

Xenia, Ohio

City of Hospitality



Shawnee Park



Xenia Station

**Comprehensive Annual
Financial Report**
For the year Ended
December 31, 2004



City Hall





**Auditor of State
Betty Montgomery**

Mayor and 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 & Associates, LLC, for the audit period January 1, 2004 to December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

BETTY MONTGOMERY
Auditor of State

October 24, 2005

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THE CITY OF XENIA, OHIO

GREENE COUNTY

**COMPREHENSIVE
ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED
DECEMBER 31, 2004**

**Prepared by:
Department of Finance**

**Mark A. Bazalak
Finance Director**

**Rebecca Louderback
Assistant Finance Director**



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GREENE COUNTY, OHIO

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INTRODUCTORY SECTION





CITY OF XENIA

101 North Detroit Street • Xenia, Ohio 45385
Mark A. Bazalak, Director of Finance

phone (937) 376-7235

fax (937)-374-1818

September 13, 2005

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, 2004 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 was not 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" because grant expenditures did not exceed \$500,000.

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 2004 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.

***Letter of Transmittal
For the Year Ended December 31, 2004***

These programs/projects include:

- Initiating a water system vulnerability assessment project
- Beginning the engineering for the US 68 and Patton Street traffic signalization and intersection improvements
- Continuing the hazard mitigation grant program to partially fund the construction of tornado safe rooms in single-family residences
- Completing Phase 2 of the downtown streetscape renovation project
- Purchasing an ambulance for the fire division
- Beginning the installation of centrifugal blowers at the Ford Road wastewater treatment plant
- Completion of the ultra-violet treatment upgrade at the Ford Road and Gladly Run wastewater treatment plants

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 fifteen (15) such projects totaling \$3,410,753 since their inception.

The major projects planned for 2005 are to complete improvements to the City's 911 equipment; to install traffic signalization and construct intersection improvements at U.S. 68 and Patton; to reconstruct West Third Street; upgrade the City's telephone and financial systems; replace a fire engine; replace water main on Stelton Road; and to initiate a multi-year program of slip-lining old and deteriorated sewer mains. In the area of economic development, the City of Xenia will continue to provide financial and marketing assistance to promote retention and expansion of existing businesses and to attract new business. The City is aggressively pursuing annexation to increase the availability of suitable sites for economic development. The sites will be developed as environmentally clean industrial/commercial parks. Finally, with the enactment of legislation in 1989 designating the entire City as a rural enterprise zone for possible partial tax abatement for real and personal property taxes, all the economic development tools and resources are in place for the future. The City is optimistic that the investment made in its infrastructure and economic development program will continue to increase its economic base and quality of life for its citizens.

Letter of Transmittal

For the Year Ended December 31, 2004

The dream of a hike/bike trail between Xenia and Yellow Springs became a reality with its completion in October, 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. The sites providing recreation to the citizens of Xenia, the bikeways have attracted many biking and hiking enthusiasts from outside the Xenia area, which will continue to bolster the local economy into future years.

The current slumping national, state and local economies will continue to be a concern in 2005. In developing the 2004 budget, the City reduced its employee staffing level by 14-1/2 job positions resulting in an \$860,211 yearly reduction in personnel costs. In conjunction with the staffing level reductions other budgeted operating costs for 2004 in the key operating funds (General Fund, and Street Fund) were also reduced. The cumulative effect of the personnel and operating cost reduction to the 2004 key operating funds budget was a decrease of \$1,289,700 from the budget for 2003. The personnel and operating cost reductions helped the City realize a positive cash flow of over \$1,000,000 in the key operating funds for 2004. The \$1,000,000 was transferred into the General Capital Improvement Fund to fund future capital improvement projects. In developing the 2005 budget, the staffing level was reduced by two (2) additional full-time positions in order to continue to address the economic concerns of the City. The City Council and City staff will continue to monitor the finances of the City to maintain its fiscal integrity.

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, 2004**

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, instrumentals, 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>2004</u>	<u>2003*</u>
Average monthly investments	\$10,208,637	\$9,775,028
Average yield	2.60%	2.00%
Total investment earnings	\$262,787	\$191,563

* Investments earnings were restated due to an adjustment in amortization for premium on investments held by the City of Xenia thru December 31, 2003.

This is a increase in investment earnings of \$71,224 or 37.2% from 2003. This was due to higher interest rates and a higher investment balance.

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

**Letter of Transmittal
For the Year Ended December 31, 2004**

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. The amount of any settlements have not exceeded insurance coverage over the past three years.

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 2004 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, 2003. This was the twenty-first consecutive year that the City has received the prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized comprehensive annual financial report. The report satisfied both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgments

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

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

Respectfully submitted,



Mark A. Bazelak
Finance Director

CITY OF XENIA, OHIO

**List of Principal Officials
For the Year Ended December 31, 2004**

CITY COUNCIL

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

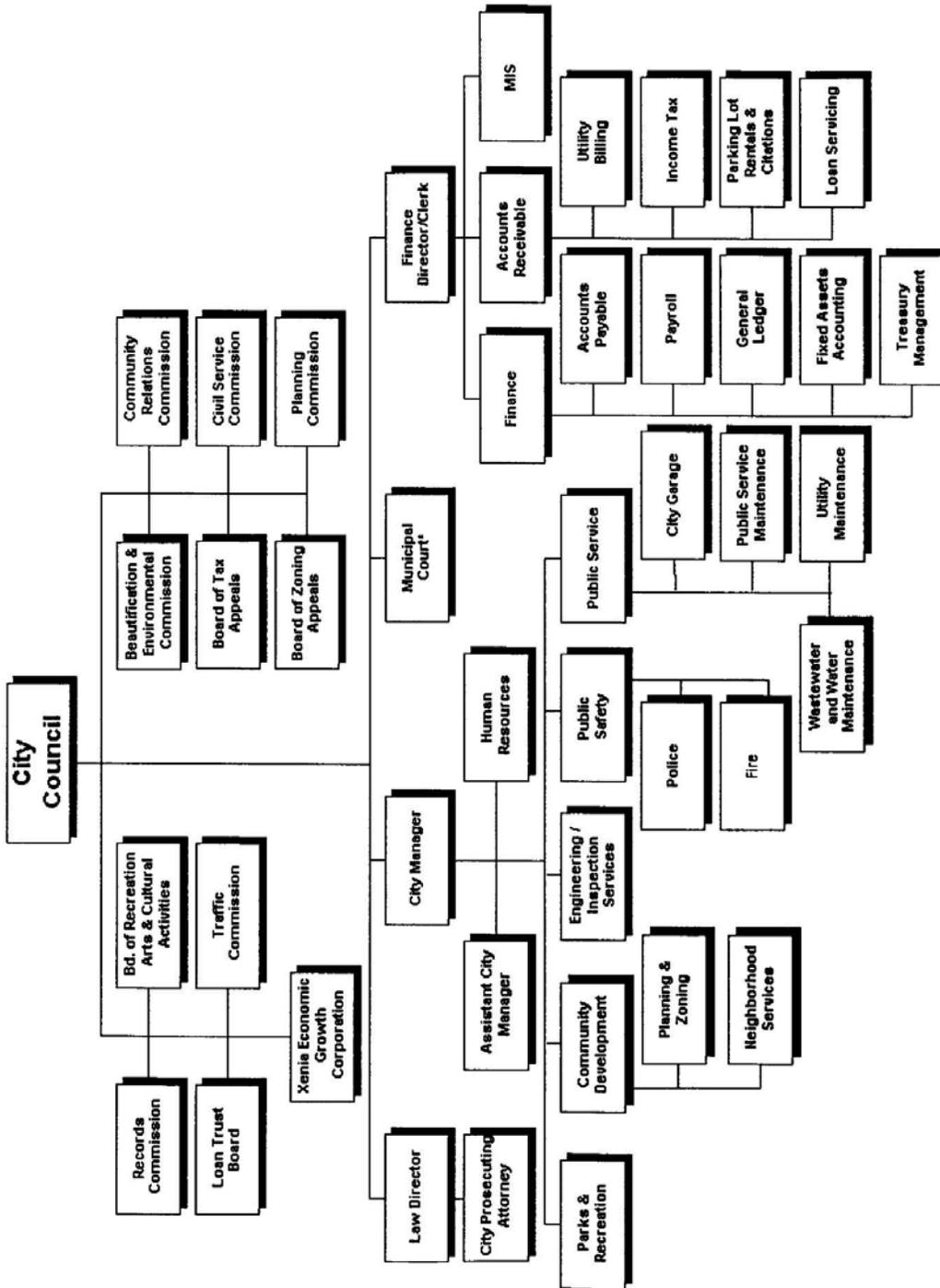
APPOINTED OFFICIALS

Ronald C. Lewis	Law Director	
James E. Freeman	Finance Director	1/1/2004 to 8/31/2004
Mark A. Bazalak	Finance Director	appointed 9/1/2004
James W. Percival	City Manager	1/1/2004 to 4/30/2004
R. Michael Puckett	Interim City Manager	5/1/2004 to 9/17/2004
William P. Barlow III	City Manager	appointed 9/13/2004

DEPARTMENT OF FINANCE STAFF

James E. Freeman	Finance Director	1/1/2004 to 8/31/2004
Mark A. Bazalak	Finance Director	appointed 9/1/2004
Mark A. Bazalak	Assistant Finance Director	1/1/2004 to 8/31/2004
Rebecca A. Louderback	Assistant Finance Director	effective 9/27/2004
John S. Anderson	Accounts Receivable Manager	1/1/2004 to 8/31/2004
Edgar Cardenas	Programmer/Analyst/MIS	
Grant Kelly	Computer Technician	
Michelle Johnson	Secretary to Finance Director/City Clerk	
Rebecca A. Louderback	Finance Technician /Finance Office	1/1/2004 to 9/26/2004
Mary E. Jordan	Finance Clerk/Finance	
Bill McCarthy	Finance Clerk/Finance	
Kathy A. Andrews	Finance Clerk/Income Tax	
Anne Free	Finance Clerk/Income Tax	
Mary Ann Richardson	Finance Clerk/Income Tax	
Dennis W. Evans	Finance Clerk/Utility Billing	
Denise Estle	Finance Clerk/Utility Billing	
Rebecca Moore	Finance Clerk/Utility Billing	
Julie Willis	Finance Clerk/Utility Billing	

City Organizational Chart
For the Year Ended December 31, 2004



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, 2003

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.



Nancy L. Zjelle

President

Jeffrey R. Emor

Executive Director

FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
City Council of the City of Xenia

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, 2004, 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, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General and State Gas and Vehicle License Funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 4 to the basic financial statements, the City changed its method of accounting for uncollectible loans in 2004.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2005 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

Kennedy, Cottrell + Associates LLC

Kennedy, Cottrell + Associates
September 13, 2005

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, 2004. 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 2004 are as follows:

In total, net assets increased \$1,243,836. Net assets of governmental activities increased \$835,317, which represents a 2.1% increase from 2003. Net assets of business-type activities increased by \$408,519 or 2.2% from 2003.

General revenues accounted for \$13.1 million or 52.8% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$11.7 million or 47.2% of total revenues of \$24.8 million

Total assets of governmental activities increased by \$994,240 as capital assets, net of accumulated depreciation, increased by \$95,817 while current and other assets (cash and other receivables) increased \$898,423.

The City had \$16.1 million in expenses related to governmental activities; \$3.9 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$13.1 million provided additional support for these programs.

Starting with 2004 the income tax fund has been combined with the general fund. The general fund had \$14.4 million in revenues and \$13.2 million in expenditures. The general fund balance increased \$52,617 to \$4,060,244.

Net assets for enterprise funds increased in 2004, in part, because revenues were up due an increase in utility rates.

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 you need to consider additional nonfinancial factors such as property tax base and current property tax laws as well as diversification in income tax base.

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

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

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

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

Fund Financial Statements

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

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

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table shows a comparison of net assets between 2003 and 2004.

	Governmental Activities	Governmental Activities*	Business-type Activities	Business-type Activities*	Total	Total
	2004	2003	2004	2003	2004	2003
Current and other assets	\$11,733,209	\$10,834,786	\$6,650,545	\$6,426,953	\$18,383,754	\$17,261,739
Capital assets, net	35,396,509	35,300,692	22,066,203	22,408,357	57,462,712	57,709,049
Total assets	\$47,129,718	\$46,135,478	\$28,716,748	\$28,835,310	\$75,846,466	\$74,970,788
Long-term debt outstanding	\$3,531,384	\$3,345,553	\$9,016,026	\$9,537,567	\$12,547,410	\$12,883,120
Other liabilities	2,265,925	2,292,833	321,739	327,279	2,587,664	2,620,112
Total liabilities	\$5,797,309	\$5,638,386	\$9,337,765	\$9,864,846	\$15,135,074	\$15,503,232
Net assets						
Invested in capital assets						
net of related debt	\$33,210,938	\$33,083,163	\$14,640,414	\$14,518,147	\$47,851,352	\$47,601,310
Restricted	7,174,753	3,748,091			7,174,753	3,748,091
Unrestricted	946,718	3,665,838	4,738,569	4,452,317	5,685,287	8,118,155
Total net assets	\$41,332,409	\$40,497,092	\$19,378,983	\$18,970,464	\$60,711,392	\$59,467,556

* Restated-see Note 4

CITY OF XENIA, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

Change in Net Assets – The following table shows the changes in net assets for the fiscal year 2004 compared to 2003.

	Governmental Activities	Governmental Activities*	Business-type Activities	Business-type Activities*	Total	Total
	2004	2003	2004	2003	2004	2003
Revenues						
Program Revenues						
Charges for services and sales	\$3,089,068	\$3,063,866	\$7,320,053	\$7,200,459	\$10,409,121	\$10,264,325
Operating grants and contributions	272,929	261,262	0	0	272,929	261,262
Capital Grants and contributions	570,813	422,765	489,541	200,065	1,060,354	622,830
General Revenues:						
Income taxes	7,911,246	7,965,860	0	0	7,911,246	7,965,860
Other local taxes	1,788,046	1,923,930	0	0	1,788,046	1,923,930
Motor vehicle and gasoline taxes	1,636,792	1,013,936	0	0	1,636,792	1,013,936
Shared revenues	1,295,779	1,826,091	0	0	1,295,779	1,826,091
Investment earnings	139,560	92,197	0	0	139,560	92,197
Miscellaneous	275,952	333,015	0	0	275,952	333,015
Total revenues	\$16,980,185	\$16,902,922	\$7,809,594	\$7,400,524	\$24,789,779	\$24,303,446
Expenses						
Program Expenses						
General government	\$3,275,929	\$3,454,462	\$0	\$0	\$3,275,929	\$3,454,462
Public safety	9,902,921	9,944,365	0	0	9,902,921	9,944,365
Health	54,859	71,091	0	0	54,859	71,091
Highways and streets	2,065,965	1,892,865	0	0	2,065,965	1,892,865
Community development	284,235	319,046	0	0	284,235	319,046
Recreation	461,068	554,594	0	0	461,068	554,594
Debt service:						
Interest and fiscal charges	99,891	98,125	0	0	99,891	98,125
Water	0	0	2,429,236	2,463,686	2,429,236	2,463,686
Sewer	0	0	3,375,684	3,543,124	3,375,684	3,543,124
Sanitation	0	0	1,428,649	1,448,341	1,428,649	1,448,341
Other enterprise funds	0	0	167,506	470,153	167,506	470,153
Total expenses	\$16,144,868	\$16,334,548	\$7,401,075	\$7,925,304	\$23,545,943	\$24,259,852
Total change in net assets						
before transfers	835,317	568,374	408,519	(524,780)	1,243,836	43,594
Transfers	0	(25,000)	0	25,000	0	0
Total change in net assets	835,317	543,374	408,519	(499,780)	1,243,836	43,594
Beginning net assets	40,497,092	39,953,718	18,970,464	19,470,244	59,467,556	59,423,962
Ending net assets	\$41,332,409	\$40,497,092	\$19,378,983	\$18,970,464	\$60,711,392	\$59,467,556

Restated-see Note 4

CITY OF XENIA, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

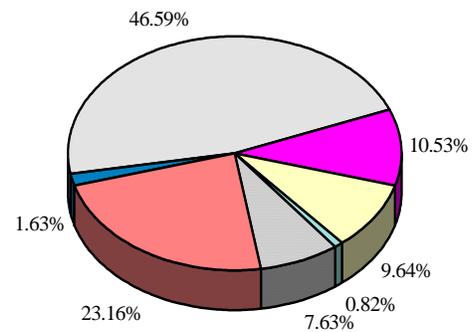
Governmental Activities

Net assets of the City's governmental activities increased by \$835,317. This increase is in part due to an increase in revenue and a decrease in expenditures due to budget reductions (including a personnel cut).

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 10.5% and 46.5% respectively of revenues for governmental activities for the City in fiscal year 2004. The City's reliance upon tax revenues is demonstrated by the following graph indicating 66.7% of total revenues from general tax revenues.

Revenue Sources	2004	Percent of Total
Municipal income taxes	\$7,911,246	46.59%
Other local taxes	1,788,046	10.53%
Motor vehicle and gas taxes	1,636,792	9.64%
Investment earnings	139,560	0.82%
Shared revenues	1,295,779	7.63%
Program revenues	3,932,810	23.16%
Miscellaneous	275,952	1.63%
Total Revenue	\$16,980,185	100.00%



Business-Type Activities

Net assets of the business-type activities increased \$408,519. This increase was due, in part, to water and sewer rate increases which went into effect in 2004 and a decrease in expenditures due to budget reductions (including a personnel cut).

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$7,097,331 which is an increase from last year's balance of \$6,181,344. The schedule below indicates the fund balance and the total change in fund balance as of December 31, 2004 and 2003:

	Fund Balance December 31, 2004	Fund Balance December 31, 2003	Increase (Decrease)
General	\$4,060,244	\$4,007,627	\$52,617
State Gas & Vehicle License	136,254	104,395	31,859
Capital Improvements	1,404,147	719,399	684,748
Other Governmental	1,496,686	1,349,923	146,763
Total	\$7,097,331	\$6,181,344	\$915,987

Restated-see Note 4

CITY OF XENIA, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

	2004 <u>Revenues</u>	2003 <u>Revenues*</u>	Increase <u>(Decrease)</u>
Municipal income taxes	\$8,016,918	\$7,856,461	\$160,457
Other local taxes	1,520,132	1,616,998	(96,866)
State shared taxes and permits	1,705,793	1,756,996	(51,203)
Special assessments	27,037	12,846	14,191
Intergovernmental grants	146,557	114,554	32,003
Charges for services	1,468,784	762,983	705,801
Fines, costs, forfeitures, licenses and permits	1,141,749	1,047,266	94,483
Miscellaneous receipts including interest earnings	365,137	922,929	(557,792)
Total	<u>\$14,392,107</u>	<u>\$14,091,033</u>	<u>\$301,074</u>

*Restated –see Note 4

General Fund - General Fund revenues in 2004 increased approximately 2.1% compared to revenues in fiscal year 2003. The most significant factor contributing to this increase was higher charges for services attributed to the EMS ambulance fees and higher income tax collections.

