

CITY OF VANDALIA

Single Audit Reports

December 31, 2008



Mary Taylor, CPA
Auditor of State

City Council
City of Vandalia
333 J.E. Bohanan Memorial Drive
Vandalia, Ohio 45377

We have reviewed the *Independent Auditor's Report* of the City of Vandalia, Montgomery County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2008 through December 31, 2008. 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 Vandalia is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 22, 2009

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CITY OF VANDALIA, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2008

| <u>Federal Grantor/Pass - Through Grantor, Program Title</u> | <u>Pass Through Entity Number</u> | <u>CFDA</u> | <u>Receipts</u> | <u>Disbursements</u> |
|---|---|-------------|------------------|----------------------|
| <u>United States Department of Justice- Office of Justice Program</u> | | | | |
| Direct Funding | | | | |
| Bullet Proof Vests Partnership Program | NA | 16.607 | <u>\$5,003</u> | <u>\$5,003</u> |
| <u>United States Department of Homeland Security</u> | | | | |
| Passed Through Ohio Emergency Management Agency: | | | | |
| FEMA | FEMA 313 | 97.036 | <u>0</u> | <u>118,818</u> |
| <u>United States Department of Transportation</u> | | | | |
| Passed Through Ohio Department of Public Safety: | | | | |
| Highway Planning and Construction | VAN07570 | 20.205 | <u>551,538</u> | <u>522,621</u> |
| TOTALS | | | <u>\$556,541</u> | <u>\$646,442</u> |

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A -- SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the City's federal award programs. The schedule has been prepared on the cash basis of accounting.

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**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**

City Council
City of Vandalia
333 James E. Bohanan Memorial Drive
Vandalia, OH 45377

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vandalia (the City), as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 12, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated June 12, 2009.

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
June 12, 2009

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

City Council
City of Vandalia
333 James E. Bohanan Memorial Drive
Vandalia, OH 45377

Compliance

We have audited the compliance of the City of Vandalia (the City), with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

Internal Control Over Compliance

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

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

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended December 31, 2008, and have issued our report thereon dated June 12, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
June 12, 2009

**CITY OF VANDALIA, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2008**

Section I – Summary of Auditor’s Results

| | | |
|---------------------|---|---|
| <i>(d)(1)(i)</i> | <i>Type of Financial Statement Opinion</i> | Unqualified |
| <i>(d)(1)(ii)</i> | <i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i> | No |
| <i>(d)(1)(ii)</i> | <i>Were there any other significant control deficiencies reported at the financial statement level (GAGAS)?</i> | No |
| <i>(d)(1)(iii)</i> | <i>Was there any material reported non-compliance at the financial statement level (GAGAS)?</i> | No |
| <i>(d)(1)(iv)</i> | <i>Were there any material internal control weakness conditions reported for major federal programs?</i> | No |
| <i>(d)(1)(iv)</i> | <i>Were the any other significant control deficiencies reported for major federal programs?</i> | No |
| <i>(d)(1)(v)</i> | <i>Type of Major Programs' Compliance Opinion</i> | Unqualified |
| <i>(d)(1)(vi)</i> | <i>Are there any reportable findings under Section .510?</i> | No |
| <i>(d)(1)(vii)</i> | <i>Major Programs (list):</i> | CFDA #20.205 Department of Transportation Highway Planning & Construction |
| <i>(d)(1)(viii)</i> | <i>Dollar Threshold: Type A/B Programs</i> | Type A: > \$300,000 Type B: all others |
| <i>(d)(1)(ix)</i> | <i>Low Risk Auditee?</i> | No |

Section II – Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

None

Section III – Federal Award Findings and Questioned Costs

None

Section IV – Summary of Prior Audit Findings and Questioned Costs

None

City of Vandalia, Ohio



Comprehensive Annual Financial Report
For the year ended
December 31, 2008

CITY OF VANDALIA
Montgomery County, Ohio

Comprehensive Annual Financial Report

Year Ended December 31, 2008

Issued by:
James A. Bell, CPFA
Director of Finance

City of Vandalia, Ohio
 Comprehensive Annual Financial Report
 Year Ended December 31, 2008

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Introductory Section



333 James E. Bohanan Memorial Drive
Vandalia, Ohio 45377

PHONE (937) 898-5891
FAX (937) 898-6117



June 12, 2009

Citizens of Vandalia
Mayor
Members of Council
City of Vandalia, Ohio

State law requires that every general-purpose local government prepare their financial statements in accordance with generally accepted accounting principles (GAAP) and to have an annual audit. Therefore, I am pleased to present the twentieth Comprehensive Annual Financial Report (CAFR) for the City of Vandalia, which is being published to fulfill that requirement for the year ended December 31, 2008.

Management, specifically the Finance Director's Office, assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. This evaluation involves estimates and judgment by the City administration and members of the finance office. The administrative and financial management personnel believe that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions.

Plattenburg & Associates, Inc., Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Vandalia's financial statements for the year ended December 31, 2008. The independent auditors' report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the City

The City of Vandalia is located in Southwest Ohio, just north of Dayton. Long recognized as the intersection of our nation's major coast to coast highways and as the site of Dayton International Airport, the City of Vandalia is, literally, the nucleus of a region that has become renown for its convenient access to the entire world.

In 1848, incorporation papers were filed to establish the Village of Vandalia, with 200 residents. In 1958, Vandalia was incorporated as a City, and adopted its charter in 1960, pursuant to Section 7 of Article XVIII of the Ohio Constitution.

The current charter provides for a Council/Manager form of government. The Mayor and the council are elected by separate ballot from the municipality at large for four-year terms. As a council member, the Mayor has the right to vote on all issues before the council. Council appoints the City Manager. The City Manager appoints all department directors of the City.

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements of the City are not misleading.

The primary government consists of all funds and departments which provide various services including police and fire protection, garbage disposal, sewage collection and treatment, water treatment and distribution, street maintenance and repair, parks and recreation, planning, zoning, and maintenance of a staff to provide support services (i.e., payroll processing and accounts payable). Council and the City Manager have direct responsibility for these activities.

The City is associated with the Tri-Cities North Regional Wastewater Authority (TCA) and the Northern Area Water Authority (NAWA), which are defined as joint ventures. A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. These organizations are presented in Note 14.

The City also participates in the Miami Valley Risk Management Association, Inc. (MVRMA), a risk sharing insurance pool, which provides liability insurance coverage to the City. The pool consists of twenty municipalities who pool risk for property, crime, liability, boiler and machinery and public official liability.

The City is also a member of the Economic Development/Government Equity Program (ED/GE), a jointly governed organization which promotes developing plans and programs designed to assure that County resources are efficiently used, economic growth is properly balanced, and that county economic development is coordinated with that of the State of Ohio and other local governments. This organization is presented in Note 15.

The Council is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of Vandalia's financial planning and control. The budget is prepared at the fund level. The finance director may transfer resources within the function and department levels. The department heads may transfer resources within their department as they see fit. Budgetary control is maintained by the encumbrance of purchase amounts prior to the release of purchase orders to vendors. Purchase orders are not issued when insufficient appropriations preclude the encumbrance of the amount of the purchase. Each department head is furnished a monthly report showing the month's transactions and summarizing the balances available to be spent from the appropriations for goods and services.

Local Economy

2008 was an up and down year for the City of Vandalia. The year started strong as the City continued to see some carryover from projects that were started toward the end of 2007. However, toward the end of 2008, many of the local businesses saw dramatic slowdowns in their business due to the lagging economy. Despite the slowing economy, the City of Vandalia saw some successes in 2008 that will serve as strong future foundation blocks. Several businesses completed expansion projects and the City began the development of a 200 acre commercial and industrial park known as Stonequarry Crossings.

The first building to be built in the City's development is Manufactured Assemblies Corporation (MAC). MAC is a light industrial operation that assembles cables and wire harnesses. The company was leasing space in a multi-tenant building in another part of Vandalia, but wanted to own their building with some additional square footage for expansion. The City sold the company 4 acres in the Stonequarry Crossings development to expand their business in a new location containing a 40,000 square foot building. The construction on the new building started in 2008, but will not be completed until the summer of 2009. MAC has a total payroll of \$2,000,000 and employs 55 people. They intend to hire additional personnel to expand to around 70 employees and will grow their payroll to \$2,500,000 over the next 3-5 years.

To help MAC with the construction of the building, the City applied for, and was awarded \$50,000 in Montgomery County Economic Development/Government Equity (ED/GE) funds to be used for capital asset improvements as part of the construction of the new building.

As part of the development of the MAC building, the City is constructing the first street within the Stonequarry Crossings development, Fieldstone Way. The City is committed to spend up to \$400,000 for the construction of the road. The first 800 feet of Fieldstone Way will be completed in 2009 and will open up as many as 5 additional lots for more development.

In an effort to spur more development within the City, the City Council established the Vandalia Development Corporation to help with the recruitment enticement of companies. The Vandalia Development Corporation is comprised of three members of the community and two City Council members. This group will serve as another economic development tool in the City's tool box. The development corporation was funded from a \$250,000 donation from the City of Vandalia.

In 2008, the City established two additional tax increment finance (TIF) districts for new construction projects. The first TIF district was established for the new McDonald's restaurant that was demolished and re-built in the downtown area along National Road. McDonald's demolished a building that was originally built in the 1970s and replaced it with a new \$1.2 million building. The TIF revenue that the city will capture will be used to continue the streetscape improvements the City has started along National Road.

The second TIF project that was completed in 2008 was the construction of a new multi-tenant medical office building in the Northwoods development. The first tenant in the building is Children's Medical Center who established a diagnostic center in Vandalia to serve residents of the North Dayton suburbs. Children's occupies 3,000 square feet of a 6,000 square foot building. The other half of the building has yet to be leased, but is being offered to additional medical office users.

In 2008 the City began the second phase of the Streetscape project along National Road in our Downtown area. Phase two of this project is the south side of National Road between Ranchview and Maple Drives. Phase two will be completed in early 2009, but the majority of the construction was completed in the winter of 2008. The total project cost for phase two was \$259,105 and was 100% funded by the City

The unemployment in Vandalia's region (Dayton, OH SMA) in 2008 was above the national and state averages. The Dayton area had an unemployment rate of 8.5% in 2008, compared to 7.1% nationally and 7.7% for the State of Ohio. The Dayton area unemployment rate is expected to rise in 2009 as the result of a lagging economy.

The City continues to spend its valuable resources on public safety and public works related expenses, as well as recreation activities and general governmental categories. The City's dedication to public safety is evident in the fact that 20% and 10% of the governmental expenditures are spent towards police and fire protection, respectively.

The City also places a high emphasis on sponsoring recreation programs for its citizens. The 18% of governmental expenditures spent for recreation during 2008 is consistent with past years.

At 50.7% of total governmental revenues, municipal income taxes continue to be the life source of the City's revenue. Vandalia residents approved a temporary (five years) city income tax increase of one quarter of one percent in November, 2005. This increase will be earmarked for additional police personnel and police, fire, and street capital needs. Effective January 1, 2006, the City income tax rate is now 2.00%. The City of Vandalia instituted a sewer rate increase of 9% for 2008 and 2009. In order to keep overall utility bills from increasing, the Vandalia City Council voted to reduce water rates by 4.5% in 2008 and 2009. The sewer rate increase was necessary to establish a carryover balance sufficient to handle unanticipated expenses.

