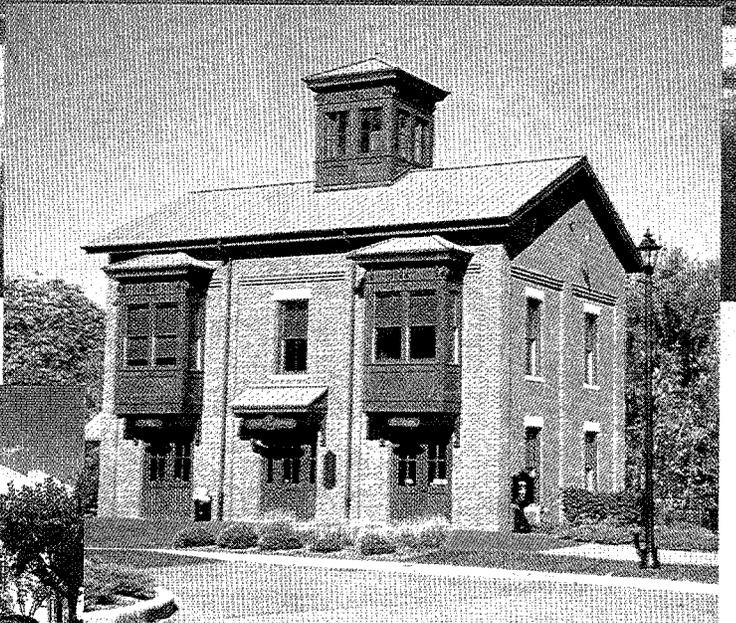


# *Kenia, Ohio*

*City of Hospitality*



*Shawnee Park*



*Kenia Station*

## **Comprehensive Annual Financial Report**

For the year Ended  
December 31, 2006



*City Hall*





Mary Taylor, CPA  
Auditor of State

City 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 Richards, for the audit period January 1, 2006 through December 31, 2006. 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

August 7, 2007

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***THE CITY OF XENIA, OHIO***

GREENE COUNTY

**COMPREHENSIVE  
ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED  
DECEMBER 31, 2006**

**Prepared by:  
Department of Finance**

**Mark A. Bazalak  
Finance Director**

**Rebecca Louderback  
Assistant Finance Director**

**Ryan Duke  
Finance Technician**



TABLE OF CONTENTS

CITY OF XENIA  
GREENE COUNTY, OHIO

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**I** INTRODUCTORY SECTION

**A** Letter of Transmittal .....v  
**B** List of Principal Officials .....xi  
**C** City Organizational Chart .....xii  
**D** Finance Department Organizational Chart ..... xiii  
**E** Certificate of Achievement for Excellence in Financial Reporting..... xiv

**II** FINANCIAL SECTION

**A** Report of Independent Accountants .....1  
**B** Management’s Discussion and Analysis.....3  
**C** Basic Financial Statements:  
    Government-wide Financial Statements:  
        Statement of Net Assets .....14  
        Statement of Activities .....16  
    Fund Financial Statements:  
        *Governmental Funds:*  
            Balance Sheet ..... 18  
            Reconciliation of Total Governmental Fund Balances to Net Assets of  
            Governmental Activities .....20  
            Statement of Revenues, Expenditures and Changes in Fund Balances .....22  
            Reconciliation of the Statement of Revenues, Expenditures and Changes  
            in Fund Balances to the Statement of Activities.....24  
            Statement of Revenues, Expenditures and Changes in Fund Balance -  
            Budget and Actual (Non-GAAP Budgetary Basis):  
                General Fund .....25  
                State Gas and Vehicle License Fund .....26  
        *Proprietary Funds:*  
            Statement of Net Assets .....28  
            Statement of Revenues, Expenses and Changes in Fund Net Assets .....32  
            Statement of Cash Flows .....34  
        *Fiduciary Funds:*  
            Statement of Net Assets .....38  
Notes to the Basic Financial Statements.....39

**D Combining and Individual Fund Statements and Schedules:**

Nonmajor Governmental Financial Statements:

Combining Balance Sheet.....	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	71
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	74
Combining Balance Sheet – Nonmajor Capital Projects Funds.....	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds.....	77

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

Major Governmental Funds:

<i>General Fund</i> .....	78
<i>Special Revenue Funds:</i>	
State Gas and Vehicle License Fund.....	85
<i>Capital Projects Funds:</i>	
Capital Improvements Fund.....	86

Nonmajor Governmental Funds:

<i>Special Revenue Funds:</i>	
Recreation Special Fund.....	87
Indigent Driver Alcohol Treatment Fund.....	88
Law Enforcement and Education Fund.....	89
State Route Repair Fund.....	90
City Motor Vehicle License Tax Fund.....	91
County Motor Vehicle License Tax Fund.....	92
Special Miscellaneous Improvements Fund.....	93
Tax Increment Equivalent Fund.....	94
Law Enforcement Fund.....	95
Drug Law Enforcement Fund.....	96
Municipal Court Victim Fund.....	97

<i>Debt Service Fund:</i>	
Debt Service Fund .....	98
<i>Capital Projects Funds:</i>	
Municipal Court Capital Improvements Fund .....	99
Issue II Fund .....	100
<i>Nonmajor Enterprise Funds:</i>	
Combining Statement of Net Assets .....	102
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets .....	103
Combining Statement of Cash Flows .....	104
<i>Internal Service Funds:</i>	
Combining Statement of Net Assets .....	106
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets .....	107
Combining Statement of Cash Flows .....	108
Fiduciary Funds – Agency Funds:	
Combining Statement of Changes in Assets and Liabilities .....	110
Capital Assets Used in the Operation of Governmental Funds:	
Schedule by Source .....	113
Schedule by Function and Activity .....	114
Schedule of Changes by Function and Activity .....	116

**III** STATISTICAL SECTION

Net Assets by Component - Last Five Years..... S 2  
Changes in Net Assets - Last Five Years ..... S 4  
Fund Balances, Governmental Funds - Last Ten Years ..... S 8  
Changes in Fund Balances, Governmental Funds - Last Ten Years ..... S 10  
Income Tax Revenues by Source, Governmental Funds - Last Ten Years ..... S 12  
Income Tax Collections - Current Year ..... S 15  
Ratio of Outstanding Debt By Type - Last Ten Years ..... S 16  
Ratios of General Bonded Debt Outstanding - Last Ten Years..... S 18  
Computation of Direct and Overlapping Debt Attributable to  
Governmental Activities - Current Year ..... S 21  
Debt Limitations - Last Ten Years ..... S 22  
Demographic and Economic Statistics - Last Ten Years ..... S 24  
Principal Employers - Current Year and Nine Years Ago ..... S 27  
Full Time Equivalent Employees by Function - Last Ten Years ..... S 28  
Operating Indicators by Function - Last Ten Years ..... S 30  
Capital Asset Statistics by Function - Last Ten Years ..... S 32  
Capital Asset Values by Function - Last Ten Years..... S 34

## *INTRODUCTORY SECTION*

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# Department of Finance

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

June 29, 2007

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, 2006 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 2006 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, 2006***

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These programs/projects include:

- Began the engineering for the upgrade of the city traffic signalization system.
- Began the installation of new financial software.
- Requested bids for the upgrade of the City website.
- Completed building Security System upgrade.
- Began the reconstruction of South Galloway St.
- Awarded the Comprehensive Housing Improvement Program (CHIP) grant in the amount of \$556,000 for housing rehabilitation.
- Completed the design of W. Church St. project including street, water, and sewer improvements.
- Began the sand filter under drain and media replacement at the Water Treatment Plant.
- Completed the City's communication center upgrade including all equipment.
- Completed Fire Station 1 renovation
- Completed the upgrade of the City's network equipment
- Completed U.S. 68 and Patton Street traffic signalization and intersection improvements
- Completed installation of a new water main on Stelton Road
- 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 seventeen (17) such projects totaling \$4,785,686 since their inception.

The major projects planned for 2007 are to complete the engineering for the traffic signalization system and begin construction of phase 1 of the project; complete the installation of new financial software; complete the upgrade of the City website; complete the installation of a new digital phone system; complete the reconstruction of S. Galloway St.; complete the W. Church St. project including street, water, and sewer improvements; complete the sand filter under-drain and media replacement at the Water Treatment Plant; complete the State Route 380 pavement resurfacing project; engineering for the Jamestown connector bike path project; the E. Church St. reconstruction project; implementation of an automated meter reading system; and engineering for the Wastewater Treatment Plant's master plan. In the area of economic development, the City of Xenia will continue to provide financial and marketing

***Letter of Transmittal  
For the Year Ended December 31, 2006***

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assistance to promote retention and expansion of existing businesses and to attract new business. In the area of commercial development the Progress Center with Lowe's and the Wal-Mart Super Center opened in 2006 (also Applebee's restaurant very successfully opened in 2007). 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.

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. During 2006 the City was notified that the state had awarded funding for the completion of the Jamestown Connector Project. This project will consist of a tunnel under U.S. 35, installation of an asphalt bikepath from the tunnel to the hub at Xenia Station, and construction of a pedestrian bridge over Detroit Street and Home Avenue. This project is scheduled for construction in 2009-2010. 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.

***Letter of Transmittal  
For the Year Ended December 31, 2006***

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**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, 2006 provided no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

**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>2006</u>	<u>2005</u>
Average Monthly Investment	\$13,147,852	\$10,336,199
Average Yield	3.0%	2.7%
Total Investment Earnings	\$385,643	\$273,914

***Letter of Transmittal  
For the Year Ended December 31, 2006***

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The average yield is a calculated percentage of total investment earnings to average monthly investments. The increase in investment earnings is \$111,729 or 41% higher than 2005 because interest rates were higher and the average investment balance was higher.

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.

**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 2006 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, 2005. This was the twenty-third 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.

***Letter of Transmittal  
For the Year Ended December 31, 2006***

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**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. Bazalak  
Finance Director

**List of Principal Officials  
For the Year Ended December 31, 2006**

---

**CITY COUNCIL**

Dr. Lee G. Esprit, Jr.	President
Patricia L. Felton	Vice President
Phyllis A. Pennewitt	Mayor
William R. (Bill) Miller	
Jeanne Mills	
Michael Engle	
Dennis Propes	

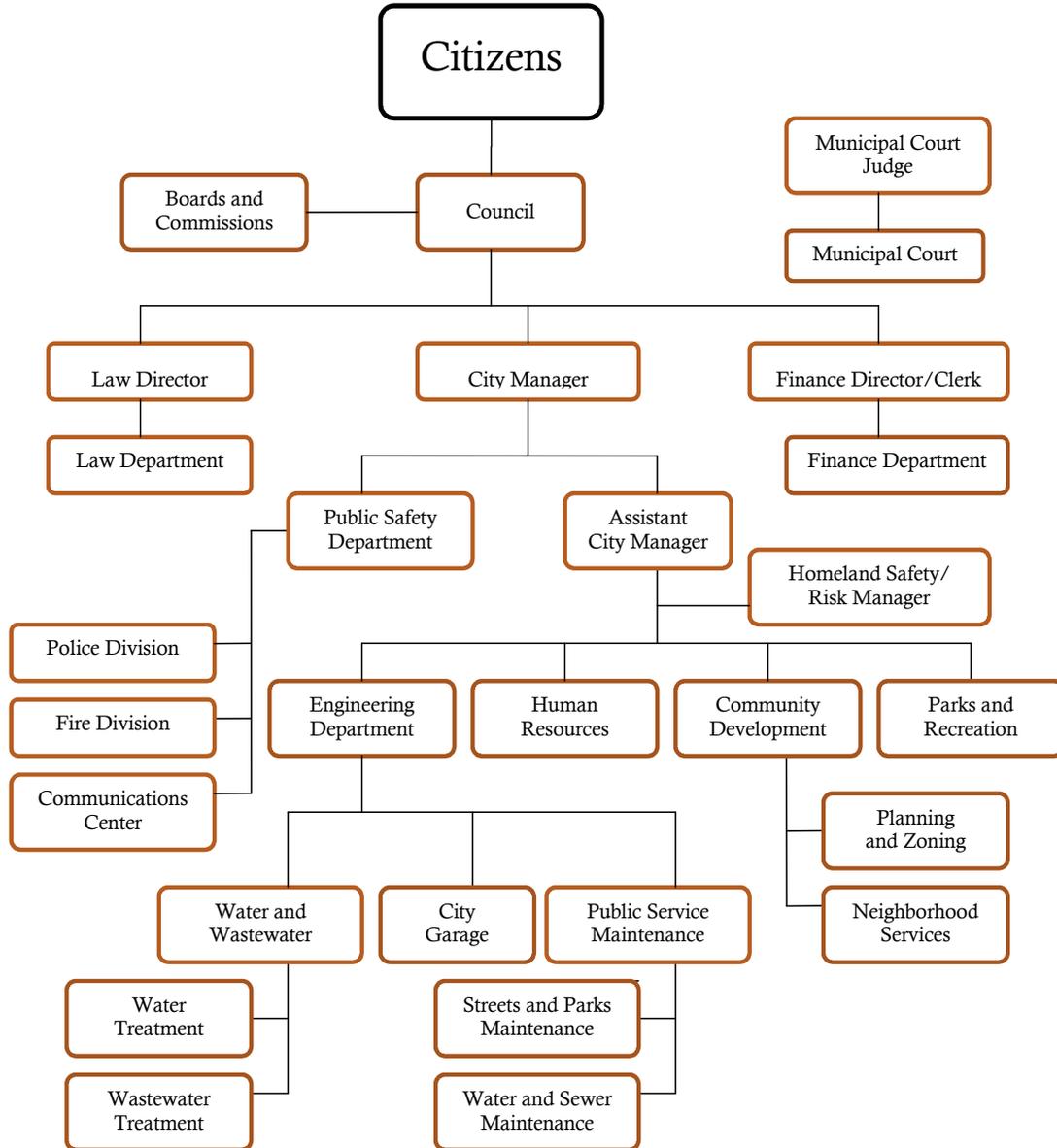
**APPOINTED OFFICIALS**

Ronald C. Lewis	Law Director
Mark A. Bazelak	Finance Director
Kenneth G. Johnson	City Manager

**DEPARTMENT OF FINANCE STAFF**

Mark A. Bazelak	Finance Director	
Rebecca A. Louderback	Assistant Finance Director	
Diana Steck	Accounts Receivable Manager	
Edgar Cardenas	Information Technology Manager	
Darryl Mcginnis	Information Technology Analyst	Effective 09/20/2006
Craig Birchard	Information Technology Technician	Effective 08/28/2006
Michelle Johnson	Secretary to Finance Director/City Clerk	
Ryan Duke	Finance Technician /Finance Office	
Mary Ann Richardson	Finance Clerk/Finance	
Bill McCarthy	Finance Clerk/Finance	
Kathy A. Andrews	Finance Clerk/Income Tax	
Dennis W. Evans	Finance Clerk/Income Tax	
Karly Burns	Finance Clerk/Income Tax	Effective 08/01/2006
Jannette Reedy	Finance Clerk/Utility Billing	Effective 02/06/2006
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, 2006**



**Commissions**

Records  
Traffic Commission  
Beautification & Environmental  
Community Relations  
Civil Service  
Planning

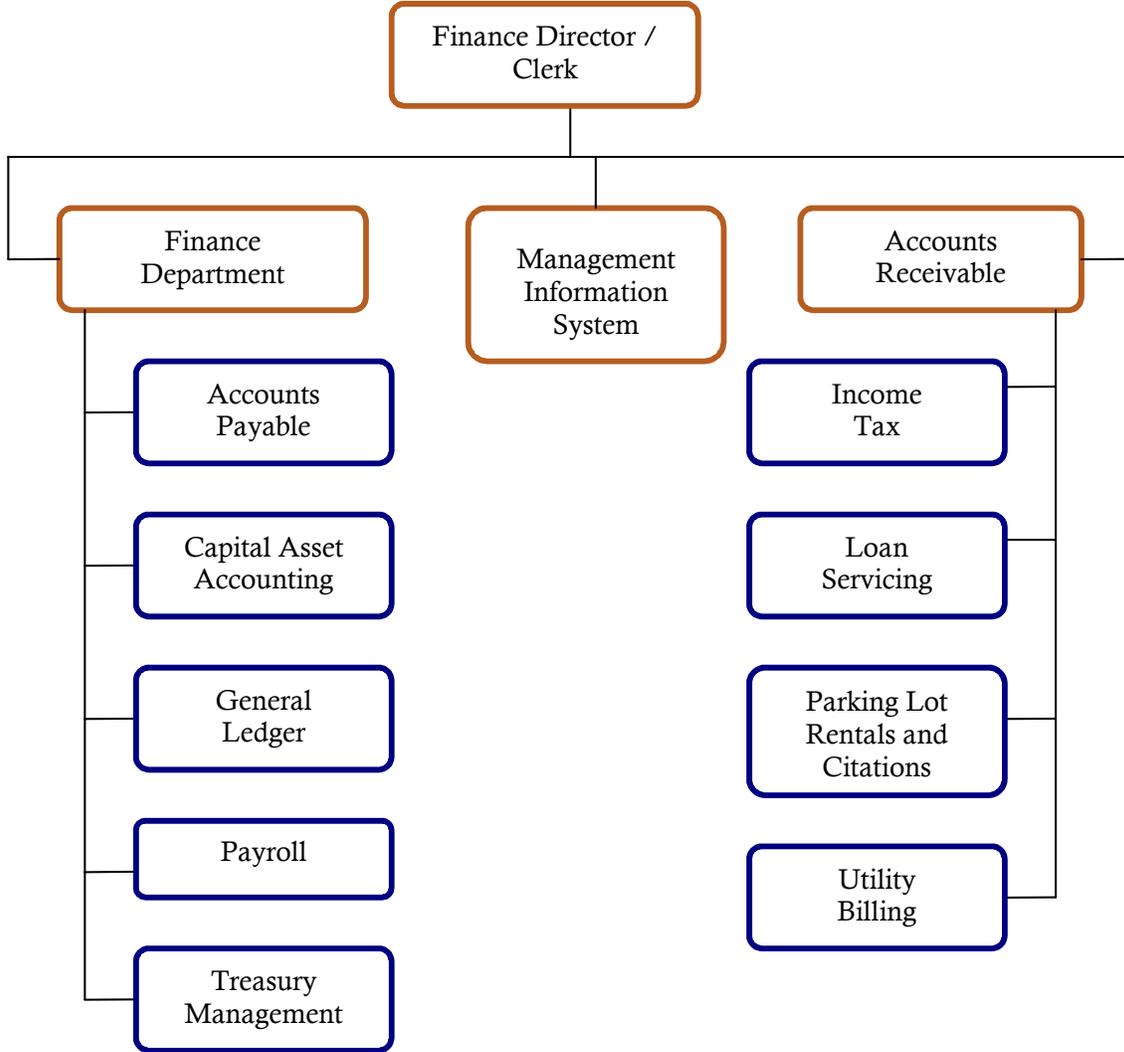
**Boards**

Loan Trust  
Tax Appeals  
Zoning Appeals  
Recreation Arts & Cultural Activities

Xenia Economic Growth Corporation

*Finance Department Organizational Chart  
For the Year Ended December 31, 2006*

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*Government Finance Officers Association of the United States and Canada  
Certificate of Achievement for Excellence in Financial Reporting*

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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, 2005

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



President

Executive Director

## *FINANCIAL SECTION*

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## 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, 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, 2006, 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.

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, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 29, 2007 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 and budgetary comparison information are not a required part of the basic financial statements, but are 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, 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 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.

A handwritten signature in black ink that reads "Kennedy Cottrell Richards LLC". The signature is written in a cursive, flowing style.

Kennedy Cottrell Richards LLC  
June 29, 2007

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, 2006. 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 2006 are as follows:**

The total change in the net assets of Xenia City was \$2,542,132. Net assets of governmental activities increased \$1,742,923, which represents a 4.1% increase from 2005. Net assets of business-type activities increased by \$799,209 or 4.1% from 2005.

General revenues accounted for \$14.5 million or 51.5% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$13.6 million or 48.5% of total revenues of \$28.1 million

The total assets of governmental activities increased by \$2,195,789 because capital assets, net of accumulated depreciation, increased by \$1,874,730. Current and other assets increased \$321,059.

The City had \$17.4 million in expenses related to governmental activities; \$4.7 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$14.5 million provided additional support for these programs.

The general fund had \$15 million in revenues and \$14.1 million in expenditures. The general fund balance decreased \$145,551 to \$3,593,692.

Net assets for enterprise funds increased because of increased revenues due to an increase in utility rates and because Community Development Block Grant (CDBG) funds were received in 2006.

## **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.

**Management's Discussion and Analysis  
For the Year Ended December 31, 2006**

**Unaudited**

**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 2005 and 2006.

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities	Total	Total
	2006	2005	2006	Restated 2005	2006	Restated 2005
Current and other assets	\$13,454,286	\$13,133,227	\$7,667,496	\$7,168,521	\$21,121,782	\$20,301,748
Capital assets, net	38,121,370	36,246,640	21,412,934	21,456,715	59,534,304	57,703,355
Total assets	<u>51,575,656</u>	<u>49,379,867</u>	<u>29,080,430</u>	<u>28,625,236</u>	<u>80,656,086</u>	<u>78,005,103</u>
Long-term debt outstanding	4,366,391	3,405,470	8,015,918	8,501,712	12,382,309	11,907,182
Other liabilities	2,786,109	3,294,164	570,633	428,854	3,356,742	3,723,018
Total liabilities	<u>7,152,500</u>	<u>6,699,634</u>	<u>8,586,551</u>	<u>8,930,566</u>	<u>15,739,051</u>	<u>15,630,200</u>
Net assets						
Invested in capital assets net of related debt	35,169,467	34,165,799	14,955,202	14,508,761	50,124,669	48,674,560
Restricted	4,946,554	4,210,533	0	0	4,946,554	4,210,533
Unrestricted	4,307,135	4,303,901	5,538,677	5,185,909	9,845,812	9,489,810
Total net assets	<u>\$44,423,156</u>	<u>\$42,680,233</u>	<u>\$20,493,879</u>	<u>\$19,694,670</u>	<u>\$64,917,035</u>	<u>\$62,374,903</u>

**CITY OF XENIA, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2006**

**Unaudited**

Change in Net Assets – The following table shows the changes in net assets for the fiscal year 2006 compared to 2005.