	2004 <u>Expenditures</u>	2003 <u>Expenditures</u>	Increase <u>(Decrease)</u>
General government	\$2,782,039	\$2,653,884	\$128,155
Public safety	9,456,405	9,427,917	28,488
Health	53,237	70,285	(17,048)
Highways and streets	252,475	248,972	3,503
Community development	265,626	299,088	(33,462)
Recreation	365,539	459,369	(93,830)
Total	<u>\$13,175,321</u>	<u>\$13,159,515</u>	<u>\$15,806</u>

*Restated –see Note 4

Recreation expenditures decreased by \$93,830 or 20.4% from last year. This was largely due to budget cuts and a change in personnel charged to recreation. Overall, General Fund expenditures only increased \$15,806 or .1% over the prior year due the budget cuts including personnel reductions at the end of 2003.

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.

See page 10 for a discussion of additional appropriations to the General Fund.

CITY OF XENIA, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

For the General Fund, final budget basis revenue of \$14.3 million did not significantly change over the original budget estimates of \$14.1 million. The General Fund had an adequate fund balance to cover expenditures.

Capital Improvement Fund - The City's General Capital Improvement Fund balance decrease is due to declining revenue to fund capital improvement projects. The tables that follow assist in illustrating the financial activities and balance of the General Capital Improvement fund.

	2004 <u>Revenues</u>	2003 <u>Revenues *</u>	Increase <u>(Decrease)</u>
Other Local Taxes	\$42,651	\$40,094	\$2,557
Special Assessments		52	(52)
Intergovernmental Grants	1,690	653,132	(651,442)
Charges for Services	40,110	53,068	(12,958)
Miscellaneous Receipts			0
including interest earnings	134,896	192,632	(57,736)
Total	<u>\$219,347</u>	<u>\$938,978</u>	<u>(\$719,631)</u>

*Restated –see Note 4

Capital Improvement Fund revenues decreased approximately 76.6% compared to revenues in fiscal year 2003. The most significant factor related to this decrease was lower intergovernmental grants. Intergovernmental grants decreased because the City received all of the grant funds for the repaving of a major thoroughfare in the City in 2003.

	2004 <u>Expenditures</u>	2003 <u>Expenditures</u>	Increase <u>(Decrease)</u>
Capital Outlay	\$521,369	\$2,098,550	(\$1,577,181)
Debt Service:			
Principal retirement	140,537	171,484	(30,947)
Interest & Fiscal Charges	31,272	22,672	8,600
Total	<u>\$693,178</u>	<u>\$2,292,706</u>	<u>(\$1,599,528)</u>

Capital improvement fund expenditures decreased by 69.8% over the prior year due to very few capital purchases made in 2004 because of a low fund balance.

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 2004 the City was able to make a transfer of \$1,000,000 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.

CITY OF XENIA, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

Enterprise Funds – The City's enterprise funds reported a net assets balance of \$19,347,043 which is an increase from last year's balance of \$18,946,400. The schedule below indicates the net assets balance and the total change in net assets by activity as of December 31, 2004 and 2003.

	Net Assets Balance December 31, 2004	Net Assets Balance December 31, 2003	* Increase (Decrease)
Water	\$8,939,691	\$8,758,794	\$180,897
Sewer	9,330,321	9,119,519	210,802
Sanitation	(131,683)	(225,953)	94,270
Other Enterprise	1,208,714	1,294,040	(85,326)
Total	\$19,347,043	\$18,946,400	\$400,643

*Restated –see Note 4

Net assets increased by \$180,897 and \$210,802 for water and sewer, respectively. The increase in water and sewer accounts for 97.8% of the overall net asset increase in the enterprise funds. The net asset increase in both water and sewer can be attributed to higher non-operating revenues as a result of higher capital contributions. Water and sewer rate increases also have increased the net asset balances in the water and sewer funds in 2004.

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

	Water			Sewer		
	2004	2003*	Increase (Decrease)	2004	2003*	Increase (Decrease)
Operating Revenues	\$2,401,012	\$2,271,790	\$129,222	\$3,174,660	\$3,047,315	\$127,345
Non-Operating Revenues	211,760	144,791	66,969	414,465	80,845	333,620
Total	\$2,612,772	\$2,416,581	\$196,191	\$3,589,125	\$3,128,160	\$460,965
Operating Expenses	\$2,431,875	\$2,461,149	(\$29,274)	\$3,158,277	\$3,305,335	(\$147,058)
Non-Operating Expenses	0	0	0	220,046	234,081	(14,035)
Total	\$2,431,875	\$2,461,149	(\$29,274)	\$3,378,323	\$3,539,416	(\$161,093)

*Restated –see Note 4

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year there was a \$1,054,810 increase in appropriations between the original and final amended budget. The main component of this increase is a \$1,000,000 supplemental appropriation to the income tax transfers 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 2004 the City had \$57,462,712 net of accumulated depreciation invested in land, buildings, equipment and vehicles. Of this total, \$35,396,509 was related to governmental activities, and \$22,066,203 to business-type activities. The following table shows fiscal year 2004 and 2003 balances:

	Governmental Activities		Increase (Decrease)
	2004	2003	
Land	\$14,927,850	\$14,739,450	\$188,400
Land Improvements	1,219,738	1,172,613	47,125
Buildings	5,556,146	5,530,923	25,223
Equipment	15,210,308	14,748,851	461,457
Infrastructure	11,411,839	11,022,587	389,252
Construction In Progress	28,500	28,500	0
Less: Accumulated Depreciation	(12,957,872)	(11,942,232)	(1,015,640)
Total	<u>\$35,396,509</u>	<u>\$35,300,692</u>	<u>\$95,817</u>

	Business-Type Activities		Increase (Decrease)
	2004	2003	
Land	\$424,252	\$424,252	\$0
Land Improvements	378,823	377,694	1,129
Buildings	8,289,060	8,284,010	5,050
Equipment	36,206,999	35,262,989	944,010
Construction In Progress	226,155	52,291	173,864
Less: Accumulated Depreciation	(23,459,086)	(21,992,879)	(1,466,207)
Total	<u>\$22,066,203</u>	<u>\$22,408,357</u>	<u>(\$342,154)</u>

Increases in governmental activities assets in equipment were due to the purchase of a new medic unit in the Fire Department. Also, dedicated streets and storm sewers from new developments in the City caused the increase in land, equipment and infrastructure. The large increase in asset value in Business-type activities was due to installation of a UV system at both of our wastewater treatment plants.

As of December 31, 2004, the City has no contractual commitments for construction. Additional information on the City's capital assets can be found in Note 10.

Debt

At December 31, 2004 the City had \$1.22 million in bonds outstanding, \$50,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2004 and 2003:

	<u>2004</u>	<u>2003</u>
Governmental Activities:		
General Obligation Bonds	\$1,220,000	\$1,270,000
Capital Leases Payable	965,571	947,529
Compensated Absences	<u>1,345,813</u>	<u>1,113,584</u>
Total Governmental Activities	3,531,384	3,331,113
Business-Type Activities:		
Landfill Liability	1,223,919	1,261,167
Compensated Absences	366,318	386,190
Loans Payable	<u>7,425,787</u>	<u>7,890,210</u>
Total Business-Type Activities	<u>9,016,024</u>	<u>9,537,567</u>
	<u>\$12,547,408</u>	<u>\$12,868,680</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, 2004, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Notes 12, 13 and 14.

ECONOMIC FACTORS

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

The City continued during 2004 to attract several new businesses and to have several existing businesses expand. In addition, the water and sewer utilities along with the main entrance road have been designed and engineered to serve the 277 plus acres of undeveloped land that was annexed to the City in 2001 for future commercial/industrial development. State funding has been approved to assist in the financing of the construction of the infrastructure for the newly annexed land. There are currently twelve (12) approved single family and condominium residential housing projects in various stages of development in Xenia. At "build out" these projects will add 1,174 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 5.3 percent unemployment rate as compared to a statewide rate of 6.1 percent and a national average of 5.5 percent.

On September 20, 2000, an F4 tornado struck the City leaving a quarter-mile wide path of damage and destruction from its southwest to northeast corporate boundaries. The tornado damaged or destroyed approximately 20 businesses and 300 houses and severely damaged the Xenia Public Service Center that houses most of the City's public service departments. The tornado also destroyed several buildings at the Greene County Fairgrounds. Most of the structures destroyed or damaged were rebuilt or repaired during 2001 and 2002. The Public Service, Community Development, and Engineering Departments moved back into the City's Public Service Center in the spring of 2002.

On October 20, 2000, the City was designated a Project Impact Community by the Federal Emergency Management Agency (FEMA). This designation was unique because Xenia was the first community in the history of the program to be designated a Project Impact Community immediately following a disaster. The City has embraced the philosophy of Project Impact and proven its commitment to disaster resistance by requiring hurricane straps in all new homes and exploring several safe room concepts. Partnerships have been developed with a broad cross section of the community to achieve identified project goals such as: protective window film for schools, weather radios, electrical hook ups for generators to supply power at emergency shelters, and new tornado sirens. The City was awarded a \$200,000 grant from FEMA to provide the financial resources needed to accomplish the Project Impact goals of a more disaster resistant community. This program was completed in 2003.

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, 2004**

	<u>Primary Government</u>			<u>Component Unit</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>XEGC</u>
Assets:				
Cash and cash equivalents	\$ 1,173,889	\$ 991,516	\$ 2,165,405	\$ 64,639
Investments	4,072,039	3,729,469	7,801,508	544,000
Receivables:				
Taxes, including interest, penalties and liens	3,789,761	0	3,789,761	0
Intergovernmental	1,617,225	0	1,617,225	0
Accounts	972,960	1,181,128	2,154,088	0
Special assessments, including liens	123,905	11,217	135,122	0
Loans	0	465,455	465,455	166,207
Accrued interest	61,454	53,813	115,267	1,937
Grants	142,861	0	142,861	0
Allowance for uncollectible accounts	(417,321)	(5,300)	(422,621)	0
Internal balances	(21,357)	21,357	0	0
Inventories	65,696	143,277	208,973	0
Prepaid items	152,097	58,613	210,710	4,273
Capital Assets, net of accumulated depreciation	35,396,509	22,066,203	57,462,712	1,300
Total Assets	47,129,718	28,716,748	75,846,466	782,356
Liabilities:				
Accounts payable	130,061	133,158	263,219	1,325
Accrued payroll	982,696	188,581	1,171,277	45,659
Deferred revenue	1,142,615	0	1,142,615	0
Accrued interest payable	10,553	0	10,553	0
Long-term liabilities:				
Amounts due within one year	467,898	569,286	1,037,184	0
Amounts due in more than one year	3,063,486	8,446,740	11,510,226	0
Total Liabilities	5,797,309	9,337,765	15,135,074	46,984
Net Assets:				
Invested in Capital Assets, Net of Related Debt	33,210,938	14,640,414	47,851,352	1,300
Restricted For:				
Capital Projects	2,440,160	0	2,440,160	0
Debt Service	24,165	0	24,165	0
Other Purposes	4,710,428	0	4,710,428	0
Unrestricted	946,718	4,738,569	5,685,287	734,072
Total Net Assets	\$ 41,332,409	\$ 19,378,983	\$ 60,711,392	\$ 735,372

See accompanying notes to the basic financial statements

CITY OF XENIA, OHIO

**Statement of Activities
For the Year Ended December 31, 2004**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
General government	\$ 3,275,929	\$ 1,481,682	\$ 57,136	\$ 0
Public safety	9,902,921	1,539,810	158,320	1,690
Health	54,859	26,096	0	0
Highways and streets	2,065,965	50	57,473	569,123
Community development	284,235	22,161	0	0
Recreation	461,068	19,269	0	0
Interest and fiscal charges	99,891	0	0	0
Total Governmental Activities	16,144,868	3,089,068	272,929	570,813
Business-Type Activities:				
Water	2,429,236	2,477,131	0	135,641
Sewer	3,375,684	3,235,225	0	353,900
Sanitation	1,428,649	1,525,558	0	0
Other enterprise funds	167,506	82,139	0	0
Total Business-Type Activities	7,401,075	7,320,053	0	489,541
Total primary government	\$ 23,545,943	\$ 10,409,121	\$ 272,929	\$ 1,060,354
Component Unit:				
XEGC	\$ 215,503	\$ 195,199	\$ 0	\$ 0

General Revenues:

Income taxes
 Other local taxes
 Motor vehicle and gas taxes
 Shared revenues
 Investment earnings
 Miscellaneous
 Total General Revenues
 Change in Net Assets
 Net Assets Beginning of Year - Restated
 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 Unit
Governmental Activities	Business-Type Activities	Total	XEGC
\$ (1,737,111)	\$ 0	\$ (1,737,111)	
(8,203,101)	0	(8,203,101)	
(28,763)	0	(28,763)	
(1,439,319)	0	(1,439,319)	
(262,074)	0	(262,074)	
(441,799)	0	(441,799)	
(99,891)	0	(99,891)	
<u>(12,212,058)</u>	<u>0</u>	<u>(12,212,058)</u>	
0	183,536	183,536	
0	213,441	213,441	
0	96,909	96,909	
0	(85,367)	(85,367)	
<u>0</u>	<u>408,519</u>	<u>408,519</u>	
<u>(12,212,058)</u>	<u>408,519</u>	<u>(11,803,539)</u>	
			\$ (20,304)
7,911,246	0	7,911,246	0
1,788,046	0	1,788,046	0
1,636,792	0	1,636,792	0
1,295,779	0	1,295,779	0
139,560	0	139,560	0
275,952	0	275,952	0
<u>13,047,375</u>	<u>0</u>	<u>13,047,375</u>	<u>0</u>
835,317	408,519	1,243,836	(20,304)
<u>40,497,092</u>	<u>18,970,464</u>	<u>59,467,556</u>	<u>755,676</u>
<u>\$ 41,332,409</u>	<u>\$ 19,378,983</u>	<u>\$ 60,711,392</u>	<u>\$ 735,372</u>

CITY OF XENIA, OHIO

**Balance Sheet
Governmental Funds
December 31, 2004**

	General	State Gas and Vehicle License	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and cash equivalents	\$ 561,581	\$ 5,083	\$ 279,054	\$ 315,525	\$ 1,161,243
Investments	1,803,169	18,347	1,080,776	1,122,099	4,024,391
Receivables:					
Taxes, including interest, penalties and liens	3,559,263	0	3,298	227,200	3,789,761
Intergovernmental	929,197	405,000	0	283,028	1,617,225
Accounts	864,938	0	84,395	22,170	971,503
Special assessments, including liens	123,905	0	0	0	123,905
Accrued interest	0	201	45,536	15,717	61,454
Grants	85,389	57,472	0	0	142,861
Allowance for uncollectible accounts	(378,499)	0	(38,822)	0	(417,321)
Inventories	5,860	27,615	0	0	33,475
Prepaid items	119,109	5,749	0	23,457	148,315
Advances to other funds	0	0	14,091	0	14,091
Total Assets	\$ 7,673,912	\$ 519,467	\$ 1,468,328	\$ 2,009,196	\$ 11,670,903
Liabilities:					
Accounts payable	\$ 71,138	\$ 21,704	\$ 3,322	\$ 24,743	\$ 120,907
Accrued payroll	882,808	74,565	0	17,089	974,462
Deferred revenue	2,659,722	286,944	60,859	470,678	3,478,203
Total Liabilities	3,613,668	383,213	64,181	512,510	4,573,572
Fund Balances:					
Reserved for:					
Encumbrances	67,213	6,055	508,090	11,865	593,223
Inventories	5,860	27,615	0	0	33,475
Prepaid items	119,109	5,749	0	23,457	148,315
Advances to other funds	0	0	14,091	0	14,091
Debt service	0	0	0	27,054	27,054
Unreserved and undesignated in:					
General Fund	3,868,062	0	0	0	3,868,062
Special revenue funds	0	96,835	0	969,989	1,066,824
Capital projects funds	0	0	881,966	464,321	1,346,287
Total Fund Balances	4,060,244	136,254	1,404,147	1,496,686	7,097,331
Total Liabilities and Funds Balances	\$ 7,673,912	\$ 519,467	\$ 1,468,328	\$ 2,009,196	\$ 11,670,903

See accompanying notes to the basic financial statements

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2004***

Total Governmental Fund Balances	\$ 7,097,331
<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.	35,388,515
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.	2,335,588
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(3,521,688)
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>32,663</u>
<i>Net Assets of Governmental Funds</i>	<u><u>\$ 41,332,409</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, 2004**

	General	State Gas and Vehicle License	Capital Improvements	Other Governmental Funds	Total Governmental Funds
Revenues:					
Municipal income tax	\$ 8,016,918	\$ 0	\$ 0	\$ 0	\$ 8,016,918
Other local taxes	1,520,132	0	42,651	225,263	1,788,046
State shared taxes and permits	1,705,793	884,916	0	370,511	2,961,220
Special assessments	27,037	0	0	0	27,037
Intergovernmental grants	146,557	0	1,690	93,259	241,506
Charges for services	1,468,784	0	40,110	0	1,508,894
Fines, costs, forfeitures, licenses and permits	1,141,749	0	0	217,597	1,359,346
Miscellaneous receipts and reimbursements, including interest	365,137	2,157	134,896	132,794	634,984
Total Revenue	14,392,107	887,073	219,347	1,039,424	16,537,951
Expenditures:					
Current:					
General government	2,782,039	0	0	316,453	3,098,492
Public safety	9,456,405	0	0	101,023	9,557,428
Health	53,237	0	0	0	53,237
Highways and streets	252,475	984,738	0	100,438	1,337,651
Community development	265,626	0	0	0	265,626
Recreation	365,539	0	0	11,149	376,688
Capital outlay	0	0	521,369	277,125	798,494
Debt service:					
Principal retirement	0	0	140,537	50,000	190,537
Interest & fiscal charges	0	0	31,272	69,473	100,745
Total Expenditures	13,175,321	984,738	693,178	925,661	15,778,898
Excess (deficiency) of revenues over expenditures	1,216,786	(97,665)	(473,831)	113,763	759,053
Other financing sources (uses):					
Transfers in	0	130,000	1,000,000	33,000	1,163,000
Transfers out	(1,163,000)	0	0	0	(1,163,000)
Other Financing Sources- Capital Leases	0	0	158,579	0	158,579
Total other financing sources (uses)	(1,163,000)	130,000	1,158,579	33,000	158,579
Net change in fund balances	53,786	32,335	684,748	146,763	917,632
Fund Balances at Beginning of Year - Restated	4,007,627	104,395	719,399	1,349,923	6,181,344
Decrease in inventory reserve	(1,169)	(476)	0	0	(1,645)
Fund Balances End of Year	\$ 4,060,244	\$ 136,254	\$ 1,404,147	\$ 1,496,686	\$ 7,097,331

See accompanying notes to the basic financial statements

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For The Fiscal Year Ended December 31, 2004***

