 in the Utility Billing and City Garage Funds, respectively.

Fiduciary Funds

Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Agency Funds

Municipal Court Funds

The Municipal Court is considered part of the reporting entity of the City. The Court handles traffic, criminal, civil and small claims cases for the City of Xenia and certain other cities and townships in Greene County. An elected judge appoints the Clerk of Courts who deposits and controls undistributed receipts (principally posted bonds). The City, however, controls the fiscal operations of the Court, reviews and approves budget requests and amendments, provides space and owns all property used by the Court. The general fund includes Court operations which are required by Ohio law to be paid by the City; the agency fund includes undistributed receipts held for entities and individuals outside the City's reporting entity.

Imprest Cash Fund

To account for petty cash.

Insurance Deposit Fund

This fund is used to account for assets held by the City for citizens to ensure that fire damaged property is cleaned up. The authority for this is found in Section 3929.86(D) of the Ohio Revised Code.

CITY OF XENIA, OHIO

**Combining Statement Of Changes In Assets And Liabilities
Agency Funds
For the Year Ended December 31, 2005**

	Balance December 31, 2004	Additions	Deductions	Balance December 31, 2005
<u>Municipal Court - Traffic and Criminal:</u>				
Assets:				
Cash and Cash Equivalents	\$ 148,644	\$ 1,572,641	\$ (1,545,674)	\$ 175,611
Total Assets	<u>\$ 148,644</u>	<u>\$ 1,572,641</u>	<u>\$ (1,545,674)</u>	<u>\$ 175,611</u>
Liabilities:				
Accounts Payable	\$ 76,965	\$ 1,096,369	\$ (1,084,029)	\$ 89,305
Restricted Deposits	71,679	476,272	(461,645)	86,306
Total Liabilities	<u>\$ 148,644</u>	<u>\$ 1,572,641</u>	<u>\$ (1,545,674)</u>	<u>\$ 175,611</u>
<u>Municipal Court - Civil and Small Claims:</u>				
Assets:				
Cash and Cash Equivalents	\$ 5,770	\$ 518,104	\$ (513,194)	\$ 10,680
Total Assets	<u>\$ 5,770</u>	<u>\$ 518,104</u>	<u>\$ (513,194)</u>	<u>\$ 10,680</u>
Liabilities:				
Accounts Payable	\$ 4,838	\$ 509,111	\$ (504,036)	\$ 9,913
Restricted Deposits	932	8,993	(9,158)	767
Total Liabilities	<u>\$ 5,770</u>	<u>\$ 518,104</u>	<u>\$ (513,194)</u>	<u>\$ 10,680</u>
<u>Imprest Cash:</u>				
Assets:				
Cash and Cash Equivalents	\$ 1,200	\$ 0	\$ 0	\$ 1,200
Total Assets	<u>\$ 1,200</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,200</u>
Liabilities:				
Restricted Deposits	\$ 1,200	\$ 0	\$ 0	\$ 1,200
Total Liabilities	<u>\$ 1,200</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,200</u>
<u>Insurance Deposit:</u>				
Assets:				
Cash and Cash Equivalents	\$ 6,000	\$ 10,031	\$ (6,000)	\$ 10,031
Total Assets	<u>\$ 6,000</u>	<u>\$ 10,031</u>	<u>\$ (6,000)</u>	<u>\$ 10,031</u>
Liabilities:				
Restricted Deposits	\$ 6,000	\$ 10,031	\$ (6,000)	\$ 10,031
Total Liabilities	<u>\$ 6,000</u>	<u>\$ 10,031</u>	<u>\$ (6,000)</u>	<u>\$ 10,031</u>
<u>Totals - All Agency Funds:</u>				
Assets:				
Cash and Cash Equivalents	\$ 161,614	\$ 2,100,776	\$ (2,064,868)	\$ 197,522
Total Assets	<u>\$ 161,614</u>	<u>\$ 2,100,776</u>	<u>\$ (2,064,868)</u>	<u>\$ 197,522</u>
Liabilities:				
Accounts Payable	\$ 81,803	\$ 1,605,480	\$ (1,588,065)	\$ 99,218
Restricted Deposits	79,811	495,296	(476,803)	98,304
Total Liabilities	<u>\$ 161,614</u>	<u>\$ 2,100,776</u>	<u>\$ (2,064,868)</u>	<u>\$ 197,522</u>

*CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS*

CITY OF XENIA, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
December 31, 2005**