Major Initiatives

The Northern Area Water Authority (NAWA), a joint venture between the Cities of Vandalia and Tipp City, officially became active in January 2007 with Tipp City receiving filtered water from the new water plant. Tipp City began receiving softened water in May and Vandalia became active in June 2007. The twenty-four million dollar facility is substantially complete at this time. This joint venture will allow the City of Vandalia to have greater control over future water rates.

The City of Vandalia contracted with Utility Sales Agency to install new water meters in the homes of all residents. The project began in 2008 with completion estimated to be in October 2009. The new water meters will be equipped with a transmitting device that will allow the City utility workers to automatically pick up water meter readings by driving down the streets of the city. These new meters, combined with the transition to monthly utility billing should assist residents in controlling unknown water leaks on their property.

During 2008, the City of Vandalia continued to contract with the cities of Englewood, Brookville and, Union to act as their agent for the purpose of administering their tax ordinances and collecting their City income taxes by the authority of those ordinances. Although there are no immediate plans to form a joint venture with the cities of Englewood, Brookville and, Union, the option to do so in the future has remained open.

As part of an ongoing effort to improve and beautify Vandalia's infrastructure, a major streetscaping project began in 2007. Phase I of the project focused on the north side of National Road between Ranchview Drive and Maple Street. The project replaced all of the streetlights on the street, improved the electrical capacity of the lights, and replaced all of the brick pavers and all of the trees planted along the road. During 2008, streetscaping improvements began on the south side of National Road.

Creating a positive identity for the City of Vandalia, three new entryway signs were erected during 2007 at key entry points into the City. The signs are made of brick and stone and feature the new Vandalia logo. The signs are backlit for evening display. Five more signs are in the construction phase at the end of 2008 and will be completed during 2009.

During 2008, the City began the design phase of a new fire station to be built in Stonequarry Crossings. The City anticipates breaking ground for the new fire station in the fall of 2009.

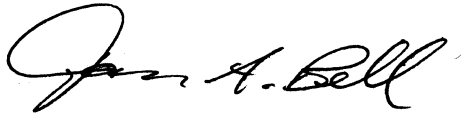
Also, the Vandalia-Bulter City Schools have plans to break ground in the fall of 2009 for a new middle school to be built in the Stonequarry Crossings.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Vandalia, Ohio, for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2007. This was the nineteenth year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Sincere appreciation is extended to the many people who have contributed their time and effort to prepare this report. Assistant Finance Director Kathleen Cornett and the Finance Department staff are to be commended for their input and commitment. I would also like to express appreciation to the City Engineer's office for their continued effort in helping gather the infrastructure information presented in the report. I am additionally grateful to Assistant City Manager Rob Anderson for his economic development input for this report. I would also like to express appreciation to W. Michael Lennon, CPA, and Lorrie Miller for their time spent in preparing this report. This report contains an expanded Statistical Section and a significant amount of work from members of all city departments was necessary to complete the tables. I am extremely grateful for those individuals who gathered the data to complete those statistical tables. Finally, credit must also be given to the City Manager, Mayor and to City Council for their support in maintaining the highest standards of professionalism in the management of the City of Vandalia's finances.



James A. Bell
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Vandalia
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

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President

Executive Director

City of Vandalia
Montgomery County, Ohio
List of Principal Officials
December 31, 2008

Elected Officials

Mayor

William Loy

Vice Mayor

Dave Gerhard

Council Members

Mike Blakesly

Joyce Orange

H. David Brusman Jr.

Candice Farst

David Lewis

Appointed Officials

City Manager

Jeffrey C. Hoagland

Director of Finance

James A. Bell

City Attorney

Gerald McDonald

Assistant City Manager

Rob Anderson

Chief of Police

Douglas Knight

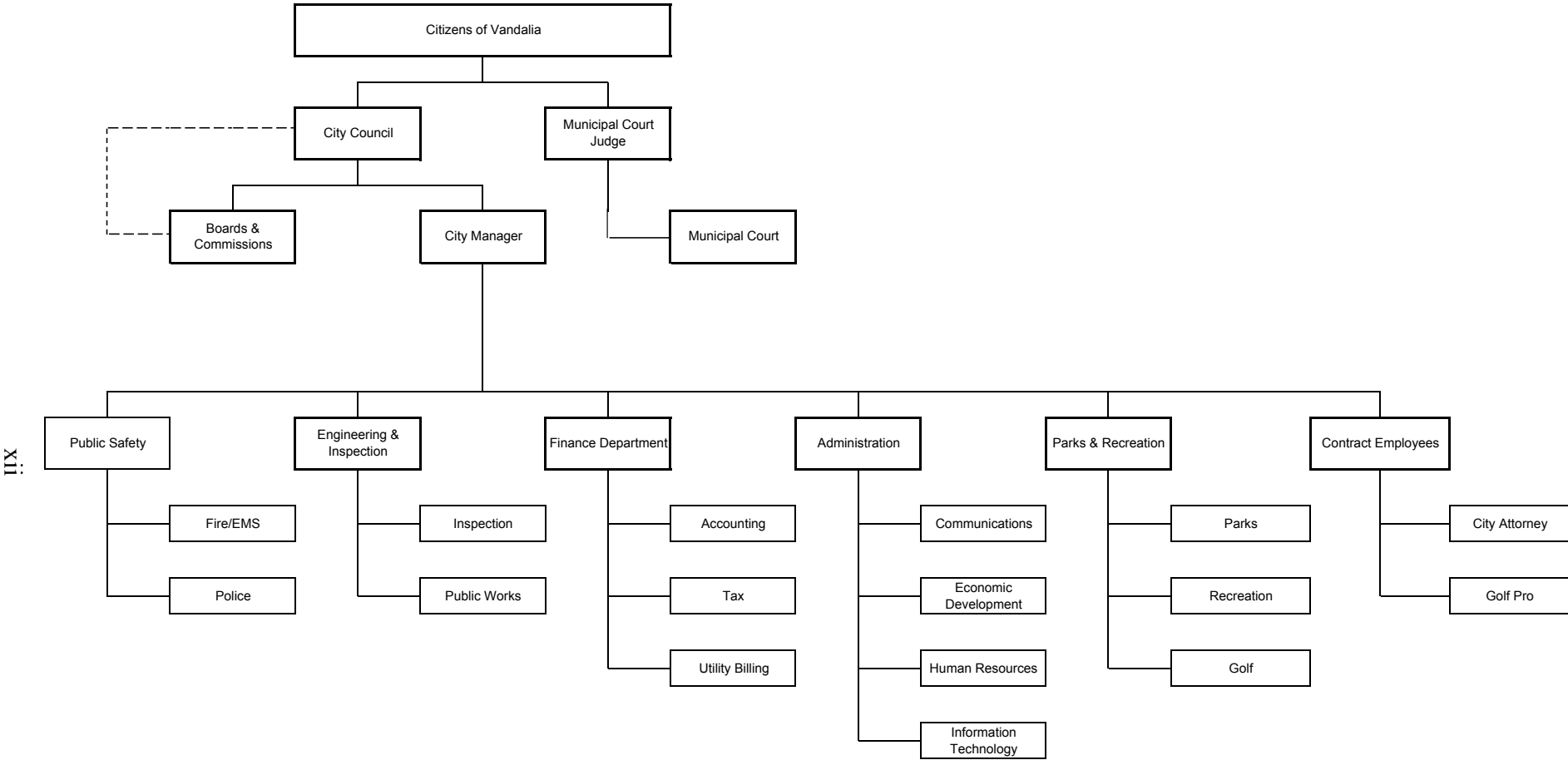
Fire Chief

Chad Follick

Parks and Recreation Director

Steve Clark

City of Vandalia, Ohio
 Organizational Chart
 December 31, 2008



IX

Financial Section



INDEPENDENT AUDITOR'S REPORT

City Council
City of Vandalia
333 James E. Bohanan Memorial Drive
Vandalia, OH 45377

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vandalia (the City) as of and for the year ended December 31, 2008, 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, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2008, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis listed in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections 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.

Plattensburg & Associates, Inc.

Plattensburg & Associates, Inc.
June 12, 2009

City of Vandalia, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2008
(Unaudited)

The discussion and analysis of the City of Vandalia's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2008. 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, basic financial statements and notes to enhance their understanding of the City's financial performance.

Financial Highlights

- The City's total net assets increased \$316,062 during 2008. Of this increase, net assets of governmental activities accounted for \$368,218, due to increases in construction in progress and other capital assets while reducing long-term liabilities by making debt payments, while net assets of business-type activities decreased by \$52,156.
- General revenues, for governmental activities, accounted for \$15,619,843, or 69.6% of total governmental activities revenue. Program specific revenues accounted for \$6,833,087 or 30.4% of total governmental activities revenue.
- Governmental activities net capital assets increased \$555,028, due to an increase in all categories of capital assets and various ongoing construction projects.
- The City had \$22,084,712 in expenses related to governmental activities; \$6,833,087 of these expenses was offset by program specific charges for services, grants, contributions, or interest. General revenues (primarily taxes) of \$15,619,843 were sufficient to offset these program expenses.
- The general fund, the City's largest major governmental fund, had revenues of \$21,889,439 in 2008, or 89.7% of total governmental funds. Expenditures of the general fund were \$16,970,918, or 70.5% of total governmental funds. The general fund balance increased \$479,277, or 2.3% in 2008.
- Business-type operations reflected an operating loss of \$1,206,432 during 2008, and business-type unrestricted net assets are at \$9,375,827.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the City's financial situation as a whole and also give a detailed view of the City's fiscal condition.

The statement of net assets and statement of activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Major fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

City of Vandalia, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2008
(Unaudited)

Reporting the City as a Whole

Statement of Net Assets and Statement of Activities

The analysis of the City as a whole begins with the statement of net assets and the statement of activities. These reports provide information that will help the reader to determine if the City is financially better off or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes to those assets. This change informs the reader whether the City's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements need to take into account non-financial factors that also impact the City's financial well being. Some of these factors include the City's tax base and the condition of capital assets.

In the statement of net assets and the statement of activities, the City is divided into two kinds of activities.

- Governmental Activities – Most of the City's services are reported here including police, fire, public works, recreation, judicial, and legislative and executive.
- Business-Type Activities – These services include water, sewer and golf. Service fees for these operations are charged based upon the amount of usage or a usage fee. The intent is that the fees charged recoup operational costs.

Reporting the City's Most Significant Funds

Fund Financial Statements

The analysis of the City's major funds begins on page 18. Fund financial statements provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Finance Director, with approval of council, to help control, manage and report money received for a particular purpose or to show that the City is meeting legal responsibilities for use of grants. The City's major funds are general, capital improvement, water, sewer and golf.