Net Change in Fund Balances - Total Governmental Funds	\$ 917,632
<i>Amounts reported for governmental activities in the statement of activities are different because</i>	
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 .	113,172
Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. This is the amount of the loss on the disposal of fixed assets.	(13,655)
Revenues and transfers in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(126,539)
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.	190,537
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.	(158,579)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	854
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.	(93,052)
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.	4,947
<i>Change in Net Assets of Governmental Activities</i>	<u>\$ 835,317</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)
General Fund
For the Year Ended December 31, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Municipal Income Tax	\$ 7,931,976	\$ 7,931,976	\$ 7,772,336	\$ (159,640)
Other Local Taxes	1,375,698	1,417,698	1,422,132	4,434
State Shared Taxes and Permits	1,820,904	1,820,904	1,768,300	(52,604)
Special Assessments	20,000	20,000	27,037	7,037
Intergovernmental Grants	127,420	146,563	163,024	16,461
Charges for Services	1,362,750	1,512,750	1,497,901	(14,849)
Fines, Costs, Forfeitures, Licenses and Permits	1,126,850	1,126,850	1,146,775	19,925
Miscellaneous Receipts and Reimbursements, including Interest	380,728	359,753	343,069	(16,684)
Total Revenues	<u>14,146,326</u>	<u>14,336,494</u>	<u>14,140,574</u>	<u>(195,920)</u>
Expenditures:				
Current:				
General Government	2,944,096	2,988,357	2,767,751	220,606
Public Safety	9,774,072	9,784,621	9,283,997	500,624
Health	74,075	74,075	61,877	12,198
Highways and Streets	253,075	253,075	250,014	3,061
Community Development	285,879	285,879	263,594	22,285
Recreation	418,324	418,324	376,910	41,414
Total Expenditures	<u>13,749,521</u>	<u>13,804,331</u>	<u>13,004,143</u>	<u>800,188</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	396,805	532,163	1,136,431	604,268
Other Financing Sources (Uses):				
Transfers Out	<u>(342,500)</u>	<u>(1,342,500)</u>	<u>(1,163,000)</u>	<u>179,500</u>
Total Other Financing Sources (Uses):	<u>(342,500)</u>	<u>(1,342,500)</u>	<u>(1,163,000)</u>	<u>179,500</u>
Net Change in Fund Balance	54,305	(810,337)	(26,569)	783,768
Fund Balance at Beginning of Year - Restated	2,059,883	2,059,883	2,059,883	0
Prior Year Encumbrances	<u>171,727</u>	<u>171,727</u>	<u>171,727</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,285,915</u>	<u>\$ 1,421,273</u>	<u>\$ 2,205,041</u>	<u>\$ 783,768</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, 2004**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues:				
State Shared Taxes and Permits	\$ 778,000	\$ 783,262	\$ 826,655	\$ 43,393
Charges for Services	1,000	1,000	0	(1,000)
Miscellaneous Receipts and Reimbursements, including Interest	4,500	4,500	2,266	(2,234)
Total Revenues	<u>783,500</u>	<u>788,762</u>	<u>828,921</u>	<u>40,159</u>
Expenditures:				
Current:				
Highways and Streets	<u>1,053,432</u>	<u>1,058,694</u>	<u>971,791</u>	<u>86,903</u>
Total Expenditures	<u>1,053,432</u>	<u>1,058,694</u>	<u>971,791</u>	<u>86,903</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(269,932)	(269,932)	(142,870)	127,062
Other Financing Sources (Uses):				
Transfers In	<u>300,000</u>	<u>300,000</u>	<u>130,000</u>	<u>(170,000)</u>
Total Other Financing Sources (Uses):	<u>300,000</u>	<u>300,000</u>	<u>130,000</u>	<u>(170,000)</u>
Net Change in Fund Balance	30,068	30,068	(12,870)	(42,938)
Fund Balance at Beginning of Year - Restated	(19,677)	(19,677)	(19,677)	0
Prior Year Encumbrances	<u>28,761</u>	<u>28,761</u>	<u>28,761</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 39,152</u>	<u>\$ 39,152</u>	<u>\$ (3,786)</u>	<u>\$ (42,938)</u>

See accompanying notes to the basic financial statements

CITY OF XENIA, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2004**

	Business-type activities - Enterprise Funds		
	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 440,589	\$ 272,475	\$ 160,854
Investments	1,643,626	1,046,582	600,780
Receivables:			
Accounts	392,693	646,677	141,252
Special assessments, including liens	0	0	0
Loans	0	0	0
Accrued interest	21,523	17,411	8,785
Allowance for uncollectible accounts	(2,100)	(2,100)	(1,100)
Inventories	132,801	10,476	0
Prepaid items	30,862	22,496	4,006
Total Current Assets	<u>2,659,994</u>	<u>2,014,017</u>	<u>914,577</u>
Noncurrent Assets:			
Unrestricted:			
Loans receivable (net of current)	0	0	0
Capital Assets (net of accumulated depreciation)	6,569,156	14,997,137	314,698
Total Noncurrent Assets	<u>6,569,156</u>	<u>14,997,137</u>	<u>314,698</u>
Total Assets	<u>9,229,150</u>	<u>17,011,154</u>	<u>1,229,275</u>
Liabilities:			
Current Liabilities:			
Accounts payable	18,269	33,627	81,078
Accrued payroll	85,883	82,809	16,674
Advances from Other Funds	0	0	0
Loan payable	0	464,424	0
Compensated Absences	16,883	13,974	3,652
Landfill liability - current	0	0	70,074
Total Current Liabilities	<u>121,035</u>	<u>594,834</u>	<u>171,478</u>
Noncurrent Liabilities			
Compensated Absences	168,424	124,634	35,635
Loans payable	0	6,961,365	0
Landfill liability - noncurrent	0	0	1,153,845
Total Noncurrent Liabilities	<u>168,424</u>	<u>7,085,999</u>	<u>1,189,480</u>
Total Liabilities	<u>289,459</u>	<u>7,680,833</u>	<u>1,360,958</u>
Net Assets:			
Invested in Capital Assets, net of debt	6,569,156	7,571,348	314,698
Unrestricted	2,370,535	1,758,973	(446,381)
Total Net Assets	<u>\$ 8,939,691</u>	<u>\$ 9,330,321</u>	<u>\$ (131,683)</u>

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

<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
\$ 116,101	\$ 990,019	\$ 14,143
432,924	3,723,912	53,205
506	1,181,128	1,457
11,217	11,217	0
63,000	63,000	0
6,094	53,813	0
0	(5,300)	0
0	143,277	32,221
533	57,897	4,498
<u>630,375</u>	<u>6,218,963</u>	<u>105,524</u>
402,455	402,455	0
182,215	22,063,206	10,991
<u>584,670</u>	<u>22,465,661</u>	<u>10,991</u>
<u>1,215,045</u>	<u>28,684,624</u>	<u>116,515</u>
0	132,974	9,338
3,215	188,581	8,233
0	0	14,091
0	464,424	0
279	34,788	2,015
0	70,074	0
<u>3,494</u>	<u>890,841</u>	<u>33,677</u>
2,837	331,530	18,234
0	6,961,365	0
0	1,153,845	0
<u>2,837</u>	<u>8,446,740</u>	<u>18,234</u>
<u>6,331</u>	<u>9,337,581</u>	<u>51,911</u>
182,215	14,637,417	10,991
1,026,499	4,709,626	53,613
<u>\$ 1,208,714</u>	<u>19,347,043</u>	<u>\$ 64,604</u>
	10,583	
	21,357	
	<u>\$ 19,378,983</u>	

CITY OF XENIA, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2004**

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>
Operating revenues:			
Charges for services	<u>\$ 2,401,012</u>	<u>\$ 3,174,660</u>	<u>\$ 1,442,044</u>
Operating expenses:			
Personnel services	1,442,920	1,398,666	275,614
General operating	2,586	5,010	0
Contractual services	460,577	572,889	1,057,804
Materials and supplies	119,715	174,489	2,513
Depreciation	392,377	993,523	95,357
Non-governmental	<u>13,700</u>	<u>13,700</u>	<u>0</u>
Total expenditures	<u>2,431,875</u>	<u>3,158,277</u>	<u>1,431,288</u>
Operating income (loss)	(30,863)	16,383	10,756
Non-operating revenues:			
Interest revenue	49,822	30,385	17,152
Capital contributions	135,641	353,900	0
Other	26,297	30,180	66,362
Total Non-operating revenue	<u>211,760</u>	<u>414,465</u>	<u>83,514</u>
Non-operating expenses:			
Interest expense	<u>0</u>	<u>220,046</u>	<u>0</u>
Total Non-Operating Expenses	<u>0</u>	<u>220,046</u>	<u>0</u>
Change in Net Assets	180,897	210,802	94,270
Net assets, beginning of year - Restated	<u>8,758,794</u>	<u>9,119,519</u>	<u>(225,953)</u>
Net assets, end of year	<u>\$ 8,939,691</u>	<u>\$ 9,330,321</u>	<u>\$ (131,683)</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

Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$ 70,299	\$ 7,088,015	\$ 553,346
49,897	3,167,097	138,747
69	7,665	5,602
19,541	2,110,811	147,179
2,245	298,962	246,150
6,007	1,487,264	3,911
89,747	117,147	0
<u>167,506</u>	<u>7,188,946</u>	<u>541,589</u>
(97,207)	(100,931)	11,757
11,881	109,240	(391)
0	489,541	0
0	122,839	1,457
<u>11,881</u>	<u>721,620</u>	<u>1,066</u>
<u>0</u>	<u>220,046</u>	<u>0</u>
<u>0</u>	<u>220,046</u>	<u>0</u>
(85,326)	400,643	12,823
<u>1,294,040</u>	<u>18,946,400</u>	<u>51,781</u>
<u>\$ 1,208,714</u>	<u>\$ 19,347,043</u>	<u>\$ 64,604</u>
	\$ 400,643	
	4,480	
	<u>3,396</u>	
	<u>\$ 408,519</u>	

CITY OF XENIA, OHIO

**Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2004**

	<u>Business-Type Activities - Enterprise Funds</u>		
	<u>Water</u>	<u>Sewer</u>	<u>Sanitation</u>
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$2,417,813	\$3,082,114	\$1,467,206
Cash Payments for Goods and Services	(603,023)	(773,380)	(1,102,036)
Cash Payments to Employees	(1,458,234)	(1,381,557)	(271,004)
Net Cash Provided (Used) by Operating Activities	<u>356,556</u>	<u>927,177</u>	<u>94,166</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers Out to Other Funds	0	0	0
Net Cash (Used) by Noncapital Financing Activities	<u>0</u>	<u>0</u>	<u>0</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Intergovernmental Grants	0	0	0
Acquisition and Construction of Assets	(63,720)	(588,855)	0
Principal Paid on Loans	0	(464,421)	0
Interest Paid on All Debt	0	(220,046)	0
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(63,720)</u>	<u>(1,273,322)</u>	<u>0</u>
<u>Cash Flows from Investing Activities:</u>			
Sale of Investments	0	308,517	0
Purchase of Investments	(189,310)	0	(59,044)
Receipts of Interest	51,824	45,110	19,534
Net Cash Provided (Used) by Investing Activities	<u>(137,486)</u>	<u>353,627</u>	<u>(39,510)</u>
Net Increase in Cash and Cash Equivalents	155,350	7,482	54,656
Cash and Cash Equivalents at Beginning of Year - Restated	285,139	264,993	106,198
Cash and Cash Equivalents at End of Year	<u>\$440,489</u>	<u>\$272,475</u>	<u>\$160,854</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>			
Operating Income (Loss)	(\$30,863)	\$16,383	\$10,756
Adjustments to Reconcile Operating (Loss) to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	392,377	993,523	95,357
Income - Other Nonoperating	36,312	42,078	63,366
Changes in Assets and Liabilities:			
Decrease in Principal Receivable	0	0	0
Increase in Interest Receivable	0	0	0
Decrease in Accounts Receivable	0	0	0
Increase in Utilities Receivable	(19,411)	(134,624)	(38,204)
(Increase) Decrease in Prepaid Items	3,303	696	387
(Increase) Decrease in Inventory	(5,192)	6,266	0
Decrease in Landfill Liability	0	0	(37,248)
Increase in Accounts Payable	(4,556)	(13,191)	(4,858)
Increase (Decrease) in Accrued Payroll	28,944	30,243	6,346
Increase (Decrease) in Compensated Absences	(44,258)	(14,197)	(1,736)
Total Adjustments	<u>387,519</u>	<u>910,794</u>	<u>83,410</u>
Net Cash Provided (Used) by Operating Activities	<u>\$356,656</u>	<u>\$927,177</u>	<u>\$94,166</u>

Schedule of Noncash Investing, Capital and Financing Activities:

During 2004, the water fund received \$135,641 and the sewer fund received \$353,900 of capital assets through contributions.

See accompanying notes to the basic financial statements

CITY OF XENIA, OHIO

Other Enterprise Funds	Total Enterprise Funds	Internal Service Funds
\$135,424	\$7,102,557	\$554,534
(89,768)	(2,568,207)	(412,345)
(50,313)	(3,161,108)	(132,613)
(4,657)	1,373,242	9,576
0	0	(4,490)
0	0	(4,490)
85,493	85,493	0
0	(652,575)	(1,730)
0	(464,421)	0
0	(220,046)	0
85,493	(1,251,549)	(1,730)
0	308,517	1,280
(52,687)	(301,041)	(975)
13,398	129,866	0
(39,289)	137,342	305
41,547	259,035	3,661
74,554	730,884	10,482
\$116,101	\$989,919	\$14,143
(\$97,207)	(\$100,931)	\$11,757
6,007	1,487,264	3,911
0	141,756	0
94,306	94,306	0
(39)	(39)	0
735	735	1,188
0	(192,239)	0
(85)	4,301	(497)
0	1,074	2,987
0	(37,248)	0
(7,958)	(30,563)	(15,904)
(416)	65,117	4,080
0	(60,191)	2,054
92,550	1,474,273	(2,181)
(\$4,657)	\$1,373,342	\$9,576

CITY OF XENIA, OHIO

**Statement of Net Assets
Fiduciary Funds
December 31, 2004**

	<u>Agency Funds</u>
Assets:	
Cash and cash equivalents	\$ 161,614
Total Assets	<u>161,614</u>
Liabilities:	
Restricted deposits	<u>161,614</u>
Total Liabilities	<u>161,614</u>
Net Assets	<u><u>\$ 0</u></u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

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, 2004 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, 2004***

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 2004 was \$174,400. XEGC's board is appointed by the City Council and XEGC is considered legally separate from the City. The City has the ability to impose its will on XEGC by removing XEGC board members and modifying their budget. The City is legally entitled to access XEGC's resources and provides a majority of its funding, making XEGC fiscally dependant on the City. A separately issued audit report containing financial statements is available from XEGC at 181 W. Main Street, Xenia, Ohio 45385.

B. Basis of Presentation - Fund Accounting

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

The City reports the following major governmental funds:

General Fund - This fund is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the limitations of the City Charter. Effective this year the Municipal Income Tax Fund, which accounts for the collection of the municipal income tax, was combined with the General Fund (see Note 4).

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.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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 by one department or agency to other departments or agencies of the City on a cost-reimbursement basis.

Agency 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 agency funds account for municipal court collections that are distributed to various local governments, petty cash funds and insurance deposits. 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.

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.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

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, 2004 but which are not intended to finance 2004 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred 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 Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets and Budgetary Accounting (Continued)

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 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, 2004 on the GAAP basis to the budget basis are as follows:

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets and Budgetary Accounting (continued)

	Net Change in Fund Balances	
	General Fund	State Gas and Vehicle License Fund
GAAP Basis (as reported)	\$53,786	\$32,335
Asset Accruals	(251,533)	(30,801)
Liability Accruals	259,915	12,947
Outstanding Encumbrances	(88,737)	(27,351)
Budget Basis	<u>(\$26,569)</u>	<u>(\$12,870)</u>

F. Cash and Cash Equivalents

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

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City reports its investments at fair value, except for nonparticipating investment contracts (certificates of deposit and repurchase agreements) which are reported at cost, which approximates fair value. All investment income, including changes in the fair value of investments, are recognized as revenue in the operating statements. Fair value is determined by quoted market prices. During 2004, the Capital Improvements Fund was allocated approximately \$56,594 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.

The City invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 2004. 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, 2004.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2004, 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.

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:

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation (Continued)

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

K. Long-Term Obligations

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

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

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, that portion of unpaid compensated absences expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid. The noncurrent portion of the liability is not reported.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Estimates

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

S. Allocation of Indirect Expenses

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

T. Provision for loan losses

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

NOTE 2 – DEFICIT FUND EQUITY

The fund deficit at December 31, 2004 of \$131,683 in the Sanitation 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.

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

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

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

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

Capital Assets not reported in funds:

Capital Assets used in governmental activities	\$35,388,515
Total	<u>\$35,388,515</u>

Other long-term assets not available to pay for current-period expenditures:

Delinquent Income Tax Revenue	\$742,728
Shared Revenues	1,193,399
Special Assessment Revenue	85,083
Charges for Services	287,572
Miscellaneous	26,806
Total	<u>\$2,335,588</u>

Long-Term liabilities not reported in the funds:

General Obligation Bonds Payable	(\$1,220,000)
Accrued Interest on Long-Term Debt	(10,553)
Capital Leases Payable	(965,571)
Compensated Absences Payable- Government Activities	(1,325,564)
Total	<u>(\$3,521,688)</u>

Amount of City Garage Internal Service fund applicable to government activities:

City Garage Fund Net Assets at year end	\$54,021
Portion of City Garage Fund allocated to business-type activities	(21,358)
Total	<u>\$32,663</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

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

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

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

Amount capital outlay exceeded depreciation in the current period:

Capital Outlay	\$931,844
General Government Expense	(230,219)
Public Safety Expense	(344,552)
Highways and Streets Expense	(490,855)
Community Development Expense	(12,950)
Recreation Expense	(81,115)
Capital Contributions received by government activities	341,019
Total	<u>\$113,172</u>

Governmental revenues not reported in the funds:

Decrease in Delinquent Income Tax Revenue	(\$105,672)
Increase in Shared Revenue	28,824
Decrease in Special Assessment Revenue	(4,319)
Decrease in Intergovernmental Grants	(24,360)
Decrease in Charges for Services	(16,506)
Decrease in Miscellaneous Revenues	(4,506)
Total	<u>(\$126,539)</u>

Expenses not requiring the use of current financial resources:

Increase in Compensated Absences Payable	(\$91,407)
Decrease in supplies inventory	(1,645)
Increase in Compensated Absences Payable-City Garage	0
Total	<u>(\$93,052)</u>

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

City Garage Internal Service Fund change in net assets	\$8,343
Portion of Internal Service fund change in net assets allocated to business type activities	(3,396)
Total	<u>\$4,947</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 4 – RESTATEMENT OF FUND BALANCE/NET ASSETS

A. Prior period adjustments

Prior period adjustments are the net effect of changes resulting from the correction of an error. Because such amounts are the product of errors from a prior period, they are not properly included as part of the results of operations of the current period, rather are reported as a direct adjustment to beginning fund balance/net assets to restate that amount to what it would have been had the error not occurred.