Capital Assets:	
Land	\$ 15,199,451
Construction in Progress	854,397
Subtotal - Non-depreciable Assets	<u>16,053,848</u>
Land Improvements	676,045
Building and Improvements	3,566,861
Machinery and Equipment	8,170,565
Infrastructure	7,779,321
Subtotal - Depreciable Assets net of Depreciation	<u>20,192,792</u>
Net Capital Assets	<u><u>\$ 36,246,640</u></u>
Investment in Capital Assets by Source:	
Capital Projects Funds:	
Various Revenue Sources - (Pre-1983 Assets)	\$ 4,274,132
General Revenues	30,757,279
Special Revenue Funds	360,832
Total Capital Assets	<u>35,392,243</u>
Construction in Progress	854,397
Net Capital Assets	<u><u>\$ 36,246,640</u></u>

CITY OF XENIA, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2005**

Function and Activity	Land		
	Land	Improvements	Buildings
General Government:			
Municipal Court	\$ 156,550	\$ 0	\$ 9,084
Law Director	0	0	0
City Manager	0	0	0
Human Resources	0	0	0
Finance	0	0	0
Income Tax	0	0	0
Municipal Building and General Services	102,580	0	2,525,521
Data Processing	0	0	0
Clerk	0	0	0
Victim-witness	0	0	0
Total General Government	259,130	0	2,534,605
Public Safety:			
Police	0	0	26,106
Fire	63,520	12,502	247,100
Homeland Security/Risk Management	0	0	0
Construction Inspection	0	0	0
Engineering	0	0	0
Total Public Safety	63,520	12,502	273,206
City Wide:			
Health	0	0	0
Highways and Streets	11,567,417	275,457	91,819
Community Development	2,573,660	20,905	510,169
Recreation	484,473	825,001	1,066,835
Utility Billing	0	0	0
Water Service	0	0	0
Sewer Service	0	0	0
Sanitation Service	236,890	0	0
Garage	14,361	94,538	1,079,512
Total City Wide	14,876,801	1,215,901	2,748,335
Total Capital Assets	15,199,451	1,228,403	5,556,146
Less: Accumulated Depreciation	0	(552,358)	(1,989,285)
Net Capital Assets	\$ 15,199,451	\$ 676,045	\$ 3,566,861
Construction in Progress			
Total Capital Assets			

CITY OF XENIA, OHIO

Machinery and Equipment	Infrastructure	Total
\$ 426,823	\$ 0	\$ 592,457
5,273	0	5,273
4,724	0	4,724
4,048	0	4,048
36,649	0	36,649
17,919	0	17,919
33,469	0	2,661,570
840,884	0	840,884
5,405	0	5,405
15,845	0	15,845
<u>1,391,039</u>	<u>0</u>	<u>4,184,774</u>
1,746,883	0	1,772,989
2,934,699	0	3,257,821
130,433	0	130,433
17,108	0	17,108
39,856	0	39,856
<u>4,868,979</u>	<u>0</u>	<u>5,218,207</u>
16,006	0	16,006
8,472,947	11,786,580	32,194,220
15,326	0	3,120,060
471,642	25,000	2,872,951
1,077	0	1,077
4,120	0	4,120
16,028	0	16,028
0	0	236,890
209,059	0	1,397,470
<u>9,206,205</u>	<u>11,811,580</u>	<u>39,858,822</u>
15,466,223	11,811,580	49,261,803
<u>(7,295,658)</u>	<u>(4,032,259)</u>	<u>(13,869,560)</u>
<u>\$ 8,170,565</u>	<u>\$ 7,779,321</u>	<u>35,392,243</u>
		<u>854,397</u>
		<u>\$ 36,246,640</u>

CITY OF XENIA, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule Changes by Function and Activity
For Year Ended December 31, 2005**