	Governmental Activities	Governmental Activities	Business-type Activities	Business-type Activities Restated	Total	Total
	2006	2005	2006	2005	2006	2005
<b>Revenues</b>						
<b>Program Revenues</b>						
Charges for services and sales	\$3,351,982	\$2,926,319	\$8,091,183	\$7,649,825	\$11,443,165	\$10,576,144
Operating grants and contributions	233,068	231,267	0	1,370	233,068	232,637
Capital grants and contributions	1,106,413	593,807	846,543	626,408	1,952,956	1,220,215
<b>General Revenues:</b>						
Income taxes	8,604,274	8,240,773	0	0	8,604,274	8,240,773
Other local taxes	1,814,053	1,351,473	0	0	1,814,053	1,351,473
Motor vehicle and gasoline taxes	1,287,033	1,417,159	0	0	1,287,033	1,417,159
Intergovernmental, unrestricted	2,185,128	1,878,121	0	0	2,185,128	1,878,121
Investment earnings	261,523	120,947	0	94,443	261,523	215,390
Miscellaneous	302,904	288,763	0	0	302,904	288,763
Total revenues	19,146,378	17,048,629	8,937,726	8,372,046	28,084,104	25,420,675
<b>Expenses</b>						
<b>Program Expenses</b>						
General government	3,591,944	3,420,815	0	0	3,591,944	3,420,815
Public safety	10,948,875	10,011,879	0	0	10,948,875	10,011,879
Health	66,181	99,731	0	0	66,181	99,731
Highways and streets	1,854,523	1,392,686	0	0	1,854,523	1,392,686
Community development	305,886	250,539	0	0	305,886	250,539
Recreation	453,440	350,140	0	0	453,440	350,140
<b>Debt service:</b>						
Interest and fiscal charges	132,606	100,015	0	0	132,606	100,015
Water	0	0	2,700,478	2,527,636	2,700,478	2,527,636
Sewer	0	0	3,769,874	3,626,868	3,769,874	3,626,868
Sanitation	0	0	1,555,636	1,451,826	1,555,636	1,451,826
Other enterprise funds	0	0	162,529	525,029	162,529	525,029
Total expenses	17,353,455	15,625,805	8,188,517	8,131,359	25,541,972	23,757,164
<b>Total change in net assets</b>						
before transfers	1,792,923	1,422,824	749,209	240,687	2,542,132	1,663,511
Transfers	(50,000)	(75,000)	50,000	75,000	0	0
Total change in net assets	1,742,923	1,347,824	799,209	315,687	2,542,132	1,663,511
Beginning net assets	42,680,233	41,332,409	19,694,670	19,378,983	62,374,903	60,711,392
Ending net assets	\$44,423,156	\$42,680,233	\$20,493,879	\$19,694,670	\$64,917,035	\$62,374,903

**Management's Discussion and Analysis  
For the Year Ended December 31, 2006**

**Unaudited**

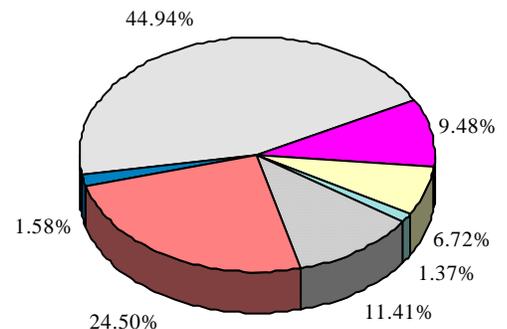
**Governmental Activities**

Net assets of the City's governmental activities increased by \$1,742,923. 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 9.48% and 44.94% respectively of revenues for governmental activities for the City in fiscal year 2006. The City's reliance upon tax revenues is demonstrated by the following graph indicating 54.42% of total revenues from general tax revenues.

Revenue Sources	2006	Percent of Total
Municipal income taxes	\$8,604,274	44.94%
Other local taxes	1,814,053	9.48%
Motor vehicle and gas taxes	1,287,033	6.72%
Investment earnings	261,523	1.37%
Intergovernmental, unrestricted	2,185,128	11.41%
Program revenues	4,691,463	24.50%
Miscellaneous	302,904	1.58%
<b>Total Revenue</b>	<b>\$19,146,378</b>	<b>100.00%</b>



**Business-Type Activities**

Net assets of the business-type activities increased \$799,209. This increase was due mainly to water and sewer rate increases which went into effect in 2006.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The City's governmental funds reported a combined fund balance of \$7,916,196 which is an increase from last year's balance of \$7,286,190. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2006 and 2005:

	Fund Balance December 31, 2006	Fund Balance December 31, 2005	Increase (Decrease)
General	\$3,593,692	\$3,739,243	(\$145,551)
State Gas and Vehicle License	298,891	168,289	130,602
Capital Improvements	2,134,419	1,830,673	303,746
Other Governmental	1,889,194	1,547,985	341,209
<b>Total</b>	<b>\$7,916,196</b>	<b>\$7,286,190</b>	<b>\$630,006</b>

***Management's Discussion and Analysis  
For the Year Ended December 31, 2006***

***Unaudited***

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*General Fund – Revenues:* General Fund revenues in 2006 increased approximately 5.75% compared to revenues in fiscal year 2005 as shown in the chart below. The major reason for this increase is the City did receive an advance payment on the real estate taxes for 2006 with the balance of the real estate taxes accounted for in unearned revenue.

	2006 <u>Revenues</u>	2005 <u>Revenues</u>	Increase <u>(Decrease)</u>
Municipal income taxes	\$8,396,732	\$8,158,020	\$238,712
Other local taxes	1,444,619	923,384	521,235
State shared taxes and permits	2,053,798	1,997,303	56,495
Intergovernmental grants	122,706	108,277	14,429
Charges for services	1,605,207	1,440,969	164,238
Fines, costs, forfeitures, licenses and permits	1,049,888	1,172,225	(122,337)
Miscellaneous receipts including interest earnings	298,627	357,017	(58,390)
<b>Total</b>	<b><u><u>\$14,971,577</u></u></b>	<b><u><u>\$14,157,195</u></u></b>	<b><u><u>\$814,382</u></u></b>

*General Fund – Expenditures:* General Fund expenditures increased \$642,183 or 4.8% over the prior year. This is overall due to personnel changes and pay increases.

	2006 <u>Expenditures</u>	2005 <u>Expenditures</u>	Increase <u>(Decrease)</u>
General government	\$2,827,402	\$2,730,884	\$96,518
Public safety	10,289,961	9,819,609	470,352
Health	62,507	60,873	1,634
Highways and streets	272,067	245,640	26,427
Community development	289,074	283,489	5,585
Recreation	353,128	311,461	41,667
<b>Total</b>	<b><u><u>\$14,094,139</u></u></b>	<b><u><u>\$13,451,956</u></u></b>	<b><u><u>\$642,183</u></u></b>

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 \$15 million did not significantly change under the original budget estimates of \$15 million. The General Fund had an adequate fund balance to cover expenditures.

**Management's Discussion and Analysis  
For the Year Ended December 31, 2006**

**Unaudited**

*Capital Improvement Fund* – The City's General Capital Improvement Fund revenues increased by \$220,289 or 47.4% over 2005. The increase is directly related to a federal grant received for an addition to the City's Main Street fire station.

	2006 <u>Revenues</u>	2005 <u>Revenues</u>	Increase <u>(Decrease)</u>
Other Local Taxes	\$57,889	\$50,159	\$7,730
Intergovernmental Grants	307,930	225,419	82,511
Charges for Services	9,407	21,689	(12,282)
Fines, Costs, Forfeitures, Licenses and Permits	0	8,655	(8,655)
Miscellaneous Receipts including interest earnings	309,365	158,380	150,985
	<u>\$684,591</u>	<u>\$464,302</u>	<u>\$220,289</u>

Capital improvement fund expenditures increased by 147.6% over the prior year due to the addition to the City's Main Street fire station.

	2006 <u>Expenditures</u>	2005 <u>Expenditures</u>	Increase <u>(Decrease)</u>
Capital Outlay	\$2,129,242	\$775,590	\$1,353,652
Debt Service:			
Principal retirement	202,321	152,149	50,172
Interest & Fiscal Charges	46,093	32,456	13,637
	<u>\$2,377,656</u>	<u>\$960,195</u>	<u>\$1,417,461</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 2006 the City was able to make a transfer of \$870,000 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 \$20,435,805 which is an increase from last year's balance of \$19,639,201. The schedule below indicates the net assets balance and the total change in net assets by activity as of December 31, 2006 and 2005.

	Net Assets Balance <u>December 31, 2006</u>	Net Assets Balance <u>December 31, 2005</u>	Increase <u>(Decrease)</u>
Water	\$9,608,470	\$9,272,797	\$335,673
Sewer	9,466,605	9,404,296	62,309
Sanitation	(30,637)	(155,925)	125,288
Other Enterprise	1,391,367	1,118,033	273,334
Total	<u>\$20,435,805</u>	<u>\$19,639,201</u>	<u>\$796,604</u>

**Management's Discussion and Analysis  
For the Year Ended December 31, 2006**

**Unaudited**

Net assets increased by \$335,673 and \$62,309 for water and sewer, respectively. The increase in water and sewer accounts for 48.8% of the overall net asset increase in the enterprise funds. Water and sewer rate increases also have increased the net asset balances in the water and sewer funds in 2006.

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

	Water			Sewer		
	2006	2005	Increase (Decrease)	2006	2005	Increase (Decrease)
Operating Revenues	\$2,639,668	\$2,566,400	\$73,268	\$3,383,897	\$3,367,121	\$16,776
Non-Operating Revenues	149,444	120,031	29,413	152,953	178,311	(25,358)
Total	<u>\$2,789,112</u>	<u>\$2,686,431</u>	<u>\$102,681</u>	<u>\$3,536,850</u>	<u>\$3,545,432</u>	<u>(\$8,582)</u>
Operating Expenses	\$2,701,194	\$2,535,479	\$165,715	\$3,577,725	\$3,374,829	\$202,896
Non-Operating Expenses	0	0	0	192,830	259,882	(67,052)
Total	<u>\$2,701,194</u>	<u>\$2,535,479</u>	<u>\$165,715</u>	<u>\$3,770,555</u>	<u>\$3,634,711</u>	<u>\$135,844</u>

**GENERAL FUND BUDGETARY HIGHLIGHTS**

During the year there was an \$867,370 increase in appropriations between the original and final amended budget. The main component of this increase is an \$870,000 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 2006 the City had \$59,534,304 net of accumulated depreciation invested in land, buildings, equipment and vehicles. Of this total, \$38,121,370 was related to governmental activities, and \$21,412,934 was related to business-type activities. The following tables shows fiscal year 2006 and 2005 balances:

	Governmental Activities		Increase (Decrease)
	2006	2005	
Land	\$15,395,903	\$15,199,451	\$196,452
Land Improvements	1,256,336	1,228,403	27,933
Buildings	6,010,646	5,556,146	454,500
Equipment	17,001,229	15,466,223	1,535,006
Infrastructure	12,831,760	11,811,580	1,020,180
Construction In Progress	385,027	854,397	(469,370)
Less: Accumulated Depreciation	(14,759,531)	(13,869,560)	(889,971)
Total	<u>\$38,121,370</u>	<u>\$36,246,640</u>	<u>\$1,874,730</u>

**Management's Discussion and Analysis  
For the Year Ended December 31, 2006**

**Unaudited**

	Business-Type Activities		Increase (Decrease)
	2006	2005	
Land	\$424,252	\$424,252	\$0
Land Improvements	378,343	378,343	0
Buildings	8,294,710	8,294,710	0
Equipment	38,192,249	37,036,239	1,156,010
Construction In Progress	462,503	112,538	349,965
Less: Accumulated Depreciation	(26,339,123)	(24,789,367)	(1,549,756)
Total	<u>\$21,412,934</u>	<u>\$21,456,715</u>	<u>(\$43,781)</u>

Increases in governmental activities capital 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 due to dedicated water and sewer mains from new developments in the City.

Additional information on the City's capital assets can be found in Note 7.

**Debt**

At December 31, 2006 the City had \$1.12 million in bonds outstanding, \$55,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2006 and 2005:

	2006	2005
Governmental Activities:		
General Obligation Bonds	\$1,120,000	\$1,170,000
Capital Leases Payable	1,831,903	910,841
Compensated Absences	1,414,488	1,324,629
Total Governmental Activities	<u>4,366,391</u>	<u>3,405,470</u>
Business-Type Activities:		
Landfill Liability	1,136,309	1,159,633
Compensated Absences	423,293	394,124
Loans Payable	6,456,316	6,947,955
Total Business-Type Activities	<u>8,015,918</u>	<u>8,501,712</u>
	<u>\$12,382,309</u>	<u>\$11,907,182</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, 2006, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Notes 9, 10, and 11.

**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.

In 2006 a Lowes and Wal-Mart Supercenter opened. Other businesses are expected to build in this area in the future. The City continued to attract several new businesses and to have several 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 5.1 percent unemployment rate as compared to a statewide rate of 5.5 percent and a national average of 4.6 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, 2006**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	XEGC
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,533,847	\$ 1,377,291	\$ 2,911,138	\$ 454,516
Investments	5,094,760	4,574,869	9,669,629	175,000
Receivables:				
Taxes, including interest, penalties and liens	4,069,673	0	4,069,673	0
Intergovernmental	1,866,322	0	1,866,322	0
Accounts	645,950	892,333	1,538,283	0
Special assessments, including liens	89,323	11,217	100,540	0
Loans	0	373,145	373,145	130,139
Accrued interest	116,180	98,093	214,273	2,380
Grants	120,372	90,303	210,675	0
Allowance for uncollectible accounts	(264,570)	(493)	(265,063)	0
Interfund balances	(27,069)	27,069	0	0
Inventories	123,330	175,192	298,522	0
Prepaid items	86,168	48,477	134,645	2,661
Capital Assets not being depreciated	15,780,930	886,755	16,667,685	0
Capital Assets, net of accumulated depreciation	22,340,440	20,526,179	42,866,619	305
<b>Total Assets</b>	<b>51,575,656</b>	<b>29,080,430</b>	<b>80,656,086</b>	<b>765,001</b>

(Continued)

**CITY OF XENIA, OHIO**

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>XEGC</u>
<b>Liabilities:</b>				
Accounts payable	137,150	316,353	453,503	1,273
Accrued payroll	957,767	254,280	1,212,047	7,115
Unearned revenue	1,659,278	0	1,659,278	0
Accrued interest payable	31,914	0	31,914	0
Long-term liabilities:				
Amounts due within one year	470,276	657,082	1,127,358	0
Amounts due in more than one year	<u>3,896,115</u>	<u>7,358,836</u>	<u>11,254,951</u>	<u>0</u>
<b>Total Liabilities</b>	<u>7,152,500</u>	<u>8,586,551</u>	<u>15,739,051</u>	<u>8,388</u>
<b>Net Assets:</b>				
Invested in Capital Assets, Net of Related Debt	35,169,467	14,955,202	50,124,669	305
Restricted For:				
Capital Projects	2,686,698	0	2,686,698	0
Debt Service	16,257	0	16,257	0
General Government Programs	698,896	0	698,896	0
Safety Programs	399,834	0	399,834	0
Street Construction/Maintenance	1,143,826	0	1,143,826	0
Recreation	1,043	0	1,043	0
Unrestricted	<u>4,307,135</u>	<u>5,538,677</u>	<u>9,845,812</u>	<u>756,308</u>
<b>Total Net Assets</b>	<u>\$ 44,423,156</u>	<u>\$ 20,493,879</u>	<u>\$ 64,917,035</u>	<u>\$ 756,613</u>

See accompanying notes to the basic financial statements

**CITY OF XENIA, OHIO**

**Statement of Activities  
For the Year Ended December 31, 2006**

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
General government	\$ 3,591,944	\$ 1,386,743	\$ 85,961	\$ 37,209
Public safety	10,948,875	1,874,889	147,107	569,672
Health	66,181	28,938	0	0
Highways and streets	1,854,523	6,030	0	447,939
Community development	305,886	29,769	0	1,958
Recreation	453,440	25,613	0	49,635
Interest and fiscal charges	132,606	0	0	0
<b>Total Governmental Activities</b>	<b>17,353,455</b>	<b>3,351,982</b>	<b>233,068</b>	<b>1,106,413</b>
<b>Business-Type Activities:</b>				
Water	2,700,478	2,789,112	0	247,755
Sewer	3,769,874	3,536,850	0	296,014
Sanitation	1,555,636	1,682,091	0	0
Other enterprise funds	162,529	83,130	0	302,774
<b>Total Business-Type Activities</b>	<b>8,188,517</b>	<b>8,091,183</b>	<b>0</b>	<b>846,543</b>
<b>Total primary government</b>	<b>\$ 25,541,972</b>	<b>\$ 11,443,165</b>	<b>\$ 233,068</b>	<b>\$ 1,952,956</b>
<b>Component Unit:</b>				
XEGC	\$ 189,400	\$ 197,005	\$ 0	\$ 0
<b>General Revenues:</b>				
Income taxes				
Other local taxes				
Motor vehicle and gas taxes				
Intergovernmental, unrestricted				
Investment earnings				
Miscellaneous				
Transfers				
Total General Revenues				
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
\$ (2,082,031)	\$ 0	\$ (2,082,031)	
(8,357,207)	0	(8,357,207)	
(37,243)	0	(37,243)	
(1,400,554)	0	(1,400,554)	
(274,159)	0	(274,159)	
(378,192)	0	(378,192)	
(132,606)	0	(132,606)	
<u>(12,661,992)</u>	<u>0</u>	<u>(12,661,992)</u>	
	0	336,389	
	0	62,990	
	0	126,455	
	0	223,375	
<u>0</u>	<u>749,209</u>	<u>749,209</u>	
<u>(12,661,992)</u>	<u>749,209</u>	<u>(11,912,783)</u>	
			\$ 7,605
8,604,274	0	8,604,274	0
1,814,053	0	1,814,053	0
1,287,033	0	1,287,033	0
2,185,128	0	2,185,128	0
261,523	0	261,523	0
302,904	0	302,904	0
<u>(50,000)</u>	<u>50,000</u>	<u>0</u>	<u>0</u>
<u>14,404,915</u>	<u>50,000</u>	<u>14,454,915</u>	<u>0</u>
1,742,923	799,209	2,542,132	7,605
<u>42,680,233</u>	<u>19,694,670</u>	<u>62,374,903</u>	<u>749,008</u>
<u>\$ 44,423,156</u>	<u>\$ 20,493,879</u>	<u>\$ 64,917,035</u>	<u>\$ 756,613</u>

**CITY OF XENIA, OHIO**

**Balance Sheet  
Governmental Funds  
December 31, 2006**

	General	State Gas and Vehicle License	Capital Improvements
<b>Assets:</b>			
Cash and cash equivalents	\$ 605,047	\$ 20,910	\$ 475,856
Investments	2,009,697	69,455	1,580,580
Receivables:			
Taxes, including interest, penalties and liens	3,803,030	0	2,643
Intergovernmental	970,974	505,500	0
Accounts	581,659	0	55,052
Special assessments, including liens	89,323	0	0
Accrued interest	0	1,356	86,664
Grants	30,235	0	10,000
Allowance for uncollectible accounts	(244,484)	0	(20,086)
Inventories	10,090	62,472	0
Prepaid items	62,233	4,988	223
Interfund receivable	0	0	5,111
<b>Total Assets</b>	<b>\$ 7,917,804</b>	<b>\$ 664,681</b>	<b>\$ 2,196,043</b>
<b>Liabilities:</b>			
Accounts payable	\$ 81,020	\$ 2,581	\$ 700
Accrued payroll	876,232	52,066	0
Deferred revenue	3,366,860	311,143	60,924
<b>Total Liabilities</b>	<b>4,324,112</b>	<b>365,790</b>	<b>61,624</b>
<b>Fund Balances:</b>			
Reserved for:			
Encumbrances	108,935	32,374	69,011
Inventories	10,090	62,472	0
Prepaid items	62,233	4,988	223
Advances to other funds	0	0	5,111
Debt service	0	0	0
Unreserved and undesignated in:			
General Fund	3,412,434	0	0
Special revenue funds	0	199,057	0
Capital projects funds	0	0	2,060,074
<b>Total Fund Balances</b>	<b>3,593,692</b>	<b>298,891</b>	<b>2,134,419</b>
<b>Total Liabilities and Funds Balances</b>	<b>\$ 7,917,804</b>	<b>\$ 664,681</b>	<b>\$ 2,196,043</b>

See accompanying notes to the basic financial statements

**CITY OF XENIA, OHIO**

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<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 414,859	\$ 1,516,672
1,377,979	5,037,711
264,000	4,069,673
389,848	1,866,322
6,794	643,505
0	89,323
28,160	116,180
80,137	120,372
0	(264,570)
0	72,562
16,546	83,990
0	5,111
<u>\$ 2,578,323</u>	<u>\$ 13,356,851</u>
\$ 30,050	\$ 114,351
18,761	947,059
<u>640,318</u>	<u>4,379,245</u>
<u>689,129</u>	<u>5,440,655</u>
130,164	340,484
0	72,562
16,546	83,990
0	5,111
19,604	19,604
0	3,412,434
1,238,599	1,437,656
484,281	2,544,355
<u>1,889,194</u>	<u>7,916,196</u>
<u>\$ 2,578,323</u>	<u>\$ 13,356,851</u>

***Reconciliation Of Total Governmental Fund Balances  
To Net Assets Of Governmental Activities  
December 31, 2006***

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<b>Total Governmental Fund Balances</b>	\$ 7,916,196
<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.	38,116,878
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	2,719,967
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(4,372,056)
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>42,171</u>
<b><i>Net Assets of Governmental Activities</i></b>	<u><u>\$ 44,423,156</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, 2006**

	General	State Gas and Vehicle License	Capital Improvements
<b>Revenues:</b>			
Municipal income tax	\$ 8,396,732	\$ 0	\$ 0
Other local taxes	1,444,619	0	57,889
State shared taxes and permits	2,053,798	997,856	0
Intergovernmental grants	122,706	0	307,930
Charges for services	1,605,207	6,000	9,407
Fines, costs, forfeitures, licenses and permits	1,049,888	0	0
Miscellaneous receipts and reimbursements, including interest	298,627	2,493	309,365
<b>Total Revenue</b>	<b>14,971,577</b>	<b>1,006,349</b>	<b>684,591</b>
<b>Expenditures:</b>			
Current:			
General government	2,827,402	0	0
Public safety	10,289,961	0	0
Health	62,507	0	0
Highways and streets	272,067	998,276	0
Community development	289,074	0	0
Recreation	353,128	0	0
Capital outlay	0	0	2,129,242
Debt service:			
Principal retirement	0	0	202,321
Interest & fiscal charges	0	0	46,093
<b>Total Expenditures</b>	<b>14,094,139</b>	<b>998,276</b>	<b>2,377,656</b>
Excess (deficiency) of revenues over expenditures	877,438	8,073	(1,693,065)
<b>Other financing sources (uses):</b>			
Transfers in	0	100,000	870,000
Transfers out	(1,025,000)	0	0
Other Financing Sources- Capital Leases	0	0	1,126,811
<b>Total other financing sources (uses)</b>	<b>(1,025,000)</b>	<b>100,000</b>	<b>1,996,811</b>
Net change in fund balances	(147,562)	108,073	303,746
<b>Fund Balances at Beginning of Year</b>	<b>3,739,243</b>	<b>168,289</b>	<b>1,830,673</b>
Increase in inventory reserve	2,011	22,529	0
<b>Fund Balances End of Year</b>	<b>\$ 3,593,692</b>	<b>\$ 298,891</b>	<b>\$ 2,134,419</b>

See accompanying notes to the basic financial statements

**CITY OF XENIA, OHIO**

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<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 0	\$ 8,396,732
260,378	1,762,886
373,376	3,425,030
268,739	699,375
0	1,620,614
210,608	1,260,496
<u>464,321</u>	<u>1,074,806</u>
<u>1,577,422</u>	<u>18,239,939</u>
443,760	3,271,162
150,976	10,440,937
0	62,507
91,521	1,361,864
0	289,074
8,639	361,767
427,138	2,556,380
53,428	255,749
<u>65,751</u>	<u>111,844</u>
<u>1,241,213</u>	<u>18,711,284</u>
336,209	(471,345)
5,000	975,000
0	(1,025,000)
<u>0</u>	<u>1,126,811</u>
<u>5,000</u>	<u>1,076,811</u>
341,209	605,466
1,547,985	7,286,190
<u>0</u>	<u>24,540</u>
<u>\$ 1,889,194</u>	<u>\$ 7,916,196</u>