City of Vandalia, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2008
(Unaudited)

Governmental Funds

Most of the City's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. 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 statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future on services provided to our residents. 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

When the City charges citizens for the services it provides, with the intent of recapturing operating costs, these services are generally reported in proprietary funds. Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match. Internal service funds are used to report activities that provide services to the City's other funds and departments.

Fiduciary Funds

All of the City's fiduciary activities are reported in a separate statement of fiduciary net assets. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

Government-Wide Financial Analysis

The statement of net assets provides the perspective of the City as a whole.

Table 1 below provides a summary of the City's net assets for 2008 compared to 2007:

City of Vandalia, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2008
(Unaudited)

Table 1
Net Assets

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|---|----------------------------------|---|----------------------------------|---|----------------------------------|---|
| | <u>Activities</u> <u>2008</u> | <u>Activities</u> <u>2007 (Restated)</u> | <u>Activities</u> <u>2008</u> | <u>Activities</u> <u>2007 (Restated)</u> | <u>Activities</u> <u>2008</u> | <u>Activities</u> <u>2007 (Restated)</u> |
| <u>Assets</u> | | | | | | |
| Current and other assets | \$ 35,434,117 | \$ 35,094,717 | \$ 2,376,748 | \$ 2,974,861 | \$ 37,810,865 | \$ 38,069,578 |
| Capital assets | 45,648,060 | 45,093,032 | 18,165,790 | 17,331,384 | 63,813,850 | 62,424,416 |
| Investment in joint venture | - | - | 7,454,187 | 7,688,121 | 7,454,187 | 7,688,121 |
| Total assets | <u>81,082,177</u> | <u>80,187,749</u> | <u>27,996,725</u> | <u>27,994,366</u> | <u>109,078,902</u> | <u>108,182,115</u> |
| <u>Liabilities</u> | | | | | | |
| Other liabilities | 7,504,097 | 6,576,728 | 295,453 | 254,804 | 7,799,550 | 6,831,532 |
| Long-term liabilities outstanding | <u>11,272,248</u> | <u>11,673,407</u> | <u>149,906</u> | <u>136,040</u> | <u>11,422,154</u> | <u>11,809,447</u> |
| Total liabilities | <u>18,776,345</u> | <u>18,250,135</u> | <u>445,359</u> | <u>390,844</u> | <u>19,221,704</u> | <u>18,640,979</u> |
| <u>Net Assets</u> | | | | | | |
| Invested in capital assets, net of related debt | 36,535,266 | 35,381,805 | 18,165,790 | 17,331,384 | 54,701,056 | 52,713,189 |
| Restricted | 4,489,010 | 4,872,447 | - | - | 4,489,010 | 4,872,447 |
| Unrestricted | <u>21,281,556</u> | <u>21,683,362</u> | <u>9,385,576</u> | <u>10,272,138</u> | <u>30,667,132</u> | <u>31,955,500</u> |
| Total net assets | <u>\$ 62,305,832</u> | <u>\$ 61,937,614</u> | <u>\$ 27,551,366</u> | <u>\$ 27,603,522</u> | <u>\$ 89,857,198</u> | <u>\$ 89,541,136</u> |

As displayed in Table 1, total net assets of the City as a whole, increased \$316,062 from 2007 to 2008. This was due to increases in construction in progress and most categories of capital assets while reducing long-term liabilities by making debt payments.

Total net assets of the City's governmental activities increased by \$368,218, and unrestricted net assets decreased \$401,806 from 2007 to 2008. The increase in governmental net assets can be attributed to increases in construction in progress and most categories of capital assets.

The net assets of the City's business type activities decreased by \$52,156. All three enterprise funds reported an operating loss during 2008. Overall, operating expenses remained consistent with prior year. Capital contributions for capital assets from developers and governmental funds helped to reduce the negative impact on net assets. The City strives to control operation expenses for business-type activities in order to maintain stability in charges for services rates.

Table 2 shows the changes in net assets for the year ended December 31, 2008, and revenue and expense comparisons to 2007.

City of Vandalia, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2008
(Unaudited)

Table 2
Changes in Net Assets

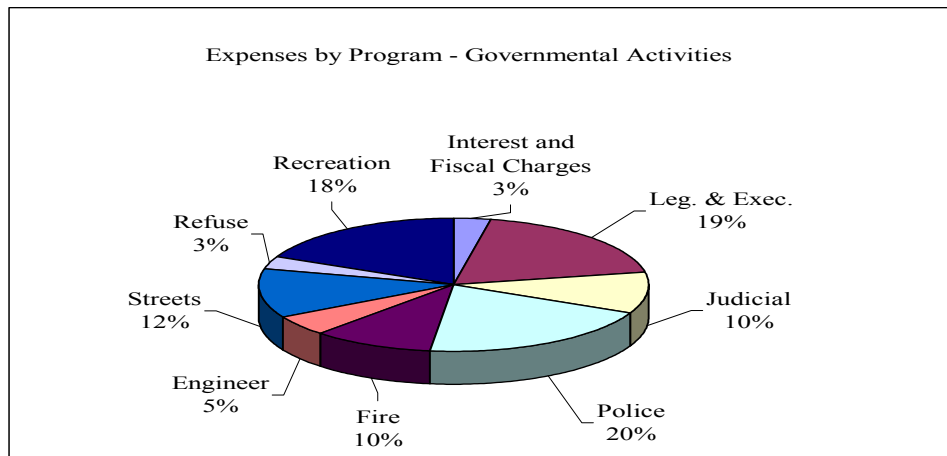
| | Governmental Activities | | Business-Type Activities | | Total | Total |
|--|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 5,163,528 | \$ 5,255,078 | \$ 4,004,251 | \$ 6,093,932 | \$ 9,167,779 | \$ 11,349,010 |
| Operating grants, contributions, and interest | 919,062 | 1,152,379 | - | - | 919,062 | 1,152,379 |
| Capital grants and contributions | 750,497 | 1,374,031 | 103,784 | 74,445 | 854,281 | 1,448,476 |
| General revenues: | | | | | | |
| Property taxes | 2,077,147 | 1,976,022 | - | - | 2,077,147 | 1,976,022 |
| Income taxes | 11,391,659 | 13,072,621 | - | - | 11,391,659 | 13,072,621 |
| Grants and entitlements | 1,977,904 | 1,357,421 | - | - | 1,977,904 | 1,357,421 |
| Investment earnings | 1,211,323 | 1,485,318 | 1,140 | 3,471 | 1,212,463 | 1,488,789 |
| Other | 154,641 | 112,821 | 35,755 | 33,196 | 190,396 | 146,017 |
| Total revenues | <u>23,645,761</u> | <u>25,785,691</u> | <u>4,144,930</u> | <u>6,205,044</u> | <u>27,790,691</u> | <u>31,990,735</u> |
| Program Expenses | | | | | | |
| Governmental Activities: | | | | | | |
| General government | | | | | | |
| Legislative and executive | 4,128,879 | 4,064,204 | - | - | 4,128,879 | 4,064,204 |
| Judicial system | 2,274,612 | 2,236,204 | - | - | 2,274,612 | 2,236,204 |
| Public safety | | | | | | |
| Police | 4,507,680 | 4,433,361 | - | - | 4,507,680 | 4,433,361 |
| Fire | 2,100,789 | 2,012,863 | - | - | 2,100,789 | 2,012,863 |
| Public works | | | | | | |
| Engineer | 1,087,904 | 1,189,858 | - | - | 1,087,904 | 1,189,858 |
| Streets | 2,588,013 | 2,676,207 | - | - | 2,588,013 | 2,676,207 |
| Refuse | 754,679 | 948,613 | - | - | 754,679 | 948,613 |
| Recreation | 4,016,239 | 3,872,952 | - | - | 4,016,239 | 3,872,952 |
| Interest and fiscal charges | 625,917 | 650,699 | - | - | 625,917 | 650,699 |
| Business-Type Activities: | | | | | | |
| Water | - | - | 2,677,281 | 2,285,103 | 2,677,281 | 2,285,103 |
| Sewer | - | - | 1,574,798 | 1,566,084 | 1,574,798 | 1,566,084 |
| Golf | - | - | 1,137,838 | 1,228,303 | 1,137,838 | 1,228,303 |
| Total program expenses | <u>22,084,712</u> | <u>22,084,961</u> | <u>5,389,917</u> | <u>5,079,490</u> | <u>27,474,629</u> | <u>27,164,451</u> |
| Increase in net assets | | | | | | |
| before transfers | 1,561,049 | 3,700,730 | (1,244,987) | 1,125,554 | 316,062 | 4,826,284 |
| Transfers | <u>(1,192,831)</u> | <u>(937,367)</u> | <u>1,192,831</u> | <u>937,367</u> | - | - |
| Change in net assets | 368,218 | 2,763,363 | (52,156) | 2,062,921 | 316,062 | 4,826,284 |
| Net assets beginning of year, restated | | | | | | |
| | <u>61,937,614</u> | <u>59,174,251</u> | <u>27,603,522</u> | <u>25,540,601</u> | <u>89,541,136</u> | <u>84,714,852</u> |
| Net assets end of year | <u>\$ 62,305,832</u> | <u>\$ 61,937,614</u> | <u>\$ 27,551,366</u> | <u>\$ 27,603,522</u> | <u>\$ 89,857,198</u> | <u>\$ 89,541,136</u> |

City of Vandalia, Ohio
 Management's Discussion and Analysis
 For The Year Ended December 31, 2008
 (Unaudited)

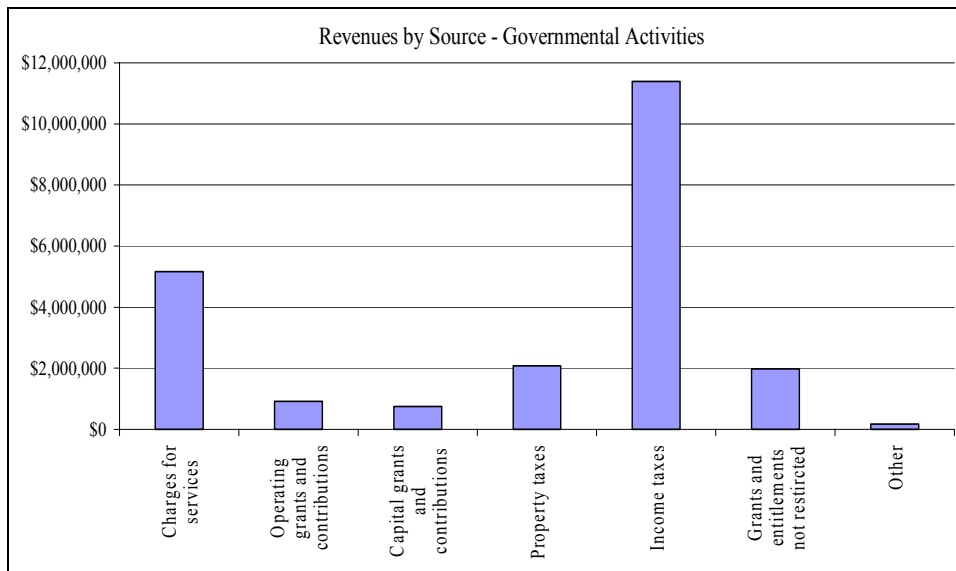
Governmental Activities

The City 2% income tax effective January 1, 2006 due to a voter approved five year levy in the November 2005 election, is the largest source of revenue for the City of Vandalia. The above table reflects that income tax receipts decreased an significant amount from the prior year.