Function and Activity	December 31, 2004	Additions	Deductions	December 31, 2005
General Government:				
Municipal Court	\$578,513	\$13,944	\$0	\$592,457
Law Director	5,273	0	0	5,273
City Manager	32,599	0	(27,875)	4,724
Human Resources	4,048	0	0	4,048
Finance	46,298	0	(9,649)	36,649
Income Tax	20,484	0	(2,565)	17,919
Municipal Building and General Services	2,661,570	0	0	2,661,570
Data Processing	799,998	40,886	0	840,884
Clerk	5,405	0	0	5,405
Victim-witness	15,845	0	0	15,845
Total General Government	4,170,033	54,830	(40,089)	4,184,774
Public Safety:				
Police	1,829,701	97,665	(154,377)	1,772,989
Fire	3,231,248	63,788	(37,215)	3,257,821
Homeland Security/Risk Management	115,138	15,295	0	130,433
Construction Inspection	13,792	17,108	(13,792)	17,108
Engineering	62,958	6,640	(29,742)	39,856
Total Public Safety	5,252,837	200,496	(235,126)	5,218,207
City Wide:				
Health	15,666	14,046	(13,706)	16,006
Highways and Streets	31,266,493	1,038,185	(110,458)	32,194,220
Community Development	3,120,060	0	0	3,120,060
Recreation	2,851,154	29,839	(8,042)	2,872,951
Utility Billing	1,077	0	0	1,077
Water Service	4,120	0	0	4,120
Sewer Service	16,028	0	0	16,028
Sanitation Service	236,890	0	0	236,890
Garage	1,391,523	14,450	(8,503)	1,397,470
Total City Wide	38,903,011	1,096,520	(140,709)	39,858,822
Total Capital Assets	48,325,881	1,351,846	(415,924)	49,261,803
Less: Accumulated Depreciation	(12,957,872)	(1,204,025)	292,337	(13,869,560)
Net Capital Assets	35,368,009	147,821	(123,587)	35,392,243
Construction in Progress	28,500	825,897	0	854,397
Total Capital Assets	\$35,396,509	\$973,718	(\$123,587)	\$36,246,640

STATISTICAL SECTION



STATISTICAL TABLES

***T**HE FOLLOWING UNAUDITED STATISTICAL TABLES REFLECT SOCIAL AND ECONOMIC DATA, FINANCIAL TRENDS AND FISCAL CAPACITY OF THE CITY.*

CITY OF XENIA, OHIO

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1) LAST TEN YEARS

Year	General Government	Public Safety	Highways and Streets	Community Development
1996	\$ 2,138,386	\$ 7,113,784	\$ 1,232,011	\$ 192,807
1997	2,503,314	7,434,467	1,331,473	214,769
1998	2,950,717	7,716,929	1,258,925	236,427
1999	3,223,308	8,010,586	1,401,753	250,153
2000	2,547,063	9,060,993	1,599,974	263,724
2001	2,661,868	8,921,217	1,418,896	277,850
2002	2,866,097	9,632,474	1,486,189	256,039
2003	2,931,042	9,602,273	1,439,115	299,088
2004	3,098,492	9,557,428	1,337,651	265,626
2005	3,057,658	9,925,722	1,334,299	283,489

Year	Health	Recreation	Debt Service	Total
1996	\$ 197,387	\$ 303,885	\$ 0	\$ 11,178,260
1997	229,193	368,200	0	12,081,416
1998	246,708	482,746	0	12,892,452
1999	242,556	496,365	0	13,624,721
2000	204,019	500,880	38,484	14,215,137
2001	66,533	500,504	116,028	13,962,896
2002	42,132	483,618	119,008	14,885,557
2003	70,285	470,294	116,825	14,928,922
2004	53,237	376,688	119,473	14,808,595
2005	60,873	319,900	116,960	15,098,901

Source: City of Xenia, Department of Finance

(1) Includes General, Special Revenue Funds, and Debt Service Funds
Excludes Capital Outlay in the Special Revenue Funds

CITY OF XENIA, OHIO

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1) LAST TEN YEARS

Year	Municipal Income Taxes	Other Local Taxes	State Shared Taxes and Permits	Inter- Government Aid, Grants	Charges for Services
1996	\$ 6,158,719	\$ 1,407,030	\$ 2,025,806	\$ 163,724	\$ 133,607
1997	6,279,892	1,477,634	2,102,917	154,652	130,799
1998	6,830,404	1,501,540	2,458,522	234,893	86,819
1999	7,231,209	1,546,600	2,756,090	264,702	88,129
2000	7,306,394	1,604,470	2,557,075	584,346	67,904
2001	7,940,618	1,589,303	3,166,475	226,320	59,878
2002	7,682,250	1,542,313	3,194,270	378,407	192,887
2003	7,856,461	1,883,836	2,796,154	291,797	764,483
2004	8,016,918	1,745,395	2,961,220	239,816	1,468,784
2005	8,158,020	1,185,335	3,174,305	591,249	1,441,469