***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, 2006***

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<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$ 605,466
<b><i>Amounts reported for governmental activities in the statement of activities are different because</i></b>	
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.	2,011,209
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of capital assets.	(134,728)
Revenues and transfers in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	253,658
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.	255,749
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.	(1,126,811)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(20,762)
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.	(98,124)
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.	(2,734)
<b><i>Change in Net Assets of Governmental Activities</i></b>	<b><u>\$ 1,742,923</u></b>

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, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Municipal Income Tax	\$ 8,432,044	\$ 8,432,044	\$ 8,576,070	\$ 144,026
Other Local Taxes	1,412,000	1,412,000	1,444,619	32,619
State Shared Taxes and Permits	1,970,852	1,980,852	2,063,870	83,018
Intergovernmental Grants	113,247	116,747	125,695	8,948
Charges for Services	1,585,068	1,585,068	1,578,679	(6,389)
Fines, Costs, Forfeitures, Licenses and Permits	1,115,351	1,115,351	1,063,861	(51,490)
Miscellaneous Receipts and Reimbursements, including Interest	379,978	352,418	341,162	(11,256)
Total Revenues	<u>15,008,540</u>	<u>14,994,480</u>	<u>15,193,956</u>	<u>199,476</u>
<b>Expenditures:</b>				
Current:				
General Government	3,132,130	3,088,744	2,849,761	238,983
Public Safety	10,528,720	10,589,231	10,361,081	228,150
Health	74,459	74,459	62,436	12,023
Highways and Streets	264,965	271,153	271,135	18
Community Development	360,685	334,742	315,651	19,091
Recreation	404,924	404,924	362,485	42,439
Total Expenditures	<u>14,765,883</u>	<u>14,763,253</u>	<u>14,222,549</u>	<u>540,704</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	242,657	231,227	971,407	740,180
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(249,000)	(1,119,000)	(1,025,000)	94,000
Total Other Financing Sources (Uses):	<u>(249,000)</u>	<u>(1,119,000)</u>	<u>(1,025,000)</u>	<u>94,000</u>
Net Change in Fund Balance	(6,343)	(887,773)	(53,593)	834,180
Fund Balance at Beginning of Year	2,379,298	2,379,298	2,379,298	0
Prior Year Encumbrances	122,069	122,069	122,069	0
Fund Balance at End of Year	<u>\$ 2,495,024</u>	<u>\$ 1,613,594</u>	<u>\$ 2,447,774</u>	<u>\$ 834,180</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, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
State Shared Taxes and Permits	\$ 981,000	\$ 981,000	\$ 949,582	\$ (31,418)
Charges for Services	1,000	7,000	6,000	(1,000)
Miscellaneous Receipts and Reimbursements, including Interest	1,500	1,000	2,112	1,112
Total Revenues	<u>983,500</u>	<u>989,000</u>	<u>957,694</u>	<u>(31,306)</u>
<b>Expenditures:</b>				
Current:				
Highways and Streets	1,144,729	1,147,129	1,044,106	103,023
Total Expenditures	<u>1,144,729</u>	<u>1,147,129</u>	<u>1,044,106</u>	<u>103,023</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(161,229)	(158,129)	(86,412)	71,717
<b>Other Financing Sources (Uses):</b>				
Transfers In	169,000	169,000	100,000	(69,000)
Total Other Financing Sources (Uses):	<u>169,000</u>	<u>169,000</u>	<u>100,000</u>	<u>(69,000)</u>
Net Change in Fund Balance	7,771	10,871	13,588	2,717
Fund Balance at Beginning of Year	18,350	18,350	18,350	0
Prior Year Encumbrances	25,999	25,999	25,999	0
Fund Balance at End of Year	<u>\$ 52,120</u>	<u>\$ 55,220</u>	<u>\$ 57,937</u>	<u>\$ 2,717</u>

See accompanying notes to the basic financial statements



**CITY OF XENIA, OHIO**

**Statement of Net Assets  
Proprietary Funds  
December 31, 2006**

	<i>Business-type activities - Enterprise Funds</i>		
	Water	Sewer	Sanitation
<b>Assets:</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 586,989	\$ 428,244	\$ 243,393
Investments	1,949,716	1,422,432	808,444
Receivables:			
Accounts	323,534	530,931	36,877
Special assessments, including liens	0	0	0
Loans	0	0	0
Accrued interest	39,704	31,382	17,081
Grants	0	0	0
Allowance for uncollectible accounts	(493)	0	0
Inventories	155,151	20,041	0
Prepaid items	26,476	18,023	3,398
<b>Total Current Assets</b>	<b>3,081,077</b>	<b>2,451,053</b>	<b>1,109,193</b>
<b>Noncurrent Assets:</b>			
Unrestricted:			
Loans receivable (net of current)	0	0	0
Capital Assets not being depreciated	148,869	259,637	14,182
Capital Assets, net of accumulated depreciation	6,716,903	13,569,709	155,593
<b>Total Noncurrent Assets</b>	<b>6,865,772</b>	<b>13,829,346</b>	<b>169,775</b>
<b>Total Assets</b>	<b>9,946,849</b>	<b>16,280,399</b>	<b>1,278,968</b>

**CITY OF XENIA, OHIO**

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Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 110,932	\$ 1,369,558	\$ 24,927
368,468	4,549,060	82,798
991	892,333	2,445
11,217	11,217	0
54,283	54,283	0
9,926	98,093	0
90,303	90,303	0
0	(493)	0
0	175,192	50,768
416	48,313	2,342
<u>646,536</u>	<u>7,287,859</u>	<u>163,280</u>
318,862	318,862	0
464,067	886,755	0
79,587	20,521,792	8,879
<u>862,516</u>	<u>21,727,409</u>	<u>8,879</u>
<u>1,509,052</u>	<u>29,015,268</u>	<u>172,159</u>

(Continued)

**CITY OF XENIA, OHIO**

**Statement of Net Assets  
Proprietary Funds  
December 31, 2006**

	<b>Business-type activities - Enterprise Funds</b>		
	<b>Water</b>	<b>Sewer</b>	<b>Sanitation</b>
<b>Liabilities:</b>			
<b>Current Liabilities:</b>			
Accounts payable	31,041	65,020	104,663
Accrued payroll	111,065	116,784	21,988
Interfund payable	0	0	0
Loan payable	0	505,839	0
Compensated absences - current	31,404	28,108	7,463
Landfill liability - current	0	0	83,515
<b>Total Current Liabilities</b>	<b>173,510</b>	<b>715,751</b>	<b>217,629</b>
<b>Noncurrent Liabilities</b>			
Compensated absences	164,869	147,566	39,182
Loans payable	0	5,950,477	0
Landfill liability - noncurrent	0	0	1,052,794
<b>Total Noncurrent Liabilities</b>	<b>164,869</b>	<b>6,098,043</b>	<b>1,091,976</b>
<b>Total Liabilities</b>	<b>338,379</b>	<b>6,813,794</b>	<b>1,309,605</b>
<b>Net Assets:</b>			
Invested in Capital Assets, net of debt	6,865,772	7,371,614	169,775
Unrestricted	2,742,698	2,094,991	(200,412)
<b>Total Net Assets</b>	<b>\$ 9,608,470</b>	<b>\$ 9,466,605</b>	<b>\$ (30,637)</b>

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**

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<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
108,541	309,265	29,887
4,443	254,280	10,707
0	0	5,111
0	505,839	0
753	67,728	4,200
0	83,515	0
<u>113,737</u>	<u>1,220,627</u>	<u>49,905</u>
3,948	355,565	22,049
0	5,950,477	0
0	1,052,794	0
<u>3,948</u>	<u>7,358,836</u>	<u>22,049</u>
<u>117,685</u>	<u>8,579,463</u>	<u>71,954</u>
543,654	14,950,815	8,879
847,713	5,484,990	91,326
<u>\$ 1,391,367</u>	<u>20,435,805</u>	<u>\$ 100,205</u>
	30,964	
	27,110	
	<u>\$ 20,493,879</u>	

**CITY OF XENIA, OHIO**

**Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2006**

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>
<b>Operating revenues:</b>			
Charges for services	<u>\$ 2,639,668</u>	<u>\$ 3,383,897</u>	<u>\$ 1,523,497</u>
<b>Operating expenses:</b>			
Personnel services	1,490,457	1,612,839	290,226
General operating	6,403	10,592	55
Contractual services	597,828	734,967	1,182,318
Materials and supplies	189,635	146,963	3,040
Depreciation	403,171	1,058,664	81,164
Non-governmental	<u>13,700</u>	<u>13,700</u>	<u>0</u>
Total expenses	<u>2,701,194</u>	<u>3,577,725</u>	<u>1,556,803</u>
Operating income (loss)	(61,526)	(193,828)	(33,306)
<b>Non-operating revenues:</b>			
Interest revenue	107,193	77,980	44,784
Other	42,251	74,973	113,810
Intergovernmental	<u>0</u>	<u>0</u>	<u>0</u>
Total Non-operating revenue	<u>149,444</u>	<u>152,953</u>	<u>158,594</u>
<b>Non-operating expenses:</b>			
Interest expense	<u>0</u>	<u>192,830</u>	<u>0</u>
Total Non-Operating Expenses	<u>0</u>	<u>192,830</u>	<u>0</u>
<b>Income (loss) before transfers and contributions</b>	87,918	(233,705)	125,288
Capital contributions	247,755	296,014	0
Transfers in	<u>0</u>	<u>0</u>	<u>0</u>
<b>Change in Net Assets</b>	335,673	62,309	125,288
<b>Net assets, beginning of year</b>	<u>9,272,797</u>	<u>9,404,296</u>	<u>(155,925)</u>
<b>Net assets, end of year</b>	<u>\$ 9,608,470</u>	<u>\$ 9,466,605</u>	<u>\$ (30,637)</u>

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**

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Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 58,809	\$ 7,605,871	\$ 651,046
59,202	3,452,724	154,565
164	17,214	5,003
44,454	2,559,567	139,711
4,230	343,868	350,884
6,009	1,549,008	2,499
48,470	75,870	0
<u>162,529</u>	<u>7,998,251</u>	<u>652,662</u>
(103,720)	(392,380)	(1,616)
24,268	254,225	1,126
12	231,046	320
302,774	302,774	0
<u>327,054</u>	<u>788,045</u>	<u>1,446</u>
0	192,830	0
<u>0</u>	<u>192,830</u>	<u>0</u>
223,334	202,835	(170)
0	543,769	0
50,000	50,000	0
<u>273,334</u>	<u>796,604</u>	<u>(170)</u>
1,118,033	19,639,201	100,375
<u>\$ 1,391,367</u>	<u>\$ 20,435,805</u>	<u>\$ 100,205</u>
	\$ 796,604	
	4,166	
	<u>(1,561)</u>	
	<u>\$ 799,209</u>	

**CITY OF XENIA, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2006**

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Sanitation
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$2,652,259	\$3,555,014	\$1,503,107
Cash Received from Interfund Services Provided	0	0	0
Cash Payments for Goods and Services	(763,277)	(855,793)	(1,079,204)
Cash Payments to Employees	(1,464,013)	(1,576,197)	(286,417)
Net Cash Provided (Used) by Operating Activities	424,969	1,123,024	137,486
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers In from Other Funds	0	0	0
Advances to Other Funds	0	0	0
Net Cash Provided (Used) by Noncapital Financing Activities	0	0	0
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Intergovernmental Grants	0	0	0
Acquisition and Construction of Assets	(393,085)	(183,547)	(16,868)
Principal Paid on Loans	0	(491,638)	0
Interest Paid on All Debt	0	(192,830)	0
Net Cash Used by Capital and Related Financing Activities	(393,085)	(868,015)	(16,868)
<u>Cash Flows from Investing Activities:</u>			
Sale of Investments	18,515	0	0
Purchase of Investments	0	(174,963)	(80,204)
Receipts of Interest	87,289	62,962	36,521
Net Cash Provided (Used) by Investing Activities	105,804	(112,001)	(43,683)
Net Increase in Cash and Cash Equivalents	137,688	143,008	76,935
Cash and Cash Equivalents at Beginning of Year	449,301	285,236	166,458
Cash and Cash Equivalents at End of Year	\$586,989	\$428,244	\$243,393

**CITY OF XENIA, OHIO**

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Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$90,981	\$7,801,361	\$0
0	0	651,046
(98,626)	(2,796,900)	(489,022)
(57,326)	(3,383,953)	(152,150)
(64,971)	1,620,508	9,874
50,000	50,000	0
0	0	(8,980)
50,000	50,000	(8,980)
212,471	212,471	0
(292,227)	(885,727)	0
0	(491,638)	0
0	(192,830)	0
(79,756)	(1,357,724)	0
89,991	108,506	12,350
(5,727)	(260,894)	(8,712)
18,247	205,019	671
102,511	52,631	4,309
7,784	365,415	5,203
103,148	1,004,143	19,724
\$110,932	\$1,369,558	\$24,927

(Continued)

**CITY OF XENIA, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2006**

	Business-Type Activities - Enterprise Funds		
	Water	Sewer	Sanitation
<u>Reconciliation of Operating Loss to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Loss	(\$61,526)	(\$193,828)	(\$33,306)
Adjustments to Reconcile Operating Loss to			
Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	403,171	1,058,664	81,164
Income - Other Nonoperating	38,628	66,472	109,011
Changes in Assets and Liabilities:			
Decrease in Principal Receivable	0	0	0
Decrease in Interest Receivable	0	0	0
(Increase) Decrease in Accounts Receivable	12,591	171,117	(20,390)
(Increase) Decrease in Prepaid Items	5,442	1,490	431
(Increase) Decrease in Inventory	20,554	(9,385)	0
Decrease in Landfill Liability	0	0	(23,324)
Increase (Decrease) in Accounts Payable	(20,335)	(6,944)	20,091
Increase in Accrued Payroll	16,613	18,208	2,385
Increase in Compensated Absences	9,831	17,230	1,424
Total Adjustments	486,495	1,316,852	170,792
Net Cash Provided (Used) by Operating Activities	\$424,969	\$1,123,024	\$137,486

Schedule of Noncash Investing, Capital and Financing Activities:

During 2006, the water fund received \$247,755 and the sewer fund received \$296,014 of capital assets through contributions. At December 31, 2006 the water and sewer funds had outstanding liabilities of \$17,660 and \$6,120, respectively, for the purchase of certain capital assets.

See accompanying notes to the basic financial statements

**CITY OF XENIA, OHIO**

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<u>Other Enterprise Funds</u>	<u>Total</u>	<u>Internal Service Funds</u>
(\$103,720)	(\$392,380)	(\$1,616)
6,009	1,549,008	2,499
12	214,123	169
3,278	3,278	0
78	78	0
125	163,443	0
65	7,428	2,461
0	11,169	(19,273)
0	(23,324)	0
27,306	20,118	23,219
1,193	38,399	912
683	29,168	1,503
<u>38,749</u>	<u>2,012,888</u>	<u>11,490</u>
<u>(\$64,971)</u>	<u>\$1,620,508</u>	<u>\$9,874</u>

**CITY OF XENIA, OHIO**

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**Statement of Assets and Liabilities  
Fiduciary Funds  
December 31, 2006**

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	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 211,203
<b>Total Assets</b>	<u>\$ 211,203</u>
<b>Liabilities:</b>	
Accounts payable	\$ 79,631
Restricted deposits	<u>131,572</u>
<b>Total Liabilities</b>	<u>\$ 211,203</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

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**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, 2006 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, 2006***

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**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 2006 was \$174,500. 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, 2006***

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**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 approves budget requests, and provides space for the Court and offices;
- (2) Imprest Cash fund: The purpose 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, 2006***

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**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, 2006***

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**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, 2006 but which are not intended to finance 2006 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.

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting," the City follows GASB guidance as applicable to proprietary funds and 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, 2006***

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**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, 2006**

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**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, 2006 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)	\$ (147,562)	\$ 108,073
Revenue Accrual	222,379	(48,655)
Expenditure Accrual	(9,226)	(12,633)
Outstanding Encumbrances	(119,184)	(33,197)
Budget Basis	<u>\$ (53,593)</u>	<u>\$ 13,588</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 December 31, 2006. 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 2006, the Capital Improvements Fund was allocated approximately \$131,073 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, 2006***

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**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 2006. 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, 2006.

**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, 2006, 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, 2006**

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**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, 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, 2006***

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**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, 2006***

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**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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

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**NOTE 2 – 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	\$38,116,878
Total	<u>\$38,116,878</u>
<i>Other long-term assets not available to pay for current-period expenditures:</i>	
Delinquent Income Tax Revenue	\$1,033,023
Shared Revenues	1,299,764
Delinquent Property Tax Revenue	167,146
Grant Revenues	32,472
Special Assessment Revenue	29,636
Charges for Services	106,899
Miscellaneous Revenue	51,027
Total	<u>\$2,719,967</u>
<i>Long-Term liabilities not reported in the funds:</i>	
General Obligation Bonds Payable	(\$1,120,000)
Accrued Interest on Long-Term Debt	(31,914)
Capital Leases Payable	(1,831,903)
Compensated Absences Payable- Government Activities	(1,388,239)
Total	<u>(\$4,372,056)</u>
<i>Amount of City Garage Internal Service fund applicable to government activities:</i>	
City Garage Fund Net Assets at year end	\$69,241
Portion of City Garage Fund allocated to business-type activities	(27,070)
Total	<u>\$42,171</u>

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

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**NOTE 2 – 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	\$3,209,161
Depreciation Expense	(1,197,952)
Total	<u>\$2,011,209</u>

*Governmental revenues not reported in the funds:*

Increase in Delinquent Income Tax Revenue	\$207,542
Increase in Shared Revenue	35,982
Increase in Delinquent Property Taxes	51,167
Decrease in Special Assessment Revenue	(1,923)
Decrease in Intergovernmental Grants	(1,526)
Decrease in Charges for Services	(50,617)
Increase in Miscellaneous Revenues	13,033
Total	<u>\$253,658</u>

*Expenses not requiring the use of current financial resources:*

Increase in Compensated Absences Payable	(\$122,664)
Increase in supplies inventory	24,540
Total	<u>(\$98,124)</u>

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

City Garage Internal Service Fund change in net assets	(\$4,336)
Portion of Internal Service fund change in net assets allocated to business type activities	1,602
Total	<u>(\$2,734)</u>

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006**

**NOTE 3 – DEPOSITS AND INVESTMENTS**

**A. Deposits**

At December 31, 2006, the carrying amount of the City and Component Unit cash deposits was \$2,473,497 and \$629,516 respectively and the bank balance was \$3,122,856 and \$636,042 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, 2006 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	11-27 Years
FREDDIE MAC	\$ 24,961	AAA	\$ 0	\$ 0	\$ 24,961	\$ 0	\$ 0
FHLBC	2,085,175	AAA	447,564	494,781	1,142,830	0	0
FHLB	1,133,496	AAA	337,058	54,735	289,749	451,954	0
FFCB	79,228	AAA	0	0	55,002	24,226	0
FNMA	2,367,800	AAA	74,855	124,639	1,706,813	49,485	412,008
FNM DISCOUNT NT	54,839	AAA	54,839	0	0	0	0
US TREASURY N/B	144,325	n/a	79,808	64,517	0	0	0
FRE DISCOUNT Nt	157,888	AAA	157,888	0	0	0	0
FHLMC	2,644,126	AAA	0	582,381	662,994	832,567	566,184
STAR Ohio	515,951	AAA	515,951	0	0	0	0
Money Market Funds	1,110,684	Unrated	1,110,684	0	0	0	0
<b>Total Investments</b>	<b>\$10,318,473</b>		<b>\$2,778,647</b>	<b>\$1,321,053</b>	<b>\$3,882,349</b>	<b>\$ 1,358,232</b>	<b>\$ 978,192</b>

n/a – Obligations of the U.S. Government are explicitly guaranteed by the U.S. Government and are not considered to have credit risk.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

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**NOTE 3 – 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, 2006, 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, 2006, 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, 2006, the City had no concentration of credit risk.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006**

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**NOTE 4 - TAXES**

**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, 2005
Lien date	January 1, 2006
Tax bill mailed	February 5, 2006
First installment payment due	March 3, 2006
Second installment payment due	July 28, 2006

The assessed values upon which 2006 tax receipts were based, are as follows:

	<u>Assessed Values</u> <u>January 1, 2005</u>
Real Estate	\$340,011,460
Tangible Personal	33,242,019
Total	<u><u>\$373,253,479</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 March 3rd or one-half on March 3rd and July 28th. 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, 2006***

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**NOTE 5 – 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, 2006 were:

Loan Type	C.D.B.G Revolving Loan Fund	Loan Fund	Housing Rehabilitation Loan Fund	Xenia Economic Growth Corp.
Down payment assistance loans	\$0	\$0	\$10,475	\$0
Mortgage grants	0	37,015	72,445	0
Rehabilitation loans	0	0	176,049	0
Façade Loans	77,161	0	0	0
Economic development loans	0	0	0	130,139
Total Loans receivable	<u>\$77,161</u>	<u>\$37,015</u>	<u>\$258,969</u>	<u>\$130,139</u>

C.D.B.G. Revolving Loan Fund - In past years the City received Federal Community Development Block grants (CDBG) and Urban Development Action grants (UDAG) to provide low interest loans for economic and job development. The balance in this fund is from loan repayments and interest earned on the loan repayments. CDBG and UDAG regulations require the City to reinvest this balance in similar economic development loans or expenditures.