Charges for services decreased \$91,550 during 2008. General government program expenses increased \$103,083 during 2008 primarily as a result of increased personnel and operation costs. Expenses related to income tax collections for the cities of Englewood and Brookville also continue to be reflected in the general government program expenses. Recreation program expenses increased \$143,287 during 2008.



As indicated by governmental program expenses, citizen safety and well being is emphasized as well as maintaining the City's streets and other infrastructure. Recreation programs and facilities are considered an integral part of the quality of life factor.



City of Vandalia, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2008
(Unaudited)

When looking at the sources of income used to support governmental activities, it should be noted that charges for services of \$5,163,528 represent 23% of revenue. Revenues provided by sources other than city residents in the form of operating and capital grants comprise another \$1,669,559, or 7.4%, and unrestricted grants and entitlements accounted for \$1,977,904, which is another 8.8%. The remaining revenues are primarily generated locally through property taxes, \$2,077,147 or 9.2% and income taxes, \$11,391,659 at 50.7%. City Council relies on these taxes to furnish the quality of life to businesses and citizens to which they and previous councils have always been committed.

Business-Type Activities

The City's business-type activities include water, sewer and golf.

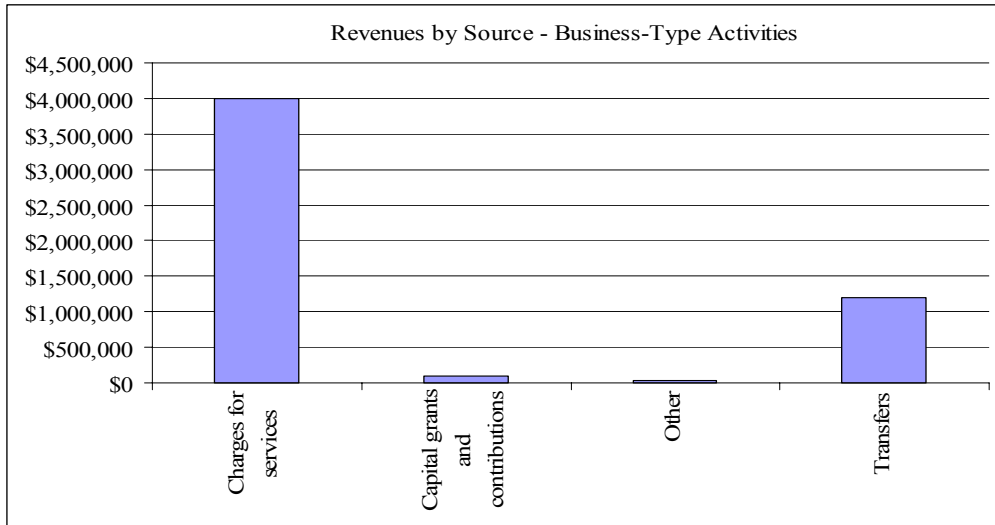
Water – The City of Vandalia closed their water treatment plant in 1970 and contracted with the City of Dayton to furnish water to the residents of Vandalia. Vandalia owns, maintains and repairs all lines and pumping stations as needed. In March, 2002, the City entered into a joint venture with the City of Tipp City to build a water treatment plant. The water treatment plant is operated by the Northern Area Water Authority (NAWA) which is located in Tipp City and provides water treatment services to both communities. Per the engineer and design rate study, water rates will be increased as necessary to fund this joint venture. During 2008, the City instituted a sewer rate increase and in order to keep utility bills from increasing, the City Council voted to reduce water rates by 4.5% in 2008 and 2009.

The water treatment plant became fully operational in June of 2007. The City of Dayton implemented water rate increases of 22% in 2005, 34% in January 2006 and 8% in January 2007. The City of Vandalia abandoned the final two years of its rate increases and passed a new ordinance to increase water rates to residents equal to the City of Dayton's rate increases.

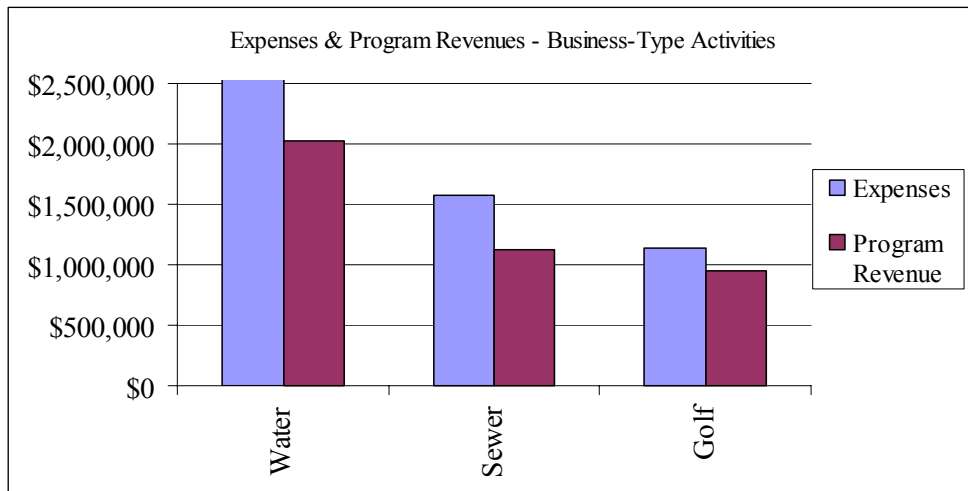
Sewer - The City closed their wastewater treatment facility in 1985. Vandalia then contracted with the Miami Conservancy District for wastewater treatment services. In 1996, the Conservancy District decided they no longer wanted to furnish this service. A joint venture was formed between the Cities of Vandalia, Huber Heights and Tipp City to take over the Conservancy District operation. The joint venture now furnishes waste water treatment services to each city. Each city owns and maintains the infrastructure necessary to furnish service to their citizens. All capital repairs and upkeep of the treatment plant are the responsibility of the joint venture. The joint venture in turn will set costs of service for the cities, based on flow, to maintain the plant. The City of Vandalia will in turn, charge its citizens accordingly. Any capital outlay needed to maintain Vandalia's sewer infrastructure was provided by user fees. Due to the need for current and future capital improvements, maintenance and up keep of enterprise infrastructure, Council decided to implement a 9% sewer rate increase for 2008 and 2009.

City of Vandalia, Ohio
 Management's Discussion and Analysis
 For The Year Ended December 31, 2008
 (Unaudited)

Golf - Vandalia's Cassel Hills Golf Course is an 18-hole golf course with a restaurant and snack bar. In 1997 the course was voted as "best in the valley" by Dayton Daily Newsreaders and in 2003 received a four-star ranking by *Golf Digest*. Vandalia was one of the first smaller cities in the Miami Valley to have a municipal golf course. As a result, public expectation has been that a public course should have lesser fees than a private golf course. In 2008, there were approximately 28,038 rounds of golf played. Vandalia's councils have, for the most part, agreed with the expectation of lower fees and have been willing to subsidize operations of the course with transfers and advances from the general fund when necessary.



Overall, the City's business-type activities generated \$4.1 million in program revenues during 2008, program expenses were \$5.4 million. Capital contributions of \$1,296,615 were a result of contributions from developers and other governmental funds. Expenses in the business-type activities remained consistent with prior year. Charges for services in the water and sewer department decreased in 2007.



City of Vandalia, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2008
(Unaudited)

Financial Analysis of the Government's Funds

Information about the City's major governmental funds begins on page 18. These funds are reported using the modified accrual basis of accounting. Governmental funds reported revenues of \$24.4 million and expenditures of \$24 million. The general fund net change in fund balance from 2007 to 2008 was \$479,277. Within the general fund, revenues exceeded expenditures by \$4.9 million. The largest increase from 2007 to 2008 is \$426,195 in intergovernmental revenues. Transfers to other funds such as the capital improvement, the police, fire and street capital improvement, and the general obligation debt service fund equaled \$4.4 million. The funds transferred were used for capital assets, improvements, repairs, and debt.

The capital improvement fund balance decreased by \$301,322. Fund balance at December 31, 2008, was \$1,060,593, of which \$1,768,332 was encumbered and \$3,856,281 was reserved for land held for resale. Encumbrances are primarily for street related projects and equipment and vehicle purchases as well as other improvements. The capital improvement fund had a significant increase in capital purchases for 2008. All other governmental change in fund balances was \$189,785 during 2008.

With all three enterprise funds reflecting an operating loss for 2008, the City has implemented a series of rate increases in the enterprise funds to help alleviate future fund losses. If unrestricted net assets are not sufficient to sustain the losses, the City will provide transfers and advances from the general fund as necessary to cover negative balances.

Charges for services for water and sewer services have historically been established to ensure that on a cash basis, fees are adequate to cover operations. In the past, Council has not set fees with the intention of funding capital improvements, however, beginning in 2004, capital items are now charged to the enterprise funds. Therefore, during 2004, Council passed ordinances to implement new fee structures for water and sewer rates. Of the enterprise funds, two of the three funds showed an increase in cash during 2008.

The golf activity's operating loss of \$157,288 is attributable to continually increasing costs for contractual services related to repair and maintenance of the facility with only small increases in fees charged. The Golf course is intended to be operated as a business-type activity, however, historically; Council has not set fees adequate to cover all operating expenses. Even though this operation periodically receives governmental support, it is reflected as a business-type activity. Council has recently approved a new fee schedule for the golf course operations, and is hopeful that the golf fund will begin to realize an upswing in the near future.

General fund budgeting highlights

The City's budget is adopted on a fund basis. Before the budget is adopted council reviews the detailed work papers of each function within the general fund, and then adopts the budget on a fund basis.

During 2008, revisions were made to the general fund budget. These revisions are reflected on the statement of revenues, expenditures and changes in fund balances for the general fund on page 22. Within each departmental function, a department head may make small line item adjustments within their budget, as long as the total operation and maintenance amount does not exceed their original budget allowance.

City of Vandalia, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2008
(Unaudited)

Original general fund budgeted revenues increased \$55,305, from \$21,501,195 to the final budgeted amount of \$21,556,500. Municipal income taxes original budget was consistent with actual income tax revenue for the prior year. At the end of the year, actual municipal income revenues were less than the final budget by \$127,459. In addition, interest income was in excess of the final budget by \$250,504 due to higher interest rates.

Original general fund expenditures increased \$430,000, from \$18,864,014 to the final budgeted amount of \$19,294,014. Actual expenditures were \$730,834 below final budget expenditures for 2008 due to the close monitoring of expenditures.