Year	Fines, Costs Forfeitures Licenses and Permits	Miscellaneous Receipts and Reimbursements	Total
1996	\$ 842,133	\$ 1,171,237	\$ 11,902,256
1997	910,933	1,093,171	12,149,998
1998	1,153,264	928,731	13,194,173
1999	1,314,091	917,626	14,118,447
2000	1,369,565	1,118,241	14,607,995
2001	1,269,927	1,017,807	15,270,328
2002	1,202,121	993,243	15,185,491
2003	1,154,062	1,020,611	15,767,404
2004	1,359,346	500,088	16,291,567
2005	1,348,736	554,492	16,453,606

Source: City of Xenia, Department of Finance

(1) Includes General, Special Revenue Funds, and Debt Service Funds

CITY OF XENIA, OHIO

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN YEARS

Tax Year	Collection Year	Total Tax Levy	Current Tax Collections	Percentage of Current Taxes Collected	Delinquent Tax Collections
1995	1996	\$ 1,329,901	\$ 1,198,927	90.2%	\$ 43,974
1996	1997	1,437,317	1,278,854	89.0%	40,533
1997	1998	1,404,805	1,331,963	94.8%	48,733
1998	1999	1,471,900	1,388,239	94.3%	42,923
1999	2000	1,577,005	1,394,597	88.4%	52,437
2000	2001	1,607,373	1,391,518	86.6%	76,718
2001	2002	1,539,969	1,378,198	89.5%	58,446
2002	2003	1,701,790	1,527,357	89.8%	80,868
2003	2004	1,757,430	1,563,361	89.0%	74,798
2004	2005	1,805,951	1,591,944	88.1%	56,108

Tax Year	Collection Year	Total Tax Collections	Total Collections as Percentage of Total Tax Levied	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percentage of Total Tax Levied
1995	1996	\$ 1,242,901	93.5%	\$ 72,992	5.5%
1996	1997	1,319,387	91.8%	93,865	6.5%
1997	1998	1,380,696	98.3%	76,896	5.5%
1998	1999	1,431,162	97.2%	110,458	7.5%
1999	2000	1,447,034	91.8%	143,314	9.1%
2000	2001	1,468,236	91.3%	156,720	9.8%
2001	2002	1,436,644	93.3%	176,903	11.5%
2002	2003	1,608,225	94.5%	161,374	9.5%
2003	2004	1,638,160	93.2%	133,014	7.6%
2004	2005	1,648,052	91.3%	156,364	8.7%

Source: Greene County Auditor's Office

CITY OF XENIA, OHIO

ASSESSED AND CURRENT MARKET VALUES OF TAXABLE PROPERTY LAST TEN YEARS

Tax Year	Collection Year	Real Property Values		Personal Property Values		Total Values		Ratio of Total Assessed Value to total Market Value
		Assessed	Current Market	Assessed	Current Market	Assessed	Current Market	
1995	1996	\$ 197,569,440	\$ 564,484,114	\$ 38,947,655	\$ 155,790,620	\$ 236,517,095	\$ 720,274,734	32.84%
1996 (1)	1997	227,387,020	649,677,200	35,202,090	126,458,645	262,589,110	776,135,845	33.83%
1997	1998	232,033,230	662,952,086	44,264,461	161,873,307	276,297,691	824,825,393	33.50%
1998	1999	237,199,760	677,713,600	45,616,390	166,198,566	282,816,150	843,912,166	33.51%
1999 (2)	2000	254,762,850	726,195,886	45,259,251	164,683,758	299,427,811	890,879,644	33.61%
2000	2001	255,754,560	730,727,314	45,870,809	169,458,436	301,625,369	900,185,750	33.51%
2001	2002	257,363,900	735,325,429	39,286,360	146,469,760	296,650,260	881,795,189	33.64%
2002 (1)	2003	302,734,910	864,956,885	40,383,209	161,477,977	343,118,119	1,026,434,862	33.43%
2003	2004	310,181,590	886,233,114	39,775,752	159,103,008	349,957,342	1,045,336,122	33.48%
2004	2005	317,048,820	905,853,771	31,092,174	124,368,696	348,140,994	1,030,222,467	33.79%

Source: Greene County Auditors' Office

(1) Real property values were revalued as of January 1 as part of the six-year revaluation process.

(2) Real property values were updated at January 1 as part of the triennial update process.