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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

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**NOTE 6 - TRANSFERS**

Following is a summary of operating transfers in and out for all funds for 2006:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
Governmental Funds:		
General Fund	\$0	\$1,025,000
Recreation Special Fund	5,000	0
State Gas and Vehicle License Tax Fund	100,000	0
Capital Improvements Fund	870,000	0
Total Governmental Funds	<u>975,000</u>	<u>1,025,000</u>
Enterprise Funds		
C.D.B.G./Revolving Loan Fund	50,000	0
Total Enterprise Funds	<u>50,000</u>	<u>0</u>
Total Transfers	<u>\$1,025,000</u>	<u>\$1,025,000</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, 2006**

**NOTE 7 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at December 31, 2006:  
*Historical Cost:*

Class	December 31, 2005	Additions	Deletions	December 31, 2006
<i>Capital assets not being depreciated:</i>				
Land	\$15,199,451	\$196,452	\$0	\$15,395,903
Construction in Progress	854,397	356,527	(825,897)	385,027
Subtotal	<u>16,053,848</u>	<u>552,979</u>	<u>(825,897)</u>	<u>15,780,930</u>
<i>Capital assets being depreciated:</i>				
Land improvements	1,228,403	27,933	0	1,256,336
Buildings and improvements	5,556,146	454,500	0	6,010,646
Machinery and Equipment	15,466,223	1,927,694	(392,688)	17,001,229
Infrastructure	11,811,580	1,071,952	(51,772)	12,831,760
Subtotal	<u>34,062,352</u>	<u>3,482,079</u>	<u>(444,460)</u>	<u>37,099,971</u>
Total Cost	<u>\$50,116,200</u>	<u>\$4,035,058</u>	<u>(\$1,270,357)</u>	<u>\$52,880,901</u>
<i>Accumulated Depreciation:</i>				
Class	December 31, 2005	Additions	Deletions	December 31, 2006
Land improvements	(\$552,358)	(\$45,947)	\$0	(\$598,305)
Buildings and improvements	(1,989,285)	(154,483)	0	(2,143,768)
Machinery and Equipment	(7,295,658)	(690,916)	267,884	(7,718,690)
Infrastructure	(4,032,259)	(308,357)	41,848	(4,298,768)
Total Depreciation	<u>(\$13,869,560)</u>	<u>(\$1,199,703) *</u>	<u>\$309,732</u>	<u>(\$14,759,531)</u>
<i>Net Value:</i>	<u>\$36,246,640</u>			<u>\$38,121,370</u>

\* Depreciation expenses were charged to governmental functions as follows:

General Government	(\$157,257)
Public Safety	(425,438)
Highways and Streets	(510,052)
Community Development	(12,918)
Recreation	(89,478)
Health	<u>(2,809)</u>
Total Depreciation Expense recorded within the Governmental Activities	(1,197,952)
Amount of Depreciation Expense recorded in the Internal Service Fund	(1,751)
Total Additions to Accumulated Depreciation	<u>(\$1,199,703)</u>

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006**

**NOTE 7 - CAPITAL ASSETS (Continued)**

**B. Business-Type Activities Capital Assets**

Summary by Category at December 31, 2006:

*Historical Cost:*

Class	December 31, 2005	Additions	Deletions	December 31, 2006
<i>Capital assets not being depreciated:</i>				
Land	\$424,252	\$0	\$0	\$424,252
Construction in Progress	112,538	462,503	(112,538)	462,503
Subtotal	536,790	462,503	(112,538)	886,755
<i>Capital assets being depreciated:</i>				
Land improvements	378,343	0	0	378,343
Buildings and improvements	8,294,710	0	0	8,294,710
Machinery and Equipment	37,036,239	1,156,010	0	38,192,249
Total Cost	\$46,246,082	\$1,618,513	(\$112,538)	\$47,752,057

*Accumulated Depreciation:*

Class	December 31, 2005	Additions	Deletions	December 31, 2006
Land Improvements	(\$251,711)	(\$11,845)	\$0	(\$263,556)
Buildings and Improvements	(3,886,622)	(249,992)	0	(4,136,614)
Machinery and Equipment	(20,651,034)	(1,287,919)	0	(21,938,953)
Total Depreciation	(\$24,789,367)	(\$1,549,756)	\$0	(\$26,339,123)
<i>Net Value:</i>	\$21,456,715			\$21,412,934

**C. Component Unit (XEGC) Capital Assets**

Summary by Category at December 31, 2006:

*Historical Cost:*

Class	December 31, 2005	Additions	Deletions	December 31, 2006
<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, 2005	Additions	Deletions	December 31, 2006
Machinery and Equipment	(\$28,642)	(\$497)	\$0	(\$29,139)
Total Depreciation	(\$28,642)	(\$497)	\$0	(\$29,139)
<i>Net Value:</i>	\$802			\$305

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

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**NOTE 8 – 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 2006, 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 2006 member contribution rate was 9%. The 2006 employer contribution rate for local government employer units was 13.7%, 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, 2006, 2005, and 2004 were \$855,056, \$846,540, and \$785,637 respectively, which represents 88%, 89% and 93% of the required contributions paid in each year.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

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**NOTE 8 – 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 2006 employer contribution rate for local government employer units was 13.7% of covered payroll of which 4.5% 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, 2005. 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 2005 was 6.5%. An annual increase of 4% 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, 2006***

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**NOTE 8 – 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 .5% to 6% for the next 9 years. In subsequent years (10 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 369,214 active contributing participants at year-end 2006. The number of active contributing participants for both plans used in the December 31, 2005 actuarial valuation was 358,804. The portion of the City of Xenia’s employer contributions that was used to fund post-employment benefits was \$276,892. The actuarial value of the OPERS net assets available for OPEB at December 31, 2005 is \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability for OPEB, based on the actuarial cost method used, were \$31.3 billion and \$20.2 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. Member and employer contribution rates increased as of January 1, 2006 and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

**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, 2006***

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**NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

Plan members are required to contribute 10% of their annual covered salary, while employers are required to contribute 19.5% and 24% respectively for police officers and firefighters. The City's contributions to the OP&F for the years ending December 31, 2006, 2005, and 2004 were \$546,402, \$536,032, and \$494,308 for police, and \$581,893, \$607,910, and \$575,488 for firefighters, respectively, which represents 73%, 74% 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 defined allocation was 7.75% of covered payroll for 2005 and 2006.

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, 2005, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,922 for police and 10,537 for firefighters. The portion of the City's employer contributions to OP&F that were used to pay post-retirement benefits were \$216,922 for police and \$187,951 for firefighters.

The Fund's total health care expense for the year ended December 31, 2005, the date of the last actuarial valuation available were \$108,039,449, which was net of member contributions of \$55,271,881.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006**

**NOTE 9 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS**

Long-term debt and other long-term obligations of the City at December 31, 2006 were as follows:

	Balance December 31, 2005	Additions	(Reductions)	Balance December 31, 2006	Due Within One Year
<b>Business-Type Activities:</b>					
Loans Payable:					
3.04% Sewer Loan Payable 1993	\$992,991	\$0	(\$153,273)	\$839,718	\$157,968
2.79% Sewer Loan Payable 1999	5,954,964	0	(338,366)	5,616,598	347,871
Total Loans Payable	6,947,955	0	(491,639)	6,456,316	505,839
Landfill Liability	1,159,633	0	(23,324)	1,136,309	83,515
Compensated Absences	394,124	423,293	(394,124)	423,293	67,728
<b>Total Business Type Activities</b>	<b>\$8,501,712</b>	<b>\$423,293</b>	<b>(\$909,087)</b>	<b>\$8,015,918</b>	<b>\$657,082</b>
<b>Governmental Activities Long-Term Debt:</b>					
4.70 - 5.75%					
General Obligation Bond Payable 2000	\$1,170,000	\$0	(\$50,000)	\$1,120,000	\$55,000
Capital Leases Payable	910,841	1,126,811	(205,749)	1,831,903	244,469
Compensated Absences	1,324,629	1,414,488	(1,324,629)	1,414,488	170,807
<b>Total Governmental Activities</b>	<b>\$3,405,470</b>	<b>\$2,541,299</b>	<b>(\$1,580,378)</b>	<b>\$4,366,391</b>	<b>\$470,276</b>

**A. Principal and Interest Requirements**

Principal and Interest requirements to retire long-term obligations outstanding at December 31, 2006 are as follows:

Years	General Obligation Bond		Sewer Loans Payable	
	Principal	Interest	Principal	Interest
2007	\$55,000	\$61,731	\$505,839	\$178,630
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	70,000	48,588	566,861	117,606
2012-2016	400,000	178,250	2,113,260	397,562
2017-2020	410,000	48,588	1,663,466	94,106
Totals	<u>\$1,120,000</u>	<u>\$503,855</u>	<u>\$6,456,316</u>	<u>\$1,234,417</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

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**NOTE 9 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)**

**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.

**C. Conduit Debt**

On June 22, 2006, Xenia City Council approved the City to act as a conduit issuer of Legacy Village Healthcare Facilities, Inc. tax-exempt lease obligations to refund debt issued for the construction of an assisted living facility located within the City of Xenia. The City's involvement allowed Legacy Village to be given tax-exempt status thus making them eligible for a lower interest rate for financing.

A master lease-purchase and sub-lease agreement was executed in an amount not to exceed \$2,500,000 by Fifth Third Bank as lessor, the City of Xenia as lessee, and Legacy Village Healthcare Facilities, Inc. as Sublessee. The final amount of the conduit debt is \$2,090,050. These lease obligations are payable solely from revenue sources provided by Legacy Village and does not pledge the full faith and credit of the City nor impact the City's debt limitations.

As of December 31, 2006, this is the only conduit debt outstanding.

**NOTE 10 – 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 \$2,524,548 and the book value at December 31, 2006 was \$2,261,234. 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, 2006:

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006**

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**NOTE 10 – LEASES (Continued)**

**A. Capital Leases (Continued)**

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>
2007	\$363,815
2008	330,654
2009	301,421
2010	266,279
2011	244,387
2012-2016	<u>635,081</u>
Minimum Lease Payments	2,141,637
Less amount representing interest at the City's incremental borrowing rate of interest	<u>(309,734)</u>
Present value of minimum lease payments	<u><u>\$1,831,903</u></u>

**B. Operating Leases**

The City leases office space, machinery and equipment, janitorial and cleaning services and parking lots under operating agreements that expire at various dates through 2010. Payments on operating leases were \$121,732 during 2006. The following is a schedule of future minimum rental payments of non-cancellable operating leases:

<u>Year Ending December 31,</u>	<u>Amount</u>
2007	\$124,704
2008	99,087
2009	46,032
2010	28,787

**NOTE 11 - 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, 2006 is \$1,136,309.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006**

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**NOTE 12 - 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 13 - 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. 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 14 – NET ASSET DEFICIT**

The net asset deficit at December 31, 2006 of \$30,637 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 deficit does not exist under the cash basis of accounting. Transfers are provided when cash is required, not when accruals occur.

**NOTE 15 – RESTATEMENT OF NET ASSETS**

The beginning net asset balance of the Sanitation Fund and also of the Business-Type Activities were restated due to errors in the accounting for accounts receivable. This restatement had the following effect on beginning of year net asset balances:

Net Assets	Sanitation Fund	Business-Type Activities
Reported December 31, 2005	(\$48,925)	\$19,801,670
Change in Accounts Receivable	(107,000)	(107,000)
Restated December 31, 2005	<u>(\$155,925)</u>	<u>\$19,694,670</u>

*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*

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*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***

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***Special Revenue Funds***

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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***

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**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***

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**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***

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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, 2006**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Cash and cash equivalents	\$ 296,541	\$ 4,483	\$ 113,835	\$ 414,859
Investments	984,980	14,892	378,107	1,377,979
Receivables:				
Taxes, including interest, penalties and liens	200,000	64,000	0	264,000
Intergovernmental	389,848	0	0	389,848
Accounts	6,794	0	0	6,794
Accrued interest	18,082	408	9,670	28,160
Grants	53,577	0	26,560	80,137
Prepaid items	140	0	16,406	16,546
<b>Total Assets</b>	<b>\$ 1,949,962</b>	<b>\$ 83,783</b>	<b>\$ 544,578</b>	<b>\$ 2,578,323</b>
<b>Liabilities:</b>				
Accounts payable	\$ 3,478	\$ 0	\$ 26,572	\$ 30,050
Accrued payroll	18,761	0	0	18,761
Deferred revenue	571,892	64,179	4,247	640,318
<b>Total Liabilities</b>	<b>594,131</b>	<b>64,179</b>	<b>30,819</b>	<b>689,129</b>
<b>Fund Balances:</b>				
Reserved for:				
Encumbrances	117,092	0	13,072	130,164
Prepaid items	140	0	16,406	16,546
Debt service	0	19,604	0	19,604
Unreserved and undesignated in:				
Special revenue funds	1,238,599	0	0	1,238,599
Capital projects funds	0	0	484,281	484,281
<b>Total Fund Balances</b>	<b>1,355,831</b>	<b>19,604</b>	<b>513,759</b>	<b>1,889,194</b>
<b>Total Liabilities and Funds Balances</b>	<b>\$ 1,949,962</b>	<b>\$ 83,783</b>	<b>\$ 544,578</b>	<b>\$ 2,578,323</b>

**CITY OF XENIA, OHIO**

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2006***

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Other local taxes	\$ 193,312	\$ 67,066	\$ 0	\$ 260,378
State shared taxes and permits	364,738	8,638	0	373,376
Intergovernmental grants	123,037	0	145,702	268,739
Fines, costs, forfeitures, licenses and permits	84,679	0	125,929	210,608
Miscellaneous receipts and reimbursements, including interest	441,469	1,132	21,720	464,321
<b>Total Revenue</b>	<b>1,207,235</b>	<b>76,836</b>	<b>293,351</b>	<b>1,577,422</b>
<b>Expenditures:</b>				
Current:				
General government	443,760	0	0	443,760
Public safety	150,384	592	0	150,976
Highways and streets	90,934	587	0	91,521
Recreation	8,639	0	0	8,639
Capital outlay	183,345	0	243,793	427,138
Debt service:				
Principal retirement	16,500	33,500	3,428	53,428
Interest & fiscal charges	21,259	43,163	1,329	65,751
<b>Total Expenditures</b>	<b>914,821</b>	<b>77,842</b>	<b>248,550</b>	<b>1,241,213</b>
Excess (deficiency) of revenues over expenditures	292,414	(1,006)	44,801	336,209
<b>Other financing sources (uses):</b>				
Transfers in	5,000	0	0	5,000
<b>Total other financing sources (uses)</b>	<b>5,000</b>	<b>0</b>	<b>0</b>	<b>5,000</b>
Net change in fund balances	297,414	(1,006)	44,801	341,209
<b>Fund Balances at Beginning of Year</b>	<b>1,058,417</b>	<b>20,610</b>	<b>468,958</b>	<b>1,547,985</b>
<b>Fund Balances End of Year</b>	<b>\$ 1,355,831</b>	<b>\$ 19,604</b>	<b>\$ 513,759</b>	<b>\$ 1,889,194</b>

**CITY OF XENIA, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2006**

	Recreation Special	Indigent Driver Alcohol Treatment	Law Enforcement and Education	State Route Repair	City Motor Vehicle License Tax
<b>Assets:</b>					
Cash and cash equivalents	\$ 241	\$ 82,333	\$ 8,117	\$ 16,778	\$ 13,914
Investments	802	273,470	26,960	55,729	46,218
Receivables:					
Taxes, including interest, penalties and liens	0	0	0	0	0
Intergovernmental	0	0	0	40,500	85,000
Accounts	0	6,794	0	0	0
Accrued interest	0	7,582	725	1,289	1,317
Grants	0	0	0	0	0
Prepaid items	0	0	0	140	0
<b>Total Assets</b>	<b>\$ 1,043</b>	<b>\$ 370,179</b>	<b>\$ 35,802</b>	<b>\$ 114,436</b>	<b>\$ 146,449</b>
<b>Liabilities:</b>					
Accounts payable	\$ 0	\$ 0	\$ 100	\$ 3,104	\$ 0
Accrued payroll	0	0	0	0	0
Deferred revenue	0	3,330	318	25,259	54,166
<b>Total Liabilities</b>	<b>0</b>	<b>3,330</b>	<b>418</b>	<b>28,363</b>	<b>54,166</b>
<b>Fund Balances:</b>					
Reserved for:					
Encumbrances	0	0	1,045	2,974	0
Prepaid items	0	0	0	140	0
Unreserved and undesignated	1,043	366,849	34,339	82,959	92,283
<b>Total Fund Balances</b>	<b>1,043</b>	<b>366,849</b>	<b>35,384</b>	<b>86,073</b>	<b>92,283</b>
<b>Total Liabilities and Funds Balances</b>	<b>\$ 1,043</b>	<b>\$ 370,179</b>	<b>\$ 35,802</b>	<b>\$ 114,436</b>	<b>\$ 146,449</b>

**CITY OF XENIA, OHIO**

<u>County Motor Vehicle License Tax</u>	<u>Special Miscellaneous Improvements</u>	<u>Tax Increment Equivalent</u>	<u>Law Enforcement</u>	<u>Drug Law Enforcement</u>	<u>Municipal Court Victim</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 23,280	\$ 40,321	\$ 22,934	\$ 66,552	\$ 6,624	\$ 15,447	\$ 296,541
77,329	133,930	76,176	221,059	22,000	51,307	984,980
0	0	200,000	0	0	0	200,000
264,348	0	0	0	0	0	389,848
0	0	0	0	0	0	6,794
1,146	0	0	3,517	572	1,934	18,082
0	0	0	48,075	0	5,502	53,577
0	0	0	0	0	0	140
<u>\$ 366,103</u>	<u>\$ 174,251</u>	<u>\$ 299,110</u>	<u>\$ 339,203</u>	<u>\$ 29,196</u>	<u>\$ 74,190</u>	<u>\$ 1,949,962</u>
\$ 0	\$ 0	\$ 0	\$ 75	\$ 0	\$ 199	\$ 3,478
0	2,436	0	4,192	0	12,133	18,761
264,851	0	200,000	22,761	251	956	571,892
<u>264,851</u>	<u>2,436</u>	<u>200,000</u>	<u>27,028</u>	<u>251</u>	<u>13,288</u>	<u>594,131</u>
100,915	0	0	771	10,500	887	117,092
0	0	0	0	0	0	140
337	171,815	99,110	311,404	18,445	60,015	1,238,599
<u>101,252</u>	<u>171,815</u>	<u>99,110</u>	<u>312,175</u>	<u>28,945</u>	<u>60,902</u>	<u>1,355,831</u>
<u>\$ 366,103</u>	<u>\$ 174,251</u>	<u>\$ 299,110</u>	<u>\$ 339,203</u>	<u>\$ 29,196</u>	<u>\$ 74,190</u>	<u>\$ 1,949,962</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, 2006***

	Recreation Special	Indigent Driver Alcohol Treatment	Law Enforcement and Education	State Route Repair	City Motor Vehicle License Tax
<b>Revenues:</b>					
Other local taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State shared taxes and permits	0	0	0	80,907	157,718
Intergovernmental grants	0	0	0	0	0
Fines, costs, forfeitures, licenses and permits	0	24,653	2,667	0	0
Miscellaneous receipts and reimbursements, including interest	1,855	17,654	1,635	2,638	13,602
<b>Total Revenue</b>	<u>1,855</u>	<u>42,307</u>	<u>4,302</u>	<u>83,545</u>	<u>171,320</u>
<b>Expenditures:</b>					
Current:					
General government	0	75,000	0	0	0
Public safety	0	0	5,450	0	0
Highways and streets	0	0	0	62,007	100
Recreation	8,639	0	0	0	0
Capital outlay	0	0	0	0	126,075
Debt service:					
Principal retirement	0	0	0	0	16,500
Interest & fiscal charges	0	0	0	0	21,259
<b>Total Expenditures</b>	<u>8,639</u>	<u>75,000</u>	<u>5,450</u>	<u>62,007</u>	<u>163,934</u>
Excess (deficiency) of revenues over expenditures	(6,784)	(32,693)	(1,148)	21,538	7,386
<b>Other financing sources (uses):</b>					
Transfers in	5,000	0	0	0	0
<b>Total other financing sources (uses)</b>	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	(1,784)	(32,693)	(1,148)	21,538	7,386
<b>Fund Balances at Beginning of Year</b>	<u>2,827</u>	<u>399,542</u>	<u>36,532</u>	<u>64,535</u>	<u>84,897</u>
<b>Fund Balances End of Year</b>	<u>\$ 1,043</u>	<u>\$ 366,849</u>	<u>\$ 35,384</u>	<u>\$ 86,073</u>	<u>\$ 92,283</u>

**CITY OF XENIA, OHIO**

<u>County Motor Vehicle License Tax</u>	<u>Special Miscellaneous Improvements</u>	<u>Tax Increment Equivalent</u>	<u>Law Enforcement</u>	<u>Drug Law Enforcement</u>	<u>Municipal Court Victim</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 0	\$ 0	\$ 193,312	\$ 0	\$ 0	\$ 0	\$ 193,312
126,113	0	0	0	0	0	364,738
0	0	0	69,349	0	53,688	123,037
0	0	0	0	0	57,359	84,679
<u>429</u>	<u>84,770</u>	<u>593</u>	<u>312,207</u>	<u>1,248</u>	<u>4,838</u>	<u>441,469</u>
<u>126,542</u>	<u>84,770</u>	<u>193,905</u>	<u>381,556</u>	<u>1,248</u>	<u>115,885</u>	<u>1,207,235</u>
0	39,717	149,835	0	0	179,208	443,760
0	0	0	136,934	8,000	0	150,384
28,827	0	0	0	0	0	90,934
0	0	0	0	0	0	8,639
44,365	0	2,041	10,864	0	0	183,345
0	0	0	0	0	0	16,500
0	0	0	0	0	0	21,259
<u>73,192</u>	<u>39,717</u>	<u>151,876</u>	<u>147,798</u>	<u>8,000</u>	<u>179,208</u>	<u>914,821</u>
53,350	45,053	42,029	233,758	(6,752)	(63,323)	292,414
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,000</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5,000</u>
53,350	45,053	42,029	233,758	(6,752)	(63,323)	297,414
<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>
<u>\$ 101,252</u>	<u>\$ 171,815</u>	<u>\$ 99,110</u>	<u>\$ 312,175</u>	<u>\$ 28,945</u>	<u>\$ 60,902</u>	<u>\$ 1,355,831</u>

**CITY OF XENIA, OHIO**

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**Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2006**

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	Municipal Court Capital Improvements	Issue II	Total Nonmajor Capital Projects Funds
<b>Assets:</b>			
Cash and cash equivalents	\$ 113,624	\$ 211	\$ 113,835
Investments	377,408	699	378,107
Receivables:			
Accrued interest	9,670	0	9,670
Grants	0	26,560	26,560
Prepaid items	16,406	0	16,406
<b>Total Assets</b>	<u>\$ 517,108</u>	<u>\$ 27,470</u>	<u>\$ 544,578</u>
<b>Liabilities:</b>			
Accounts payable	\$ 12	\$ 26,560	\$ 26,572
Deferred revenue	4,247	0	4,247
<b>Total Liabilities</b>	<u>4,259</u>	<u>26,560</u>	<u>30,819</u>
<b>Fund Balances:</b>			
Reserved for:			
Encumbrances	13,072	0	13,072
Prepaid items	16,406	0	16,406
Unreserved and undesignated	483,371	910	484,281
<b>Total Fund Balances</b>	<u>512,849</u>	<u>910</u>	<u>513,759</u>
<b>Total Liabilities and Funds Balances</b>	<u>\$ 517,108</u>	<u>\$ 27,470</u>	<u>\$ 544,578</u>

**CITY OF XENIA, OHIO**

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**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2006**

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	Municipal Court Capital Improvements	Issue II	Total Nonmajor Capital Projects Funds
<b>Revenues:</b>			
Intergovernmental grants	\$ 0	\$ 145,702	\$ 145,702
Fines, costs, forfeitures, licenses and permits	125,929	0	125,929
Miscellaneous receipts and reimbursements, including interest	21,587	133	21,720
<b>Total Revenue</b>	<b>147,516</b>	<b>145,835</b>	<b>293,351</b>
<b>Expenditures:</b>			
Capital outlay	127,831	115,962	243,793
Debt service:			
Principal retirement	3,428	0	3,428
Interest & fiscal charges	1,329	0	1,329
<b>Total Expenditures</b>	<b>132,588</b>	<b>115,962</b>	<b>248,550</b>
Net change in fund balances	14,928	29,873	44,801
<b>Fund Balances at Beginning of Year</b>	<b>497,921</b>	<b>(28,963)</b>	<b>468,958</b>
<b>Fund Balances End of Year</b>	<b>\$ 512,849</b>	<b>\$ 910</b>	<b>\$ 513,759</b>