Capital Assets and Debt Administration

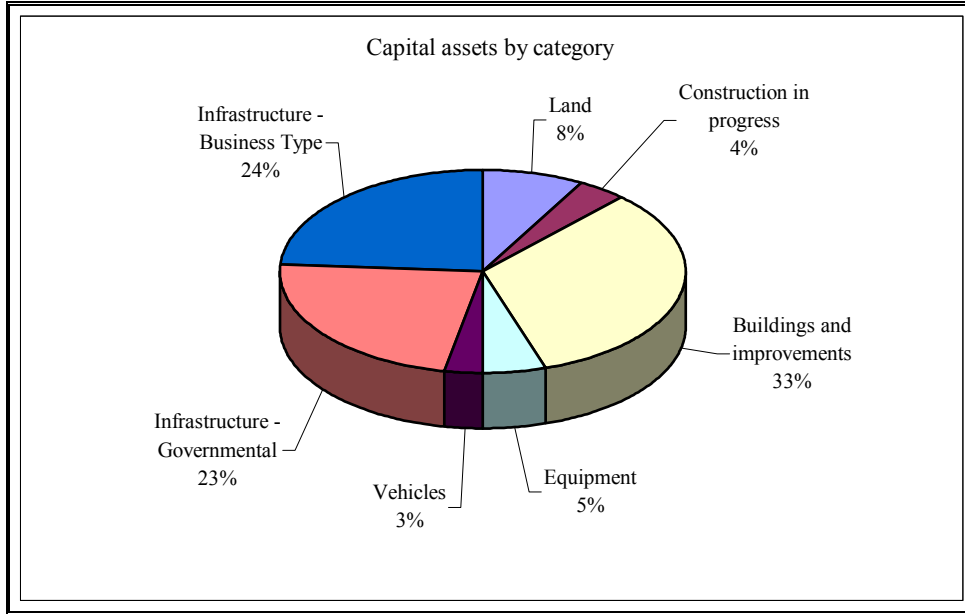
Capital Assets

Table 3
Capital Assets, at Fiscal Year End
(Net of Depreciation)

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> | <u>2008</u> | <u>2007</u> |
| Land | \$ 4,772,053 | \$ 4,772,053 | \$ 167,369 | \$ 167,369 | \$ 4,939,422 | \$ 4,939,422 |
| Construction in progress | 2,340,413 | 1,543,687 | - | - | 2,340,413 | 1,543,687 |
| Buildings and improvements | 19,485,312 | 19,856,910 | 1,541,587 | 1,546,418 | 21,026,899 | 21,403,328 |
| Equipment | 2,591,984 | 2,538,377 | 487,008 | 406,202 | 3,078,992 | 2,944,579 |
| Vehicles | 1,604,950 | 1,329,509 | 93,982 | 137,290 | 1,698,932 | 1,466,799 |
| Infrastructure | <u>14,853,348</u> | <u>15,052,496</u> | <u>15,875,844</u> | <u>15,074,105</u> | <u>30,729,192</u> | <u>30,126,601</u> |
| Total | <u>\$ 45,648,060</u> | <u>\$ 45,093,032</u> | <u>\$ 18,165,790</u> | <u>\$ 17,331,384</u> | <u>\$ 63,813,850</u> | <u>\$ 62,424,416</u> |

Capital assets, net of depreciation, in governmental activities increased from the prior year. Increases were primarily in construction in progress and vehicles. Capital assets, net of depreciation, for the business-type activities had an increase of \$834,406, primarily due to the completion of several projects. The City received \$144,306 in asset from developers during 2008. See Note 7 of the notes to the basic financial statements for more detailed information on capital assets.

City of Vandalia, Ohio
 Management's Discussion and Analysis
 For The Year Ended December 31, 2008
 (Unaudited)



Debt

At December 31, 2008, the City of Vandalia had \$9,109,619 in outstanding debt.

Table 4
Outstanding Debt, at Year End

| | Governmental Activities | |
|----------------------------------|-------------------------|--------------|
| | <u>2008</u> | <u>2007</u> |
| Unvoted general obligation bonds | | |
| Various purpose refunding bonds | \$ 9,109,619 | \$ 9,635,744 |

The Various Purpose Refunding bonds will be paid with property tax revenues via transfers from the general fund.

The City also has short term obligations being reported in the capital improvement capital projects fund in the amount of \$4,080,000. Revenues for payment of interest and principal on the bond anticipation notes will result from proceeds from a new note to be issued in 2009. The general obligation debt service fund will retire the debt.

The City's overall legal debt margin was \$32,238,827 at December 31, 2008. See Note 9 & 11 of the notes to the basic financial statements for more detailed information on debt of the City.

City of Vandalia, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2008
(Unaudited)

Contacting the City's Financial Management

This financial report is designed to provide our citizens, taxpayer, creditors and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact James Bell, Finance Director, City of Vandalia, 333 Bohanan Drive, Vandalia, Ohio 45377.

City of Vandalia, Ohio
Statement of Net Assets
December 31, 2008

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| <u>Assets:</u> | | | |
| Equity in pooled cash and investments | \$ 24,911,294 | \$ 2,399,486 | \$ 27,310,780 |
| Receivables: | | | |
| Income tax | 2,450,248 | - | 2,450,248 |
| Property and other taxes | 1,707,760 | - | 1,707,760 |
| Accounts | 470,867 | 289,079 | 759,946 |
| Special assessments | 64,032 | - | 64,032 |
| Accrued interest | 178,706 | - | 178,706 |
| Due from other governments | 1,177,913 | - | 1,177,913 |
| Materials and supplies inventory | 80,211 | 22,330 | 102,541 |
| Prepaid items | 28,076 | - | 28,076 |
| Restricted assets: | | | |
| Equity in pooled cash and cash equivalents | - | 37,608 | 37,608 |
| Deferred charges | 136,974 | - | 136,974 |
| Investment in joint venture | - | 7,454,187 | 7,454,187 |
| Internal balances | 371,755 | (371,755) | - |
| Land held for resale | 3,856,281 | - | 3,856,281 |
| Nondepreciable capital assets | 7,112,466 | 167,369 | 7,279,835 |
| Depreciable capital assets, net | 38,535,594 | 17,998,421 | 56,534,015 |
| Total assets | <u>81,082,177</u> | <u>27,996,725</u> | <u>109,078,902</u> |
| <u>Liabilities:</u> | | | |
| Accounts payable | 372,187 | 46,545 | 418,732 |
| Contracts payable | 258,253 | - | 258,253 |
| Accrued wages and benefits | 301,684 | 21,588 | 323,272 |
| Compensated absences payable | 38,778 | - | 38,778 |
| Due to other governments | 498,536 | 21,417 | 519,953 |
| Due to related parties | - | 167,013 | 167,013 |
| Unearned revenue | 1,339,870 | 1,282 | 1,341,152 |
| Income tax refunds payable | 432,536 | - | 432,536 |
| Bond anticipation notes payable | 4,080,000 | - | 4,080,000 |
| Accrued interest payable | 70,351 | - | 70,351 |
| Claims payable | 111,902 | - | 111,902 |
| Refundable deposits | - | 37,608 | 37,608 |
| Long-term liabilities: | | | |
| Due within one year | 1,324,769 | 75,079 | 1,399,848 |
| Due in more than one year | 9,947,479 | 74,827 | 10,022,306 |
| Total liabilities | <u>18,776,345</u> | <u>445,359</u> | <u>19,221,704</u> |
| <u>Net assets:</u> | | | |
| Invested in capital assets, net of related debt | 36,535,266 | 18,165,790 | 54,701,056 |
| Restricted for: | | | |
| Capital projects | 2,200,914 | - | 2,200,914 |
| Debt service | 237,729 | - | 237,729 |
| Other purposes | 2,050,367 | - | 2,050,367 |
| Unrestricted | 21,281,556 | 9,385,576 | 30,667,132 |
| Total net assets | <u>\$ 62,305,832</u> | <u>\$ 27,551,366</u> | <u>\$ 89,857,198</u> |

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Activities
For the Year Ended December 31, 2008

| | Expenses | Program Revenues | | |
|----------------------------------|----------------------|--------------------------------|--|----------------------------------|
| | | Charges for Services and Sales | Operating Grants, Contributions and Interest | Capital Grants and Contributions |
| <u>Governmental Activities:</u> | | | | |
| General government | | | | |
| Legislative and executive | \$ 4,128,879 | \$ 674,495 | \$ 23,457 | \$ - |
| Judicial system | 2,274,612 | 1,239,931 | - | - |
| Public safety | | | | |
| Police | 4,507,680 | 76,122 | 14,067 | - |
| Fire | 2,100,789 | 578,564 | 124,095 | - |
| Public works | | | | |
| Engineer | 1,087,904 | 393,585 | 8,466 | - |
| Streets | 2,588,013 | 41,160 | 722,075 | 750,497 |
| Refuse | 754,679 | 698,251 | - | - |
| Recreation | 4,016,239 | 1,461,420 | 26,902 | - |
| Interest and fiscal charges | 625,917 | - | - | - |
| Total governmental activities | <u>22,084,712</u> | <u>5,163,528</u> | <u>919,062</u> | <u>750,497</u> |
| <u>Business-Type Activities:</u> | | | | |
| Water | 2,677,281 | 1,979,915 | - | 50,426 |
| Sewer | 1,574,798 | 1,072,501 | - | 53,358 |
| Golf | 1,137,838 | 951,835 | - | - |
| Total business-type activities | <u>5,389,917</u> | <u>4,004,251</u> | <u>-</u> | <u>103,784</u> |
| Total primary government | <u>\$ 27,474,629</u> | <u>\$ 9,167,779</u> | <u>\$ 919,062</u> | <u>\$ 854,281</u> |

General revenues:
Property taxes levied for:
 General purposes
Income tax levied for:
 General purposes
Grants and entitlements not restricted to specific programs
Investment earnings
Other
Transfers
Total general revenues and transfers

Change in net assets

Net assets, beginning of year, restated
Net assets, end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets

| <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|------------------------------------|-------------------------------------|----------------------|
| \$ (3,430,927) | \$ - | \$ (3,430,927) |
| (1,034,681) | - | (1,034,681) |
| (4,417,491) | - | (4,417,491) |
| (1,398,130) | - | (1,398,130) |
| (685,853) | - | (685,853) |
| (1,074,281) | - | (1,074,281) |
| (56,428) | - | (56,428) |
| (2,527,917) | - | (2,527,917) |
| (625,917) | - | (625,917) |
| <u>(15,251,625)</u> | <u>-</u> | <u>(15,251,625)</u> |
| - | (646,940) | (646,940) |
| - | (448,939) | (448,939) |
| - | (186,003) | (186,003) |
| - | <u>(1,281,882)</u> | <u>(1,281,882)</u> |
| \$ (15,251,625) | \$ (1,281,882) | \$ (16,533,507) |
| 2,077,147 | - | 2,077,147 |
| 11,391,659 | - | 11,391,659 |
| 1,977,904 | - | 1,977,904 |
| 1,211,323 | 1,140 | 1,212,463 |
| 154,641 | 35,755 | 190,396 |
| <u>(1,192,831)</u> | <u>1,192,831</u> | <u>-</u> |
| <u>15,619,843</u> | <u>1,229,726</u> | <u>16,849,569</u> |
| 368,218 | (52,156) | 316,062 |
| <u>61,937,614</u> | <u>27,603,522</u> | <u>89,541,136</u> |
| <u>\$ 62,305,832</u> | <u>\$ 27,551,366</u> | <u>\$ 89,857,198</u> |