The City recorded five prior period restatements in fiscal year 2004 as a result of the following:

1. The City used 1/12 of the compensated absences balance as a fund liability in the governmental funds when only payouts on terminations that took place during the fiscal year should have been used.
2. Fair market value on investments was adjusted between three capital funds when it should have been adjusted over all funds.
3. For accounts receivable in the proprietary funds a portion of the February billing should have been recorded as a receivable for 2003. The City only recorded the outstanding balance as of December 31, 2003 plus the January billing.
4. For grants receivable in the proprietary funds two grants should not have been recorded in 2003.
5. Some of the investments were not amortized in previous years and did not show the investments at cost.

B. Changes in accounting principle

Changes in accounting principle occur when: 1) a new GAAP Standard is implemented; 2) a government decides to use an alternative accounting principle permitted by GAAP; or 3) a government changes its application of an accounting principle. GAAP for state and local governments direct that all three of these changes in accounting principles be treated as a direct adjustment to beginning fund balance/net assets, essentially in the same manner as a prior period adjustment.

The City recorded one change in accounting principle in fiscal year 2004. The City opted to begin using the direct write-off method to account for uncollectible loans in lieu of calculating an allowance for uncollectible loans.

C. Fund Reclassification

The Municipal Income Tax Fund is utilized as a pass-through fund to collect income tax receipts from residents and subsequently distribute those receipts to the appropriate funds. In fiscal year 2004, for financial statement presentation only, the City opted to merge the Municipal Income Tax Fund into the General Fund.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 4 – RESTATEMENT OF FUND BALANCE/NET ASSETS (Continued)

C. Fund Reclassification (Continued)

The effects of these restatements/reclassification are presented below:

Governmental Fund Financial Statements:

	General Fund	Municipal Income Tax	State Gas and Vehicle License	Capital Improvements	Other Governmental
Fund Balance, December 31, 2003	\$ 1,301,668	\$ 2,618,312	\$ 104,538	\$ 684,452	\$ 1,370,101
Municipal Income Tax reclassification	2,618,312	(2,618,312)	0	0	0
Compensated absences	122,813	0	0	0	0
Fair market value adjustment	0	0	0	44,853	0
Investments at cost	(35,166)	0	(143)	(9,906)	(20,178)
Fund Balance, January 1, 2004	<u>\$ 4,007,627</u>	<u>\$ 0</u>	<u>\$ 104,395</u>	<u>\$ 719,399</u>	<u>\$ 1,349,923</u>

Proprietary Fund Financial Statements:

	Water	Sewer	Sanitation	Other Enterprise	Internal Service
Net Assets, December 31, 2003	\$ 8,660,881	\$ 8,975,721	\$ (215,678)	\$ 1,278,677	\$ 52,794
Accounts receivable	80,648	124,584	0	0	0
Fair market value	44,853	44,853	0	0	0
Allowance for uncollectible accounts	0	0	0	318,937	0
Grants receivable	0	0	0	(296,360)	0
Investments at cost	(27,588)	(25,639)	(10,275)	(7,214)	(1,013)
Net Assets, January 1, 2004	<u>\$ 8,758,794</u>	<u>\$ 9,119,519</u>	<u>\$ (225,953)</u>	<u>\$ 1,294,040</u>	<u>\$ 51,781</u>

Entity-Wide Financial Statements:

	Governmental Activities	Business-Type Activities
Net Assets, December 31, 2003	\$ 40,525,779	\$ 18,723,751
Compensated absences	(7,220)	0
Fair market value	44,853	89,706
Accounts receivable	0	205,232
Allowance for uncollectible accounts	0	318,937
Grants receivable	0	(296,360)
Investments at cost	(66,320)	(70,802)
Net Assets, January 1, 2004	<u>\$ 40,497,092</u>	<u>\$ 18,970,464</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS

The City maintains a cash deposit and investment pool for all funds. Each fund's share of cash deposits and investments is shown separately on the balance sheets as "cash and cash equivalents" and "investments," respectively. For disclosure under Statement No. 3 of the Government Accounting Standards Board, all certificates of deposit are included under the caption "cash deposits" and treasury, federal securities, and instrumentalities are listed as "investments". Income accrued on cash deposits and investments is shown collectively by fund on the balance sheets as "accrued interest receivable."

Deposits:

- Category 1 Insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 Collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investments:

- Category 1 Insured or registered, or securities held by the City or its agent in the City's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

A. Deposits

At December 31, 2004, the carrying amount of the City and Component Unit cash deposits was \$2,738,014 and \$608,639 respectively and the bank balance was \$2,638,477 and \$600,410 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. Deposits collateralized under the collateral pool system are defined as Risk Category 3 by GASB Statement 3. The cash deposits are held in certificates of deposit and interest-bearing demand deposit and savings accounts.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 5 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The City of Xenia, Ohio Investment Policy adopted by the City Council in 1998 authorize the City to invest in the State Treasury Asset Reserve of Ohio (STAR Ohio), certificates of deposit, repurchase agreements, United States treasury bills and notes, obligations of federal agencies and instrumentalities, bankers' acceptances, and commercial paper of the highest rating. The above legislative investment policy applies to all funds and fund types.

The City's investments at December 31, 2004 are summarized below:

<u>Categorized Investments</u>	<u>Category 2</u>	<u>Fair Value</u>
U.S. Government Securities	\$7,125,422	\$7,125,422
<u>Non-Categorized Investments</u>		
Star-Ohio	0	552
Money Market	0	264,539
Total Non-Categorized Investments	0	265,091
Total Investments	<u>\$7,125,422</u>	<u>\$7,390,513</u>

C. Reconciliation of Cash, Cash Equivalents, and Investments

The classification of cash, cash equivalents and investments on the combined financial statements were based on criteria set forth in GASB Statement No. 9. Repurchase agreements and certificates of deposit with an original maturity of three months or less were treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note were based on criteria set forth in GASB Statement No. 3.

A reconciliation between classifications of cash and investments on the financial statements and classifications per items A and B of this note are as follows:

	<u>Cash and Cash Equivalents*</u>	<u>Investments*</u>
Per Combined Balance Sheet	\$2,391,658	\$8,345,508
Agencies and Treasuries		
(with maturities of less than 3 months)	(523,914)	523,914
Certificates of Deposit		
(with maturities of more than 3 months)	1,744,000	(1,744,000)
Non-Categorized Investments	<u>(265,091)</u>	<u>265,091</u>
Per GASB Statement No. 3	<u>\$3,346,653</u>	<u>\$7,390,513</u>

*Includes XEGC Balances

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 6 - 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, 2003
Lien date	January 1, 2004
Tax bill mailed	January 19, 2004
First installment payment due	February 17, 2004
Second installment payment due	July 14, 2004

The assessed values upon which 2004 tax receipts were based, are as follows:

	Assessed Values
	<u>January 1, 2003</u>
Real Estate	\$310,181,590
Tangible Personal	<u>39,775,752</u>
Total	<u><u>\$349,957,342</u></u>

The County Treasurer collects property taxes on behalf of taxing districts in the County, including the City of Xenia. Property taxes may be paid in full on February 17 or one-half on February 17 and July 14. 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, 1999. The additional levy is for five years, to be assessed for tax-duplicate years 1999 to 2003, and collected in the fiscal years 2000 through 2004.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 6 - TAXES (Continued)

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.

NOTE 7 – 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, 2004 were:

Loan Type	Loan Fund	Housing Rehabilitation Loan Fund	Xenia Economic Growth Corp.
Down payment assistance loans	\$0	\$19,551	\$0
Mortgage grants	79,330	89,738	0
Rehabilitation loans	0	275,447	0
Job development loans	1,389	0	0
Economic development loans	0	0	166,207
Total Loans receivable	\$80,719	\$384,736	\$166,207

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 loans are payable in monthly installments to 2004 and are repaid in full when the homeowner moves or dies. The City no longer issues mortgage grants or loans from this fund.

Housing Rehabilitation Loan Fund - The City operated a housing rehabilitation program from 1985 to 1987 to improve housing located within the City. This program was funded through Community Development Block Grant funds and offered mortgage grants and low interest loans. The loans were payable in installments through 1995 and were repaid when the homeowner moved or died. The City operated a housing rehabilitation program from 1992 to 1993 that offered deferred loans, mortgage grants, and low interest loans to qualified applicants. The grants and loans were for a ten year period and were completed in 2003. The deferred grants and loans became due prior to the ten year period if the homeowner moved or died.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 7 – LOANS RECEIVABLE (Continued)

The City was awarded a \$600,000 Community Housing Improvement Program (CHIP) Grant in August, 1998. The grant was to end in July of 2000, however, an extension was granted through 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.

NOTE 8 - TRANSFERS

Following is a summary of operating transfers in and out for all funds for 2004:

Fund	Transfer In	Transfer Out
Governmental Funds:		
General Fund (Now includes Income Tax Fund)	\$0	\$1,163,000
State Gas and Vehicle License Tax Fund	130,000	0
Capital Improvements Fund	1,000,000	0
Nonmajor Governmental Funds	33,000	0
Total Governmental Funds	<u>\$1,163,000</u>	<u>\$1,163,000</u>

NOTE 9 - INTERFUND TRANSACTIONS

During the course of normal operations, the City has numerous transactions among funds, most of which are accounted for as transfers among funds, with the exception of internal service funds. These funds are used to account for various supplies and services which are charged back to the appropriate fund on an "as used" basis. The internal service funds record such charges as operating revenues. City funds record payments to internal service funds as operating expenditures or expenses. Current portions of long-term interfund loans are classified as "interfund receivables/payables." Noncurrent portions of long-term interfund loans are classified as "advances to/from other funds."

The following is a summary of interfund transactions at December 31, 2004:

	Advances to Other Funds	Advances from Other Funds
Capital Improvements fund - Capital Projects	\$14,091	\$0
City Garage Fund - Internal Service	0	14,091
Total	<u>\$14,091</u>	<u>\$14,091</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 10 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at December 31, 2004:

Historical Cost:

Class	December 31, 2003	Additions	Deletions	December 31, 2004
Capital assets not being depreciated:				
Land	\$14,739,450	\$188,400	\$0	\$14,927,850
Construction in Progress	28,500	0	0	28,500
Subtotal	14,767,950	188,400	0	14,956,350
Capital assets being depreciated:				
Land improvements	1,172,613	47,125	0	1,219,738
Buildings and improvements	5,530,923	25,223	0	5,556,146
Machinery and Equipment	14,748,851	597,079	(135,622)	15,210,308
Infrastructure	11,022,587	415,036	(25,784)	11,411,839
Subtotal	32,474,974	1,084,463	(161,406)	33,398,031
Total Cost	\$47,242,924	\$1,272,863	(\$161,406)	\$48,354,381

Accumulated Depreciation:

Class	December 31, 2003	Additions	Deletions	December 31, 2004
Land improvements	(\$467,495)	(\$42,635)	\$0	(\$510,130)
Buildings and improvements	(1,703,477)	(142,549)	0	(1,846,026)
Machinery and Equipment	(6,279,277)	(693,107)	135,409	(6,836,975)
Infrastructure	(3,491,983)	(285,099)	12,341	(3,764,741)
Total Depreciation	(\$11,942,232)	(\$1,163,390) *	\$147,750	(\$12,957,872)
Net Value:	\$35,300,692			\$35,396,509

* Depreciation expenses were charged to governmental functions as follows:

General Government	(\$230,219)
Public Safety	(344,552)
Highways and Streets	(490,855)
Community Development	(12,950)
Recreation	(81,115)
Total depreciation expenses recorded within the Governmental Activities	(1,159,691)
Amount of depreciation expense recorded in the internal service fund	(3,699)
Grand total depreciation additions	(\$1,163,390)

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 10 - CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by Category at December 31, 2004:

Historical Cost:

Class	December 31, 2003	Additions	Deletions	December 31, 2004
<i>Capital assets not being depreciated:</i>				
Land	\$424,252	\$0	\$0	\$424,252
Construction in Progress	52,291	226,155	(52,291)	226,155
Subtotal	476,543	226,155	(52,291)	650,407
<i>Capital assets being depreciated:</i>				
Land improvements	377,694	1,129	0	378,823
Buildings and improvements	8,284,010	5,050	0	8,289,060
Machinery and Equipment	35,262,989	965,278	(21,268)	36,206,999
Subtotal	43,924,693	971,457	(21,268)	44,874,882
Total Cost	\$44,401,236	\$1,197,612	(\$73,559)	\$45,525,289

Accumulated Depreciation:

Class	December 31, 2003	Additions	Deletions	December 31, 2004
Land Improvements	(\$230,232)	(\$11,736)	\$0	(\$241,968)
Buildings and Improvements	(3,389,025)	(248,735)	0	(3,637,760)
Machinery and Equipment	(18,373,622)	(1,227,004)	21,268	(19,579,358)
Total Depreciation	(\$21,992,879)	(\$1,487,475)	\$21,268	(\$23,459,086)
<i>Net Value:</i>	\$22,408,357			\$22,066,203

C. Component Unit (XEGC) Capital Assets

Summary by Category at December 31, 2004:

Historical Cost:

Class	December 31, 2003	Additions	Deletions	December 31, 2004
<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, 2003	Additions	Deletions	December 31, 2004
Machinery and Equipment	(\$26,334)	(\$1,810)	\$0	(\$28,144)
Total Depreciation	(\$26,334)	(\$1,810)	\$0	(\$28,144)
<i>Net Value:</i>	\$3,110			\$1,300

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 11 – 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.

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The 2004 member contribution rate was 8.5%. The 2004 employer contribution rate for local government employer units was 13.55%, of covered payroll. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the OPERS for the years ending December 31, 2004, 2003 and 2002 were \$785,637, 781,767, and \$801,954, respectively, which were equal to the required contributions for each year.

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 2004 employer contribution rate for local government employer units was 13.55% of covered payroll of which 4% (\$231,922 for the City of Xenia) was used to fund health care. The Ohio Revised Code provides the statutory authority to require public employers to fund post retirement health care through their contributions to OPERS.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 11 – DEFINED BENEFIT PENSION PLANS

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

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, 2003. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2003 was 8.0%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants at year-end 2004 was 369,885. The actuarial value of the OPERS net assets available for OPEB at December 31, 2003 is \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2004, the OPERS Board adopted A Health Care “Preservation” Plan with an effective date of January 1, 2007. The HCPP restructures OPERS’ health care coverage to improve the financial solvency of the fund 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 of 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.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 11 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F for the years ending December 31, 2004, 2003 and 2002 were \$494,308, 490,679, and \$470,382 for police, and \$575,488, \$609,432 and \$647,789 for firefighters, respectively; 77% of required contributions paid in 2004 and equal to the required contributions for 2003.

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 received 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 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 portion of the 2004 covered payroll that was used to fund postemployment health care benefits was \$196,240 representing 7.75% of covered payroll for police and \$185,883 representing 7.75% of covered payroll for fire.

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, 2003, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,662 for police and 10,474 for firefighters. OP&F does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 2003 were \$150,853,148, which was net of member contributions of \$17,207,506.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 12 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2004 were as follows:

	Balance December 31, 2003	Additions	(Reductions)	Balance December 31, 2004	Due Within One Year
Business-Type Activities:					
Loans Payable:					
3.04% Sewer Loan Payable 1993	\$1,286,004	\$0	(\$144,297)	\$1,141,707	\$144,297
2.79% Sewer Loan Payable 1999	6,604,206	0	(320,124)	6,284,082	320,127
Total Loans Payable	7,890,210	0	(464,421)	7,425,789	464,424
Landfill Liability	1,261,167	0	(37,248)	1,223,919	70,074
Compensated Absences	386,190	366,318	(386,190)	366,318	34,788
Total Business Type Activities	\$9,537,567	\$366,318	(\$887,859)	\$9,016,026	\$569,286
Governmental Activities Long-Term Debt:					
4.70 - 5.75%					
General Obligation Bond Payable 2000	\$1,270,000	\$0	(\$50,000)	\$1,220,000	\$50,000
Capital Leases Payable	947,529	158,579	(140,537)	965,571	152,149
Compensated Absences	1,120,804	1,345,813	(1,120,804)	1,345,813	265,749
Total Governmental Activities	\$3,338,333	\$1,504,392	(\$1,311,341)	\$3,531,384	\$467,898

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 12 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

A. Principal and Interest Requirements

Principal and Interest requirements to retire long-term obligations outstanding at December 31, 2004 are as follows:

Years	General Obligation Bond		Sewer Loans Payable	
	Principal	Interest	Principal	Interest
2005	\$ 50,000	\$ 66,960	\$ 477,835	\$ 206,632
2006	50,000	64,422	491,637	192,830
2007	55,000	61,731	505,838	178,629
2008	60,000	58,755	520,450	164,017
2009	60,000	55,620	2,463,648	594,083
2010-2014	360,000	221,804	2,233,671	277,151
2015-2020	585,000	105,944	732,710	20,537
Totals	<u>\$1,220,000</u>	<u>\$635,236</u>	<u>\$7,425,789</u>	<u>\$1,633,879</u>

B. General Obligation Bond

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

NOTE 13 - CAPITALIZED LEASES

Under capital leases the City has leases for two medic units, a ladder truck, and a fire pumper. The cost of these capital leases is included in Governmental Activities capital assets. The related liabilities are included in amounts due within one year and amounts due in more than one year within the Governmental Activities liabilities. The original cost of the assets acquired under capital lease was \$1,294,149 and the book value at December 31, 2004 was \$1,111,409. 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, 2004:

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 13 - CAPITALIZED LEASES (Continued)

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>
2005	\$184,605
2006	184,605
2007	184,605
2008	151,445
2009	122,212
2010-2013	<u>261,209</u>
Minimum Lease Payments	1,088,681
Less amount representing interest at the City's incremental borrowing rate of interest	<u>(123,110)</u>
Present value of minimum lease payments	<u><u>\$965,571</u></u>

The City leases office and machinery equipment and parking lots under operating agreements that expire at various dates through 2007. Payments on operating leases were \$135,426 during 2004. The following is a schedule of future minimum rental payments of noncancellable operating leases of more than one year:

<u>Year Ending December 31, 2005</u>	<u>Amount</u>
2005	\$52,644
2006	25,084
2007	15,634

NOTE 14 - 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, 2004 is \$1,223,919.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 15 - 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 16 - CONTINGENCIES

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

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

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Recreation Special Fund

To account for specific recreation activities funded by fees.

Indigent Driver Alcohol Treatment Fund

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

Law Enforcement and Education Fund

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

State Route Repair Fund

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

City Motor Vehicle License Tax Fund

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

County Motor Vehicle License Tax Fund

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

Special Miscellaneous Improvements Fund

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

Tax Increment Equivalent Fund

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

(Continued)

Special Revenue Funds

Law Enforcement Fund

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

Drug Law Enforcement Fund

To account for drug offenses, fines and bond forfeitures.