CITY OF XENIA, OHIO

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

<u>Tax Year</u>	<u>Collection Year</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>School (1) District</u>	<u>Health District</u>	<u>County (2)</u>	<u>Total</u>
1995	1996	6.70	0.00	6.70	43.85	0.30	8.78	59.63
1996	1997	6.70	0.00	6.70	42.95	0.30	8.78	58.73
1997	1998	6.70	0.00	6.70	42.75	0.30	8.78	58.53
1998	1999	6.70	0.00	6.70	42.55	0.30	8.78	58.33
1999	2000	6.70	0.00	6.70	42.15	0.30	9.08	58.23
2000	2001	6.30	0.40	6.70	41.95	0.30	10.33	59.28
2001	2002	6.30	0.40	6.70	42.05	0.30	10.33	59.38
2002	2003	6.30	0.40	6.70	41.15	0.50	10.33	58.68
2003	2004	6.30	0.40	6.70	41.05	0.50	10.07	58.32
2004	2005	6.50	0.20	6.70	48.45	0.50	11.30	66.95

Source: Greene County Auditor's Office

(1) School District includes the Xenia Community School District and the Greene County Career Center.

(2) County includes both the county and Library

CITY OF XENIA, OHIO

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS LAST TEN YEARS

<u>Year</u>	<u>Assessments Billed</u>	<u>Assessments Collected</u>	<u>Ratios of Collections to Amount Billed</u>	<u>Total Outstanding Assessments</u>
1996	\$ 62,285	\$ 13,533	21.73 %	\$ 48,752
1997	76,788	26,433	34.42	50,355
1998	68,113	12,151	17.84	55,962
1999	72,562	14,708	20.27	57,854
2000	107,634	9,318	8.66	98,316
2001	127,074	28,571	22.48	98,503
2002	126,620	12,449	9.83	114,171
2003	157,619	13,053	8.28	144,566
2004	188,654	27,037	14.33	161,617
2005	221,920	26,286	11.84	195,634

Source: Greene County Auditor's Office

CITY OF XENIA, OHIO

COMPUTATION OF LEGAL DEBT MARGIN DECEMBER 31, 2005

Total Assessed Value	\$ 348,140,994
Overall Debt Limitation - 10-1/2% of assessed valuation	<u>36,554,804</u>
Total Bonded Debt	<u>1,170,000</u>
Total Amount of Debt Applicable to Debt Limit	<u>1,170,000</u>
Legal Debt Margin Within 10-1/2% Limitation	<u>\$ 35,384,804</u>
Unvoted Debt Limitation - 5-1/2% of assessed valuation	<u>19,147,755</u>
Total Bonded Debt	<u>1,170,000</u>
Total Amount of Debt Applicable to Debt Limit	<u>1,170,000</u>
Legal Debt Margin Within 5-1/2% Limitation	<u>\$ 17,977,755</u>

Source: City of Xenia, Department of Finance

CITY OF XENIA, OHIO

RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
LAST TEN YEARS

Year	Population	Assessed Value	Gross Bonded Debt (1)
1996	24,836	\$ 236,517,095	\$ 0
1997	24,836	262,589,110	0
1998	24,836	276,297,691	0
1999	24,836	282,816,150	0
2000	24,164	299,427,811	1,400,000
2001	24,164	301,625,369	1,360,000
2002	24,164	296,650,260	1,315,000
2003	24,164	343,118,119	1,270,000
2004	24,164	349,957,342	1,220,000
2005	24,164	348,140,994	1,170,000

Year	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1996	\$ 0	0.00%	\$ 0.00
1997	0	0.00	0.00
1998	0	0.00	0.00
1999	0	0.00	0.00
2000	1,400,000	0.47	57.94
2001	1,360,000	0.05	56.28
2002	1,315,000	0.44	54.42
2003	1,270,000	0.37	52.56
2004	1,220,000	0.35	50.49
2005	1,170,000	0.34	48.42

Source: City of Xenia, Department of Finance

(1) Includes all long-term general obligation debt and bond anticipation notes

CITY OF XENIA, OHIO

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR
GENERAL BONDED DEBT TO TOTAL GENERAL EXPENDITURES
LAST TEN YEARS**

Year	Principal (1)	Interest (1)	Total Debt Service	(1)	Total General Expenditures	(2)	Ratio of Debt Service To Total General Expenditures
1996	\$ 0	\$ 0	\$ 0		\$ 11,178,260		0.00%
1997	0	0	0		12,081,416		0.00
1998	0	0	0		12,892,452		0.00
1999	0	0	0		13,624,721		0.00
2000	0	38,484	38,484		14,215,137		0.27
2001	40,000	76,028	116,028		13,962,896		0.83
2002	45,000	74,008	119,008		14,885,557		0.80
2003	45,000	71,825	116,825		14,928,922		0.78
2004	50,000	69,473	119,473		14,808,595		0.81
2005	50,000	66,960	116,960		15,098,901		0.77

Source: City of Xenia, Department of Finance

(1) Includes principal and interest paid on all long-term general obligation debt and bond anticipation notes

(2) General, Special Revenue and Debt Service Funds.