City of Vandalia, Ohio
Balance Sheet
Governmental Funds
December 31, 2008

| | General | Capital Improvement | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|------------------------|--------------------------------|--------------------------------|
| Assets: | | | | |
| Equity in pooled cash and investments | \$ 20,299,535 | \$ 1,563,180 | \$ 2,864,462 | \$ 24,727,177 |
| Receivables: | | | | |
| Income tax | 2,450,248 | - | - | 2,450,248 |
| Property and other taxes | 1,707,760 | - | - | 1,707,760 |
| Accounts | 418,174 | 340 | 51,193 | 469,707 |
| Special assessments | 13,810 | 10,669 | 39,553 | 64,032 |
| Accrued interest | 178,706 | - | - | 178,706 |
| Restricted assets: | | | | |
| Equity in pooled cash and cash equivalents | 26,615 | - | - | 26,615 |
| Due from other governments | 438,898 | 171,521 | 567,494 | 1,177,913 |
| Materials and supplies inventory | 6,778 | - | 73,433 | 80,211 |
| Interfund loan receivable | 407,511 | - | - | 407,511 |
| Due from other funds | 72,810 | - | 27,512 | 100,322 |
| Land held for resale | - | 3,856,281 | - | 3,856,281 |
| Total assets | <u>\$ 26,020,845</u> | <u>\$ 5,601,991</u> | <u>\$ 3,623,647</u> | <u>\$ 35,246,483</u> |
| Liabilities and fund balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 302,361 | \$ 20,955 | \$ 48,563 | \$ 371,879 |
| Contracts payable | - | 258,253 | - | 258,253 |
| Accrued wages | 284,283 | - | 17,401 | 301,684 |
| Matured compensated absences payable | 35,973 | - | 2,805 | 38,778 |
| Interfund payable | - | - | 7,511 | 7,511 |
| Due to other governments | 477,415 | - | 21,121 | 498,536 |
| Deferred revenue | 3,506,348 | 182,190 | 580,960 | 4,269,498 |
| Income tax refunds payable | 432,536 | - | - | 432,536 |
| Bond anticipation notes payable | - | 4,080,000 | - | 4,080,000 |
| Due to other funds | - | - | 118,818 | 118,818 |
| Total liabilities | <u>5,038,916</u> | <u>4,541,398</u> | <u>797,179</u> | <u>10,377,493</u> |
| Fund balances: | | | | |
| Reserved for encumbrances | 1,511,207 | 1,768,332 | 819,047 | 4,098,586 |
| Reserved for inventory | 6,778 | - | 73,433 | 80,211 |
| Reserved for interfund loan receivable | 407,511 | - | - | 407,511 |
| Reserved for unclaimed money | 26,615 | - | - | 26,615 |
| Reserved for land held for resale | - | 3,856,281 | - | 3,856,281 |
| Unreserved, undesignated, | | | | |
| Reported in: | | | | |
| General fund | 19,029,818 | - | - | 19,029,818 |
| Special revenue funds | - | - | 1,306,895 | 1,306,895 |
| Debt service fund | - | - | 221,577 | 221,577 |
| Capital projects fund | - | (4,564,020) | 405,516 | (4,158,504) |
| Total fund balances | <u>20,981,929</u> | <u>1,060,593</u> | <u>2,826,468</u> | <u>24,868,990</u> |
| Total liabilities and fund balances | <u>\$ 26,020,845</u> | <u>\$ 5,601,991</u> | <u>\$ 3,623,647</u> | <u>\$ 35,246,483</u> |

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2008

| | | |
|--|----------------|---------------|
| Total governmental fund balances | | \$ 24,868,990 |
| <i>Amounts reported for governmental activities in the statement of net assets are different because:</i> | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in funds. | | 45,648,060 |
| An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. | | 74,528 |
| The internal balance represents the portion of the internal service fund's assets and liabilities that are allocated to the proprietary funds. | | (9,749) |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds: | | |
| Property and other taxes | \$ 165,530 | |
| Income taxes | 1,360,601 | |
| Fines and forfeitures | 24,422 | |
| Intergovernmental | 997,234 | |
| Special assessments | 64,032 | |
| Charges for services | 305,741 | |
| Deferred charges | 136,974 | |
| Other | 12,068 | |
| Total | 3,066,602 | 3,066,602 |
| Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds. | | (70,351) |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds: | | |
| Refunding general obligation bonds | \$ (9,420,000) | |
| Unamortized premium on refunding bonds | (355,427) | |
| Accounting loss | 665,808 | |
| Capital lease payable | (744,011) | |
| Compensated absences | (1,418,618) | |
| Total | (11,272,248) | (11,272,248) |
| Net assets of governmental activities | | \$ 62,305,832 |

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

| | General | Capital Improvement | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|------------------------|--------------------------------|--------------------------------|
| Revenues: | | | | |
| Municipal income tax | \$ 11,905,601 | \$ - | \$ - | \$ 11,905,601 |
| Property and other taxes | 2,097,501 | - | 21,354 | 2,118,855 |
| Charges for services | 3,161,709 | - | 463,350 | 3,625,059 |
| Licenses and permits | 157,043 | - | - | 157,043 |
| Fines and forfeitures | 1,334,212 | - | 183,931 | 1,518,143 |
| Intergovernmental | 1,885,744 | 803,070 | 1,014,223 | 3,703,037 |
| Special assessments | - | 27,739 | - | 27,739 |
| Interest | 1,211,322 | - | - | 1,211,322 |
| Other | 136,307 | 1,040 | 9,451 | 146,798 |
| Total revenue | <u>21,889,439</u> | <u>831,849</u> | <u>1,692,309</u> | <u>24,413,597</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | | | | |
| Legislative and executive | 3,672,142 | 86,199 | 162,598 | 3,920,939 |
| Judicial system | 2,151,768 | 3,568 | - | 2,155,336 |
| Public safety | | | | |
| Police | 4,047,083 | 22,521 | 179,131 | 4,248,735 |
| Fire | 1,750,124 | - | 107,076 | 1,857,200 |
| Public works | | | | |
| Engineer | 852,803 | 4,650 | 170,362 | 1,027,815 |
| Streets | 595,414 | 48,167 | 1,027,433 | 1,671,014 |
| Refuse | 754,679 | - | - | 754,679 |
| Recreation | 3,135,340 | 95,468 | 187,987 | 3,418,795 |
| Capital outlay | 11,565 | 2,631,406 | 1,144,280 | 3,787,251 |
| Debt service: | | | | |
| Principal retirement | - | - | 632,844 | 632,844 |
| Interest and fiscal charges | - | 129,631 | 476,373 | 606,004 |
| Total expenditures | <u>16,970,918</u> | <u>3,021,610</u> | <u>4,088,084</u> | <u>24,080,612</u> |
| Excess of revenues over (under) expenditures | <u>4,918,521</u> | <u>(2,189,761)</u> | <u>(2,395,775)</u> | <u>332,985</u> |
| Other financing sources (uses): | | | | |
| Sale of capital assets | - | 34,755 | - | 34,755 |
| Transfers - in | - | 1,853,684 | 2,585,560 | 4,439,244 |
| Transfers - out | <u>(4,439,244)</u> | <u>-</u> | <u>-</u> | <u>(4,439,244)</u> |
| Total other financing sources (uses) | <u>(4,439,244)</u> | <u>1,888,439</u> | <u>2,585,560</u> | <u>34,755</u> |
| Net change in fund balance | 479,277 | (301,322) | 189,785 | 367,740 |
| Fund balances at beginning of year | <u>20,502,652</u> | <u>1,361,915</u> | <u>2,636,683</u> | <u>24,501,250</u> |
| Fund balances at end of year | <u>\$ 20,981,929</u> | <u>\$ 1,060,593</u> | <u>\$ 2,826,468</u> | <u>\$ 24,868,990</u> |

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 For the Year Ended December 31, 2008

| | | |
|---|-----------|--------------------|
| Net change in fund balances - Total governmental funds | \$ | 367,740 |
| <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 capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are: | | |
| Capital outlay | \$ | 3,787,251 |
| Capital contributions | | 54,403 |
| Capital assets transferred out | | (1,192,831) |
| Depreciation expense | | <u>(2,017,872)</u> |
| Excess of capital asset additions over depreciation expense and transfers out | | 630,951 |
| Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. | | |
| | | (75,923) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These activities consist of: | | |
| Property and other taxes | \$ | (41,708) |
| Income taxes | | (513,942) |
| Intergovernmental | | (165,019) |
| Special assessments | | (1,716) |
| Charges for services | | (132,092) |
| Fines and forfeitures | | 24,245 |
| Other | | <u>(26,762)</u> |
| Net change in deferred revenues during the year | | (856,994) |
| Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of: | | |
| Increase in compensated absences | \$ | (207,810) |
| Amortization of deferred charges | | (10,536) |
| Decrease in accrued interest | | <u>14,498</u> |
| Total additional expenditures | | (203,848) |
| The internal service fund used by management to charge the costs of insurance claims to individual funds are not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. | | |
| | | (102,677) |
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. | | |
| | | 550,000 |
| Payment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. | | |
| | | 82,844 |
| The amortization of issuance costs and bond premium is reflected as an expense in the statement of activities. | | |
| Accounting loss | \$ | (51,216) |
| Premium | | <u>27,341</u> |
| Total additional expenses | | <u>(23,875)</u> |
| Change in net assets of governmental activities | <u>\$</u> | <u>368,218</u> |