Municipal Court Victim Fund

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

Debt Service Fund

Debt Service Fund

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

Capital Projects Funds

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

Municipal Court Capital Improvements Fund

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

Issue II Fund

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

CITY OF XENIA, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2004**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Cash and cash equivalents	\$ 206,353	\$ 5,503	\$ 103,669	\$ 315,525
Investments	753,151	21,312	347,636	1,122,099
Receivables:				
Taxes, including interest, penalties and liens	165,000	62,200	0	227,200
Intergovernmental	276,228	6,800	0	283,028
Accounts	11,410	0	10,760	22,170
Accrued interest	10,198	391	5,128	15,717
Prepaid items	7,988	0	15,469	23,457
Total Assets	\$ 1,430,328	\$ 96,206	\$ 482,662	\$ 2,009,196
Liabilities:				
Accounts payable	\$ 24,056	\$ 0	\$ 687	\$ 24,743
Accrued payroll	17,089	0	0	17,089
Deferred revenue	399,541	69,152	1,985	470,678
Total Liabilities	440,686	69,152	2,672	512,510
Fund Balances:				
Reserved for:				
Encumbrances	11,665	0	200	11,865
Prepaid items	7,988	0	15,469	23,457
Debt service	0	27,054	0	27,054
Unreserved and undesignated in:				
Special revenue funds	969,989	0	0	969,989
Capital projects funds	0	0	464,321	464,321
Total Fund Balances	989,642	27,054	479,990	1,496,686
Total Liabilities and Funds Balances	\$ 1,430,328	\$ 96,206	\$ 482,662	\$ 2,009,196

CITY OF XENIA, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2004***

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Other local taxes	\$ 161,609	\$ 63,654	\$ 0	\$ 225,263
State shared taxes and permits	362,938	7,573	0	370,511
Intergovernmental grants	93,259	0	0	93,259
Fines, costs, forfeitures, licenses and permits	104,557	0	113,040	217,597
Miscellaneous receipts and reimbursements, including interest	122,290	920	9,584	132,794
Total Revenue	844,653	72,147	122,624	1,039,424
Expenditures:				
Current:				
General government	316,453	0	0	316,453
Public safety	100,236	787	0	101,023
Highways and streets	100,072	366	0	100,438
Recreation	11,149	0	0	11,149
Capital outlay	221,351	0	55,774	277,125
Debt service:				
Principal retirement	16,500	33,500	0	50,000
Interest & fiscal charges	22,926	46,547	0	69,473
Total Expenditures	788,687	81,200	55,774	925,661
Excess (deficiency) of revenues over expenditures	55,966	(9,053)	66,850	113,763
Other financing sources (uses):				
Transfers in	33,000	0	0	33,000
Total other financing sources (uses)	33,000	0	0	33,000
Net change in fund balances	88,966	(9,053)	66,850	146,763
Fund Balances at Beginning of Year - Restated	900,676	36,107	413,140	1,349,923
Fund Balances End of Year	\$ 989,642	\$ 27,054	\$ 479,990	\$ 1,496,686

CITY OF XENIA, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2004**

	Recreation Special	Indigent Driver Alcohol Treatment	Law Enforcement and Education	State Route Repair	City Motor Vehicle License Tax
Assets:					
Cash and cash equivalents	\$ 776	\$ 76,878	\$ 9,106	\$ 8,933	\$ 25,013
Investments	2,774	285,011	33,649	33,776	92,288
Receivables:					
Taxes, including interest, penalties and liens	0	0	0	0	0
Intergovernmental	0	0	0	33,000	90,000
Accounts	0	6,812	210	0	0
Accrued interest	0	4,220	535	536	1,289
Prepaid items	0	0	0	150	0
Total Assets	\$ 3,550	\$ 372,921	\$ 43,500	\$ 76,395	\$ 208,590
Liabilities:					
Accounts payable	\$ 0	\$ 0	\$ 450	\$ 18,844	\$ 0
Accrued payroll	0	0	0	0	0
Deferred revenue	0	1,634	207	18,969	59,103
Total Liabilities	0	1,634	657	37,813	59,103
Fund Balances:					
Reserved for:					
Encumbrances	0	0	4,320	614	0
Prepaid items	0	0	0	150	0
Unreserved and undesignated	3,550	371,287	38,523	37,818	149,487
Total Fund Balances	3,550	371,287	42,843	38,582	149,487
Total Liabilities and Funds Balances	\$ 3,550	\$ 372,921	\$ 43,500	\$ 76,395	\$ 208,590

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>
\$ 12,652	\$ 15,871	\$ 2,967	\$ 5,892	\$ 7,259	\$ 41,006	\$ 206,353
46,037	57,213	13,511	22,361	27,377	139,154	753,151
0	0	165,000	0	0	0	165,000
153,228	0	0	0	0	0	276,228
0	0	0	0	0	4,388	11,410
544	0	0	364	428	2,282	10,198
0	0	0	7,707	0	131	7,988
<u>\$ 212,461</u>	<u>\$ 73,084</u>	<u>\$ 181,478</u>	<u>\$ 36,324</u>	<u>\$ 35,064</u>	<u>\$ 186,961</u>	<u>\$ 1,430,328</u>
\$ 0	\$ 0	\$ 4,469	\$ 80	\$ 0	\$ 213	\$ 24,056
0	1,115	0	6,953	0	9,021	17,089
153,439	0	165,000	140	166	883	399,541
<u>153,439</u>	<u>1,115</u>	<u>169,469</u>	<u>7,173</u>	<u>166</u>	<u>10,117</u>	<u>440,686</u>
0	60	5,402	1,019	0	250	11,665
0	0	0	7,707	0	131	7,988
59,022	71,909	6,607	20,425	34,898	176,463	969,989
<u>59,022</u>	<u>71,969</u>	<u>12,009</u>	<u>29,151</u>	<u>34,898</u>	<u>176,844</u>	<u>989,642</u>
<u>\$ 212,461</u>	<u>\$ 73,084</u>	<u>\$ 181,478</u>	<u>\$ 36,324</u>	<u>\$ 35,064</u>	<u>\$ 186,961</u>	<u>\$ 1,430,328</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, 2004***

	Recreation Special	Indigent Driver Alcohol Treatment	Law Enforcement and Education	State Route Repair	City Motor Vehicle License Tax
Revenues:					
Other local taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State shared taxes and permits	0	0	0	71,725	178,613
Intergovernmental grants	0	0	0	0	0
Fines, costs, forfeitures, licenses and permits	0	33,750	3,538	0	0
Miscellaneous receipts and reimbursements, including interest	5,827	7,703	288	6,140	3,649
Total Revenue	<u>5,827</u>	<u>41,453</u>	<u>3,826</u>	<u>77,865</u>	<u>182,262</u>
Expenditures:					
Current:					
General government	0	0	0	0	0
Public safety	0	0	5,210	0	0
Highways and streets	0	0	0	86,512	0
Recreation	11,149	0	0	0	0
Capital outlay	0	0	0	0	98,204
Debt service:					
Principal retirement	0	0	0	0	16,500
Interest & fiscal charges	0	0	0	0	22,926
Total Expenditures	<u>11,149</u>	<u>0</u>	<u>5,210</u>	<u>86,512</u>	<u>137,630</u>
Excess (deficiency) of revenues over expenditures	(5,322)	41,453	(1,384)	(8,647)	44,632
Other financing sources (uses):					
Transfers in	8,000	0	0	0	0
Total other financing sources (uses)	<u>8,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	2,678	41,453	(1,384)	(8,647)	44,632
Fund Balances at Beginning of Year - Restated	<u>872</u>	<u>329,834</u>	<u>44,227</u>	<u>47,229</u>	<u>104,855</u>
Fund Balances End of Year	<u>\$ 3,550</u>	<u>\$ 371,287</u>	<u>\$ 42,843</u>	<u>\$ 38,582</u>	<u>\$ 149,487</u>

CITY OF XENIA, OHIO

County Motor Vehicle License Tax	Special Miscellaneous Improvements	Tax Increment Equivalent	Law Enforcement	Drug Law Enforcement	Municipal Court Victim	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 161,609	\$ 0	\$ 0	\$ 0	\$ 161,609
112,600	0	0	0	0	0	362,938
0	0	0	58,085	0	35,174	93,259
0	0	0	0	0	67,269	104,557
<u>1,069</u>	<u>77,947</u>	<u>600</u>	<u>14,171</u>	<u>767</u>	<u>4,129</u>	<u>122,290</u>
<u>113,669</u>	<u>77,947</u>	<u>162,209</u>	<u>72,256</u>	<u>767</u>	<u>106,572</u>	<u>844,653</u>
0	33,062	152,664	0	0	130,727	316,453
0	0	0	89,568	5,458	0	100,236
13,560	0	0	0	0	0	100,072
0	0	0	0	0	0	11,149
71,128	0	52,019	0	0	0	221,351
0	0	0	0	0	0	16,500
0	0	0	0	0	0	22,926
<u>84,688</u>	<u>33,062</u>	<u>204,683</u>	<u>89,568</u>	<u>5,458</u>	<u>130,727</u>	<u>788,687</u>
28,981	44,885	(42,474)	(17,312)	(4,691)	(24,155)	55,966
<u>0</u>	<u>0</u>	<u>0</u>	<u>25,000</u>	<u>0</u>	<u>0</u>	<u>33,000</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>25,000</u>	<u>0</u>	<u>0</u>	<u>33,000</u>
28,981	44,885	(42,474)	7,688	(4,691)	(24,155)	88,966
<u>30,041</u>	<u>27,084</u>	<u>54,483</u>	<u>21,463</u>	<u>39,589</u>	<u>200,999</u>	<u>900,676</u>
<u>\$ 59,022</u>	<u>\$ 71,969</u>	<u>\$ 12,009</u>	<u>\$ 29,151</u>	<u>\$ 34,898</u>	<u>\$ 176,844</u>	<u>\$ 989,642</u>

CITY OF XENIA, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2004**

	Municipal Court Capital Improvements	Issue II	Total Nonmajor Capital Projects Funds
Assets:			
Cash and cash equivalents	\$ 103,485	\$ 184	\$ 103,669
Investments	346,942	694	347,636
Receivables:			
Accounts	10,760	0	10,760
Accrued interest	5,128	0	5,128
Prepaid items	15,469	0	15,469
Total Assets	\$ 481,784	\$ 878	\$ 482,662
Liabilities:			
Accounts payable	\$ 687	\$ 0	\$ 687
Deferred revenue	1,985	0	1,985
Total Liabilities	2,672	0	2,672
Fund Balances:			
Reserved for:			
Encumbrances	200	0	200
Prepaid items	15,469	0	15,469
Unreserved and undesignated	463,443	878	464,321
Total Fund Balances	479,112	878	479,990
Total Liabilities and Funds Balances	\$ 481,784	\$ 878	\$ 482,662

CITY OF XENIA, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2004**

	Municipal Court Capital Improvements	Issue II	Total Nonmajor Capital Projects Funds
Revenues:			
Fines, costs, forfeitures, licenses and permits	\$ 113,040	\$ 0	\$ 113,040
Miscellaneous receipts and reimbursements, including interest	9,589	(5)	9,584
Total Revenue	<u>122,629</u>	<u>(5)</u>	<u>122,624</u>
Expenditures:			
Current:			
Capital outlay	55,774	0	55,774
Total Expenditures	<u>55,774</u>	<u>0</u>	<u>55,774</u>
Net change in fund balances	66,855	(5)	66,850
Fund Balances at Beginning of Year - Restated	<u>412,257</u>	<u>883</u>	<u>413,140</u>
Fund Balances End of Year	<u>\$ 479,112</u>	<u>\$ 878</u>	<u>\$ 479,990</u>

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, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Municipal Income Taxes	\$ 7,931,976	\$ 7,931,976	\$ 7,772,336	\$ (159,640)
Other Local Taxes	1,375,698	1,417,698	1,422,132	4,434
State Shared Taxes and Permits	1,820,904	1,820,904	1,768,300	(52,604)
Special Assessments	20,000	20,000	27,037	7,037
Intergovernmental Grants	127,420	146,563	163,024	16,461
Charges for Services	1,362,750	1,512,750	1,497,901	(14,849)
Fines, Costs, Forfeitures, Licenses and Permits	1,126,850	1,126,850	1,146,775	19,925
Miscellaneous Receipts and Reimbursements, Including Interest	380,728	359,753	343,069	(16,684)
Total Revenues	<u>14,146,326</u>	<u>14,336,494</u>	<u>14,140,574</u>	<u>(195,920)</u>
Expenditures:				
General Government:				
City Council and General Government:				
Personnel Services	28,015	28,015	27,620	395
General Operating Expenses	32,744	17,386	15,037	2,349
Contractual Services	52,430	64,714	60,655	4,059
Materials and Supplies	3,687	6,761	6,029	732
Contributions	138,000	138,000	132,061	5,939
Total City Council and General Government	<u>254,876</u>	<u>254,876</u>	<u>241,402</u>	<u>13,474</u>
Municipal Court:				
Personnel Services	1,246,346	1,246,346	1,193,948	52,398
General Operating Expenses	17,442	13,122	12,689	433
Contractual Services	109,010	114,340	109,177	5,163
Materials and Supplies	29,319	28,309	24,418	3,891
Contributions	73,430	73,430	49,703	23,727
Total Municipal Court	<u>1,475,547</u>	<u>1,475,547</u>	<u>1,389,935</u>	<u>85,612</u>
City Law Department:				
Personnel Services	147,783	157,234	157,234	0
General Operating Expenses	4,220	2,555	2,250	305
Contractual Services	9,473	9,125	8,600	525
Materials and Supplies	9,588	11,601	11,515	86
Total City Law Department	<u>171,064</u>	<u>180,515</u>	<u>179,599</u>	<u>916</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, 2004***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
City Manager's Office:				
Personnel Services	76,762	93,072	85,843	7,229
General Operating Expenses	2,450	3,575	1,184	2,391
Contractual Services	22,723	19,977	9,686	10,291
Materials and Supplies	4,610	6,231	4,735	1,496
Total City Manager's Office	106,545	122,855	101,448	21,407
Personnel Office:				
Personnel Services	34,032	21,032	20,441	591
General Operating Expenses	2,810	3,186	2,440	746
Contractual Services	44,134	70,159	52,231	17,928
Materials and Supplies	14,915	13,514	10,017	3,497
Total Personnel Office	95,891	107,891	85,129	22,762
Finance Office:				
Personnel Services	71,334	71,334	68,729	2,605
General Operating Expenses	1,710	780	779	1
Contractual Services	52,624	59,543	59,540	3
Materials and Supplies	5,395	5,906	5,747	159
Total Finance Office	131,063	137,563	134,795	2,768
Municipal Building and General Services:				
Contractual Services	149,158	150,075	144,553	5,522
Materials and Supplies	3,060	2,143	1,668	475
Total Municipal Building and General Services	152,218	152,218	146,221	5,997
Data Processing:				
Personnel Services	27,363	27,363	26,123	1,240
General Operating Expenses	3,500	2,700	2,564	136
Contractual Services	40,468	39,158	38,708	450
Materials and Supplies	22,350	24,460	22,736	1,724
Total Data Processing	93,681	93,681	90,131	3,550
Clerk of City Council:				
Personnel Services	15,166	15,166	12,365	2,801
General Operating Expenses	190	190	0	190
Contractual Services	42,363	41,898	38,079	3,819
Materials and Supplies	3,290	3,755	2,594	1,161
Total Clerk of City Council	61,009	61,009	53,038	7,971

(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, 2004***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Volunteer Program:				
General Operating Expenses	725	815	612	203
Contractual Services	950	860	0	860
Materials and Supplies	1,450	1,450	1,094	356
Total Volunteer Program	3,125	3,125	1,706	1,419
Public Affairs & CATV:				
General Operating Expenses	1,300	1,300	0	1,300
Contractual Services	14,500	13,642	9,429	4,213
Materials and Supplies	2,000	2,858	2,533	325
Total Public Affairs & CATV	17,800	17,800	11,962	5,838
Tax Department				
Personnel Services	300,490	300,490	282,484	18,006
General Operating Expenses	6,735	6,735	5,275	1,460
Contractual Services	55,225	55,225	36,662	18,563
Materials and Supplies	18,827	18,827	7,964	10,863
Total Tax Department	381,277	381,277	332,385	48,892
Total General Government	2,944,096	2,988,357	2,767,751	220,606
Public Safety:				
Violence Against Women Grant:				
Personnel Services	89,126	89,126	86,284	2,842
Contractual Services	4,800	4,800	1,350	3,450
Total Violence Against Women Grant	93,926	93,926	87,634	6,292
Police:				
Personnel Services	3,727,194	3,727,194	3,636,406	90,788
General Operating Expenses	80,200	64,885	54,350	10,535
Contractual Services	330,346	344,451	298,201	46,250
Materials and Supplies	101,049	102,259	76,348	25,911
Total Police	4,238,789	4,238,789	4,065,305	173,484
Communications:				
Personnel Services	983,282	983,282	964,427	18,855
General Operating Expenses	2,085	2,235	763	1,472
Contractual Services	152,571	152,627	132,776	19,851
Materials and Supplies	29,155	28,949	10,472	18,477
Capital Outlay	80,095	80,095	15,095	65,000
Total Communications	1,247,188	1,247,188	1,123,533	123,655