Excludes Capital Outlay in the Special Revenue Funds

CITY OF XENIA, OHIO

COMPUTATION OF OVERLAPPING DEBT DECEMBER 31, 2005

<u>Jurisdiction</u>	<u>Net Outstanding Debt (1)</u>	<u>Percentage Applicable to City of Xenia, Ohio (2)</u>	<u>Amount Applicable to City of Xenia, Ohio</u>
Greene County	\$ 21,689,000	11.17%	\$ 2,422,661
Xenia Community School District	3,905,000	0.62	2,421,100
Greene County Career Center	1,376,855	0.11	152,005
Greene County Health District	233,658	27.33%	<u>63,866</u>
Total			<u>\$ 5,059,632</u>

Sources:

- (1) Appropriate Jurisdiction
- (2) Greene County Auditor's Office

CITY OF XENIA, OHIO

COVERAGE - SEWER DEBT LAST TEN YEARS

Year	Gross Revenue (1)	Direct Operating Expense (2)	Net Revenue Available for Debt Service
1996	\$ 2,540,382	\$ 2,260,671	\$ 279,711
1997	2,560,164	2,174,815	385,349
1998	2,465,885	2,237,721	228,164
1999	2,443,731	2,417,190	26,541
2000	3,320,937	2,759,441	561,496
2001	3,165,045	3,052,458	112,587
2002	3,431,178	3,205,093	226,085
2003	2,984,362	3,297,080	(312,718)
2004	3,589,125	3,158,277	430,848
2005	3,708,686	3,374,829	333,857

Year	Debt Service Requirements (3)			Coverage
	Principal	Interest	Total	
1996	\$ 113,353	\$ 68,950	\$ 182,303	1.53
1997	116,825	65,478	182,303	2.11
1998	120,403	61,900	182,303	1.25
1999	124,091	58,212	182,303	0.15
2000	63,463	27,688	91,151	6.16
2001	177,818	127,513	305,331	0.37
2002	438,714	245,753	684,467	0.33
2003	451,384	233,083	684,467	(0.46)
2004	464,421	220,046	684,467	0.63
2005	477,835	206,632	684,467	0.49

Source: City of Xenia, Department of Finance

(1) Less proceeds from sale of public debt (bond and notes).

(2) Excludes repair and maintenance repairs.

(3) Includes principal and interest requirements for sewer debt.

CITY OF XENIA, OHIO

DEMOGRAPHIC STATISTICS LAST TEN YEARS

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Income (1)</u>	<u>Median Age (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (3)(4)</u>
1995	24,836	\$ 10,906	31.5	5,680	3.5 %
1996	24,836	10,906	31.5	5,600	3.8
1997	24,836	10,906	31.5	5,546	3.8
1998	24,836	10,906	31.5	5,425	3.5
1999	24,836	10,906	31.5	5,390	3.0
2000	24,836	10,906	31.5	5,324	3.8
2001	24,164	16,481	34.5	5,221	3.4
2002	24,164	16,481	34.5	5,221	4.5
2003	24,164	16,481	34.5	5,137	5.0
2004	24,164	16,481	34.5	5,089	5.3
2005	24,164	16,481	34.5	5,089	5.5

Sources:

- (1) Bureau of Census and Statistics
- (2) Xenia City School District
- (3) Unemployment rate expressed as a percentage
- (4) Ohio Workforce Labor Market Info (lmi.state.oh.us)