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--------------------------------------|-------------------------|----------------------|----------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| <u>Revenues:</u> | | | | |
| Municipal income tax | \$ 12,500,000 | \$ 12,500,000 | \$ 12,372,541 | \$ (127,459) |
| Property and other taxes | 1,771,643 | 1,771,643 | 1,924,631 | 152,988 |
| Charges for services | 2,971,000 | 2,971,000 | 3,134,056 | 163,056 |
| Licenses and permits | 175,500 | 175,500 | 157,043 | (18,457) |
| Fines and forfeitures | 1,321,000 | 1,321,000 | 1,307,818 | (13,182) |
| Intergovernmental | 1,749,852 | 1,805,157 | 1,884,163 | 79,006 |
| Interest | 900,700 | 900,700 | 1,151,204 | 250,504 |
| Other | 111,500 | 111,500 | 88,875 | (22,625) |
| Total revenues | <u>21,501,195</u> | <u>21,556,500</u> | <u>22,020,331</u> | <u>463,831</u> |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| General government | | | | |
| Legislative and executive | 4,738,923 | 5,168,923 | 5,033,944 | 134,979 |
| Judicial system | 2,313,880 | 2,313,880 | 2,180,243 | 133,637 |
| Public safety | | | | |
| Police | 4,298,195 | 4,298,195 | 4,086,177 | 212,018 |
| Fire | 1,875,580 | 1,875,580 | 1,771,576 | 104,004 |
| Public works | | | | |
| Engineer | 916,916 | 916,916 | 853,278 | 63,638 |
| Streets | 639,481 | 639,481 | 614,667 | 24,814 |
| Refuse | 852,251 | 852,251 | 836,561 | 15,690 |
| Recreation | 3,228,788 | 3,228,788 | 3,186,734 | 42,054 |
| Total expenditures | <u>18,864,014</u> | <u>19,294,014</u> | <u>18,563,180</u> | <u>730,834</u> |
| Excess of revenues over expenditures | <u>2,637,181</u> | <u>2,262,486</u> | <u>3,457,151</u> | <u>1,194,665</u> |
| Other financing sources (uses): | | | | |
| Sale of capital assets | 1,000 | 1,000 | - | (1,000) |
| Transfers - out | (4,439,244) | (4,439,244) | (4,439,244) | - |
| Total other financing sources (uses) | <u>(4,438,244)</u> | <u>(4,438,244)</u> | <u>(4,439,244)</u> | <u>(1,000)</u> |
| Net change in fund balance | (1,801,063) | (2,175,758) | (982,093) | 1,193,665 |
| Fund balance at beginning of year | 17,755,592 | 17,755,592 | 17,755,592 | - |
| Prior year encumbrances appropriated | 1,502,987 | 1,502,987 | 1,502,987 | - |
| Fund balance at end of year | <u>\$ 17,457,516</u> | <u>\$ 17,082,821</u> | <u>\$ 18,276,486</u> | <u>\$ 1,193,665</u> |

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2008

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities Internal Service |
|--|---|----------------------|---------------------|----------------------|--|
| | Water | Sewer | Golf | Total | |
| <u>Assets:</u> | | | | | |
| Current assets: | | | | | |
| Equity in pooled cash and investments | \$ 1,274,467 | \$ 547,483 | \$ 577,536 | \$ 2,399,486 | \$ 157,502 |
| Receivables: | | | | | |
| Accounts | 189,209 | 99,870 | - | 289,079 | 1,160 |
| Due from other funds | 9,269 | 9,013 | 214 | 18,496 | |
| Materials and supplies inventory | 6,196 | - | 16,134 | 22,330 | - |
| Prepaid items | - | - | - | - | 28,076 |
| Restricted assets: | | | | | |
| Equity in pooled cash and cash equivalents | 25,197 | 12,411 | - | 37,608 | - |
| Total current assets | 1,504,338 | 668,777 | 593,884 | 2,766,999 | 186,738 |
| Non-current assets: | | | | | |
| Investment in joint venture | (94,074) | 7,548,261 | - | 7,454,187 | - |
| Capital assets: | | | | | |
| Land | 58,424 | - | 108,945 | 167,369 | - |
| Depreciable capital assets, net | 7,465,746 | 9,267,494 | 1,265,181 | 17,998,421 | - |
| Total non-current assets | 7,430,096 | 16,815,755 | 1,374,126 | 25,619,977 | - |
| Total assets | \$ 8,934,434 | \$ 17,484,532 | \$ 1,968,010 | \$ 28,386,976 | \$ 186,738 |
| <u>Liabilities:</u> | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | \$ 37,730 | \$ 5,080 | \$ 3,735 | \$ 46,545 | \$ 308 |
| Accrued wages and benefits | 6,518 | 6,518 | 8,552 | 21,588 | - |
| Compensated absences payable | 25,876 | 25,875 | 23,328 | 75,079 | - |
| Due to other governments | 5,748 | 5,681 | 9,988 | 21,417 | - |
| Due to related parties | 95,234 | 71,779 | - | 167,013 | - |
| Unearned revenue | - | - | 1,282 | 1,282 | - |
| Claims payable | - | - | - | - | 111,902 |
| Refundable deposits | 25,197 | 12,411 | - | 37,608 | - |
| Total current liabilities | 196,303 | 127,344 | 46,885 | 370,532 | 112,210 |
| Long-term liabilities: | | | | | |
| Compensated absences payable | 27,094 | 27,094 | 20,639 | 74,827 | - |
| Interfund payable | - | - | 400,000 | 400,000 | - |
| Total long-term liabilities | 27,094 | 27,094 | 420,639 | 474,827 | - |
| Total liabilities | 223,397 | 154,438 | 467,524 | 845,359 | 112,210 |
| <u>Net assets:</u> | | | | | |
| Invested in capital assets | 7,524,170 | 9,267,494 | 1,374,126 | 18,165,790 | - |
| Unrestricted | 1,186,867 | 8,062,600 | 126,360 | 9,375,827 | 74,528 |
| Total net assets | \$ 8,711,037 | \$ 17,330,094 | \$ 1,500,486 | 27,541,617 | \$ 74,528 |
| Net assets reported for business-type activities in the statement of net assets is different because they include a proportionate share of the balance of the internal service fund. | | | | 9,749 | |
| Net assets of business-type activities | | | | <u>\$ 27,551,366</u> | |

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2008

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities Internal Service |
|---|---|----------------------|---------------------|--------------------|--|
| | Water | Sewer | Golf | Total | |
| <u>Operating revenues:</u> | | | | | |
| Charges for services | \$ 1,966,205 | \$ 1,055,821 | \$ 951,835 | \$ 3,973,861 | \$ 1,577,407 |
| Tap-in fees | 13,710 | 16,680 | - | 30,390 | - |
| Other | 25,229 | - | 5,476 | 30,705 | 34,622 |
| Total operating revenue | <u>2,005,144</u> | <u>1,072,501</u> | <u>957,311</u> | <u>4,034,956</u> | <u>1,612,029</u> |
| <u>Operating expenses:</u> | | | | | |
| Personal services | 297,309 | 296,028 | 506,900 | 1,100,237 | - |
| Contractual services | 1,480,996 | 957,944 | 302,340 | 2,741,280 | 380,609 |
| Supplies and materials | 598,594 | 34,622 | 195,978 | 829,194 | - |
| Claims | - | - | - | - | 1,345,734 |
| Depreciation | 216,474 | 243,735 | 78,326 | 538,535 | - |
| Other | 1,045 | 42 | 31,055 | 32,142 | - |
| Total operating expenses | <u>2,594,418</u> | <u>1,532,371</u> | <u>1,114,599</u> | <u>5,241,388</u> | <u>1,726,343</u> |
| Operating loss | <u>(589,274)</u> | <u>(459,870)</u> | <u>(157,288)</u> | <u>(1,206,432)</u> | <u>(114,314)</u> |
| <u>Non-operating revenues (expenses):</u> | | | | | |
| Interest | - | - | 1,140 | 1,140 | - |
| Investment in joint venture | (79,628) | (39,192) | - | (118,820) | - |
| Loss on sale of capital assets | - | - | (13,022) | (13,022) | - |
| Total non-operating revenues (expenses) | <u>(79,628)</u> | <u>(39,192)</u> | <u>(11,882)</u> | <u>(130,702)</u> | <u>-</u> |
| Income (loss) before contributions | <u>(668,902)</u> | <u>(499,062)</u> | <u>(169,170)</u> | <u>(1,337,134)</u> | <u>(114,314)</u> |
| Capital contributions | <u>245,021</u> | <u>960,217</u> | <u>91,377</u> | <u>1,296,615</u> | <u>-</u> |
| Change in net assets | <u>(423,881)</u> | <u>461,155</u> | <u>(77,793)</u> | <u>(40,519)</u> | <u>(114,314)</u> |
| Net assets at beginning of year, restated | <u>9,134,918</u> | <u>16,868,939</u> | <u>1,578,279</u> | | <u>188,842</u> |
| Net assets at end of year | <u>\$ 8,711,037</u> | <u>\$ 17,330,094</u> | <u>\$ 1,500,486</u> | | <u>\$ 74,528</u> |

Some amounts reported for the business-type activities in the statement of activities are different because a proportionate share of the net expense of the internal service fund is reported with the business-type activities. (11,637)

Change in net assets of business-type activities \$ (52,156)

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2008

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities Internal Service |
|--|---|--------------|--------------|----------------|--|
| | Water | Sewer | Golf | Total | |
| Cash flows from operating activities: | | | | | |
| Cash received from customers | \$ 2,533,665 | \$ 1,362,295 | \$ 955,887 | \$ 4,851,847 | \$ - |
| Cash received from interfund services provided | - | - | - | - | 1,611,037 |
| Cash payments for employee services and benefits | (297,888) | (294,340) | (503,336) | (1,095,564) | - |
| Cash payments to suppliers for goods and services | (1,929,728) | (996,963) | (529,905) | (3,456,596) | - |
| Cash payments for claims | - | - | - | - | (1,716,995) |
| Utility deposits received | 13,710 | 2,348 | - | 16,058 | - |
| Utility deposits returned | (3,086) | (1,520) | - | (4,606) | - |
| Net cash provided by (used for) operating activities | 316,673 | 71,820 | (77,354) | 311,139 | (105,958) |
| Cash flows from capital and related financing activities: | | | | | |
| Proceeds from sale of capital assets | - | - | 5,050 | - | - |
| Tap in fees | 5,426 | 8,455 | - | 13,881 | - |
| Acquisition of capital assets | (108,279) | - | - | (108,279) | - |
| Net cash provided by (used for) capital and related financing activities | (102,853) | 8,455 | 5,050 | (94,398) | - |
| Cash flows from investing activities: | | | | | |
| Investment income | - | - | 1,140 | 1,140 | - |
| Net cash provided by investing activities | - | - | 1,140 | 1,140 | - |
| Net increase (decrease) in cash and cash equivalents | 213,820 | 80,275 | (71,164) | 222,931 | (105,958) |
| Cash and cash equivalents at beginning of year | 1,085,844 | 479,619 | 648,700 | 2,214,163 | 263,460 |
| Cash and cash equivalents at end of year | \$ 1,299,664 | \$ 559,894 | \$ 577,536 | \$ 2,437,094 | \$ 157,502 |
| Reconciliation of operating loss to net cash provided by (used for) operating activities: | | | | | |
| Operating loss | \$ (589,274) | \$ (459,870) | \$ (157,288) | \$ (1,206,432) | \$ (114,314) |
| Adjustments to reconcile operating loss to net cash provided by (used for) operating activities: | | | | | |
| Depreciation | 216,474 | 243,735 | 78,326 | 538,535 | - |
| Change in assets and liabilities: | | | | | |
| (Increase) decrease in assets: | | | | | |
| Accounts receivable | 652,474 | 289,692 | - | 942,166 | (992) |
| Materials and supplies inventory | 2,989 | - | (2,526) | 463 | - |
| Prepaid items | - | - | - | - | (711) |
| Due from other funds | (9,269) | (9,013) | (214) | (18,496) | - |
| Due from other governments | 104 | 102 | 182 | 388 | - |

(Continued)