**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, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Municipal Income Taxes	\$ 8,432,044	\$ 8,432,044	\$ 8,576,070	\$ 144,026
Other Local Taxes	1,412,000	1,412,000	1,444,619	32,619
State Shared Taxes and Permits	1,970,852	1,980,852	2,063,870	83,018
Intergovernmental Grants	113,247	116,747	125,695	8,948
Charges for Services	1,585,068	1,585,068	1,578,679	(6,389)
Fines, Costs, Forfeitures, Licenses and Permits	1,115,351	1,115,351	1,063,861	(51,490)
Miscellaneous Receipts and Reimbursements, Including Interest	379,978	352,418	341,162	(11,256)
Total Revenues	<u>15,008,540</u>	<u>14,994,480</u>	<u>15,193,956</u>	<u>199,476</u>
<b>Expenditures:</b>				
General Government:				
City Council and General Government:				
Personnel Services	29,960	29,960	29,417	543
General Operating Expenses	23,454	21,309	13,181	8,128
Contractual Services	64,437	66,462	61,108	5,354
Materials and Supplies	5,653	5,773	5,041	732
Contributions	125,000	125,000	120,021	4,979
Total City Council and General Government	<u>248,504</u>	<u>248,504</u>	<u>228,768</u>	<u>19,736</u>
Municipal Court:				
Personnel Services	1,331,968	1,287,050	1,245,500	41,550
General Operating Expenses	17,895	16,040	12,535	3,505
Contractual Services	140,632	141,782	114,818	26,964
Materials and Supplies	25,145	25,850	22,809	3,041
Contributions	62,061	62,061	46,086	15,975
Total Municipal Court	<u>1,577,701</u>	<u>1,532,783</u>	<u>1,441,748</u>	<u>91,035</u>
City Law Department:				
Personnel Services	173,650	180,702	180,699	3
General Operating Expenses	3,319	2,056	1,874	182
Contractual Services	15,208	13,832	13,676	156
Materials and Supplies	5,491	5,240	4,742	498
Total City Law Department	<u>197,668</u>	<u>201,830</u>	<u>200,991</u>	<u>839</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, 2006***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
City Manager's Office:				
Personnel Services	80,554	80,554	60,372	20,182
General Operating Expenses	2,705	2,679	1,494	1,185
Contractual Services	10,699	10,324	7,205	3,119
Materials and Supplies	3,100	3,501	2,892	609
Total City Manager's Office	97,058	97,058	71,963	25,095
Personnel Office:				
Personnel Services	23,124	23,697	23,692	5
General Operating Expenses	4,785	6,193	5,627	566
Contractual Services	75,026	84,846	83,315	1,531
Materials and Supplies	13,130	8,299	6,869	1,430
Total Personnel Office	116,065	123,035	119,503	3,532
Finance Office:				
Personnel Services	69,239	69,239	65,394	3,845
General Operating Expenses	1,750	1,450	1,190	260
Contractual Services	63,048	61,021	58,920	2,101
Materials and Supplies	5,595	7,922	6,650	1,272
Total Finance Office	139,632	139,632	132,154	7,478
Income Tax:				
Personnel Services	256,406	259,606	249,145	10,461
General Operating Expenses	5,730	5,730	4,120	1,610
Contractual Services	65,524	65,524	54,766	10,758
Materials and Supplies	13,010	13,010	8,928	4,082
Total Income Tax	340,670	343,870	316,959	26,911
Municipal Building and General Services:				
Contractual Services	166,089	162,844	151,829	11,015
Materials and Supplies	4,831	8,076	7,674	402
Total Municipal Building and General Services	170,920	170,920	159,503	11,417

(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, 2006***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Data Processing:				
Personnel Services	28,292	31,492	24,907	6,585
General Operating Expenses	5,000	6,100	5,930	170
Contractual Services	93,132	76,386	56,777	19,609
Materials and Supplies	22,834	22,480	21,566	914
Total Data Processing	149,258	136,458	109,180	27,278
Clerk of City Council:				
Personnel Services	18,238	18,238	17,970	268
General Operating Expenses	190	190	100	90
Contractual Services	47,151	46,757	37,927	8,830
Materials and Supplies	3,000	3,394	3,087	307
Total Clerk of City Council	68,579	68,579	59,084	9,495
Volunteer Program:				
General Operating Expenses	1,075	1,458	1,458	0
Contractual Services	750	550	150	400
Materials and Supplies	1,450	1,267	1,152	115
Total Volunteer Program	3,275	3,275	2,760	515
Public Affairs & CATV:				
General Operating Expenses	1,300	1,300	1,273	27
Contractual Services	15,500	15,500	4,475	11,025
Materials and Supplies	6,000	6,000	1,400	4,600
Total Public Affairs & CATV	22,800	22,800	7,148	15,652
Total General Government	3,132,130	3,088,744	2,849,761	238,983
Public Safety:				
Violence Against Women Grant:				
Personnel Services	86,070	86,070	82,590	3,480
Contractual Services	3,999	3,999	2,700	1,299
Total Violence Against Women Grant	90,069	90,069	85,290	4,779

(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, 2006***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Police:				
Personnel Services	4,021,663	4,222,663	4,219,305	3,358
General Operating Expenses	84,700	72,386	52,928	19,458
Contractual Services	401,571	297,914	287,653	10,261
Materials and Supplies	80,275	106,415	87,740	18,675
Total Police	<u>4,588,209</u>	<u>4,699,378</u>	<u>4,647,626</u>	<u>51,752</u>
Communications:				
Personnel Services	1,067,029	1,067,029	1,054,952	12,077
General Operating Expenses	5,025	3,525	2,938	587
Contractual Services	163,319	111,161	99,753	11,408
Materials and Supplies	26,480	29,480	20,852	8,628
Capital Outlay	80,095	80,095	47,942	32,153
Total Communications	<u>1,341,948</u>	<u>1,291,290</u>	<u>1,226,437</u>	<u>64,853</u>
Fire:				
Personnel Services	3,782,200	3,782,200	3,753,002	29,198
General Operating Expenses	20,842	12,860	12,330	530
Contractual Services	344,116	350,497	324,729	25,768
Materials and Supplies	115,741	117,342	110,033	7,309
Total Fire	<u>4,262,899</u>	<u>4,262,899</u>	<u>4,200,094</u>	<u>62,805</u>
Civil Defense:				
Personnel Services	31,709	31,709	31,693	16
General Operating Expenses	2,525	2,790	2,637	153
Contractual Services	42,566	42,101	20,821	21,280
Materials and Supplies	3,338	3,538	1,362	2,176
Total Civil Defense	<u>80,138</u>	<u>80,138</u>	<u>56,513</u>	<u>23,625</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, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Engineering:				
Personnel Services	61,225	61,225	57,756	3,469
General Operating Expenses	1,350	1,564	1,544	20
Contractual Services	44,081	40,552	32,307	8,245
Materials and Supplies	3,330	6,645	3,943	2,702
Total Engineering	<u>109,986</u>	<u>109,986</u>	<u>95,550</u>	<u>14,436</u>
Construction Inspection:				
Personnel Services	36,315	39,269	39,265	4
General Operating Expenses	350	350	175	175
Contractual Services	16,872	13,918	8,493	5,425
Materials and Supplies	1,934	1,934	1,638	296
Total Construction Inspection	<u>55,471</u>	<u>55,471</u>	<u>49,571</u>	<u>5,900</u>
Total Public Safety	<u>10,528,720</u>	<u>10,589,231</u>	<u>10,361,081</u>	<u>228,150</u>
Health:				
Property Maintenance:				
Personnel Services	29,973	29,973	28,915	1,058
General Operating Expenses	270	270	95	175
Contractual Services	41,772	38,462	29,301	9,161
Materials and Supplies	2,444	5,754	4,125	1,629
Total Property Maintenance	<u>74,459</u>	<u>74,459</u>	<u>62,436</u>	<u>12,023</u>
Total Health	<u>74,459</u>	<u>74,459</u>	<u>62,436</u>	<u>12,023</u>
Highways and Streets:				
Street Lighting:				
Contractual Services	264,965	271,153	271,135	18
Total Highways and Streets	<u>264,965</u>	<u>271,153</u>	<u>271,135</u>	<u>18</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, 2006***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Community Development:				
Neighborhood Services:				
Personnel Services	176,251	150,308	148,565	1,743
General Operating Expenses	815	765	765	0
Contractual Services	14,583	14,981	13,345	1,636
Materials and Supplies	1,513	1,165	936	229
Total Neighborhood Services	<u>193,162</u>	<u>167,219</u>	<u>163,611</u>	<u>3,608</u>
Planning:				
Personnel Services	134,357	134,357	122,065	12,292
General Operating Expenses	960	1,170	1,073	97
Contractual Services	30,327	29,958	27,017	2,941
Materials and Supplies	1,879	2,038	1,885	153
Total Planning	<u>167,523</u>	<u>167,523</u>	<u>152,040</u>	<u>15,483</u>
Total Community Development	<u>360,685</u>	<u>334,742</u>	<u>315,651</u>	<u>19,091</u>
Recreation:				
Parks and Recreation:				
Personnel Services	98,393	98,393	92,642	5,751
General Operating Expenses	610	429	382	47
Contractual Services	17,773	18,765	16,674	2,091
Materials and Supplies	26,616	25,805	23,558	2,247
Total Parks and Recreation	<u>143,392</u>	<u>143,392</u>	<u>133,256</u>	<u>10,136</u>
Xenia Station:				
Personnel Services	60,540	61,711	61,708	3
Contractual Services	13,844	13,595	10,709	2,886
Materials and Supplies	9,360	8,438	8,239	199
Total Xenia Station	<u>83,744</u>	<u>83,744</u>	<u>80,656</u>	<u>3,088</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, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
General Park Maintenance:				
Personnel Services	62,899	63,510	63,507	3
General Operating Expenses	66	66	30	36
Contractual Services	80,691	81,804	60,694	21,110
Materials and Supplies	34,132	32,408	24,342	8,066
Total General Park Maintenance	<u>177,788</u>	<u>177,788</u>	<u>148,573</u>	<u>29,215</u>
Total Recreation	<u>404,924</u>	<u>404,924</u>	<u>362,485</u>	<u>42,439</u>
Total Expenditures	<u>14,765,883</u>	<u>14,763,253</u>	<u>14,222,549</u>	<u>540,704</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	242,657	231,227	971,407	740,180
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>(249,000)</u>	<u>(1,119,000)</u>	<u>(1,025,000)</u>	<u>94,000</u>
Total Other Financing Sources (Uses)	<u>(249,000)</u>	<u>(1,119,000)</u>	<u>(1,025,000)</u>	<u>94,000</u>
Net Change in Fund Balance	(6,343)	(887,773)	(53,593)	834,180
Fund Balance at Beginning of Year	2,379,298	2,379,298	2,379,298	0
Prior Year Encumbrances	<u>122,069</u>	<u>122,069</u>	<u>122,069</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,495,024</u>	<u>\$ 1,613,594</u>	<u>\$ 2,447,774</u>	<u>\$ 834,180</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, 2006***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
State Shared Taxes and Permits	\$ 981,000	\$ 981,000	\$ 949,582	\$ (31,418)
Charges for Services	1,000	7,000	6,000	(1,000)
Miscellaneous Receipts and Reimbursements, Including Interest	1,500	1,000	2,112	1,112
Total Revenues	<u>983,500</u>	<u>989,000</u>	<u>957,694</u>	<u>(31,306)</u>
<b>Expenditures:</b>				
Highways and Streets - Current:				
Personnel Services	737,849	740,249	700,863	39,386
General Operating	600	600	391	209
Contractual Services	199,133	222,257	191,807	30,450
Materials and Supplies	207,147	184,023	151,045	32,978
Total Expenditures	<u>1,144,729</u>	<u>1,147,129</u>	<u>1,044,106</u>	<u>103,023</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(161,229)	(158,129)	(86,412)	71,717
<b>Other Financing Sources (Uses):</b>				
Transfers In	169,000	169,000	100,000	(69,000)
Total Other Financing Sources (Uses)	<u>169,000</u>	<u>169,000</u>	<u>100,000</u>	<u>(69,000)</u>
Net Change in Fund Balance	7,771	10,871	13,588	2,717
Fund Balance at Beginning of Year	18,350	18,350	18,350	0
Prior Year Encumbrances	25,999	25,999	25,999	0
Fund Balance at End of Year	<u>\$ 52,120</u>	<u>\$ 55,220</u>	<u>\$ 57,937</u>	<u>\$ 2,717</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, 2006***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Other Local Taxes	\$ 45,000	\$ 59,000	\$ 59,040	\$ 40
Intergovernmental Grants	612,345	650,345	523,349	(126,996)
Charges for Services	40,000	11,000	10,121	(879)
Miscellaneous Receipts and Reimbursements Including Interest	198,628	276,295	275,758	(537)
Total Revenues	<u>895,973</u>	<u>996,640</u>	<u>868,268</u>	<u>(128,372)</u>
<b>Expenditures:</b>				
Capital Outlay:				
Contractual Services	62,000	62,000	570	61,430
Materials and Supplies	96,300	96,300	56,586	39,714
Contributions	15,000	15,000	15,000	0
Capital Improvements	2,800,044	2,800,044	2,364,576	435,468
Debt Service:				
Principal Retirement	236,594	236,594	202,321	34,273
Interest and Fiscal Charges	53,279	53,279	46,093	7,186
Total Expenditures	<u>3,263,217</u>	<u>3,263,217</u>	<u>2,685,146</u>	<u>578,071</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,367,244)	(2,266,577)	(1,816,878)	449,699
<b>Other Financing Sources (Uses):</b>				
Proceeds from Capital Lease	1,359,899	1,165,899	1,174,864	8,965
Transfers In	0	870,000	870,000	0
Total Other Financing Sources (Uses)	<u>1,359,899</u>	<u>2,035,899</u>	<u>2,044,864</u>	<u>8,965</u>
Net Change in Fund Balance	(1,007,345)	(230,678)	227,986	458,664
Fund Balance at Beginning of Year	121,741	121,741	121,741	0
Prior Year Encumbrances	1,654,486	1,654,486	1,654,486	0
Fund Balance at End of Year	<u>\$ 768,882</u>	<u>\$ 1,545,549</u>	<u>\$ 2,004,213</u>	<u>\$ 458,664</u>

**CITY OF XENIA, OHIO**

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**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, 2006**

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	RECREATION SPECIAL		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>			
Miscellaneous Receipts and Reimbursements, Including Interest	\$ 1,978	\$ 1,828	\$ (150)
Total Revenues	<u>1,978</u>	<u>1,828</u>	<u>(150)</u>
<b>Expenditures:</b>			
Recreation - Current:			
Contractual Services	<u>9,800</u>	<u>8,593</u>	<u>1,207</u>
Total Expenditures	<u>9,800</u>	<u>8,593</u>	<u>1,207</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,822)	(6,765)	1,057
<b>Other Financing Sources (Uses):</b>			
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	(2,822)	(1,765)	1,057
Fund Balance at Beginning of Year	<u>2,817</u>	<u>2,817</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ (5)</u>	<u>\$ 1,052</u>	<u>\$ 1,057</u>

**CITY OF XENIA, OHIO**

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***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, 2006***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines, Costs, Forfeitures, Licenses and Permits	\$ 25,000	\$ 23,966	\$ (1,034)
Miscellaneous Receipts and Reimbursements, Including Interest	<u>10,000</u>	<u>13,350</u>	<u>3,350</u>
Total Revenues	<u>35,000</u>	<u>37,316</u>	<u>2,316</u>
<b>Expenditures:</b>			
Public Safety - Current:			
Contributions	<u>120,000</u>	<u>75,000</u>	<u>45,000</u>
Total Expenditures	<u>120,000</u>	<u>75,000</u>	<u>45,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(85,000)	(37,684)	47,316
Fund Balance at Beginning of Year	<u>395,867</u>	<u>395,867</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 310,867</u>	<u>\$ 358,183</u>	<u>\$ 47,316</u>

**CITY OF XENIA, OHIO**

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**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, 2006**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines, Costs, Forfeitures, Licenses and Permits	\$ 2,800	\$ 2,750	\$ (50)
Miscellaneous Receipts and Reimbursements, Including Interest	800	1,266	466
Total Revenues	<u>3,600</u>	<u>4,016</u>	<u>416</u>
<b>Expenditures:</b>			
Public Safety - Current:			
Contractual Services	10,350	3,575	6,775
Materials and Supplies	7,600	2,920	4,680
Capital Outlay	10,000	0	10,000
Total Expenditures	<u>27,950</u>	<u>6,495</u>	<u>21,455</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,350)	(2,479)	21,871
Fund Balance at Beginning of Year	32,829	32,829	0
Prior Year Encumbrances	3,761	3,761	0
Fund Balance at End of Year	<u>\$ 12,240</u>	<u>\$ 34,111</u>	<u>\$ 21,871</u>

**CITY OF XENIA, OHIO**

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***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, 2006***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
State Shared Taxes and Permits	\$ 80,000	\$ 76,993	\$ (3,007)
Miscellaneous Receipts and Reimbursements, Including Interest	1,500	2,084	584
Total Revenues	<u>81,500</u>	<u>79,077</u>	<u>(2,423)</u>
<b>Expenditures:</b>			
Highways and Streets - Current:			
Contractual Services	61,220	36,137	25,083
Materials and Supplies	43,500	27,961	15,539
Total Expenditures	<u>104,720</u>	<u>64,098</u>	<u>40,622</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,220)	14,979	38,199
Fund Balance at Beginning of Year	54,563	54,563	0
Prior Year Encumbrances	610	610	0
Fund Balance at End of Year	<u>\$ 31,953</u>	<u>\$ 70,152</u>	<u>\$ 38,199</u>

**CITY OF XENIA, OHIO**

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**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, 2006**

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
State Shared Taxes and Permits	\$ 170,000	\$ 151,616	\$ (18,384)
Miscellaneous Receipts and Reimbursements, including Interest	2,000	13,130	11,130
Total Revenues	<u>172,000</u>	<u>164,746</u>	<u>(7,254)</u>
<b>Expenditures:</b>			
Highways and Streets - Current:			
Contractual Services	100	100	0
Capital Outlay	175,000	126,075	48,925
Debt Service:			
Principal Retirement	16,500	16,500	0
Interest and Fiscal Charges	<u>21,260</u>	<u>21,259</u>	<u>1</u>
Total Expenditures	<u>212,860</u>	<u>163,934</u>	<u>48,926</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,860)	812	41,672
Fund Balance at Beginning of Year	<u>59,832</u>	<u>59,832</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 18,972</u>	<u>\$ 60,644</u>	<u>\$ 41,672</u>

**CITY OF XENIA, OHIO**

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**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, 2006**

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	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
State Shared Taxes and Permits	\$ 193,601	\$ 161,313	\$ (32,288)
Miscellaneous Receipt and Reimbursements, Including Interest	400	670	270
Total Revenues	<u>194,001</u>	<u>161,983</u>	<u>(32,018)</u>
<b>Expenditures:</b>			
Highways and Streets - Current:			
Contractual Services	152,345	126,387	25,958
Capital Outlay	54,353	47,720	6,633
Total Expenditures	<u>206,698</u>	<u>174,107</u>	<u>32,591</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,697)	(12,124)	573
Fund Balance at Beginning of Year	(64,451)	(64,451)	0
Prior Year Encumbrances	77,126	77,126	0
Fund Balance at End of Year	<u>\$ (22)</u>	<u>\$ 551</u>	<u>\$ 573</u>

**CITY OF XENIA, OHIO**

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**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, 2006**

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Miscellaneous Receipts and Reimbursements, Including Interest	\$ 84,700	\$ 84,600	\$ (100)
Total Revenues	<u>84,700</u>	<u>84,600</u>	<u>(100)</u>
<b>Expenditures:</b>			
General Government - Current:			
Personnel Services	37,851	37,188	663
Materials and Supplies	2,500	840	1,660
Capital Outlay	75,000	0	75,000
Total Expenditures	<u>115,351</u>	<u>38,028</u>	<u>77,323</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,651)	46,572	77,223
Fund Balance at Beginning of Year	<u>129,164</u>	<u>129,164</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 98,513</u>	<u>\$ 175,736</u>	<u>\$ 77,223</u>

**CITY OF XENIA, OHIO**

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***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, 2006***

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	TAX INCREMENT EQUIVALENT		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>			
Other Local Taxes	\$ 200,000	\$ 193,312	\$ (6,688)
Miscellaneous Receipts and Reimbursements, Including Interest	0	696	696
Total Revenues	<u>200,000</u>	<u>194,008</u>	<u>(5,992)</u>
<b>Expenditures:</b>			
General Government - Current:			
Contractual Services	4,000	2,835	1,165
Non-governmental	147,000	147,000	0
Capital Outlay	2,041	2,041	0
Total Expenditures	<u>153,041</u>	<u>151,876</u>	<u>1,165</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	46,959	42,132	(4,827)
Fund Balance at Beginning of Year	55,481	55,481	0
Prior Year Encumbrances	2,341	2,341	0
Fund Balance at End of Year	<u>\$ 104,781</u>	<u>\$ 99,954</u>	<u>\$ (4,827)</u>

**CITY OF XENIA, OHIO**

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**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, 2006**

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	LAW ENFORCEMENT		Variance with Final Budget Positive (Negative)
	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>			
Intergovernmental Grants	\$ 116,664	\$ 67,541	\$ (49,123)
Miscellaneous Receipts and Reimbursements, Including Interest	269,100	312,136	43,036
Total Revenues	<u>385,764</u>	<u>379,677</u>	<u>(6,087)</u>
<b>Expenditures:</b>			
Public Safety - Current:			
Personnel Services	138,683	121,003	17,680
General Operating	4,400	2,662	1,738
Contractual Services	24,277	10,319	13,958
Materials and Supplies	15,690	6,619	9,071
Capital Outlay	<u>152,553</u>	<u>11,034</u>	<u>141,519</u>
Total Expenditures	<u>335,603</u>	<u>151,637</u>	<u>183,966</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	50,161	228,040	177,879
<b>Other Financing Sources (Uses):</b>			
Transfers In	<u>74,414</u>	<u>0</u>	<u>(74,414)</u>
Total Other Financing Sources (Uses)	<u>74,414</u>	<u>0</u>	<u>(74,414)</u>
Net Change in Fund Balance	124,575	228,040	103,465
Fund Balance at Beginning of Year	59,945	59,945	0
Prior Year Encumbrances	<u>1,230</u>	<u>1,230</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 185,750</u>	<u>\$ 289,215</u>	<u>\$ 103,465</u>

**CITY OF XENIA, OHIO**

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**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, 2006**

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Miscellaneous Receipts and Reimbursements, Including Interest	\$ 600	\$ 980	\$ 380
Total Revenues	<u>600</u>	<u>980</u>	<u>380</u>
<b>Expenditures:</b>			
Public Safety - Current:			
Contractual Services	26,000	10,500	15,500
Materials and Supplies	5,000	0	5,000
Capital Outlay	10,000	0	10,000
Total Expenditures	<u>41,000</u>	<u>10,500</u>	<u>30,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,400)	(9,520)	30,880
<b>Other Financing Sources (Uses):</b>			
Transfers In	<u>25,000</u>	<u>0</u>	<u>(25,000)</u>
Total Other Financing Sources (Uses)	<u>25,000</u>	<u>0</u>	<u>(25,000)</u>
Net Change in Fund Balance	(15,400)	(9,520)	5,880
Fund Balance at Beginning of Year	<u>27,888</u>	<u>27,888</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 12,488</u>	<u>\$ 18,368</u>	<u>\$ 5,880</u>

**CITY OF XENIA, OHIO**

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***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, 2006***