CITY OF XENIA, OHIO

CONSTRUCTION AND PROPERTY VALUES LAST TEN YEARS

Year	Commercial Construction (1)		Residential Construction (1)		Assessed Property Value (2)				
	Number of Units	Value	Number of Units	Value	Agricultural	Residential	Commercial	Industrial	Public Utility-Real
1996	12	\$ 2,496,000	92	\$ 9,086,042	\$ 794,010	\$ 151,901,540	\$ 35,361,820	\$ 9,460,710	\$ 51,360
1997	13	5,709,750	100	10,064,210	862,120	176,783,670	39,756,080	9,908,210	76,940
1998	13	13,109,046	67	6,936,699	680,950	181,086,510	40,087,810	10,100,420	77,540
1999	3	7,825,500	79	8,480,533	1,051,770	185,488,480	40,479,090	10,112,920	67,500
2000		n/a		n/a	5,179,960	197,739,750	41,778,130	9,996,080	68,930
2001	15	4,319,707	128	14,917,928	4,555,550	199,208,910	41,801,090	10,120,080	68,930
2002	21	7,008,823	104	13,930,555	1,354,680	203,643,870	41,621,500	10,682,330	61,520
2003	17	11,579,702	109	13,896,399	1,612,480	243,814,080	46,174,780	11,067,330	66,240
2004	13	4,338,313	116	21,315,065	1,544,190	250,044,990	47,149,050	11,377,120	66,240
2005	20	25,291,415	104	14,176,328	2,047,010	255,421,330	48,008,860	11,505,380	66,240

Source: City of Xenia, Department of Finance

(1) Greene County Building Inspection

(2) Greene County Auditor's Office

NOTE: Information regarding commercial and residential construction for the year 2000 is not available.

CITY OF XENIA, OHIO

PRINCIPAL TAXPAYERS
DECEMBER 31, 2005

Taxpayer	Type of Business	Assessed Valuation	Percentage of Total Assessed Valuation
Supervalu Holdings, Inc.	Grocery warehouse	\$ 11,343,590	3.17%
Dayton Power and Light	Gas and Electric Utility	4,899,090	1.37%
Twist, Inc.	Manufacturing	3,142,250	0.88%
CIL Isotope Separation, Inc.	Manufacturing	2,899,881	0.81%
Ohio Bell	Telephone Utility	2,807,170	0.79%
Walmart Stores, Inc.	Retail	2,565,210	0.72%
Key Chrysler Plymouth, Inc.	Automotive Sales	2,187,520	0.61%
Electronic Image Systems, Inc. (Barco)	CRT Projectors	2,140,520	0.60%
DDR Xenia and New Bern LLC	Rental Properties	1,980,890	0.55%
Xenia Nominee LP	Rental Properties	1,894,120	0.53%
Total		<u>\$ 35,860,241</u>	<u>10.03%</u>

Source: Greene County Auditor's Office

CITY OF XENIA, OHIO

SUMMARY OF INSURANCE COVERAGE DECEMBER 31, 2005

Ohio Government Risk Management Plan (Swartzel Affiliated Insurance Service): General liability limit is \$5,000,000 each occurrence with \$7,000,000 aggregate. Employers liability coverage (Ohio Stop Gap) is \$5,000,000 bodily injury by accident or disease with a \$5,000,000 bodily injury by accident aggregate. Employee benefits liability coverage is the municipal errors and omissions liability endorsement. Law enforcement officers liability coverage is \$5,000,000 each wrongful act, \$7,000,000 aggregate with a \$10,000 deductible. Public Officials liability coverage is \$5,000,000 each wrongful act, \$7,000,000 aggregate with a \$10,000 deductible. This Plan also has automobile coverage with bodily injury liability, uninsured motorist insurance and medical payments. There is property coverage; an inland marine provision for \$1,821,904 with a \$10,000 limit on fire equipment (any one item \$5,000 or less) and \$35,000 limit on other items (any one item \$5,000 or less) with a \$1,000 deductible; electronic equipment/media coverage with a \$1,000 deductible; crime coverage; and equipment breakdown coverage for boilers or other pressurized vessels.

CITY OF XENIA, OHIO

MISCELLANEOUS STATISTICS

DECEMBER 31, 2005

Date of Incorporation	1817; became City in 1834
Form of government	Council/Manager
Area	12 square miles
Miles of streets	108
Number of street lights (non-special assessment)	1,784
Fire protection:	
Number of stations	2
Number of firefighters and officers	41
Police protection:	
Number of stations (plus 2 sub-stations)	1
Number of police officers	45
Education:	
High Schools	1
Middle Schools	2
Elementary Schools	7
Number of students	5,089
Municipal Water Department:	
Number of consumers	10,280
Average daily Consumption	3.7 million gallons per day (mgd)
Water plant capacity	8.0 mgd
Miles of water mains	141 miles
Sanitary Sewer Department:	
Number of consumers	10,436
Average daily Consumption	4.7 million gallons per day (mgd)
Sewer plant capacity	7.6 mgd
Miles of sewer mains	146 miles
Recreation and culture:	
Parks	15 Paks with 133 Acres
Libraries	1
Employees	234
Web address	www.ci.xenia.oh.us