(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, 2004***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Fire:				
Personnel Services	3,516,193	3,506,742	3,402,135	104,607
General Operating Expenses	32,460	28,311	20,191	8,120
Contractual Services	291,598	317,533	292,799	24,734
Materials and Supplies	<u>118,522</u>	<u>116,736</u>	<u>111,167</u>	<u>5,569</u>
Total Fire	<u>3,958,773</u>	<u>3,969,322</u>	<u>3,826,292</u>	<u>143,030</u>
Civil Defense:				
Personnel Services	31,211	31,264	31,263	1
General Operating Expenses	1,920	2,300	547	1,753
Contractual Services	31,849	32,148	10,712	21,436
Materials and Supplies	<u>7,300</u>	<u>6,568</u>	<u>1,235</u>	<u>5,333</u>
Total Civil Defense	<u>72,280</u>	<u>72,280</u>	<u>43,757</u>	<u>28,523</u>
Engineering:				
Personnel Services	53,596	53,596	53,417	179
General Operating Expenses	735	1,492	1,477	15
Contractual Services	48,919	50,101	33,055	17,046
Materials and Supplies	<u>6,750</u>	<u>4,811</u>	<u>3,397</u>	<u>1,414</u>
Total Engineering	<u>110,000</u>	<u>110,000</u>	<u>91,346</u>	<u>18,654</u>
Construction Inspection:				
Personnel Services	34,045	34,045	32,557	1,488
General Operating Expenses	250	140	110	30
Contractual Services	15,456	15,871	10,672	5,199
Materials and Supplies	<u>3,365</u>	<u>3,060</u>	<u>2,791</u>	<u>269</u>
Total Construction Inspection	<u>53,116</u>	<u>53,116</u>	<u>46,130</u>	<u>6,986</u>
Total Public Safety	<u>9,774,072</u>	<u>9,784,621</u>	<u>9,283,997</u>	<u>500,624</u>
Health:				
Property Maintenance:				
Personnel Services	24,890	24,891	24,887	4
General Operating Expenses	450	320	45	275
Contractual Services	45,385	46,162	35,687	10,475
Materials and Supplies	<u>3,350</u>	<u>2,702</u>	<u>1,258</u>	<u>1,444</u>
Total Property Maintenance	<u>74,075</u>	<u>74,075</u>	<u>61,877</u>	<u>12,198</u>
Total Health	<u>74,075</u>	<u>74,075</u>	<u>61,877</u>	<u>12,198</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, 2004***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Highways and Streets:				
Street Lighting:				
Contractual Services	<u>253,075</u>	<u>253,075</u>	<u>250,014</u>	<u>3,061</u>
Total Highways and Streets	<u>253,075</u>	<u>253,075</u>	<u>250,014</u>	<u>3,061</u>
Community Development:				
Neighborhood Services:				
Personnel Services	152,082	152,082	134,112	17,970
General Operating Expenses	994	924	714	210
Contractual Services	12,137	12,533	11,366	1,167
Materials and Supplies	<u>2,720</u>	<u>2,394</u>	<u>1,499</u>	<u>895</u>
Total Neighborhood Services	<u>167,933</u>	<u>167,933</u>	<u>147,691</u>	<u>20,242</u>
Planning:				
Personnel Services	87,996	88,697	88,694	3
General Operating Expenses	2,060	2,060	1,160	900
Contractual Services	25,655	25,142	24,370	772
Materials and Supplies	<u>2,235</u>	<u>2,047</u>	<u>1,679</u>	<u>368</u>
Total Planning	<u>117,946</u>	<u>117,946</u>	<u>115,903</u>	<u>2,043</u>
Total Community Development	<u>285,879</u>	<u>285,879</u>	<u>263,594</u>	<u>22,285</u>
Recreation:				
Parks and Recreation:				
Personnel Services	90,623	90,623	86,242	4,381
General Operating Expenses	750	750	69	681
Contractual Services	35,140	34,756	20,123	14,633
Materials and Supplies	<u>8,500</u>	<u>8,884</u>	<u>4,710</u>	<u>4,174</u>
Total Parks and Recreation	<u>135,013</u>	<u>135,013</u>	<u>111,144</u>	<u>23,869</u>
Xenia Station:				
Personnel Services	58,520	58,520	58,517	3
Contractual Services	14,852	14,622	9,846	4,776
Materials and Supplies	<u>12,900</u>	<u>13,130</u>	<u>12,063</u>	<u>1,067</u>
Total Xenia Station	<u>86,272</u>	<u>86,272</u>	<u>80,426</u>	<u>5,846</u>
General Park Maintenance:				
Personnel Services	115,245	115,245	115,242	3
Contractual Services	60,908	61,359	52,376	8,983
Materials and Supplies	<u>20,886</u>	<u>20,435</u>	<u>17,722</u>	<u>2,713</u>
Total General Park Maintenance	<u>197,039</u>	<u>197,039</u>	<u>185,340</u>	<u>11,699</u>
Total Recreation	<u>418,324</u>	<u>418,324</u>	<u>376,910</u>	<u>41,414</u>
Total Expenditures	<u>13,749,521</u>	<u>13,804,331</u>	<u>13,004,143</u>	<u>800,188</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, 2004***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Excess (Deficiency) of Revenues Over (Under) Expenditures	396,805	532,163	1,136,431	604,268
Other Financing Sources (Uses):				
Transfers Out	<u>(342,500)</u>	<u>(1,342,500)</u>	<u>(1,163,000)</u>	<u>179,500</u>
Total Other Financing Sources (Uses)	<u>(342,500)</u>	<u>(1,342,500)</u>	<u>(1,163,000)</u>	<u>179,500</u>
Net Change in Fund Balance	54,305	(810,337)	(26,569)	783,768
Fund Balance at Beginning of Year - Restated	2,059,883	2,059,883	2,059,883	0
Prior Year Encumbrances	<u>171,727</u>	<u>171,727</u>	<u>171,727</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,285,915</u>	<u>\$ 1,421,273</u>	<u>\$ 2,205,041</u>	<u>\$ 783,768</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, 2004***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
State Shared Taxes and Permits	\$ 778,000	\$ 783,262	\$ 826,655	\$ 43,393
Charges for Services	1,000	1,000	0	(1,000)
Miscellaneous Receipts and Reimbursements, Including Interest	4,500	4,500	2,266	(2,234)
Total Revenues	<u>783,500</u>	<u>788,762</u>	<u>828,921</u>	<u>40,159</u>
Expenditures:				
Highways and Streets - Current:				
Personnel Services	778,093	783,473	698,963	84,510
General Operating	350	304	303	1
Contractual Services	131,634	151,071	150,516	555
Materials and Supplies	143,355	122,846	121,009	1,837
Non-Governmental	0	1,000	1,000	0
Total Expenditures	<u>1,053,432</u>	<u>1,058,694</u>	<u>971,791</u>	<u>86,903</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(269,932)	(269,932)	(142,870)	127,062
Other Financing Sources (Uses):				
Transfers In	<u>300,000</u>	<u>300,000</u>	<u>130,000</u>	<u>(170,000)</u>
Total Other Financing Sources (Uses)	<u>300,000</u>	<u>300,000</u>	<u>130,000</u>	<u>(170,000)</u>
Net Change in Fund Balance	30,068	30,068	(12,870)	(42,938)
Fund Balance at Beginning of Year - Restated	(19,677)	(19,677)	(19,677)	0
Prior Year Encumbrances	<u>28,761</u>	<u>28,761</u>	<u>28,761</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 39,152</u>	<u>\$ 39,152</u>	<u>\$ (3,786)</u>	<u>\$ (42,938)</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, 2004***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Other Local Taxes	\$ 40,000	\$ 40,000	\$ 43,403	\$ 3,403
Intergovernmental Grants	61,466	512,824	63,814	(449,010)
Charges for Services	50,000	55,000	49,620	(5,380)
Miscellaneous Receipts and Reimbursements Including Interest	268,538	174,883	159,670	(15,213)
Total Revenues	<u>420,004</u>	<u>782,707</u>	<u>316,507</u>	<u>(466,200)</u>
Expenditures:				
Capital Outlay:				
Contractual Services	21,000	20,935	10,554	10,381
Materials and Supplies	73,673	21,238	14,512	6,726
Capital Improvements	1,386,454	1,919,582	1,026,944	892,638
Debt Service:				
Principal Retirement	251,747	251,747	140,537	111,210
Interest and Fiscal Charges	71,009	71,009	31,272	39,737
Total Expenditures	<u>1,803,883</u>	<u>2,284,511</u>	<u>1,223,819</u>	<u>1,060,692</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,383,879)	(1,501,804)	(907,312)	594,492
Other Financing Sources (Uses):				
Proceeds from Capital Lease	886,000	886,000	158,579	(727,421)
Transfers In	0	1,000,000	1,000,000	0
Transfers Out	(25,000)	(25,000)	0	25,000
Total Other Financing Sources (Uses)	<u>861,000</u>	<u>1,861,000</u>	<u>1,158,579</u>	<u>(702,421)</u>
Net Change in Fund Balance	(522,879)	359,196	251,267	(107,929)
Fund Balance at Beginning of Year - Restated	560,592	560,592	560,592	0
Prior Year Encumbrances	68,312	68,312	68,312	0
Fund Balance at End of Year	<u>\$ 106,025</u>	<u>\$ 988,100</u>	<u>\$ 880,171</u>	<u>\$ (107,929)</u>

CITY OF XENIA, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	RECREATION SPECIAL		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Miscellaneous Receipts and Reimbursements, Including Interest	\$ 5,847	\$ 5,847	\$ 0
Total Revenues	<u>5,847</u>	<u>5,847</u>	<u>0</u>
Expenditures:			
Recreation - Current:			
Contractual Services	13,145	11,044	2,101
Materials and Supplies	<u>105</u>	<u>105</u>	<u>0</u>
Total Expenditures	<u>13,250</u>	<u>11,149</u>	<u>2,101</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,403)	(5,302)	2,101
Other Financing Sources (Uses):			
Transfers In	<u>17,500</u>	<u>8,000</u>	<u>(9,500)</u>
Total Other Financing Sources (Uses)	<u>17,500</u>	<u>8,000</u>	<u>(9,500)</u>
Net Change in Fund Balance	10,097	2,698	(7,399)
Fund Balance at Beginning of Year - Restated	<u>872</u>	<u>872</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 10,969</u>	<u>\$ 3,570</u>	<u>\$ (7,399)</u>

CITY OF XENIA, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Fines, Costs, Forfeitures, Licenses and Permits	\$ 27,000	\$ 34,797	\$ 7,797
Miscellaneous Receipts and Reimbursements, Including Interest	<u>9,200</u>	<u>9,190</u>	<u>(10)</u>
Total Revenues	<u>36,200</u>	<u>43,987</u>	<u>7,787</u>
Expenditures:			
Public Safety - Current:			
Contractual Services	<u>25,000</u>	<u>0</u>	<u>25,000</u>
Total Expenditures	<u>25,000</u>	<u>0</u>	<u>25,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	11,200	43,987	32,787
Fund Balance at Beginning of Year - Restated	<u>319,273</u>	<u>319,273</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 330,473</u></u>	<u><u>\$ 363,260</u></u>	<u><u>\$ 32,787</u></u>

CITY OF XENIA, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
LAW ENFORCEMENT AND EDUCATION			
Revenues:			
Fines, Costs, Forfeitures, Licenses and Permits	\$ 4,000	\$ 3,385	\$ (615)
Miscellaneous Receipts and Reimbursements, Including Interest	2,000	488	(1,512)
Total Revenues	6,000	3,873	(2,127)
Expenditures:			
Public Safety - Current:			
Contractual Services	10,350	2,351	7,999
Materials and Supplies	6,600	2,409	4,191
Capital Outlay	6,000	0	6,000
Total Expenditures	22,950	4,760	18,190
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,950)	(887)	16,063
Fund Balance at Beginning of Year - Restated	39,359	39,359	0
Prior Year Encumbrances	4,320	4,320	0
Fund Balance at End of Year	\$ 26,729	\$ 42,792	\$ 16,063

CITY OF XENIA, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
STATE ROUTE REPAIR			
Revenues:			
State Shared Taxes and Permits	\$ 65,775	\$ 67,026	\$ 1,251
Miscellaneous Receipts and Reimbursements, Including Interest	6,510	6,495	(15)
Total Revenues	<u>72,285</u>	<u>73,521</u>	<u>1,236</u>
Expenditures:			
Highways and Streets - Current:			
Contractual Services	50,632	44,616	6,016
Materials and Supplies	30,251	30,251	0
Total Expenditures	<u>80,883</u>	<u>74,867</u>	<u>6,016</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,598)	(1,346)	7,252
Fund Balance at Beginning of Year	39,430	39,430	0
Prior Year Encumbrances	4,259	4,259	0
Fund Balance at End of Year	<u>\$ 35,091</u>	<u>\$ 42,343</u>	<u>\$ 7,252</u>

CITY OF XENIA, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
State Shared Taxes and Permits	\$ 169,891	\$ 170,522	\$ 631
Miscellaneous Receipts and Reimbursements, including Interest	<u>4,200</u>	<u>4,132</u>	<u>(68)</u>
Total Revenues	<u>174,091</u>	<u>174,654</u>	<u>563</u>
Expenditures:			
Highways and Streets - Current:			
Contractual Services	100	0	100
Capital Outlay	180,000	98,204	81,796
Debt Service:			
Principal Retirement	16,500	16,500	0
Interest and Fiscal Charges	<u>22,926</u>	<u>22,926</u>	<u>0</u>
Total Expenditures	<u>219,526</u>	<u>137,630</u>	<u>81,896</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(45,435)	37,024	82,459
Fund Balance at Beginning of Year - Restated	68,265	68,265	0
Prior Year Encumbrances	<u>12,690</u>	<u>12,690</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 35,520</u>	<u>\$ 117,979</u>	<u>\$ 82,459</u>

CITY OF XENIA, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
State Shared Taxes and Permits	\$ 166,953	\$ 112,600	\$ (54,353)
Miscellaneous Receipt and Reimbursements, Including Interest	1,760	1,760	0
Total Revenues	<u>168,713</u>	<u>114,360</u>	<u>(54,353)</u>
Expenditures:			
Highways and Streets - Current:			
Contractual Services	33,900	33,900	0
Capital Outlay	133,053	71,128	61,925
Total Expenditures	<u>166,953</u>	<u>105,028</u>	<u>61,925</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,760	9,332	7,572
Fund Balance at Beginning of Year - Restated	<u>29,355</u>	<u>29,355</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 31,115</u>	<u>\$ 38,687</u>	<u>\$ 7,572</u>

CITY OF XENIA, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Miscellaneous Receipts and Reimbursements, Including Interest	\$ 82,800	\$ 78,367	\$ (4,433)
Total Revenues	<u>82,800</u>	<u>78,367</u>	<u>(4,433)</u>
Expenditures:			
General Government - Current:			
Personnel Services	31,158	31,157	1
Contractual Services	670	0	670
Materials and Supplies	2,000	850	1,150
Total Expenditures	<u>33,828</u>	<u>32,007</u>	<u>1,821</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	48,972	46,360	(2,612)
Fund Balance at Beginning of Year - Restated	26,659	26,659	0
Prior Year Encumbrances	425	425	0
Fund Balance at End of Year	<u>\$ 76,056</u>	<u>\$ 73,444</u>	<u>\$ (2,612)</u>

CITY OF XENIA, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	TAX INCREMENT EQUIVALENT		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Other Local Taxes	\$ 165,000	\$ 161,609	\$ (3,391)
Miscellaneous Receipts and Reimbursements, Including Interest	0	699	699
Total Revenues	<u>165,000</u>	<u>162,308</u>	<u>(2,692)</u>
Expenditures:			
General Government - Current:			
Contractual Services	7,000	4,965	2,035
Materials and Supplies	1,000	699	301
Non-governmental	147,000	147,000	0
Capital Outlay	60,025	58,871	1,154
Total Expenditures	<u>215,025</u>	<u>211,535</u>	<u>3,490</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(50,025)	(49,227)	798
Fund Balance at Beginning of Year - Restated	50,364	50,364	0
Prior Year Encumbrances	5,569	5,569	0
Fund Balance at End of Year	<u>\$ 5,908</u>	<u>\$ 6,706</u>	<u>\$ 798</u>

CITY OF XENIA, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004**

	LAW ENFORCEMENT		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Intergovernmental Grants	\$ 58,000	\$ 58,085	\$ 85
Miscellaneous Receipts and Reimbursements, Including Interest	10,500	14,488	3,988
Total Revenues	68,500	72,573	4,073
Expenditures:			
Public Safety - Current:			
Personnel Services	83,370	83,365	5
General Operating	840	0	840
Contractual Services	15,703	12,908	2,795
Materials and Supplies	8,395	4,193	4,202
Total Expenditures	108,308	100,466	7,842
Excess (Deficiency) of Revenues Over (Under) Expenditures	(39,808)	(27,893)	11,915
Other Financing Sources (Uses):			
Transfers In	25,000	25,000	0
Total Other Financing Sources (Uses)	25,000	25,000	0
Net Change in Fund Balance	(14,808)	(2,893)	11,915
Fund Balance at Beginning of Year - Restated	26,647	26,647	0
Prior Year Encumbrances	3,644	3,644	0
Fund Balance at End of Year	\$ 15,483	\$ 27,398	\$ 11,915

CITY OF XENIA, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DRUG LAW ENFORCEMENT			
Revenues:			
Fines, Costs, Forfeitures, Licenses and Permits	\$ 1,000	\$ 0	\$ (1,000)
Miscellaneous Receipts and Reimbursements, Including Interest	1,200	938	(262)
Total Revenues	<u>2,200</u>	<u>938</u>	<u>(1,262)</u>
Expenditures:			
Public Safety - Current:			
General Operating	700	375	325
Contractual Services	2,800	0	2,800
Materials and Supplies	6,300	0	6,300
Capital Outlay	6,000	0	6,000
Total Expenditures	<u>15,800</u>	<u>375</u>	<u>15,425</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(13,600)	563	14,163
Fund Balance at Beginning of Year - Restated	34,274	34,274	0
Fund Balance at End of Year	<u>\$ 20,674</u>	<u>\$ 34,837</u>	<u>\$ 14,163</u>

CITY OF XENIA, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
MUNICIPAL COURT VICTIM			
Revenues:			
Intergovernmental Grants	\$ 42,000	\$ 42,133	\$ 133
Fines, Costs, Forfeitures, Licenses and Permits	66,000	64,488	(1,512)
Miscellaneous Receipts and Reimbursements, Including Interest	5,000	4,986	(14)
Total Revenues	<u>113,000</u>	<u>111,607</u>	<u>(1,393)</u>
Expenditures:			
General Government - Current:			
Personnel Services	118,193	116,033	2,160
General Operating	8,271	2,152	6,119
Contractual Services	7,151	5,378	1,773
Materials and Supplies	5,320	3,152	2,168
Total Expenditures	<u>138,935</u>	<u>126,715</u>	<u>12,220</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(25,935)	(15,108)	10,827
Fund Balance at Beginning of Year - Restated	191,652	191,652	0
Prior Year Encumbrances	956	956	0
Fund Balance at End of Year	<u>\$ 166,673</u>	<u>\$ 177,500</u>	<u>\$ 10,827</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, 2004**

	DEBT SERVICE		
	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:			
Other Local Taxes	\$ 61,251	\$ 63,654	\$ 2,403
State Shares Taxes and Permits	7,500	7,573	73
Miscellaneous Receipts and Reimbursements, Including Interest	956	956	0
Total Revenues	<u>69,707</u>	<u>72,183</u>	<u>2,476</u>
Expenditures:			
Public Safety:			
Police and Fire Pension			
Contractual Services	787	787	0
Total Public Safety	<u>787</u>	<u>787</u>	<u>0</u>
Highways and Streets:			
Streets			
Contractual Services	463	366	97
Total Highways and Streets	<u>463</u>	<u>366</u>	<u>97</u>
Debt Service:			
Principal Retirement	33,500	33,500	0
Interest and Fiscal Charges	46,547	46,547	0
Total Expenditures	<u>81,297</u>	<u>81,200</u>	<u>97</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,590)	(9,017)	2,573
Fund Balance at Beginning of Year - Restated	<u>35,989</u>	<u>35,989</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 24,399</u>	<u>\$ 26,972</u>	<u>\$ 2,573</u>

CITY OF XENIA, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2004***

	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:			
Fines, Costs, Forfeitures, Licenses and Permits	\$ 102,000	\$ 102,874	\$ 874
Miscellaneous Receipts and Reimbursements, Including Interest	<u>12,000</u>	<u>11,278</u>	<u>(722)</u>
Total Revenues	<u>114,000</u>	<u>114,152</u>	<u>152</u>
Expenditures:			
Capital Outlay:			
Contractual Services	56,884	35,184	21,700
Materials and Supplies	14,509	6,582	7,927
Capital Improvements	<u>38,573</u>	<u>17,590</u>	<u>20,983</u>
Total Expenditures	<u>109,966</u>	<u>59,356</u>	<u>50,610</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,034	54,796	50,762
Fund Balance at Beginning of Year - Restated	379,461	379,461	0
Prior Year Encumbrances	<u>7,758</u>	<u>7,758</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 391,253</u>	<u>\$ 442,015</u>	<u>\$ 50,762</u>