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Grants	\$ 46,301	\$ 51,313	\$ 5,012
Fines, Costs, Forfeitures, Licenses and Permits	66,000	58,023	(7,977)
Miscellaneous Receipts and Reimbursements, Including Interest	900	3,433	2,533
Total Revenues	<u>113,201</u>	<u>112,769</u>	<u>(432)</u>
<b>Expenditures:</b>			
General Government - Current:			
Personnel Services	175,741	162,722	13,019
General Operating	8,027	1,545	6,482
Contractual Services	8,361	7,461	900
Materials and Supplies	<u>7,877</u>	<u>6,303</u>	<u>1,574</u>
Total Expenditures	<u>200,006</u>	<u>178,031</u>	<u>21,975</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(86,805)	(65,262)	21,543
Fund Balance at Beginning of Year	126,726	126,726	0
Prior Year Encumbrances	<u>799</u>	<u>799</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 40,720</u>	<u>\$ 62,263</u>	<u>\$ 21,543</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, 2006***

<b>DEBT SERVICE FUND</b>			
	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Other Local Taxes	\$ 61,792	\$ 67,066	\$ 5,274
State Shares Taxes and Permits	6,800	8,638	1,838
Miscellaneous Receipts and Reimbursements, Including Interest	700	929	229
Total Revenues	<u>69,292</u>	<u>76,633</u>	<u>7,341</u>
<b>Expenditures:</b>			
Public Safety:			
Police and Fire Pension			
Contractual Services	1,000	592	408
Total Public Safety	<u>1,000</u>	<u>592</u>	<u>408</u>
Highways and Streets:			
Streets			
Contractual Services	1,000	587	413
Total Highways and Streets	<u>1,000</u>	<u>587</u>	<u>413</u>
Debt Service:			
Principal Retirement	33,500	33,500	0
Interest and Fiscal Charges	43,164	43,163	1
Total Expenditures	<u>78,664</u>	<u>77,842</u>	<u>822</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,372)	(1,209)	8,163
Fund Balance at Beginning of Year	<u>20,749</u>	<u>20,749</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 11,377</u>	<u>\$ 19,540</u>	<u>\$ 8,163</u>

**CITY OF XENIA, OHIO**

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**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, 2006**

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	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Fines, Costs, Forfeitures, Licenses and Permits	\$ 130,000	\$ 126,798	\$ (3,202)
Miscellaneous Receipts and Reimbursements, Including Interest	14,000	16,541	2,541
Total Revenues	<u>144,000</u>	<u>143,339</u>	<u>(661)</u>
<b>Expenditures:</b>			
Capital Outlay:			
Contractual Services	119,342	46,646	72,696
Materials and Supplies	9,587	5,095	4,492
Capital Improvements	194,488	89,561	104,927
Debt Service:			
Principal Retirement	7,775	3,428	4,347
Interest and Fiscal Charges	2,651	1,329	1,322
Total Expenditures	<u>333,843</u>	<u>146,059</u>	<u>187,784</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(189,843)	(2,720)	187,123
Fund Balance at Beginning of Year	404,271	404,271	0
Prior Year Encumbrances	71,482	71,482	0
Fund Balance at End of Year	<u>\$ 285,910</u>	<u>\$ 473,033</u>	<u>\$ 187,123</u>

**CITY OF XENIA, OHIO**

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**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, 2006**

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	ISSUE II FUND		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>			
Intergovernmental Grants	\$ 1,012,404	\$ 462,530	\$ (549,874)
Total Revenues	<u>1,012,404</u>	<u>462,530</u>	<u>(549,874)</u>
<b>Expenditures:</b>			
Capital Outlay:			
Capital Improvements	<u>1,022,478</u>	<u>499,163</u>	<u>523,315</u>
Total Expenditures	<u>1,022,478</u>	<u>499,163</u>	<u>523,315</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,074)	(36,633)	(26,559)
Fund Balance at Beginning of Year	(487,593)	(487,593)	0
Prior Year Encumbrances	<u>498,584</u>	<u>498,584</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 917</u>	<u>\$ (25,642)</u>	<u>\$ (26,559)</u>

***Nonmajor Enterprise Funds***

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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, 2006**

	Loan	Parking Revenue	CDBG and UDAG Revolving Loan	Housing Rehabilitation Loan	Total Nonmajor Enterprise Funds
<b>Assets:</b>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 3,979	\$ 5,147	\$ 8,825	\$ 92,981	\$ 110,932
Investments	13,217	17,095	29,312	308,844	368,468
Receivables:					
Accounts	0	991	0	0	991
Special assessments, including liens	11,217	0	0	0	11,217
Loans	4,008	0	0	50,275	54,283
Accrued interest	244	0	1,735	7,947	9,926
Grants	0	0	89,493	810	90,303
Prepaid items	183	233	0	0	416
<b>Total Current Assets</b>	<b>32,848</b>	<b>23,466</b>	<b>129,365</b>	<b>460,857</b>	<b>646,536</b>
<b>Noncurrent Assets:</b>					
<b>Unrestricted:</b>					
Loans receivable (net of current)	33,007	0	77,161	208,694	318,862
Capital Assets not being depreciated	0	111,310	348,457	4,300	464,067
Capital Assets, net of accumulated depreciation	0	0	79,587	0	79,587
<b>Total Noncurrent Assets</b>	<b>33,007</b>	<b>111,310</b>	<b>505,205</b>	<b>212,994</b>	<b>862,516</b>
<b>Total Assets</b>	<b>65,855</b>	<b>134,776</b>	<b>634,570</b>	<b>673,851</b>	<b>1,509,052</b>
<b>Liabilities:</b>					
<b>Current Liabilities:</b>					
Accounts payable	0	6,618	98,640	3,283	108,541
Accrued payroll	0	4,186	0	257	4,443
Compensated absences - current	0	625	0	128	753
<b>Total Current Liabilities</b>	<b>0</b>	<b>11,429</b>	<b>98,640</b>	<b>3,668</b>	<b>113,737</b>
<b>Noncurrent Liabilities</b>					
Compensated absences	0	3,278	0	670	3,948
<b>Total Noncurrent Liabilities</b>	<b>0</b>	<b>3,278</b>	<b>0</b>	<b>670</b>	<b>3,948</b>
<b>Total Liabilities</b>	<b>0</b>	<b>14,707</b>	<b>98,640</b>	<b>4,338</b>	<b>117,685</b>
<b>Net Assets:</b>					
Invested in Capital Assets, net of debt	0	111,310	428,044	4,300	543,654
Unrestricted	65,855	8,759	107,886	665,213	847,713
<b>Total Net Assets</b>	<b>\$ 65,855</b>	<b>\$ 120,069</b>	<b>\$ 535,930</b>	<b>\$ 669,513</b>	<b>\$ 1,391,367</b>

**CITY OF XENIA, OHIO**

**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Nonmajor Enterprise Funds  
For the Year Ended December 31, 2006**

	Loan	Parking Revenue	CDBG and UDAG Revolving Loan	Housing Rehabilitation Loan	Total Nonmajor Enterprise Funds
<b>Operating revenues:</b>					
Charges for services	\$ 0	\$ 58,708	\$ 0	\$ 101	\$ 58,809
<b>Operating expenses:</b>					
Personnel services	0	55,908	0	3,294	59,202
General operating	0	0	164	0	164
Contractual services	2,828	19,033	9,575	13,018	44,454
Materials and supplies	0	4,230	0	0	4,230
Depreciation	0	0	5,934	75	6,009
Non-governmental	8,849	0	0	39,621	48,470
Total expenses	11,677	79,171	15,673	56,008	162,529
Operating loss	(11,677)	(20,463)	(15,673)	(55,907)	(103,720)
<b>Non-operating revenues:</b>					
Interest revenue	577	432	5,138	18,121	24,268
Other	0	0	12	0	12
Intergovernmental	0	0	301,964	810	302,774
Total Non-operating revenue	577	432	307,114	18,931	327,054
<b>Income (loss) before operating transfers</b>	(11,100)	(20,031)	291,441	(36,976)	223,334
<b>Transfers</b>					
Transfers in	0	0	50,000	0	50,000
Total Transfers	0	0	50,000	0	50,000
<b>Change in Net Assets</b>	(11,100)	(20,031)	341,441	(36,976)	273,334
<b>Net assets, beginning of year</b>	76,955	140,100	194,489	706,489	1,118,033
<b>Net assets, end of year</b>	\$ 65,855	\$ 120,069	\$ 535,930	\$ 669,513	\$ 1,391,367

**CITY OF XENIA, OHIO**

**Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended December 31, 2006**

	Loan	Parking Revenue	CDBG and UDAG Revolving Loan	Housing Rehabilitation Loan	Total Other Enterprise Funds
<b>Cash Flows from Operating Activities:</b>					
Cash Received from Customers	\$12,701	\$58,833	\$0	\$19,447	\$90,981
Cash Payments for Goods and Services	(2,803)	(16,610)	(69,478)	(9,735)	(98,626)
Cash Payments to Employees	0	(54,171)	0	(3,155)	(57,326)
Net Cash Provided (Used) by Operating Activities	9,898	(11,948)	(69,478)	6,557	(64,971)
<b>Cash Flows from Noncapital Financing Activities:</b>					
Transfers In from Other Funds	0	0	50,000	0	50,000
Net Cash Provided by Noncapital Financing Activities	0	0	50,000	0	50,000
<b>Cash Flows from Capital and Related Financing Activities:</b>					
Intergovernmental Grants	0	0	212,471	0	212,471
Acquisition and Construction of Assets	0	0	(292,227)	0	(292,227)
Net Cash Used by Capital and Related Financing Activities	0	0	(79,756)	0	(79,756)
<b>Cash Flows from Investing Activities:</b>					
Sale of Investments	0	10,612	79,379	0	89,991
Purchase of Investments	(7,682)	0	0	1,955	(5,727)
Receipts of Interest	481	184	4,063	13,519	18,247
Net Cash Provided (Used) by Investing Activities	(7,201)	10,796	83,442	15,474	102,511
Net Increase (Decrease) in Cash and Cash Equivalents	2,697	(1,152)	(15,792)	22,031	7,784
Cash and Cash Equivalents at Beginning of Year	1,282	6,299	24,617	70,950	103,148
Cash and Cash Equivalents at End of Year	\$3,979	\$5,147	\$8,825	\$92,981	\$110,932
<b>Reconciliation of Operating Loss to Net Cash Provided (Used) by Operating Activities:</b>					
Operating Loss	(\$11,677)	(\$20,463)	(\$15,673)	(\$55,907)	(\$103,720)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	0	0	5,934	75	6,009
Income - Other Nonoperating	0	0	12	0	12
Changes in Assets and Liabilities:					
(Increase) Decrease in Principal Receivable	21,550	0	(77,161)	58,889	3,278
Decrease in Interest Receivable	0	0	0	78	78
Decrease in Accounts Receivable	0	125	0	0	125
Decrease in Prepaid Items	25	40	0	0	65
Increase in Accounts Payable	0	6,613	17,410	3,283	27,306
Increase in Accrued Payroll	0	1,143	0	50	1,193
Increase in Compensated Absences Payable	0	594	0	89	683
Total Adjustments	21,575	8,515	(53,805)	62,464	38,749
Net Cash Provided (Used) by Operating Activities	\$9,898	(\$11,948)	(\$69,478)	\$6,557	(\$64,971)

***Internal Service Funds***

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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.

***Combining Statement of Net Assets  
Internal Service Funds  
December 31, 2006***

	<u>Utility Billing</u>	<u>City Garage</u>	<u>Total Internal Service Funds</u>
<b>Assets:</b>			
<b><i>Current Assets:</i></b>			
Cash and cash equivalents	\$ 7,752	\$ 17,175	\$ 24,927
Investments	25,749	57,049	82,798
Receivables:			
Accounts	0	2,445	2,445
Inventories	0	50,768	50,768
Prepaid items	164	2,178	2,342
<b><i>Total Current Assets</i></b>	<u>33,665</u>	<u>129,615</u>	<u>163,280</u>
<b><i>Noncurrent Assets:</i></b>			
Capital Assets, net of accumulated depreciation	4,387	4,492	8,879
<b><i>Total Noncurrent Assets</i></b>	<u>4,387</u>	<u>4,492</u>	<u>8,879</u>
<b>Total Assets</b>	<u>38,052</u>	<u>134,107</u>	<u>172,159</u>
<b>Liabilities:</b>			
<b><i>Current Liabilities:</i></b>			
Accounts payable	7,088	22,799	29,887
Accrued payroll	0	10,707	10,707
Interfund payable	0	5,111	5,111
Compensated absences - current	0	4,200	4,200
<b><i>Total Current Liabilities</i></b>	<u>7,088</u>	<u>42,817</u>	<u>49,905</u>
<b><i>Noncurrent Liabilities</i></b>			
Compensated absences	0	22,049	22,049
<b><i>Total Noncurrent Liabilities</i></b>	<u>0</u>	<u>22,049</u>	<u>22,049</u>
<b>Total Liabilities</b>	<u>7,088</u>	<u>64,866</u>	<u>71,954</u>
<b>Net Assets:</b>			
Invested in Capital Assets, net of debt	4,387	4,492	8,879
Unrestricted	26,577	64,749	91,326
<b>Total Net Assets</b>	<u>\$ 30,964</u>	<u>\$ 69,241</u>	<u>\$ 100,205</u>

**CITY OF XENIA, OHIO**

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**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets  
Internal Service Funds  
For the Year Ended December 31, 2006**

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	<u>Utility Billing</u>	<u>City Garage</u>	<u>Total Internal Service Funds</u>
<b>Operating revenues:</b>			
Charges for services	<u>\$ 65,982</u>	<u>\$ 585,064</u>	<u>\$ 651,046</u>
<b>Operating expenses:</b>			
Personnel services	0	154,565	154,565
General operating	4,224	779	5,003
Contractual services	46,864	92,847	139,711
Materials and supplies	9,985	340,899	350,884
Depreciation	<u>748</u>	<u>1,751</u>	<u>2,499</u>
Total expenses	<u>61,821</u>	<u>590,841</u>	<u>652,662</u>
Operating income (loss)	4,161	(5,777)	(1,616)
<b>Non-operating revenues:</b>			
Interest revenue	5	1,121	1,126
Other	<u>0</u>	<u>320</u>	<u>320</u>
Total Non-operating revenue	<u>5</u>	<u>1,441</u>	<u>1,446</u>
<b>Change in Net Assets</b>	4,166	(4,336)	(170)
<b>Net assets, beginning of year</b>	<u>26,798</u>	<u>73,577</u>	<u>100,375</u>
<b>Net assets, end of year</b>	<u>\$ 30,964</u>	<u>\$ 69,241</u>	<u>\$ 100,205</u>

**CITY OF XENIA, OHIO**

**Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended December 31, 2006**

	Utility Billing	City Garage	Totals
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Interfund Services Provided	\$65,982	\$585,064	\$651,046
Cash Payments for Goods and Services	(53,447)	(435,575)	(489,022)
Cash Payments to Employees	0	(152,150)	(152,150)
Net Cash Provided (Used) by Operating Activities	<u>12,535</u>	<u>(2,661)</u>	<u>9,874</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Advances to Other Funds	0	(8,980)	(8,980)
Net Cash Used by Noncapital Financing Activities	<u>0</u>	<u>(8,980)</u>	<u>(8,980)</u>
<u>Cash Flows from Investing Activities:</u>			
Sale of Investments	0	12,350	12,350
Purchase of Investments	(8,712)	0	(8,712)
Receipts of Interest	18	653	671
Net Cash Provided (Used) by Investing Activities	<u>(8,694)</u>	<u>13,003</u>	<u>4,309</u>
Net Increase in Cash and Cash Equivalents	3,841	1,362	5,203
Cash and Cash Equivalents at Beginning of Year	3,911	15,813	19,724
Cash and Cash Equivalents at End of Year	<u>\$7,752</u>	<u>\$17,175</u>	<u>\$24,927</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	\$4,161	(\$5,777)	(\$1,616)
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	748	1,751	2,499
Income - Other Nonoperating	0	169	169
Changes in Assets and Liabilities:			
Decrease in Prepaid Items	843	1,618	2,461
Increase in Inventory	0	(19,273)	(19,273)
Increase in Accounts Payable	6,783	16,436	23,219
Increase in Accrued Payroll	0	912	912
Increase in Compensated Absences	0	1,503	1,503
Total Adjustments	<u>8,374</u>	<u>3,116</u>	<u>11,490</u>
Net Cash Provided (Used) by Operating Activities	<u>\$12,535</u>	<u>(\$2,661)</u>	<u>\$9,874</u>

***Fiduciary Funds***

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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***

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**Municipal Court – Traffic and Criminal 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.

**Municipal Court – Civil and Small Claims 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, 2006**

	Balance December 31, 2005	Additions	Deductions	Balance December 31, 2006
<b><u>Municipal Court - Traffic and Criminal:</u></b>				
Assets:				
Cash and Cash Equivalents	\$ 175,611	\$ 1,289,710	\$ (1,291,107)	\$ 174,214
Total Assets	<u>\$ 175,611</u>	<u>\$ 1,289,710</u>	<u>\$ (1,291,107)</u>	<u>\$ 174,214</u>
Liabilities:				
Accounts Payable	\$ 89,305	\$ 972,814	\$ (987,584)	\$ 74,535
Restricted Deposits	86,306	316,896	(303,523)	99,679
Total Liabilities	<u>\$ 175,611</u>	<u>\$ 1,289,710</u>	<u>\$ (1,291,107)</u>	<u>\$ 174,214</u>
<b><u>Municipal Court - Civil and Small Claims:</u></b>				
Assets:				
Cash and Cash Equivalents	\$ 10,680	\$ 521,229	\$ (526,089)	\$ 5,820
Total Assets	<u>\$ 10,680</u>	<u>\$ 521,229</u>	<u>\$ (526,089)</u>	<u>\$ 5,820</u>
Liabilities:				
Accounts Payable	\$ 9,913	\$ 516,398	\$ (521,215)	\$ 5,096
Restricted Deposits	767	4,831	(4,874)	724
Total Liabilities	<u>\$ 10,680</u>	<u>\$ 521,229</u>	<u>\$ (526,089)</u>	<u>\$ 5,820</u>
<b><u>Imprest Cash:</u></b>				
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>
<b><u>Insurance Deposit:</u></b>				
Assets:				
Cash and Cash Equivalents	\$ 10,031	\$ 19,938	\$ 0	\$ 29,969
Total Assets	<u>\$ 10,031</u>	<u>\$ 19,938</u>	<u>\$ 0</u>	<u>\$ 29,969</u>
Liabilities:				
Restricted Deposits	\$ 10,031	\$ 19,938	\$ 0	\$ 29,969
Total Liabilities	<u>\$ 10,031</u>	<u>\$ 19,938</u>	<u>\$ 0</u>	<u>\$ 29,969</u>
<b><u>Totals - All Agency Funds:</u></b>				
Assets:				
Cash and Cash Equivalents	\$ 197,522	\$ 1,830,877	\$ (1,817,196)	\$ 211,203
Total Assets	<u>\$ 197,522</u>	<u>\$ 1,830,877</u>	<u>\$ (1,817,196)</u>	<u>\$ 211,203</u>
Liabilities:				
Accounts Payable	\$ 99,218	\$ 1,489,212	\$ (1,508,799)	\$ 79,631
Restricted Deposits	98,304	341,665	(308,397)	131,572
Total Liabilities	<u>\$ 197,522</u>	<u>\$ 1,830,877</u>	<u>\$ (1,817,196)</u>	<u>\$ 211,203</u>

*CAPITAL ASSETS USED IN THE  
OPERATION OF GOVERNMENTAL FUNDS*

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***Capital Assets Used in the Operation of Governmental Funds  
Schedule by Source  
December 31, 2006***

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<b>Capital Assets:</b>	
Land	\$ 15,395,903
Construction in Progress	385,027
Subtotal - Non-depreciable Assets	<u>15,780,930</u>
Land Improvements	658,031
Building and Improvements	3,866,878
Machinery and Equipment	9,282,539
Infrastructure	8,532,992
Subtotal - Depreciable Assets net of Depreciation	<u>22,340,440</u>
Net Capital Assets	<u><u>\$ 38,121,370</u></u>
Investment in Capital Assets by Source:	
Capital Projects Funds:	
Various Revenue Sources - (Pre-1983 Assets)	\$ 4,269,271
General Revenues	32,974,282
Special Revenue Funds	492,790
Total Capital Assets	<u>37,736,343</u>
Construction in Progress	385,027
Net Capital Assets	<u><u>\$ 38,121,370</u></u>

**CITY OF XENIA, OHIO**

**Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
December 31, 2006**

Function and Activity	Land		
	Land	Improvements	Buildings
<b>General Government:</b>			
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	2,527,391
Data Processing	0	0	0
Clerk	0	0	0
Victim-witness	0	0	0
<b>Total General Government</b>	<b>259,130</b>	<b>0</b>	<b>2,536,475</b>
<b>Public Safety:</b>			
Police	0	0	26,106
Fire	63,521	27,016	696,110
Homeland Security/Risk Management	0	0	0
Construction Inspection	0	0	0
Engineering	0	0	0
<b>Total Public Safety</b>	<b>63,521</b>	<b>27,016</b>	<b>722,216</b>
<b>City Wide:</b>			
Health	0	0	0
Highways and Streets	11,756,979	275,457	91,819
Community Development	2,580,550	20,905	513,789
Recreation	484,473	838,420	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	14,360	94,538	1,079,512
<b>Total City Wide</b>	<b>15,073,252</b>	<b>1,229,320</b>	<b>2,751,955</b>
<b>Total Capital Assets</b>	<b>15,395,903</b>	<b>1,256,336</b>	<b>6,010,646</b>
<b>Less: Accumulated Depreciation</b>	<b>0</b>	<b>(598,305)</b>	<b>(2,143,768)</b>
<b>Net Capital Assets</b>	<b>\$ 15,395,903</b>	<b>\$ 658,031</b>	<b>\$ 3,866,878</b>
Construction in Progress			
Total Capital Assets			

**CITY OF XENIA, OHIO**

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<b>Machinery and Equipment</b>	<b>Infrastructure</b>	<b>Total</b>
\$ 468,252	\$ 0	\$ 633,886
5,273	0	5,273
4,724	0	4,724
4,048	0	4,048
36,649	0	36,649
20,092	0	20,092
137,057	0	2,767,028
899,261	0	899,261
5,405	0	5,405
15,845	0	15,845
<u>1,596,606</u>	<u>0</u>	<u>4,392,211</u>
2,496,628	0	2,522,734
3,021,291	0	3,807,938
130,433	0	130,433
17,108	0	17,108
39,856	0	39,856
<u>5,705,316</u>	<u>0</u>	<u>6,518,069</u>
16,006	0	16,006
8,913,666	12,806,760	33,844,681
15,326	0	3,130,570
520,802	25,000	2,935,530
1,077	0	1,077
4,120	0	4,120
16,028	0	16,028
0	0	236,890
212,282	0	1,400,692
<u>9,699,307</u>	<u>12,831,760</u>	<u>41,585,594</u>
17,001,229	12,831,760	52,495,874
<u>(7,718,690)</u>	<u>(4,298,768)</u>	<u>(14,759,531)</u>
<u>\$ 9,282,539</u>	<u>\$ 8,532,992</u>	<u>37,736,343</u>
		<u>385,027</u>
		<u>\$ 38,121,370</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, 2006**

Function and Activity	December 31, 2005	Transfers	Additions	Deductions	December 31, 2006
General Government:					
Municipal Court	\$592,457	\$0	\$41,429	\$0	\$633,886
Law Director	5,273	0	0	0	5,273
City Manager	4,724	0	0	0	4,724
Human Resources	4,048	0	0	0	4,048
Finance	36,649	0	0	0	36,649
Income Tax	17,919	(1,185)	3,358	0	20,092
Municipal Building and General Services	2,661,570	0	105,458	0	2,767,028
Data Processing	840,884	0	58,377	0	899,261
Clerk	5,405	0	0	0	5,405
Victim-witness	15,845	0	0	0	15,845
Total General Government	4,184,774	(1,185)	208,622	0	4,392,211
Public Safety:					
Police	1,772,989	1,185	770,167	(21,607)	2,522,734
Fire	3,257,821	0	921,198	(371,081)	3,807,938
Homeland Security/Risk Management	130,433	0	0	0	130,433
Construction Inspection	17,108	0	0	0	17,108
Engineering	39,856	0	0	0	39,856
Total Public Safety	5,218,207	1,185	1,691,365	(392,688)	6,518,069
City Wide:					
Health	16,006	0	0	0	16,006
Highways and Streets	32,194,220	0	1,702,233	(51,772)	33,844,681
Community Development	3,120,060	0	10,510	0	3,130,570
Recreation	2,872,951	0	62,579	0	2,935,530
Utility Billing	1,077	0	0	0	1,077
Water Service	4,120	0	0	0	4,120
Sewer Service	16,028	0	0	0	16,028
Sanitation Service	236,890	0	0	0	236,890
Garage	1,397,470	0	3,222	0	1,400,692
Total City Wide	39,858,822	0	1,778,544	(51,772)	41,585,594
Total Capital Assets	49,261,803	0	3,678,531	(444,460)	52,495,874
Less: Accumulated Depreciation	(13,869,560)	0	(1,199,703)	309,732	(14,759,531)
Net Capital Assets	35,392,243	0	2,478,828	(134,728)	37,736,343
Construction in Progress	854,397	0	356,527	(825,897)	385,027
Total Capital Assets	\$36,246,640	\$0	\$2,835,355	(\$960,625)	\$38,121,370

*STATISTICAL SECTION*

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## *STATISTICAL TABLES*

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This part of the City’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city’s overall financial health.