CITY OF XENIA, OHIO



**CITY OF XENIA, OHIO
GREENE COUNTY**

Reports Issued Pursuant to
Government Auditing Standards
and
OMB Circular A-133

For the year ended December 31, 2005



**CITY OF XENIA, OHIO
GREENE COUNTY**

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INDEPENDENT AUDITOR'S 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

To the City Council
City of Xenia, Ohio

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Xenia, Greene County, Ohio (the City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 28, 2006, wherein we noted that during the year, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 40 "*Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3.*" We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters required to be reported under *Government Auditing Standards*.

However, we noted certain other matters that we reported to management of the City in a separate letter dated June 28, 2006.

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

Kennedy, Cottrell + Associates LLC

Kennedy, Cottrell + Associates
June 28, 2006



**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE
TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS**

To the City Council
City of Xenia, Ohio

Compliance

We have audited the compliance of The City of Xenia, Greene County, Ohio (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2005. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2005.

Internal Control over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 28, 2006, wherein we noted that during the year, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 40 "*Deposit and Investment Risk Disclosures—an amendment of GASB Statement No. 3.*" Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Kennedy, Cottrell + Associates LLC

Kennedy, Cottrell + Associates
June 28, 2006

**CITY OF XENIA, OHIO
GREENE COUNTY**

Schedule of Expenditures of Federal Awards

For the year ended December 31, 2005

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Grant #	Expenditures
<u>U.S. DEPARTMENT OF HUD</u>			
<i>Received directly from U.S. Department of HUD</i>			
EDI Special Projects Grant	14.246	B-01-SP-OH-0503	\$ 225,420
<i>Pass-through State Department of Development:</i>			
Community Development Block Grant -Formula Program	14.228	A-F-03-203-1	141,000
Community Development Block Grant -Formula Program	14.228	A-F-04-203-1	140,000
Total Community Development Block Grant			<u>281,000</u>
Total U.S. Department of HUD			<u>506,420</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u>			
<i>Pass-through Miami Valley Urban Search and Rescue Task Force</i>			
Hurricane Katrina	83.544	*	23,247
<i>Pass-through Ohio Emergency Management Agency:</i>			
FEMA Grant	83.544	FEMA-1453-DR-057-86772	52,013
Total Federal Emergency Management Agency			<u>75,260</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
<i>Pass-through Governor's Highway Safety Office:</i>			
Safety Incentive Grants for Use of Seatbelts	20.604	N/A	826
Total U.S. Department of Transportation			<u>826</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Received directly from U.S. Department of Justice</i>			
Internet Child Protection Unit	16.541	2005-DD-BX-0180	25,051
<i>Pass-through Ohio Office of Justice Programs:</i>			
Crime Victim Assistance	16.575	2005VAGENE538	64,505
Violence Against Women Formula Grant	16.588	2002-WF-VA2-8308	9,237
Violence Against Women Formula Grant	16.588	2004-WF-VA2-8308	36,936
Total Violence Against Women Formula Grant			<u>46,173</u>
Total U.S. Department of Justice			<u>135,729</u>
Total Federal Awards Expenditures			<u>\$ 718,235</u>

* Information not available

See accompanying notes to the Federal Awards Expenditures

**CITY OF XENIA, OHIO
GREENE COUNTY**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

DECEMBER 31, 2005

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (Schedule) presents the activity of all federal financial assistance programs of the City of Xenia, Ohio (City) as the primary government and is presented on the accrual basis of accounting. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other governmental agencies is included on the Schedule.

Note 2. 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.

**CITY OF XENIA, OHIO
GREENE COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 § .505**

DECEMBER 31, 2005

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a) of Circular A-133?	No
(d)(1)(vii)	Major Programs (list):	Community Development Block Grant CFDA # 14.228 EDI Special Projects Grant CFDA# 14.246
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d)(1)(ix)	Low Risk Auditee?	No

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



**Auditor of State
Betty Montgomery**

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Facsimile 614-466-4490

CITY OF XENIA

GREENE 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
AUGUST 17, 2006**