CITY OF XENIA, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2004**

	ISSUE 2		Variance with Final Budget Positive (Negative)
	Final Budget	Actual	
Revenues:			
Intergovernmental Grants	\$ 489,089	\$ 0	\$ (489,089)
Total Revenues	<u>489,089</u>	<u>0</u>	<u>(489,089)</u>
Expenditures:			
Capital Outlay:			
Capital Improvements	<u>489,089</u>	<u>0</u>	<u>489,089</u>
Total Expenditures	<u>489,089</u>	<u>0</u>	<u>489,089</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0
Fund Balance at Beginning of Year - Restated	<u>883</u>	<u>883</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 883</u>	<u>\$ 883</u>	<u>\$ 0</u>

Nonmajor Enterprise Funds

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

Loan Fund

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

Parking Revenue Fund

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

CDBG and UDAG Revolving Loan Fund

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

Housing Rehabilitation Loan Fund

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

CITY OF XENIA, OHIO

**Combining Statement of Net Assets
Nonmajor Enterprise Funds
December 31, 2004**

	Loan	Parking Revenue	CDBG & UDAG Revolving Loan	Housing Rehabilitation Loan	Total Nonmajor Enterprise Funds
Assets:					
Current Assets:					
Cash and cash equivalents	\$ 1,380	\$ 6,682	\$ 36,797	\$ 71,242	\$ 116,101
Investments	5,181	24,488	135,384	267,871	432,924
Receivables:					
Accounts	0	506	0	0	506
Special assessments, including liens	11,217	0	0	0	11,217
Loans	2,000	0	0	61,000	63,000
Accrued interest	79	0	1,760	4,255	6,094
Prepaid items	214	319	0	0	533
Total Current Assets	20,071	31,995	173,941	404,368	630,375
Noncurrent Assets:					
Unrestricted:					
Loans receivable (net of current)	78,719	0	0	323,736	402,455
Capital Assets (net of accumulated depreciation)	0	111,310	66,455	4,450	182,215
Total Noncurrent Assets	78,719	111,310	66,455	328,186	584,670
Total Assets	98,790	143,305	240,396	732,554	1,215,045
Liabilities:					
Current Liabilities:					
Accrued payroll	0	3,064	0	151	3,215
Compensated Absences	0	225	0	54	279
Total Current Liabilities	0	3,289	0	205	3,494
Noncurrent Liabilities					
Compensated Absences	0	2,237	0	600	2,837
Total Noncurrent Liabilities	0	2,237	0	600	2,837
Total Liabilities	0	5,526	0	805	6,331
Net Assets:					
Invested in Capital Assets, net of debt	0	111,310	66,455	4,450	182,215
Unrestricted	98,790	26,469	173,941	727,299	1,026,499
Total Net Assets	\$ 98,790	\$ 137,779	\$ 240,396	\$ 731,749	\$ 1,208,714

CITY OF XENIA, OHIO

**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Year Ended December 31, 2004**

	Loan	Parking Revenue	CDBG & UDAG Revolving Loan	Housing Rehabilitation Loan	Total Nonmajor Enterprise Funds
Operating revenues:					
Charges for services	\$ 21	\$ 69,953	\$ 0	\$ 325	\$ 70,299
Operating expenses:					
Personnel services	0	47,401	0	2,496	49,897
General operating	0	0	69	0	69
Contractual services	763	8,509	9,469	800	19,541
Materials and supplies	0	2,245	0	0	2,245
Depreciation	0	0	5,932	75	6,007
Non-governmental	17,789	0	11,187	60,771	89,747
Total expenditures	18,552	58,155	26,657	64,142	167,506
Operating income (loss)	(18,531)	11,798	(26,657)	(63,817)	(97,207)
Non-operating revenues:					
Interest revenue	181	(180)	4,229	7,651	11,881
Total Non-operating revenue	181	(180)	4,229	7,651	11,881
Change in Net Assets	(18,350)	11,618	(22,428)	(56,166)	(85,326)
Net assets, beginning of year - Restated	117,140	126,161	262,824	787,915	1,294,040
Net assets, end of year	\$ 98,790	\$ 137,779	\$ 240,396	\$ 731,749	\$ 1,208,714

CITY OF XENIA, OHIO

**Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2004**

	Loan	Parking Revenue	CDBG & UDAG Revolving Loan	Housing Rehabilitation Loan	Total Other Enterprise Funds
<u>Cash Flows from Operating Activities:</u>					
Cash Received from Customers	\$1,131	\$70,688	\$0	\$63,605	\$135,424
Cash Payments for Goods and Services	(796)	(10,815)	(28,674)	(49,483)	(89,768)
Cash Payments to Employees	0	(47,100)	0	(3,213)	(50,313)
Net Cash Provided (Used) by Operating Activities	335	12,773	(28,674)	10,909	(4,657)
<u>Cash Flows from Capital and Related Financing Activities:</u>					
Intergovernmental Grants	0	0	85,493	0	85,493
Net Cash Provided by Capital and Related Financing Activities	0	0	85,493	0	85,493
<u>Cash Flows from Investing Activities:</u>					
Purchase of Investments	(114)	(9,115)	(42,515)	(943)	(52,687)
Receipts of Interest	167	0	4,241	8,990	13,398
Net Cash Provided (Used) by Investing Activities	53	(9,115)	(38,274)	8,047	(39,289)
Net Increase in Cash and Cash Equivalents	388	3,658	18,545	18,956	41,547
Cash and Cash Equivalents at Beginning of Year - Restated	992	3,024	18,252	52,286	74,554
Cash and Cash Equivalents at End of Year	\$1,380	\$6,682	\$36,797	\$71,242	\$116,101
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</u>					
Operating Income (Loss)	(\$18,531)	\$11,798	(\$26,657)	(\$63,817)	(\$97,207)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	0	0	5,932	75	6,007
Changes in Assets and Liabilities:					
Decrease in Principal Receivable	18,899	0	0	75,407	94,306
Increase in Interest Receivable	0	0	0	(39)	(39)
Decrease in Accounts Receivable	0	735	0	0	735
Increase in Prepaid Items	(33)	(52)	0	0	(85)
Decrease in Accounts Payable	0	(9)	(7,949)	0	(7,958)
Increase (Decrease) in Accrued Payroll	0	301	0	(717)	(416)
Total Adjustments	18,866	975	(2,017)	74,726	92,550
Net Cash Provided (Used) by Operating Activities	\$335	\$12,773	(\$28,674)	\$10,909	(\$4,657)

Internal Service Funds

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

Utility Billing Fund

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

City Garage Fund

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

CITY OF XENIA, OHIO

**Combining Statement of Net Assets
Internal Service Funds
December 31, 2004**

	Utility Billing	City Garage	Total Internal Service Funds
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 1,497	\$ 12,646	\$ 14,143
Investments	5,557	47,648	53,205
Receivables:			
Accounts	0	1,457	1,457
Inventories	0	32,221	32,221
Prepaid items	716	3,782	4,498
Total Current Assets	7,770	97,754	105,524
Noncurrent Assets:			
Unrestricted:			
Capital Assets (net of accumulated depreciation)	2,997	7,994	10,991
Total Noncurrent Assets	2,997	7,994	10,991
Total Assets	10,767	105,748	116,515
Liabilities:			
Current Liabilities:			
Accounts payable	184	9,154	9,338
Accrued payroll	0	8,233	8,233
Advances from Other Funds	0	14,091	14,091
Compensated Absences	0	2,015	2,015
Total Current Liabilities	184	33,493	33,677
Noncurrent Liabilities			
Compensated Absences	0	18,234	18,234
Total Noncurrent Liabilities	0	18,234	18,234
Total Liabilities	184	51,727	51,911
Net Assets:			
Invested in Capital Assets, net of debt	2,997	7,994	10,991
Unrestricted	7,586	46,027	53,613
Total Net Assets	\$ 10,583	\$ 54,021	\$ 64,604

CITY OF XENIA, OHIO

**Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Year Ended December 31, 2004**

	<u>Utility Billing</u>	<u>City Garage</u>	<u>Total Internal Service Funds</u>
Operating revenues:			
Charges for services	<u>\$ 53,999</u>	<u>\$ 499,347</u>	<u>\$ 553,346</u>
Operating expenses:			
Personnel services	0	138,747	138,747
General operating	5,067	535	5,602
Contractual services	41,086	106,093	147,179
Materials and supplies	3,114	243,036	246,150
Depreciation	211	3,700	3,911
Total expenditures	<u>49,478</u>	<u>492,111</u>	<u>541,589</u>
Operating income (loss)	4,521	7,236	11,757
Non-operating revenues:			
Interest revenue	(41)	(350)	(391)
Other	0	1,457	1,457
Total Non-operating revenue	<u>(41)</u>	<u>1,107</u>	<u>1,066</u>
Change in Net Assets	4,480	8,343	12,823
Net assets, beginning of year - Restated	<u>6,103</u>	<u>45,678</u>	<u>51,781</u>
Net assets, end of year	<u><u>\$ 10,583</u></u>	<u><u>\$ 54,021</u></u>	<u><u>\$ 64,604</u></u>

CITY OF XENIA, OHIO

***Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2004***

	Utility Billing	City Garage	Totals
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$53,999	\$500,535	\$554,534
Cash Payments for Goods and Services	(50,697)	(361,648)	(412,345)
Cash Payments to Employees	0	(132,613)	(132,613)
Net Cash Provided by Operating Activities	<u>3,302</u>	<u>6,274</u>	<u>9,576</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers Out to Other Funds	0	(4,490)	(4,490)
Net Cash Used by Noncapital Financing Activities	<u>0</u>	<u>(4,490)</u>	<u>(4,490)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(1,730)	0	(1,730)
Net Cash Used by Capital and Related Financing Activities	<u>(1,730)</u>	<u>0</u>	<u>(1,730)</u>
<u>Cash Flows from Investing Activities:</u>			
Sale of Investments	0	1,280	1,280
Purchase of Investments	(975)	0	(975)
Net Cash Provided (Used) by Investing Activities	<u>(975)</u>	<u>1,280</u>	<u>305</u>
Net Increase in Cash and Cash Equivalents	597	3,064	3,661
Cash and Cash Equivalents at Beginning of Year - Restated	900	9,582	10,482
Cash and Cash Equivalents at End of Year	<u>\$1,497</u>	<u>\$12,646</u>	<u>\$14,143</u>
<u>Reconciliation of Operating Income to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Income	\$4,521	\$7,236	\$11,757
Adjustments to Reconcile Operating Income to			
Net Cash Provided by Operating Activities:			
Depreciation Expense	211	3,700	3,911
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	0	1,188	1,188
Increase in Prepaid Items	(180)	(317)	(497)
Decrease in Inventory	0	2,987	2,987
Decrease in Accounts Payable	(1,250)	(14,654)	(15,904)
Increase in Accrued Payroll	0	4,080	4,080
Increase in Compensated Absences	0	2,054	2,054
Total Adjustments	<u>(1,219)</u>	<u>(962)</u>	<u>(2,181)</u>
Net Cash Provided by Operating Activities	<u>\$3,302</u>	<u>\$6,274</u>	<u>\$9,576</u>

Fiduciary Funds

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

Agency Funds

Municipal Court Funds

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

Imprest Cash Fund

To account for petty cash.

Insurance Deposit Fund

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

CITY OF XENIA, OHIO

**Combining Statement Of Changes In Assets And Liabilities
Agency Funds
For the Year Ended December 31, 2004**

	Balance December 31, 2003	Additions	Deductions	Balance December 31, 2004
<u>Municipal Court - Traffic and Criminal:</u>				
Assets:				
Cash and Cash Equivalents	\$ 193,638	\$ 1,591,463	\$ (1,636,457)	\$ 148,644
Total Assets	<u>\$ 193,638</u>	<u>\$ 1,591,463</u>	<u>\$ (1,636,457)</u>	<u>\$ 148,644</u>
Liabilities:				
Accounts Payable	\$ 94,950	\$ 1,050,110	\$ (1,068,095)	\$ 76,965
Restricted Deposits	98,688	541,353	(568,362)	71,679
Total Liabilities	<u>\$ 193,638</u>	<u>\$ 1,591,463</u>	<u>\$ (1,636,457)</u>	<u>\$ 148,644</u>
<u>Municipal Court - Civil and Small Claims:</u>				
Assets:				
Cash and Cash Equivalents	\$ 5,342	\$ 587,944	\$ (587,516)	\$ 5,770
Total Assets	<u>\$ 5,342</u>	<u>\$ 587,944</u>	<u>\$ (587,516)</u>	<u>\$ 5,770</u>
Liabilities:				
Accounts Payable	\$ 2,742	\$ 583,902	\$ (581,806)	\$ 4,838
Restricted Deposits	2,600	4,042	(5,710)	932
Total Liabilities	<u>\$ 5,342</u>	<u>\$ 587,944</u>	<u>\$ (587,516)</u>	<u>\$ 5,770</u>
<u>Imprest Cash:</u>				
Assets:				
Cash and Cash Equivalents	\$ 1,200	\$ 0	\$ 0	\$ 1,200
Total Assets	<u>\$ 1,200</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,200</u>
Liabilities:				
Restricted Deposits	\$ 1,200	\$ 0	\$ 0	\$ 1,200
Total Liabilities	<u>\$ 1,200</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,200</u>
<u>Insurance Deposit:</u>				
Assets:				
Cash and Cash Equivalents	\$ 19,867	\$ 0	\$ (13,867)	\$ 6,000
Total Assets	<u>\$ 19,867</u>	<u>\$ 0</u>	<u>\$ (13,867)</u>	<u>\$ 6,000</u>
Liabilities:				
Restricted Deposits	\$ 19,867	\$ 0	\$ (13,867)	\$ 6,000
Total Liabilities	<u>\$ 19,867</u>	<u>\$ 0</u>	<u>\$ (13,867)</u>	<u>\$ 6,000</u>
<u>Totals - All Agency Funds:</u>				
Assets:				
Cash and Cash Equivalents	\$ 220,047	\$ 2,179,407	\$ (2,237,840)	\$ 161,614
Total Assets	<u>\$ 220,047</u>	<u>\$ 2,179,407</u>	<u>\$ (2,237,840)</u>	<u>\$ 161,614</u>
Liabilities:				
Accounts Payable	\$ 97,692	\$ 1,634,012	\$ (1,649,901)	\$ 81,803
Restricted Deposits	122,355	545,395	(587,939)	79,811
Total Liabilities	<u>\$ 220,047</u>	<u>\$ 2,179,407</u>	<u>\$ (2,237,840)</u>	<u>\$ 161,614</u>

*CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS*

CITY OF XENIA, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
December 31, 2004**

Capital Assets:	
Land	\$ 14,927,850
Land Improvements	709,608
Building and Improvements	3,710,120
Machinery and Equipment	8,373,333
Infrastructure	<u>7,647,098</u>
Total Capital Assets	35,368,009
Construction in Progress	<u>28,500</u>
Net Capital Assets	<u><u>\$ 35,396,509</u></u>
Investment in Capital Assets by Source:	
Capital Projects Funds:	
Various Revenue Sources - (Pre-1983 Assets)	\$ 4,274,132
General Revenues	30,620,648
Special Revenue Funds	<u>473,229</u>
Total Capital Assets	35,368,009
Construction in Progress	<u>28,500</u>
Net Capital Assets	<u><u>\$ 35,396,509</u></u>

CITY OF XENIA, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2004**

Function and Activity	Land	Land Improvements	Buildings
General Government:			
Municipal Court	\$ 156,550	\$ 0	\$ 9,084
Law Director	0	0	0
City Manager	0	0	0
Human Resources	0	0	0
Finance	0	0	0
Income Tax	0	0	0
Municipal Building and General Services	102,580	0	2,525,521
Data Processing	0	0	0
Clerk	0	0	0
Victim-witness	0	0	0
Total General Government	259,130	0	2,534,605
Public Safety:			
Police	0	0	26,106
Fire	63,520	14,718	247,100
Homeland Security/Risk Management	0	0	0
Construction Inspection	0	0	0
Engineering	0	0	0
Total Public Safety	63,520	14,718	273,206
City Wide:			
Health	0	0	0
Highways and Streets	11,295,817	263,040	91,819
Community Development	2,573,660	20,905	510,169
Recreation	484,472	826,537	1,066,835
Utility Billing	0	0	0
Water Service	0	0	0
Sewer Service	0	0	0
Sanitation Service	236,890	0	0
Garage	14,361	94,538	1,079,512
Total City Wide	14,605,200	1,205,020	2,748,335
Total Capital Assets	14,927,850	1,219,738	5,556,146
Less: Accumulated Depreciation	0	(510,130)	(1,846,026)
Net Capital Assets	\$ 14,927,850	\$ 709,608	\$ 3,710,120
Construction in Progress			
Total Capital Assets			

CITY OF XENIA, OHIO

Machinery and Equipment	Infrastructure	Total
\$ 412,879	\$ 0	\$ 578,513
5,273	0	5,273
32,599	0	32,599
4,048	0	4,048
46,298	0	46,298
20,484	0	20,484
33,469	0	2,661,570
799,998	0	799,998
5,405	0	5,405
15,845	0	15,845
<u>1,376,298</u>	<u>0</u>	<u>4,170,033</u>
1,803,595	0	1,829,701
2,905,910	0	3,231,248
115,138	0	115,138
13,792	0	13,792
62,958	0	62,958
<u>4,901,393</u>	<u>0</u>	<u>5,252,837</u>
15,666	0	15,666
8,228,978	11,386,839	31,266,493
15,326	0	3,120,060
448,310	25,000	2,851,154
1,077	0	1,077
4,120	0	4,120
16,028	0	16,028
0	0	236,890
203,112	0	1,391,523
<u>8,932,617</u>	<u>11,411,839</u>	<u>38,903,011</u>
15,210,308	11,411,839	48,325,881
<u>(6,836,975)</u>	<u>(3,764,741)</u>	<u>(12,957,872)</u>
<u>\$ 8,373,333</u>	<u>\$ 7,647,098</u>	35,368,009
		<u>28,500</u>
		<u>\$ 35,396,509</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, 2004**

Function and Activity	January 1, 2004	Transfers	Additions	Deductions	December 31, 2004
General Government:					
Municipal Court	\$561,772	\$0	\$17,590	(\$849)	\$578,513
Law Director	5,273	0	0	0	5,273
City Manager	32,599	0	0	0	32,599
Human Resources	4,048	0	0	0	4,048
Finance	46,298	0	0	0	46,298
Income Tax	20,484	0	0	0	20,484
Municipal Building and General Services	2,661,570	0	0	0	2,661,570
Data Processing	786,845	0	15,071	(1,918)	799,998
Clerk	5,405	0	0	0	5,405
Victim-witness	18,231	0	0	(2,386)	15,845
Total General Government	4,142,525	0	32,661	(5,153)	4,170,033
Public Safety:					
Police	1,928,473	(115,138)	81,391	(65,025)	1,829,701
Fire	3,028,056	0	268,637	(65,445)	3,231,248
Homeland Security/Risk Management	0	115,138	0	0	115,138
Construction Inspection	13,792	0	0	0	13,792
Engineering	62,958	0	0	0	62,958
Total Public Safety	5,033,279	0	350,028	(130,470)	5,252,837
City Wide:					
Health	15,666	0	0	0	15,666
Highways and Streets	30,120,766	0	862,802	0	30,983,568
Community Development	3,120,060	0	0	0	3,120,060
Recreation	3,132,490	0	27,372	(25,783)	3,134,079
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	1,391,523	0	0	0	1,391,523
Total City Wide	38,038,620	0	890,174	(25,783)	38,903,011
Total Capital Assets	47,214,424	0	1,272,863	(161,406)	48,325,881
Less: Accumulated Depreciation	(11,942,232)	0	(1,163,390)	147,750	(12,957,872)
Net Capital Assets	35,272,192	0	109,473	(13,656)	35,368,009
Construction in Progress	28,500	0	0	0	28,500
Total Capital Assets	\$35,300,692	\$0	\$109,473	(\$13,656)	\$35,396,509