### *Contents*

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<b>Financial Trends</b>	S 2 – S 11
These schedules contain trend information to help the reader understand how the city’s financial position has changed over time.	
<b>Revenue Capacity</b>	S 12 – S X15
These schedules contain information to help the reader understand and assess the factors affecting the city’s ability to generate its most significant local revenue sources, the property tax and the sales tax.	
<b>Debt Capacity</b>	S 16 – S 23
These schedules present information to help the reader assess the affordability of the city’s current levels of outstanding debt and the city’s ability to issue additional debt in the future.	
<b>Economic and Demographic Information</b>	S 24 – S 27
These schedules offer economic and demographic indicators to help the reader understand the environment within which the city’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
<b>Operating Information</b>	S 28 – S 35
These schedules contain service and infrastructure data to help the reader understand how the information in the city’s financial report relates to the services the city provides and the activities it performs.	
<b>Sources Note:</b>	
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.	

## *City of Xenia*

*Net Assets by Component  
Last Five Years  
(accrual basis of accounting)*

	2002	2003	2004	2005
<b>Governmental Activities:</b>				
Invested in Capital Assets, Net of Related Debt	\$11,480,035	\$33,083,163	\$33,210,938	\$34,165,799
Restricted	5,794,172	3,748,091	7,174,753	4,210,533
Unrestricted	2,098,432	3,694,525	946,718	4,303,901
Total Governmental Activities Net Assets	<u>\$19,372,639</u>	<u>\$40,525,779</u>	<u>\$41,332,409</u>	<u>\$42,680,233</u>
<b>Business-type Activities:</b>				
Invested in Capital Assets, Net of Related Debt	\$14,970,070	\$14,518,147	\$14,640,414	\$14,508,761
Unrestricted (Deficit)	4,477,597	4,205,604	4,738,569	5,292,909
Total Business-type Activities Net Assets	<u>\$19,447,667</u>	<u>\$18,723,751</u>	<u>\$19,378,983</u>	<u>\$19,801,670</u>
<b>Primary Government:</b>				
Invested in Capital Assets, Net of Related Debt	\$26,450,105	\$47,601,310	\$47,851,352	\$48,674,560
Restricted	5,794,172	3,748,091	7,174,753	4,210,533
Unrestricted	6,576,029	7,900,129	5,685,287	9,596,810
Total Primary Government Net Assets	<u>\$38,820,306</u>	<u>\$59,249,530</u>	<u>\$60,711,392</u>	<u>\$62,481,903</u>

Source: City Finance Director's Office

*City of Xenia*

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2006

\$35,169,467  
4,946,554  
4,307,135  
\$44,423,156

\$14,955,202  
5,538,677  
\$20,493,879

\$50,124,669  
4,946,554  
9,845,812  
\$64,917,035

## *City of Xenia*

*Changes in Net Assets  
Last Five Years  
(accrual basis of accounting)*

	2002	2003	2004
<b>Expenses</b>			
Governmental Activities:			
General Government	\$3,107,951	\$3,454,462	\$3,275,929
Public Safety	9,990,485	9,937,145	9,902,921
Health	43,564	71,091	54,859
Highways and Streets	1,537,488	1,892,865	2,065,965
Community Development	279,349	319,046	284,235
Recreation	541,558	554,594	461,068
Interest and Fiscal Charges	84,862	98,125	99,891
<i>Total Governmental Activities Expenses</i>	<u>15,585,257</u>	<u>16,327,328</u>	<u>16,144,868</u>
Business-type Activities:			
Water	2,486,774	2,463,686	2,429,236
Sewer	3,472,553	3,543,124	3,375,684
Sanitation	1,423,249	1,448,341	1,428,649
Other Enterprise Funds	413,014	470,153	167,506
<i>Total Business-type Activities Expenses</i>	<u>7,795,590</u>	<u>7,925,304</u>	<u>7,401,075</u>
<i>Total Primary Government Expenses</i>	<u>\$23,380,847</u>	<u>\$24,252,632</u>	<u>\$23,545,943</u>
<b>Program Revenues</b>			
Governmental Activities:			
Charges for Services			
General Government	\$1,386,171	\$1,382,825	\$1,481,682
Public Safety	935,454	1,604,231	1,539,810
Health	40,931	26,160	26,096
Highways and Streets	3,312	1,918	50
Community Development	25,159	25,445	22,161
Recreation	35,831	23,287	19,269
Operating Grants and Contributions	406,583	261,262	272,929
Capital Grants and Contributions	1,989,900	422,765	570,813
<i>Total Governmental Activities Program Revenues</i>	<u>4,823,341</u>	<u>3,747,893</u>	<u>3,932,810</u>

*City of Xenia*

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<u>2005</u>	<u>2006</u>
\$3,420,815	\$3,591,944
10,011,879	10,948,875
99,731	66,181
1,392,686	1,854,523
250,539	305,886
350,140	453,440
100,015	132,606
15,625,805	17,353,455
2,527,636	2,700,478
3,626,868	3,769,874
1,451,826	1,555,636
525,029	162,529
8,131,359	8,188,517
\$23,757,164	\$25,541,972

\$1,472,029	\$1,386,743
1,383,846	1,874,889
0	28,938
550	6,030
32,933	29,769
36,961	25,613
231,267	233,068
593,807	1,106,413
3,751,393	4,691,463

(continued)

## City of Xenia

### Changes in Net Assets Last Five Years (accrual basis of accounting)

	2002	2003	2004
<b>Business-type Activities:</b>			
Charges for Services			
Water	2,183,911	2,247,479	2,477,131
Sewer	3,071,346	2,984,362	3,235,225
Sanitation	1,445,382	1,464,831	1,525,558
Other Enterprise Funds	237,785	279,651	82,139
Operating Grants and Contributions	0	0	0
Capital Grants and Contributions	1,016,757	200,065	489,541
<i>Total Business-type Activities Program Revenues</i>	7,955,181	7,176,388	7,809,594
<i>Total Primary Government Program Revenues</i>	12,778,522	10,924,281	11,742,404
<b>Net (Expense)/Revenue</b>			
Governmental Activities	(10,761,916)	(12,579,435)	(12,212,058)
Business-type Activities	159,591	(748,916)	408,519
<i>Total Primary Government Net (Expense)/Revenue</i>	(\$10,602,325)	(\$13,328,351)	(\$11,803,539)
<b>General Revenues and Other Changes in Net Assets</b>			
Governmental Activities:			
Income Taxes	\$7,594,854	\$7,965,860	\$7,911,246
Other Local Taxes	1,584,911	1,923,930	1,788,046
Motor Vehicle and Gas Tax	1,381,595	1,013,936	1,636,792
Shared Revenues	1,577,316	1,826,091	1,295,779
Investment Earnings	336,298	113,664	139,560
Miscellaneous	749,596	333,015	275,952
Transfers	(10,744)	(25,000)	0
Loss on Disposal of Capital Assets	(93,414)	0	0
<i>Total Governmental Activities</i>	13,120,412	13,151,496	13,047,375
Business-type Activities:			
Investment Earnings	0	0	0
Transfers	10,744	25,000	0
Loss on Disposal of Capital Assets	(11,266)	0	0
<i>Total Business-type Activities</i>	(522)	25,000	0
<i>Total Primary Government</i>	\$13,119,890	\$13,176,496	\$13,047,375
<b>Change in Net Assets</b>			
Governmental Activities	\$2,358,496	\$572,061	\$835,317
Business-type Activities	159,069	(723,916)	408,519
<i>Total Primary Government Change in Net Assets</i>	\$2,517,565	(\$151,855)	\$1,243,836

Source: City Finance Director's Office

*City of Xenia*

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2005	2006
2,652,204	2,789,112
3,511,327	3,536,850
1,525,059	1,682,091
68,235	83,130
1,370	0
626,408	846,543
8,384,603	8,937,726
12,135,996	13,629,189
(11,874,412)	(12,661,992)
253,244	749,209
(\$11,621,168)	(\$11,912,783)
\$8,240,773	\$8,604,274
1,351,473	1,814,053
1,417,159	1,287,033
1,878,121	2,185,128
120,947	261,523
288,763	302,904
(75,000)	(50,000)
0	0
13,222,236	14,404,915
94,443	0
0	50,000
75,000	0
169,443	50,000
\$13,391,679	\$14,454,915
\$1,347,824	\$1,742,923
422,687	799,209
\$1,770,511	\$2,542,132

## *City of Xenia*

*Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
General Fund				
Reserved	\$102,596	\$145,384	\$205,325	\$262,885
Unreserved	18,734	33,135	16,145	179,058
<i>Total General Fund</i>	<u>121,330</u>	<u>178,519</u>	<u>221,470</u>	<u>441,943</u>
All Other Governmental Funds				
Reserved	586,091	364,082	177,446	462,793
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	2,931,956	3,013,275	3,069,619	3,274,988
Capital Projects Funds	1,259,358	790,443	704,441	1,167,655
Total All Other Governmental Funds	<u>4,777,405</u>	<u>4,167,800</u>	<u>3,951,506</u>	<u>4,905,436</u>
<i>Total Governmental Funds</i>	<u>\$4,898,735</u>	<u>\$4,346,319</u>	<u>\$4,172,976</u>	<u>\$5,347,379</u>

Source: City Finance Director's Office

*City of Xenia*

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<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$187,791	\$164,700	\$236,573	\$192,182	\$222,249	\$181,258
<u>751,824</u>	<u>568,853</u>	<u>1,065,095</u>	<u>3,868,062</u>	<u>3,516,994</u>	<u>3,412,434</u>
<u>939,615</u>	<u>733,553</u>	<u>1,301,668</u>	<u>4,060,244</u>	<u>3,739,243</u>	<u>3,593,692</u>
1,158,484	1,339,780	203,382	623,976	2,262,308	340,493
3,619,442	3,461,893	3,548,627	1,066,824	1,077,043	1,437,656
<u>1,329,582</u>	<u>491,785</u>	<u>1,025,394</u>	<u>1,346,287</u>	<u>207,596</u>	<u>2,544,355</u>
<u>6,107,508</u>	<u>5,293,458</u>	<u>4,777,403</u>	<u>3,037,087</u>	<u>3,546,947</u>	<u>4,322,504</u>
<u>\$7,047,123</u>	<u>\$6,027,011</u>	<u>\$6,079,071</u>	<u>\$7,097,331</u>	<u>\$7,286,190</u>	<u>\$7,916,196</u>

## City of Xenia

*Changes in Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

	1997	1998	1999	2000
<b>Revenues:</b>				
Municipal Income Tax	\$6,279,892	\$6,830,404	\$7,231,209	\$7,306,394
Other Local Taxes	1,526,414	1,552,885	1,598,345	1,655,395
State Shared Taxes and Permits	2,102,917	2,458,522	2,756,090	2,557,075
Special Assessments	26,433	12,151	14,708	9,318
Intergovernmental Grants	615,071	738,800	456,179	687,796
Charges for Services	134,352	88,719	90,927	73,360
Fines, Costs, Forfeitures, Licenses and Permits	982,761	1,229,298	1,396,332	1,469,721
Miscellaneous Receipts and Reimbursements, including Interest	1,618,215	1,214,048	1,086,321	1,733,345
<b>Total Revenue</b>	<u>13,286,055</u>	<u>14,124,827</u>	<u>14,630,111</u>	<u>15,492,404</u>
<b>Expenditures:</b>				
Current:				
General Government	2,503,314	2,950,717	3,223,308	2,547,063
Public Safety	7,434,467	7,716,929	8,010,586	9,060,993
Health	229,193	246,708	242,556	204,019
Highways and Streets	1,331,473	1,258,925	1,401,753	1,599,974
Community Development	214,769	236,427	250,153	263,724
Recreation	368,200	482,746	496,365	500,880
Capital Outlay	1,617,626	1,566,698	1,169,992	1,323,413
Debt Service:				
Principal Retirement	33,059	79,998	101,887	125,023
Interest and Fiscal Charges	1,667	13,221	13,678	51,355
<b>Total Expenditures</b>	<u>13,733,768</u>	<u>14,552,369</u>	<u>14,910,278</u>	<u>15,676,444</u>
Excess (Deficiency) of Revenues Over Expenditures	(447,713)	(427,542)	(280,167)	(184,040)
<b>Other Financing Sources (Uses):</b>				
Other Financing Sources - Capital Leases	252,735	0	196,463	0
General Obligation Bonds Issued	0	0	0	1,400,000
Transfers In	3,590,736	3,595,943	4,006,279	4,007,534
Transfers Out	(3,842,662)	(3,715,868)	(4,100,326)	(4,038,769)
<b>Total Other Financing Sources (Uses)</b>	<u>809</u>	<u>(119,925)</u>	<u>102,416</u>	<u>1,368,765</u>
<b>Net Change in Fund Balance</b>	<u>(\$446,904)</u>	<u>(\$547,467)</u>	<u>(\$177,751)</u>	<u>\$1,184,725</u>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	0.2874%	0.7231%	0.8482%	1.2441%

Source: City Finance Director's Office

*City of Xenia*

2001	2002	2003	2004	2005	2006
\$7,940,618	\$7,682,250	\$7,856,461	\$8,016,918	\$8,158,020	\$8,396,732
1,634,514	1,584,911	1,923,930	1,788,046	1,235,494	1,762,886
3,166,475	3,194,270	2,796,154	2,961,220	3,174,305	3,425,030
28,571	12,449	12,898	27,037	0	0
724,365	1,043,448	1,043,078	241,506	816,668	699,375
66,113	212,560	817,551	1,508,894	1,463,158	1,620,614
1,402,494	1,333,582	1,309,613	1,359,346	1,357,391	1,260,496
2,165,404	1,851,234	1,194,325	634,984	712,872	1,074,806
<u>17,128,554</u>	<u>16,914,704</u>	<u>16,954,010</u>	<u>16,537,951</u>	<u>16,917,908</u>	<u>18,239,939</u>
2,661,868	2,866,097	2,931,042	3,098,492	3,057,658	3,271,162
8,921,217	9,632,474	9,602,273	9,557,428	9,925,722	10,440,937
66,533	42,132	70,285	53,237	60,873	62,507
1,418,896	1,486,189	1,439,115	1,337,651	1,334,299	1,361,864
277,850	256,039	299,088	265,626	283,489	289,074
500,504	483,618	470,294	376,688	319,900	361,767
1,622,266	2,948,807	2,663,250	798,494	1,482,509	2,556,380
78,249	107,247	216,484	190,537	202,149	255,749
82,471	85,686	94,497	100,745	99,416	111,844
<u>15,629,854</u>	<u>17,908,289</u>	<u>17,786,328</u>	<u>15,778,898</u>	<u>16,766,015</u>	<u>18,711,284</u>
1,498,700	(993,585)	(832,318)	759,053	151,893	(471,345)
175,050	0	902,170	158,579	97,419	1,126,811
0	0	0	0	0	0
4,046,753	4,255,286	4,215,000	1,163,000	1,028,459	975,000
(4,026,352)	(4,280,286)	(4,240,000)	(1,163,000)	(1,103,459)	(1,025,000)
<u>195,451</u>	<u>(25,000)</u>	<u>877,170</u>	<u>158,579</u>	<u>22,419</u>	<u>1,076,811</u>
<u>\$1,694,151</u>	<u>(\$1,018,585)</u>	<u>\$44,852</u>	<u>\$917,632</u>	<u>\$174,312</u>	<u>\$605,466</u>
1.1607%	1.3066%	2.0995%	1.9830%	2.0129%	2.3284%

## *City of Xenia*

### *Income Tax Revenues by Source, Governmental Funds Last Ten Years*

<b>Tax year</b>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Income Tax Rate	1.75%	1.75%	1.75%	1.75%
Total Tax Collected	\$6,375,029	\$6,739,677	\$7,181,043	\$7,226,714
Income Tax Receipts				
Withholding	4,770,460	5,005,833	5,272,496	5,500,486
Percentage	74.83%	74.27%	73.42%	76.11%
Direct (Individual & Business)	1,604,569	1,733,844	1,908,547	1,726,228
Percentage	25.17%	25.73%	26.58%	23.89%

Note: Estimated Personal Income and Income Tax by Business Type is not available for any of these years.

Source: City Income Tax Department

*City of Xenia*

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2001	2002	2003	2004	2005	2006
1.75%	1.75%	1.75%	1.75%	1.75%	1.75%
\$9,616,613	\$7,835,677	\$7,775,946	\$7,772,336	\$8,144,456	\$8,574,742
7,716,965	6,064,506	5,995,199	6,005,868	6,224,137	6,508,901
80.25%	77.40%	77.10%	77.27%	76.42%	75.91%
1,899,648	1,771,171	1,780,747	1,766,468	1,920,319	2,065,841
19.75%	22.60%	22.90%	22.73%	23.58%	24.09%



## *City of Xenia*

### *Income Tax Collections Current Year*

Calendar Year 2006				
Income Level	Number of Filers	Percent of Total	Local Taxable Income	Percent of Income
\$0 - \$19,999	5,917	51.04%	\$35,455,795	10.67%
20,000 - 49,999	3,336	28.77%	110,233,208	33.17%
50,000 - 74,999	1,348	11.63%	82,289,203	24.76%
75,000 - 99,999	611	5.27%	52,181,447	15.70%
Over 100,000	382	3.29%	52,216,151	15.71%
Total	11,594	100.00%	\$332,375,804	100.00%
Local Taxes Paid by Residents			Tax Dollars	
Taxes Paid to the City of Xenia			\$5,024,998	
Taxes Credited to Other Municipalities			1,622,518	
			\$6,647,516	

Source: City Finance Director's Office  
Historical data is not available.

## *City of Xenia*

### *Ratio of Outstanding Debt By Type Last Ten Years*

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
<b>Governmental Activities</b> <sup>(1)</sup>				
General Obligation Bonds Payable	\$0	\$0	\$0	\$1,400,000
Capital Leases	252,735	172,737	267,313	142,289
<b>Business-type Activities</b> <sup>(1)</sup>				
Ohio Water Development Authority Loans Payable	<u>\$2,066,056</u>	<u>\$1,945,653</u>	<u>\$7,635,418</u>	<u>\$8,972,890</u>
Total Primary Government	<u><u>\$2,318,791</u></u>	<u><u>\$2,118,390</u></u>	<u><u>\$7,902,731</u></u>	<u><u>\$10,515,179</u></u>
<b>Population</b> <sup>(2)</sup>				
City of Xenia	24,836	24,836	24,836	24,164
Outstanding Debt Per Capita	\$93	\$85	\$318	\$435
<b>Income</b> <sup>(3)</sup>				
Personal (in thousands)	641,439	687,808	686,119	696,745
Percentage of Personal Income	0.36%	0.31%	1.15%	1.51%

**Sources:**

- (1) City Finance Director's Office
- (2) US Bureau of Census, Population Division
- (3) US Department of Commerce, Bureau of Economic Analysis information is only available through 2005 for the presentation of 2006 statistics, the City is using the latest information available.
  - (a) Per Capita Income is only available by County, Total Personal Income is a calculation

*City of Xenia*

2001	2002	2003	2004	2005	2006
\$1,360,000	\$1,315,000	\$1,270,000	\$1,220,000	\$1,170,000	\$1,120,000
279,090	216,843	947,529	965,571	910,841	1,831,903
<u>\$8,780,308</u>	<u>\$8,341,594</u>	<u>\$7,890,210</u>	<u>\$7,425,789</u>	<u>\$6,947,955</u>	<u>\$6,456,316</u>
<u>\$10,419,398</u>	<u>\$9,873,437</u>	<u>\$10,107,739</u>	<u>\$9,611,360</u>	<u>\$9,028,796</u>	<u>\$9,408,219</u>
24,164	24,164	24,164	24,164	24,164	24,164
\$431	\$409	\$418	\$398	\$374	\$389
707,715	729,318	757,590	785,258	792,096	792,096
1.47%	1.35%	1.33%	1.22%	1.14%	1.19%

## *City of Xenia*

### *Ratios of General Bonded Debt Outstanding Last Ten Years*

Year	1997	1998	1999	2000
<b>Population</b> <sup>(1)</sup>	24,836	24,836	24,836	24,164
<b>Assessed Value</b> <sup>(2)</sup>	\$262,589,110	\$276,297,691	\$282,816,150	\$299,427,811
<b>General Bonded Debt</b> <sup>(3)</sup>				
General Obligation Bonds	\$0	\$0	\$0	\$1,400,000
<b>Resources Available to Pay Principal</b> <sup>(4)</sup>	\$0	\$0	\$0	\$0
<b>Net General Bonded Debt</b>	\$0	\$0	\$0	\$1,400,000
<b>Ratio of Net Bonded Debt to Estimated Actual Value</b>	0.00%	0.00%	0.00%	0.47%
<b>Net Bonded Debt per Capita</b>	\$0.00	\$0.00	\$0.00	\$57.94

**Source:**

- (1) U.S. Bureau of Census of Population
- (2) Greene County Auditor
- (3) Includes all general obligation bonded debt supported by property taxes.  
There were no General Obligation Bonds prior to 1999.
- (4) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

*City of Xenia*

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2001	2002	2003	2004	2005	2006
24,164	24,164	24,164	24,164	24,164	24,164
\$301,625,369	\$296,650,260	\$343,118,119	\$349,957,342	\$348,140,994	\$373,253,479
\$1,360,000	\$1,315,000	\$1,270,000	\$1,220,000	\$1,170,000	\$1,120,000
\$0	\$0	\$0	\$0	\$0	\$0
\$1,360,000	\$1,315,000	\$1,270,000	\$1,220,000	\$1,170,000	\$1,120,000
0.45%	0.44%	0.37%	0.35%	0.34%	0.30%
\$56.28	\$54.42	\$52.56	\$50.49	\$48.42	\$46.35



**City of Xenia**

*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
December 31, 2006*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Xenia</u>	<u>Amount Applicable to the City of Xenia</u>
<b>Direct:</b>			
City of Xenia	\$1,120,000	100.00%	\$1,120,000
<b>Overlapping:</b>			
Greene County	32,945,000	21.02%	6,925,039
Xenia Community School District	2,586,260	64.84%	1,676,931
Greene County Career Center	338,427	5.05%	17,091
Greene County Health District	63,866	98.00%	62,589
		Subtotal	<u>8,681,650</u>
		Total	<u><u>\$9,801,650</u></u>

**Source:** City of Xenia finance Office  
Greene County Auditor  
Xenia Community Schools  
Greene County Career Center  
Greene County Health District

**City of Xenia**

*Debt Limitations  
Last Ten Years*

<b>Collection Year</b>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
<b>Total Debt</b>				
Net Assessed Valuation	\$262,589,110	\$276,297,691	\$282,816,150	\$299,427,811
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	27,571,857	29,011,258	29,695,696	31,439,920
City Debt Outstanding (2)	0	0	0	1,400,000
Less: Applicable Debt Service Fund Amounts	0	0	0	0
Net Indebtedness Subject to Limitation	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,400,000</u>
Overall Legal Debt Margin	<u>\$27,571,857</u>	<u>\$29,011,258</u>	<u>\$29,695,696</u>	<u>\$30,039,920</u>
<b>Unvoted Debt</b>				
Net Assessed Valuation	\$262,589,110	\$276,297,691	\$282,816,150	\$299,427,811
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	14,442,401	15,196,373	15,554,888	16,468,530
City Debt Outstanding (2)	0	0	0	1,400,000
Less: Applicable Debt Service Fund Amounts	0	0	0	0
Net Indebtedness Subject to Limitation	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,400,000</u>
Overall Legal Debt Margin	<u>\$14,442,401</u>	<u>\$15,196,373</u>	<u>\$15,554,888</u>	<u>\$15,068,530</u>

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City Debt Outstanding includes Non Self-Supporting General Obligation Bonds

Source: City Finance Director's Office

*City of Xenia*

2001	2002	2003	2004	2005	2006
\$301,625,369	\$296,650,260	\$343,118,119	\$349,957,342	\$348,140,994	\$373,253,479
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
31,670,664	31,148,277	36,027,402	36,745,521	36,554,804	39,191,615
1,360,000	1,315,000	1,270,000	1,220,000	1,170,000	1,120,000
0	0	0	0	0	0
<u>1,360,000</u>	<u>1,315,000</u>	<u>1,270,000</u>	<u>1,220,000</u>	<u>1,170,000</u>	<u>1,120,000</u>
<u>\$30,310,664</u>	<u>\$29,833,277</u>	<u>\$34,757,402</u>	<u>\$35,525,521</u>	<u>\$35,384,804</u>	<u>\$38,071,615</u>

\$301,625,369	\$296,650,260	\$343,118,119	\$349,957,342	\$348,140,994	\$373,253,479
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
16,589,395	16,315,764	18,871,497	19,247,654	19,147,755	20,528,941
1,360,000	1,315,000	1,270,000	1,220,000	1,170,000	1,120,000
0	0	0	0	0	0
<u>1,360,000</u>	<u>1,315,000</u>	<u>1,270,000</u>	<u>1,220,000</u>	<u>1,170,000</u>	<u>1,120,000</u>
<u>\$15,229,395</u>	<u>\$15,000,764</u>	<u>\$17,601,497</u>	<u>\$18,027,654</u>	<u>\$17,977,755</u>	<u>\$19,408,941</u>

# City of Xenia

## Demographic and Economic Statistics Last Ten Years

Calendar Year	1997	1998	1999	2000
<b>Population</b> (1)				
City of Xenia	24,836	24,836	24,836	24,164
Greene County	144,580	144,580	144,580	144,580
<b>Income</b> (2) (a)				
Total Personal (in thousands)	641,439	687,808	686,119	696,745
Per Capita	25,827	27,694	27,626	28,834
<b>Unemployment Rate</b> (3)				
Federal	5.4%	4.9%	4.5%	4.2%
State	4.8%	4.6%	4.3%	4.3%
Greene County	3.7%	3.4%	3.4%	3.4%
<b>Civilian Work Force Estimates</b> (3)				
State	5,710,000	5,678,000	5,749,000	5,900,400
Greene County	69,700	68,800	72,100	72,600
<b>Employment Distribution by Occupation</b> (1)				
Agriculture, forestry, fishing, hunting, and mining	120	120	120	29
Construction	495	495	495	701
Manufacturing	2,359	2,359	2,359	1,952
Wholesale trade	319	319	319	240
Retail trade	2,067	2,067	2,067	1,511
Transportation, warehousing, and utilities info.	340	340	340	448
Information	176	176	176	190
Finance, insurance, real estate, rental and leasing	386	386	386	436
Professional, scientific, management, administrative, and waste management	676	676	676	713
Educational, health, and social services	1,916	1,916	1,916	2,389
Arts, Entertainment, recreation, accomodation and food services	53	53	53	828
Other Services	687	687	687	641
Public Administration	719	719	719	843
<b>Daytime Population</b> (1)	N/A	N/A	N/A	22,424

**Sources:**

(1) US Bureau of Census of Population

(2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2005 for the presentation of 2006 statistics, the City is using the latest information available.

(a) Per Capita Income is only available by County, Total Personal Income is a calculation

(3) State Department of Labor Statistics

N/A = not available

## *City of Xenia*

2001	2002	2003	2004	2005	2006
24,164	24,164	24,164	24,164	24,164	24,164
148,607	148,607	148,607	148,607	148,607	148,607
707,715	729,318	757,590	785,258	792,096	792,096
29,288	30,182	31,352	32,497	32,780	32,780
3.8%	4.8%	5.8%	6.0%	5.5%	4.6%
3.7%	4.3%	5.7%	6.1%	6.0%	5.5%
3.4%	4.3%	4.4%	4.9%	5.5%	5.1%
5,857,000	5,828,000	5,915,000	5,875,300	5,900,400	5,934,000
73,800	73,100	73,900	77,200	77,000	77,400
29	29	29	29	29	29
701	701	701	701	701	701
1,952	1,952	1,952	1,952	1,952	1,952
240	240	240	240	240	240
1,511	1,511	1,511	1,511	1,511	1,511
448	448	448	448	448	448
190	190	190	190	190	190
436	436	436	436	436	436
713	713	713	713	713	713
2,389	2,389	2,389	2,389	2,389	2,389
828	828	828	828	828	828
641	641	641	641	641	641
843	843	843	843	843	843
22,424	22,424	22,424	22,424	22,424	22,424



## *City of Xenia*

### *Principal Employers Current Year and Nine Years Ago*

Employer	Nature of Business	2006		
		Number of Employees	Rank	Percentage of Total Employment
Greene County	Government	1,426	1	13.06%
Greene Memorial Hospital	Health Care	975	2	8.93%
Xenia Community Schools	Education	639	3	5.85%
Super Valu	Distribution	452	4	4.14%
Wal-mart	Retail	256	5	2.34%
City of Xenia	Government	227	6	2.08%
Kroger	Grocery	155	7	1.42%
Lowe's	Retail	150	8	1.37%
Twist	Manufacturing	144	10	1.32%
Athletes in Action	Ministry	130	9	1.19%
Total		<u>4,554</u>		
Total Employment within the City		<u>10,921</u>		

Employer	Nature of Business	1997		
		Number of Employees	Rank	Percentage of Total Employment
Greene County	Government	1,315	1	12.04%
Xenia Community Schools	Education	650	2	5.95%
Greene Memorial Hospital	Health Care	850	3	7.78%
Super Valu	Distribution	651	4	5.96%
City of Xenia	Government	226	5	2.07%
Twist Inc.	Manufacturing	106	6	0.97%
Home Run Inc.	Freight	100	7	0.92%
Hooven & Allison	Manufacturing	95	8	0.87%
Carboline Co.	Manufacturing	75	9	0.69%
National Carton & Coating Inc	Manufacturing	74	10	0.68%
Total		<u>4,142</u>		
Total Employment within the City		<u>10,921</u>		

**Sources:**

City of Xenia Finance Dept, Greene County Auditor, Xenia Community Schools, Super Valu, Walmart, Kroger, Lowes, Twist, Athletes in Action

## *City of Xenia*

### *Full Time Equivalent Employees by Function Last Ten Years*

	1997	1998	1999	2000	2001	2002
<b>Governmental Activities</b>						
General Government						
Finance	16.00	16.00	17.00	17.00	17.00	17.00
Legal/Court	22.00	23.00	26.50	29.50	29.50	29.75
Administration	8.00	9.50	10.00	10.00	10.00	9.00
Maintenance						
Security of Persons and Property						
Police	73.00	73.00	74.00	74.00	74.00	74.00
Fire	45.00	45.00	45.00	45.00	45.00	45.00
Transportation						
Street	15.75	16.75	18.75	19.75	19.75	19.75
Leisure Time Activities						
Recreation/Seniors						
Community Environment						
Service	14.00	16.00	16.00	11.00	11.00	12.00
<b>Business-Type Activities</b>						
Utilities						
Water	16.00	15.00	15.00	15.00	15.00	15.00
Sewer	5.00	5.00	7.00	6.00	6.00	6.00
Solid Waste	11.00	10.00	10.00	10.00	10.00	10.00
<i>Total Employees</i>	<u>225.75</u>	<u>229.25</u>	<u>239.25</u>	<u>237.25</u>	<u>237.25</u>	<u>237.50</u>

**Method:** 1.00 for each full-time, 0.50 for each part-time and 0.25 for each seasonal employee

Source: City Finance Director's Office

*City of Xenia*

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<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
17.00	17.50	16.50	18.50
30.75	30.75	30.50	29.75
8.00	7.00	6.00	6.00
74.00	69.00	69.00	69.00
45.00	42.00	42.00	42.00
19.75	18.50	18.50	18.50
5.00	4.50	4.50	4.50
11.25	9.00	9.00	9.00
15.00	14.00	13.00	13.00
6.00	6.00	6.00	6.00
10.00	10.00	10.00	10.00
<u>241.75</u>	<u>228.25</u>	<u>225.00</u>	<u>226.25</u>

## *City of Xenia*

### *Operating Indicators by Function Last Ten Years*

	1997	1998	1999	2000
<b>Governmental Activities</b>				
General Government				
Court				
Number of Probation Cases	N/A	N/A	N/A	580
Number of Traffic Cases	10,778	13,178	13,838	13,767
Licenses and Permits				
Number of Residential Constructions	100	67	79	N/A
Number of Commercial Constructions	13	13	3	N/A
Security of Persons and Property				
Police				
Number of Citations Issued	2,741	3,328	2,820	2,824
Number of Arrests	1,679	2,021	2,180	2,175
Number of Accidents	N/A	724	698	659
Fire				
Number of Fire Calls	363	613	854	1,077
Number of EMS Runs	2,744	2,883	2,839	3,011
Number of Inspections	N/A	484	244	166
Transportation				
Street				
Number of Streets Resurfaced	N/A	N/A	13	13
Leisure Time Activities				
Recreation/Seniors				
Number of Programs Offered	N/A	N/A	N/A	N/A
Number of Shelter Rentals	N/A	N/A	N/A	N/A
<b>Business-Type Activities</b>				
Water				
Number of Service Connections	9,658	9,737	9,737	9,737
Water Main Breaks	N/A	N/A	N/A	N/A
Daily Average Consumption (millions of gallons)	3.2	3.3	3.3	3.3
Peak Daily Consumption (millions of gallons)	8.0	8.0	8.0	8.0
Sewer				
Number of Service Connections	9,565	9,637	9,637	9,637
Daily Average Sewage Treatment (millions of gallons)	4.9	4.9	4.9	4.9
Solid Waste				
Number of Customers Served	N/A	N/A	N/A	N/A

Source: City Finance Director's Office

\*Billing for Stormwater started in 2007

*City of Xenia*

2001	2002	2003	2004	2005	2006
531	598	558	639	619	561
12,317	12,155	11,766	11,289	12,095	10,445
128	104	109	116	104	61
15	21	17	13	20	5
2,357	2,207	2,377	3,064	2,869	2,430
2,018	1,947	1,837	1,841	1,927	2,022
649	640	611	621	597	567
1,018	918	851	813	818	889
3,065	3,291	3,421	3,532	3,803	3,715
248	48	69	39	205	135
10	6	5	7	11	7
N/A	N/A	8	8	9	9
N/A	N/A	N/A	N/A	N/A	178
10,081	10,184	10,346	10,346	10,380	11,235
N/A	N/A	N/A	N/A	N/A	N/A
3.4	3.6	3.9	3.9	3.9	4.4
8.0	8.0	8.0	8.0	8.0	8.0
9,940	10,025	10,184	10,184	10,436	11,103
4.9	4.9	4.9	4.9	4.9	4.9
N/A	N/A	N/A	N/A	9,232.00	9,444.00

## *City of Xenia*

### *Capital Asset Statistics by Function Last Ten Years*

	1997	1998	1999	2000
<b>Governmental Activities</b>				
General Government				
Land (acres)	6,400	6,400	7,680	7,680
Public Safety				
Police				
Stations	1	1	1	1
Vehicles	N/A	N/A	N/A	N/A
Fire				
Stations	2	2	2	2
Vehicles	N/A	N/A	N/A	N/A
Highways and Streets				
Streets (lane miles)	147	127	115	115
Street Lights	1,460	1,460	1,753	1,753
Traffic Signals	N/A	N/A	N/A	N/A
Recreation				
Land (acres)	74	122	122	122
Buildings/Shelters	16	16	16	16
Parks	11	11	11	11
Playgrounds	11	11	11	11
Tennis Courts	1	1	1	1
Baseball/Softball Diamonds	6	6	6	6
Soccer Fields	2	2	2	2
<b>Business-Type Activities</b>				
Utilities				
Water				
Waterlines (Miles)	140	140	140	140
Pump Stations	1	1	1	1
Average Daily Consumption	3.2 (mgd)	3.3 (mgd)	3.3 (mgd)	3.3 (mgd)
Storage Capacity (thousands of gallons)	8 (mgd)	8 (mgd)	8 (mgd)	8 (mgd)
Sewer				
Sewerlines (Miles)	145	145	145	145

Source: City Finance Director's Office

*City of Xenia*

2001	2002	2003	2004	2005	2006
7,680	7,680	7,680	7,680	7,680	7,680
1	1	1	1	1	1
N/A	N/A	N/A	N/A	N/A	27
2	2	2	2	2	2
N/A	N/A	N/A	N/A	N/A	11
115	115	115	115	108	
1,753	1,753	1,753	1,784	1,784	1,784
N/A	N/A	N/A	37	38	40
122	122	122	122	133	133
16	16	16	16	18	18
11	11	11	11	15	15
11	11	11	11	15	15
1	1	1	1	1	1
6	6	6	6	6	6
2	2	2	2	2	2
141	141	141	141	141	141
1	1	1	1	1	1
3.4 (mgd)	3.6 (mgd)	3.9 (mgd)	3.9 (mgd)	3.7 (mgd)	4.4 (mgd)
8 (mgd)					
146	146	146	146	146	146

## City of Xenia

### Capital Asset Value by Function Last Ten Years

	1997	1998	1999	2000	2001
<b>Governmental Activities</b>					
General Government					
Land and Improvements	\$102,580	\$102,580	\$102,580	\$102,580	\$102,580
Buildings	2298293	2,303,143	2,303,143	2,534,606	2,534,605
Equipment	749290	840,868	938,986	1,053,511	1,218,578
Public Safety					
Land and Improvements	78,238	78,238	78,238	78,238	78,238
Buildings	240,534	244,004	247,983	247,983	247,983
Equipment	3,119,429	3,314,705	3,267,053	3,259,290	3,744,501
City Wide					
Land and Improvements	3,737,034	4,247,250	4,254,164	4,230,979	4,241,499
Buildings	1,533,045	2,164,635	2,166,110	1,725,105	1,757,573
Equipment	1,064,947	1,182,793	1,174,355	1,106,544	1,059,308
Infrastructure	N/A	N/A	N/A	N/A	N/A
Construction in Progress	1,180,743	92,210	339,673	11,448	232,140
<b>Business-Type Activities</b>					
Utilities					
Water					
Land and Improvements	N/A	N/A	N/A	N/A	125,712
Buildings and Improvements	N/A	N/A	N/A	N/A	2,865,365
Equipment	N/A	N/A	N/A	N/A	10,952,272
Construction in Progress	N/A	N/A	N/A	N/A	544,453
Sewer					
Land and Improvements	N/A	N/A	N/A	N/A	482,817
Buildings and Improvements	N/A	N/A	N/A	N/A	5,226,336
Equipment	N/A	N/A	N/A	N/A	21,667,146
Construction in Progress	N/A	N/A	N/A	N/A	0
Sanitation					
Land and Improvements	N/A	N/A	N/A	N/A	5,680
Buildings and Improvements	N/A	N/A	N/A	N/A	40,108
Equipment	N/A	N/A	N/A	N/A	679,254
Construction in Progress	N/A	N/A	N/A	N/A	0
Other Enterprise					
Land and Improvements	N/A	N/A	N/A	N/A	185,521
Buildings and Improvements	N/A	N/A	N/A	N/A	101,837
Equipment	N/A	N/A	N/A	N/A	19,744
Construction in Progress	N/A	N/A	N/A	N/A	0

Source: City Finance Director's Office

*City of Xenia*

2002	2003	2004	2005	2006
\$259,130	\$259,130	\$259,130	\$259,130	\$259,130
2,534,605	2,534,605	2,534,605	2,534,605	2,536,475
1,292,224	1,348,790	1,376,298	1,391,039	1,596,606
78,238	78,238	78,238	76,022	90,537
247,893	247,983	273,206	273,206	722,216
3,911,367	4,707,058	4,901,393	4,868,979	5,705,316
4,775,944	15,574,694	15,810,220	16,092,702	16,302,572
2,734,465	2,748,335	2,748,335	2,748,335	2,751,955
1,921,732	8,693,004	8,932,617	9,206,205	9,699,307
408,007	11,022,587	11,411,839	11,811,580	12,831,760
1,029,296	28,500	28,500	854,397	385,027
125,712	133,036	133,036	134,606	134,606
2,865,365	2,865,365	2,870,415	2,870,415	2,870,415
12,342,236	12,477,225	12,655,820	13,016,872	13,687,880
0	0	0	112,538	71,499
482,817	482,817	483,946	483,946	483,946
5,226,336	5,276,700	5,276,700	5,282,350	5,282,350
22,029,873	21,998,953	22,762,638	23,228,559	23,685,875
15,112	52,291	226,155	0	28,364
4,741	4,741	4,741	2,691	2,691
40,108	40,108	40,108	40,108	40,108
679,254	741,757	741,757	741,757	744,443
	0	0	0	14,182
185,521	181,352	181,352	181,352	181,352
101,837	101,837	101,837	101,837	101,837
50,306	45,054	46,784	49,052	74,052
0	0	0	0	348,457



**CITY OF XENIA, OHIO**

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

For the year ended December 31, 2006

**CITY OF XENIA, OHIO  
GREENE COUNTY**

**TABLE OF CONTENTS**

**DECEMBER 31, 2006**

	<u>Page</u>
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 <i>Government Auditing Standards</i> .....	1
Independent Auditors' 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 Expenditures of Federal Awards .....	2
Schedule of Expenditures of Federal Awards.....	4
Notes to the Schedule of Expenditures of Federal Awards .....	5
Schedule of Findings and Questioned Costs.....	6

**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, 2006, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 29, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Questioned Costs as item 2006-1 to be a significant deficiency in internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe the significant deficiency described above is a material weakness.

### **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 that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the City in a separate letter dated June 29, 2007.

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of 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 Richards LLC  
June 29, 2007

**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 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, 2006. 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 programs 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 programs for the year ended December 31, 2006.

**Internal Control over Compliance**

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

### **Schedule of 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, 2006, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 29, 2007. 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.

A handwritten signature in black ink that reads "Kennedy Cottrell Richards LLC". The signature is written in a cursive, flowing style.

Kennedy Cottrell Richards LLC  
June 29, 2007

**CITY OF XENIA, OHIO  
GREENE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED DECEMBER 31, 2006**

<u>Federal Grantor/Pass Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grant Number</u>	<u>Expenditures</u>
<b>U.S. DEPARTMENT OF HUD</b>			
<i>Received directly from U.S. Department of HUD</i>			
EDI Special Projects Grant	14.246	B-01-SP-OH-0503	\$ 223,591
<i>Pass-through State Department of Development</i>			
FY05 CDBG Formula	14.228	A-F-05-203-1	301,465
FY06 CDBG Formula	14.228	A-F-06-203-1	500
FY06 CDBG CHIP	14.228	A-C-06-203-1	810
			<u>302,775</u>
Total U.S. Department of HUD			<u>526,366</u>
<b>U.S. DEPARTMENT OF JUSTICE</b>			
<i>Received Directly from U.S. Department of Justice</i>			
Internet Child Protection Unit	16.541	2005-DD-BX-0180	50,212
<i>Pass-through Ohio Office of Justice Programs</i>			
Crime Victim Assistance	16.575	2006VAGENE538	32,261
Crime Victim Assistance	16.575	2007VAGENE538	16,363
			<u>48,624</u>
Violence against Women	16.588	2005-WF-VA2-8308	49,878
Total U.S. Department of Justice			<u>148,714</u>
Total Federal Awards Expenditures			<u>\$ 675,080</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

**CITY OF XENIA, OHIO  
GREENE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**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 cash 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, 2006**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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(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)?	Yes
(d)(1)(ii)	Were there any other significant deficiencies in internal control 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 significant deficiencies in internal control 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  Economic Development Initiative Special Project 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

CITY OF XENIA, OHIO  
GREENE COUNTY

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

DECEMBER 31, 2006

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

**2006-1 Material Weakness – Financial Reporting**

The compilation and presentation of materially correct financial statements and the related footnotes is the responsibility of management of the City. This responsibility remains intact, even if management decides to outsource this function for efficiency purposes, or any other reason, to another accountant or consultant. It is also important to note that independent auditors are not part of an entity's internal control structure and should not be relied upon by management to detect misstatements in the financial statements.

Thus, it is important that management develop control procedures related to drafting financial statements and footnotes that enable management to prevent and detect potential misstatements in the financial statements and footnotes prior to audit.

As a result of our audit, we identified material misstatements in the City's financial statements, as well as other misstatements that were not necessarily material, but were more than inconsequential. We provided adjusting entries to the City and the misstatements were subsequently corrected.

We recommend the City implement sufficient control procedures over the financial reporting process in order to enable management to prevent and detect potential misstatements in the financial statements and footnotes.

Official's Response

We are developing a more in-depth internal control procedure as it relates to the review of our financial statements.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.



**Mary Taylor, CPA**  
Auditor of State

**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 21, 2007**