STATISTICAL SECTION



STATISTICAL TABLES

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

CITY OF XENIA, OHIO

GENERAL GOVERNMENTAL EXPENDITURES BY FUNCTION (1) LAST TEN YEARS

<u>Year</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Highways and Streets</u>	<u>Community Development</u>
1995	\$ 2,078,148	\$ 6,804,542	\$ 1,317,773	\$ 195,006
1996	2,138,386	7,113,784	1,232,011	192,807
1997	2,503,314	7,434,467	1,331,473	214,769
1998	2,950,717	7,716,929	1,258,925	236,427
1999	3,223,308	8,010,586	1,401,753	250,153
2000	2,547,063	9,060,993	1,599,974	263,724
2001	2,661,868	8,921,217	1,418,896	277,850
2002	2,866,097	9,632,474	1,486,189	256,039
2003	2,931,042	9,602,273	1,439,115	299,088
2004	3,098,492	9,557,428	1,337,651	265,626

<u>Year</u>	<u>Health</u>	<u>Recreation</u>	<u>Debt Service</u>	<u>Total</u>
1995	\$ 173,037	\$ 282,337	\$ 0	\$ 10,850,843
1996	197,387	303,885	0	11,178,260
1997	229,193	368,200	0	12,081,416
1998	246,708	482,746	0	12,892,452
1999	242,556	496,365	0	13,624,721
2000	204,019	500,880	38,484	14,215,137
2001	66,533	500,504	116,028	13,962,896
2002	42,132	483,618	119,008	14,885,557
2003	70,285	470,294	116,825	14,928,922
2004	53,237	376,688	119,473	14,808,595

Source: City of Xenia, Department of Finance

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

CITY OF XENIA, OHIO

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1) LAST TEN YEARS

Year	Municipal Income Taxes	Other Local Taxes	State Shared Taxes and Permits	Inter- Government Aid, Grants	Charges for Services
1995	\$ 5,876,212	\$ 1,408,353	\$ 2,088,425	\$ 132,672	\$ 89,325
1996	6,158,719	1,407,030	2,025,806	163,724	133,607
1997	6,279,892	1,477,634	2,102,917	154,652	130,799
1998	6,830,404	1,501,540	2,458,522	234,893	86,819
1999	7,231,209	1,546,600	2,756,090	264,702	88,129
2000	7,306,394	1,604,470	2,557,075	584,346	67,904
2001	7,940,618	1,589,303	3,166,475	226,320	59,878
2002	7,682,250	1,542,313	3,194,270	378,407	192,887
2003	7,856,461	1,883,836	2,796,154	291,797	764,483
2004	8,016,918	1,745,395	2,961,220	239,816	1,468,784

Year	Fines, Costs Forfeitures Licenses and Permits	Miscellaneous Receipts and Reimbursements	Special Assessments	Total
1995	\$ 775,172	\$ 1,289,813	\$ 3,429	\$ 11,663,401
1996	842,133	1,171,237	2,690	11,904,946
1997	910,933	1,093,171	3,904	12,153,902
1998	1,153,264	928,731	5,628	13,199,801
1999	1,314,091	917,626	10,281	14,128,728
2000	1,369,565	1,118,241	9,100	14,617,095
2001	1,269,927	1,017,807	28,498	15,298,826
2002	1,202,121	993,243	12,230	15,197,721
2003	1,154,062	1,020,611	12,846	15,780,250
2004	1,359,346	500,088	27,037	16,318,604

Source: City of Xenia, Department of Finance

CITY OF XENIA, OHIO

PROPERTY TAX LEVIES AND COLLECTIONS LAST TEN YEARS

Tax Year	Collection Year	Total Tax Levy	Current Tax Collections	Percentage of Current Taxes Collected	Delinquent Tax Collections
1994	1995	\$ 1,443,609	\$ 1,193,262	82.7%	\$ 31,474
1995	1996	1,329,901	1,198,927	90.2	43,974
1996	1997	1,437,317	1,278,854	89.0	40,533
1997	1998	1,404,805	1,331,963	94.8	48,733
1998	1999	1,471,900	1,388,239	94.3	42,923
1999	2000	1,577,005	1,394,597	88.4	52,437
2000	2001	1,607,373	1,391,518	86.6	76,718
2001	2002	1,539,969	1,378,198	89.5	58,446
2002	2003	1,701,790	1,527,357	89.8	80,868
2003	2004	1,757,430	1,563,361	89.0	74,798

Tax Year	Collection Year	Total Tax Collections	Total Collections as Percentage of Total Tax Levied	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percentage of Total Tax Levied
1994	1995	\$ 1,224,736	84.8%	\$ 73,018	5.0%
1995	1996	1,242,901	93.5	72,992	5.5
1996	1997	1,319,387	91.8	93,865	6.5
1997	1998	1,380,696	98.3	76,896	5.5
1998	1999	1,431,162	97.2	110,458	7.5
1999	2000	1,447,034	91.8	143,314	9.1
2000	2001	1,468,236	91.3	156,720	9.8
2001	2002	1,436,644	93.3	176,903	11.5
2002	2003	1,608,225	94.5	161,374	9.5
2003	2004	1,638,160	93.2	133,014	7.6

Source: Greene County Auditor's Office

CITY OF XENIA, OHIO

ASSESSED AND CURRENT MARKET VALUES OF TAXABLE PROPERTY LAST TEN YEARS

Tax Year	Collection Year	Real Property Values		Personal Property Values		Total Values		Ratio of Total Assessed Value to total Market Value
		Assessed	Current Market	Assessed	Current Market	Assessed	Current Market	
1994 (2)	1995	\$ 192,490,740	\$ 549,973,543	\$ 33,723,811	\$ 118,742,901	\$ 226,214,551	\$ 668,716,444	35 %
1995	1996	197,569,440	564,484,114	38,947,655	155,790,620	236,517,095	720,274,734	35
1996 (1)	1997	227,387,020	649,677,200	35,202,090	126,458,645	262,589,110	776,135,845	35
1997	1998	232,033,230	662,952,086	44,264,461	161,873,307	276,297,691	824,825,393	35
1998	1999	237,199,760	677,713,600	45,616,390	166,198,566	282,816,150	843,912,166	35
1999 (2)	2000	254,762,850	726,195,886	45,259,251	164,683,758	299,427,811	890,879,644	35
2000	2001	255,754,560	730,727,314	45,870,809	169,458,436	301,625,369	900,185,750	34
2001	2002	257,363,900	735,325,429	39,286,360	146,469,760	296,650,260	881,795,189	34
2002 (1)	2003	302,734,910	864,956,885	40,383,209	161,477,977	343,118,119	1,026,434,862	33
2003	2004	310,181,590	886,233,114	39,775,752	159,103,008	349,957,342	1,045,336,122	33.48

Source: Greene County Auditors' Office

- (1) Real property values were revalued as of January 1 as part of the six-year revaluation process.
- (2) Real property values were updated at January 1 as part of the triennial update process.
- (3) A portion of the personal property tax is collected in the same year as the tax year.

CITY OF XENIA, OHIO

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

<u>Tax Year</u>	<u>Collection Year</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>	<u>School (1) District</u>	<u>Health District</u>	<u>County</u>	<u>Total</u>
1994	1995	6.70	0.00	6.70	44.25	0.30	8.78	60.03
1995	1996	6.70	0.00	6.70	43.85	0.30	8.78	59.63
1996	1997	6.70	0.00	6.70	42.95	0.30	8.78	58.73
1997	1998	6.70	0.00	6.70	42.75	0.30	8.78	58.53
1998	1999	6.70	0.00	6.70	42.55	0.30	8.78	58.33
1999	2000	6.70	0.00	6.70	42.15	0.30	9.08	58.23
2000	2001	6.30	0.40	6.70	41.95	0.30	10.33	59.28
2001	2002	6.30	0.40	6.70	42.05	0.30	10.33	59.38
2002	2003	6.30	0.40	6.70	41.15	0.50	10.33	58.68
2003	2004	6.30	0.40	6.70	41.05	0.50	10.07	58.32

Source: Greene County Auditor's Office

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

CITY OF XENIA, OHIO

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS LAST TEN YEARS

<u>Year</u>	<u>Assessments Billed</u>	<u>Assessments Collected</u>	<u>Ratios of Collections to Amount Billed</u>	<u>Total Outstanding Assessments</u>
1995	\$ 59,948	\$ 16,849	28.11 %	\$ 43,099
1996	62,285	13,533	21.73	48,752
1997	76,788	26,433	34.42	50,355
1998	68,113	12,151	17.84	55,962
1999	72,562	14,708	20.27	57,854
2000	107,634	9,318	8.66	98,316
2001	127,074	28,571	22.48	98,503
2002	126,620	12,449	9.83	114,171
2003	157,619	13,053	8.28	144,566
2004	188,654	27,037	14.33	161,617

Source: Greene County Auditor's Office

CITY OF XENIA, OHIO

COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2004

Total Assessed Value	<u>\$ 349,957,342</u>
Overall Debt Limitation - 10-1/2% of assessed valuation	<u>36,745,521</u>
Total Bonded Debt	<u>1,220,000</u>
Total Amount of Debt Applicable to Debt Limit	<u>1,220,000</u>
Legal Debt Margin Within 10-1/2% Limitation	<u>\$ 35,525,521</u>
Unvoted Debt Limitation - 5-1/2% of assessed valuation	<u>19,247,654</u>
Total Bonded Debt	<u>1,220,000</u>
Total Amount of Debt Applicable to Debt Limit	<u>1,220,000</u>
Legal Debt Margin Within 5-1/2% Limitation	<u>\$ 18,027,654</u>

Source: City of Xenia, Department of Finance

CITY OF XENIA, OHIO

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

Year	Population	Assessed Value	Gross Bonded Debt (1)
1995	24,836	\$ 226,214,551	\$ 0
1996	24,836	236,517,095	0
1997	24,836	262,589,110	0
1998	24,836	276,297,691	0
1999	24,836	282,816,150	0
2000	24,164	299,427,811	1,400,000
2001	24,164	301,625,369	1,360,000
2002	24,164	296,650,260	1,315,000
2003	24,164	343,118,119	1,270,000
2004	24,164	349,957,342	1,220,000

Year	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1995	\$ 0	0.00%	\$ 0.00
1996	0	0.00	0.00
1997	0	0.00	0.00
1998	0	0.00	0.00
1999	0	0.00	0.00
2000	1,400,000	0.47	57.94
2001	1,360,000	0.05	56.28
2002	1,315,000	0.44	54.42
2003	1,270,000	0.37	52.56
2004	1,220,000	0.35	50.49

Source: City of Xenia, Department of Finance

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

CITY OF XENIA, OHIO

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

Year	Principal (1)	Interest (1)	Total Debt Service	(1)	Total General Expenditures	(2)	Ratio of Debt Service To Total General Expenditures
1995	\$ 0	\$ 0	\$ 0		\$ 10,850,843		0.00%
1996	0	0	0		11,178,260		0.00
1997	0	0	0		12,081,416		0.00
1998	0	0	0		12,892,452		0.00
1999	0	0	0		13,624,721		0.00
2000	0	38,484	38,484		14,215,137		0.27
2001	40,000	76,028	116,028		13,962,896		0.83
2002	45,000	74,008	119,008		14,885,557		0.80
2003	45,000	71,825	116,825		14,928,922		0.78
2004	50,000	69,473	119,473		14,808,595		0.81

Source: City of Xenia, Department of Finance

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

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

Excludes Capital Outlay in the Special Revenue Funds

CITY OF XENIA, OHIO

COMPUTATION OF OVERLAPPING DEBT DECEMBER 31, 2004

<u>Jurisdiction</u>	<u>Net Outstanding Debt (1)</u>	<u>Percentage Applicable to City of Xenia, Ohio (2)</u>	<u>Amount Applicable to City of Xenia, Ohio</u>
Greene County	\$ 20,310,000	11.20%	\$ 2,274,720
Xenia Community School District	3,905,000	0.62	2,421,100
Greene County Career Center	2,065,282	0.11	228,007
Greene County Health District	0	0.11	<u>0</u>
Total			<u><u>\$ 4,923,827</u></u>

Sources:

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

CITY OF XENIA, OHIO

COVERAGE - SEWER DEBT LAST TEN YEARS

Year	Gross Revenue (1)	Direct Operating Expense (2)	Net Revenue Available for Debt Service
1995	\$ 2,451,963	\$ 2,053,604	\$ 398,359
1996	2,540,382	2,260,671	279,711
1997	2,560,164	2,174,815	385,349
1998	2,465,885	2,237,721	228,164
1999	2,443,731	2,417,190	26,541
2000	3,320,937	2,759,441	561,496
2001	3,165,045	3,052,458	112,587
2002	3,431,178	3,205,093	226,085
2003	2,984,362	3,297,080	(312,718)
2004	3,589,125	3,158,277	430,848

Year	Debt Service Requirements (3)			Coverage
	Principal	Interest	Total	
1995	\$ 109,984	\$ 72,319	\$ 182,303	2.19
1996	113,353	68,950	182,303	1.53
1997	116,825	65,478	182,303	2.11
1998	120,403	61,900	182,303	1.25
1999	124,091	58,212	182,303	0.15
2000	63,463	27,688	91,151	6.16
2001	177,818	127,513	305,331	0.37
2002	438,714	245,753	684,467	0.33
2003	451,384	233,083	684,467	(0.46)
2004	477,837	206,630	684,467	0.63

Source: City of Xenia, Department of Finance

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

(2) Excludes repair and maintenance repairs.

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

CITY OF XENIA, OHIO

DEMOGRAPHIC STATISTICS LAST TEN YEARS

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

Sources:

- (1) Bureau of Census and Statistics
- (2) Xenia City School District
- (3) Unemployment rate expressed as a percentage
- (4) Bureau of Employment Services for Greene County

CITY OF XENIA, OHIO

CONSTRUCTION AND PROPERTY VALUES LAST TEN YEARS

Year	Commercial Construction (1)		Residential Construction (1)		Assessed Property Value (2)				
	Number of Units	Value	Number of Units	Value	Agricultural	Residential	Commercial	Industrial	Public Utility-Real
1995	12	\$ 2,773,000	79	\$ 7,305,200	\$ 674,770	\$ 148,664,750	\$ 33,633,390	\$ 9,459,980	\$ 57,850
1996	12	2,496,000	92	9,086,042	794,010	151,901,540	35,361,820	9,460,710	51,360
1997	13	5,709,750	100	10,064,210	862,120	176,783,670	39,756,080	9,908,210	76,940
1998	13	13,109,046	67	6,936,699	680,950	181,086,510	40,087,810	10,100,420	77,540
1999	3	7,825,500	79	8,480,533	1,051,770	185,488,480	40,479,090	10,112,920	67,500
2000		n/a		n/a	5,179,960	197,739,750	41,778,130	9,996,080	68,930
2001	15	4,319,707	128	14,917,928	4,555,550	199,208,910	41,801,090	10,120,080	68,930
2002	21	7,008,823	104	13,930,555	1,354,680	203,643,870	41,621,500	10,682,330	61,520
2003	17	11,579,702	109	13,896,399	1,612,480	243,814,080	46,174,780	11,067,330	66,240
2004	13	4,338,313	116	21,315,065	1,544,190	250,044,990	47,149,050	11,377,120	66,240

Source: City of Xenia, Department of Finance

(1) Greene County Building Inspection

(2) Greene County Auditor's Office

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

CITY OF XENIA, OHIO

PRINCIPAL TAXPAYERS
DECEMBER 31, 2004

Taxpayer	Type of Business	Assessed Valuation	Percentage of Total Assessed Valuation
Supervalu Holdings, Inc.	Grocery warehouse	\$ 9,644,600	2.76%
Dayton Power and Light	Gas and Electric Utility	5,080,760	1.45%
Ohio Bell	Telephone Utility	2,859,380	0.82%
CIL Isotope Separation, Inc.	Manufacturing	2,824,870	0.81%
Walmart Stores, Inc.	Retail	2,532,260	0.72%
Twist, Inc.	Manufacturing	2,466,900	0.70%
Key Chrysler Plymouth, Inc.	Automotive Sales	2,129,140	0.61%
Electronic Image Systems, Inc. (Barco)	CRT Projectors	2,017,390	0.58%
DDR Xenia and New Bern LLC	Rental Properties	1,932,600	0.55%
Xenia Nominee LP	Rental Properties	1,832,690	0.52%
Total		<u>\$ 33,320,590</u>	<u>9.52%</u>

Source: Greene County Auditor's Office

CITY OF XENIA, OHIO

SUMMARY OF INSURANCE COVERAGE

DECEMBER 31, 2004

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

CITY OF XENIA, OHIO

MISCELLANEOUS STATISTICS

DECEMBER 31, 2004

Date of Incorporation	1817; became City in 1834
Form of government	Council/Manager
Area	12 square miles
Miles of streets	115
Number of street lights (non-special assessment)	1,784
Fire protection:	
Number of stations	2
Number of firefighters and officers	41
Police protection:	
Number of stations (plus 2 sub-stations)	1
Number of police officers	45
Education:	
High Schools	1
Middle Schools	2
Elementary Schools	7
Number of students	5,089
Municipal Water Department:	
Number of consumers	10,346
Average daily Consumption	3.9 million gallons per day (mgd)
Water plant capacity	8.0 mgd
Miles of water mains	141 miles
Sanitary Sewer Department:	
Number of consumers	10,184
Average daily Consumption	4.7 million gallons per day (mgd)
Sewer plant capacity	7.6 mgd
Miles of sewer mains	146 miles
Recreation and culture:	
Parks	11 with 122 acres
Libraries	1
Employees	212
Web address	www.ci.xenia.oh.us

CITY OF XENIA, OHIO



**CITY OF XENIA, OHIO
GREENE COUNTY**

Reports Issued Pursuant to

Government Auditing Standards

For the year ended December 31, 2004



**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 Honorable Mayor and
City Council of the City of Xenia

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, 2004, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 13, 2005. As discussed in Note 4 to the basic financial statements, the City changed its method of accounting for uncollectible loans in 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the City in a separate letter dated September 13, 2005.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters required to be reported under *Government Auditing Standards*. We noted certain matters that we have reported to management of the City in a separate letter dated September 13, 2005.

This report is intended solely for the information and use of management and City Council and is not intended to be and should not be used by anyone other than these specified parties.

Kennedy, Cottrell + Associates LLC

Kennedy, Cottrell + Associates
September 13, 2005



**Auditor of State
Betty Montgomery**

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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
NOVEMBER 10, 2005**