City of Vandalia, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2008

| | Business-Type Activities - Enterprise Funds | | | | Governmental |
|---|---|------------|-------------|--------------|--------------------------------|
| | Water | Sewer | Golf | Total | Activities Internal Service |
| Increase (decrease) in liabilities: | | | | | |
| Accounts payable | 29,659 | (5,450) | 2,436 | 26,645 | 22 |
| Refundable deposits | 1,681 | 828 | - | 2,509 | - |
| Claims payable | - | - | - | - | 10,037 |
| Unearned revenue | - | - | (1,606) | (1,606) | - |
| Accrued wages and benefits | 2,510 | 2,525 | 3,198 | 8,233 | - |
| Compensated absences | 5,821 | 7,828 | 217 | 13,866 | - |
| Due to related parties | 3,145 | 1,095 | - | 4,240 | - |
| Due to other governments | 359 | 348 | (79) | 628 | - |
| Net cash provided by (used for) operating activities | \$ 316,673 | \$ 71,820 | \$ (77,354) | \$ 311,139 | \$ (105,958) |
| Non-cash capital and related financing activities: | | | | | |
| Capital contributions received from contractors | \$ 45,000 | \$ 44,903 | \$ - | \$ 89,903 | \$ - |
| Capital contributions received from governmental funds | 194,595 | 906,859 | 91,377 | 1,192,831 | - |
| Total non-cash capital and related financing activities | \$ 239,595 | \$ 951,762 | \$ 91,377 | \$ 1,282,734 | \$ - |

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Fiduciary Assets and Liabilities
December 31, 2008

| | <u>Agency</u> |
|--|---------------------|
| <u>Assets:</u> | |
| Equity in pooled cash and cash equivalents | \$ 825,512 |
| Cash and cash equivalents in segregated accounts | 164,576 |
| Investments | <u>6,095,807</u> |
| Total assets | <u>\$ 7,085,895</u> |
| | |
| <u>Liabilities:</u> | |
| Due to other governments | \$ 58,517 |
| Due to employees | 6,404 |
| Undistributed monies | 545,873 |
| Due to others | <u>6,475,101</u> |
| Total liabilities | <u>\$ 7,085,895</u> |

See accompanying notes to the basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Vandalia have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise funds provided they do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities and to its enterprise funds. The most significant of the City's accounting policies are described below.

A. Reporting Entity

The City of Vandalia (the City) is a charter municipal corporation operating under the laws of the State of Ohio. The City was incorporated in 1958 and operates under a Council/Manager form of government. The Mayor and the council are elected by separate ballot from the municipality at large for four-year terms. As a council member, the Mayor has the right to vote on all issues before council. Council appoints the City Manager. The City Manager appoints all managers of each department in the City.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that financial statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of Vandalia, the primary government includes the departments that provide the following services: police and fire, parks and recreation, planning, zoning, street maintenance and repairs, water, sewer and refuse collection. Council and the City Manager have direct responsibility for these activities.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board; and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City authorizes the issuance of debt or the levying of taxes, or determines the budget. There are no component units included as part of this report.

The City is associated with the Tri-Cities North Regional Wastewater Authority (Tri-Cities), and the Northern Area Water Authority (NAWA), which are defined as joint ventures. A joint venture is a legal entity or other organization that is a result of a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. These organizations are presented in Note 14.

The Miami Valley Risk Management Association, Inc. (MVRMA) is a risk sharing insurance pool established for the purpose of enabling the subscribing political subdivisions to obtain liability insurance and providing a formalized, jointly administered self-insurance fund for its members. The members formed a not-for-profit corporation known as Miami Valley Risk Management Association, Inc. for the purpose of administering the pool. The City has no explicit and measurable equity interest in MVRMA and no ongoing financial responsibility for MVRMA.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

The City is associated with the Economic Development/Government Equity Program (ED/GE), which is defined as a jointly governed organization. A jointly governed organization is an organization that is governed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility on the part of the participating governments. This organization is presented in Note 15.

B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements

The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid doubling up revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues 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 governmental function or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements

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

C. Fund Accounting

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

Governmental Funds

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

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

Capital Improvement Fund - The capital improvement fund accounts for transfers from the general fund, and is designated by Council for the purpose of improving, constructing, maintaining, and purchasing those items necessary to enhance the operation of the City.

The other governmental funds of the City account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

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

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

Golf Fund - The golf fund accounts for the operations of the golf course.

Internal Service Fund - An internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund reports on a self-insurance program for employee medical benefits.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for building permit fees collected on behalf of the State, municipal court collections that are distributed to various local governments, the collection of income taxes for other subdivisions, performance bonds pledged by contractors, the activities of the Northern Area Water Authority and Tri-Cities North Regional Wastewater Authority and collection and distribution of employee health care expenses.

D. Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources 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 total net assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

E. Basis of Accounting

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

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within thirty-one days of year-end.

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. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 5). Revenue from grants, entitlements, shared revenues and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2008, but which were levied to finance year 2009 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures

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

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

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

F. Equity in Pooled Cash and Investments

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through City records. Interest in the pool is presented as "equity in pooled cash and investments" on the financial statements.

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

Investments are reported at fair value, which is based on quoted market prices. For investments in open-end mutual funds, fair value is determined by the fund's share price.

During the year, the City invested in STAROhio, an investment pool managed by the State Treasurer's Office. STAROhio, which allows governments within the State to pool their funds for investment purposes, is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2008.

Following the Charter and Codified Ordinances of the City as well as Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during 2008 amounted to \$1,211,322 which includes \$292,284 assigned from other City funds.

Investments with an original maturity of three months or less at the time of purchase, and investments of the cash management pool are reported as cash equivalents on the financial statements.

G. Inventory

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

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when used. Inventories of the proprietary funds are expensed when used.

Inventory consists of expendable supplies held for consumption.

H. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Restricted assets in the general fund represent cash and cash equivalents set aside for unclaimed monies. Restricted assets in the enterprise funds represent cash and cash equivalents set aside for repayment of deposits to utility customers.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

I. Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “Interfund Loan Receivables/Payables.” Interfund loans which do not represent available expendable resources are offset by a fund balance reserve account. Interfund balance amounts, not services provided and used, are eliminated in the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as “Internal Balances”.

J. Prepaids

Payments made to vendors for services that will benefit periods beyond December 31, 2008 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 or expense is reported in the year in which services are consumed.

K. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are expended. For proprietary funds and business-type activities, any material amount of interest incurred during the construction of capital assets is also capitalized.

All capital assets are depreciated except for land and construction and progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City’s historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

| Asset Class | Governmental Activities Estimated Useful Life | Business-Type Activities Estimated Useful Life |
|----------------------------|--|---|
| Buildings and improvements | 45 to 52 years | 45 to 71 years |
| Equipment | 10 to 20 years | 10 to 20 years |
| Vehicles | 6 to 25 years | 6 to 25 years |
| Infrastructure | 7 to 65 years | 65 years |

The City’s infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, irrigation systems and water and sewer lines.

L. Compensated Absences

Vacation benefits and compensatory time are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation and compensatory time when earned for all employees.

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

The entire compensated absence liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

M. Accrued Liabilities and Long-Term Obligations

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

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

N. Fund Balance Reserves

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. As a result, the value of assets held for resale, encumbrances, inventories, unclaimed monies, and long-term interfund loans are recorded as a reservation of fund balance.

O. 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 borrowing 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.

City of Vandalia, Ohio
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Net assets restricted for other purposes include street construction, maintenance and repair, operations of the baseball and soccer recreations and educational programs. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for golf, waste water treatment, water services and self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenses that do not meet these definitions are reported as non operating.

Q. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

R. Bond Premiums/Issuance Costs/Accounting Loss

Bond premiums, issuance costs and the accounting loss are deferred and amortized over the term of the bonds using the straight line method since the results are not significantly different from the effective interest method. Bond premiums and the accounting loss are presented as a reduction/addition of the face amount of the bonds payable, whereas issuance costs are recorded as deferred charges.

S. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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.

T. 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.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
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U. Budgetary Process

All funds, except the Chuck Gabbard memorial special revenue fund and agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriation resolution, both of which are prepared on the budgetary basis of accounting. Montgomery County does not require jurisdictions within the County to prepare a tax budget, therefore, this is not part of the City's budgetary process. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriation resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council.

The legal level of control has been established by Council at the fund level for all funds. The Finance Director, with the approval of the City Manager and respective Department Heads, has been authorized to allocate appropriations to the function, department and object level within each fund. Council must approve any revisions that alter total fund appropriations.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate at the time final appropriations were adopted.

The appropriation resolution is subject to amendment by Council throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

NOTE 2 – RESTATEMENT OF NET ASSETS

Net assets at December 31, 2008 have been restated due to an increase in the City's capitalization threshold. Adjustments were made to equipment and vehicles and the related accumulated depreciation expense. See Note 7 for additional information.

The restatement of net assets is presented below:

| | <u>Governmental Activities</u> | <u>Buisness-Type Activities</u> | | | <u>Total</u> |
|------------------------------------|------------------------------------|---------------------------------|----------------------|---------------------|----------------------|
| | | <u>Water</u> | <u>Sewer</u> | <u>Golf</u> | |
| Net Assets at December 31, 2007 | \$ 63,511,316 | \$ 9,181,099 | \$ 16,896,030 | \$ 1,654,449 | \$ 91,242,894 |
| Restatement of capital assets | <u>(1,573,702)</u> | <u>(40,074)</u> | <u>(20,225)</u> | <u>(67,757)</u> | <u>(1,701,758)</u> |
| Net Assets at January 1, 2008 | <u>\$ 61,937,614</u> | <u>\$ 9,141,025</u> | <u>\$ 16,875,805</u> | <u>\$ 1,586,692</u> | <u>\$ 89,541,136</u> |

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While the City is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Advances in and advances out (“repayment of advances”) are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. The change in fair value of investments is not included on the budget operating statement. This amount is included as revenue on the GAAP basis operating statement.
6. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statements.
7. The City’s portion of the activity of the Municipal Court is not included on the budgetary statement. This activity is included on the GAAP basis operating statement.

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

| Net Change in Fund Balance | |
|--|---------------------|
| | <u>General</u> |
| GAAP Basis | \$ 479,277 |
| Revenue accruals | (76,910) |
| Expenditure accruals | 111,060 |
| Unrecorded cash - 2007 | (10,738) |
| Unrecorded cash - 2008 | 4,718 |
| Change in fair value of investments - 2007 | (127,789) |
| Change in fair value of investments - 2008 | 212,865 |
| Non-budgeted activity | 128,746 |
| Encumbrances (Budget Basis) | |
| outstanding at year end | <u>(1,703,322)</u> |
| Budget Basis | <u>\$ (982,093)</u> |

City of Vandalia, Ohio
Notes to the Basic Financial Statements
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NOTE 4 - DEPOSITS AND INVESTMENTS

The investment and deposit of City monies are governed by the provisions of the Charter and Codified Ordinances of the City and the Ohio Revised Code. In accordance with these provisions, investments purchased for the portfolio may be safekept by any Ohio financial institution or any primary government security dealer.

Authorized dealer/brokers are restricted to Ohio financial institutions, primary government securities dealers, and NASD registered dealers. Interest income is distributed to the funds according to City Charter guidelines.

Public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in addition to amounts insured by the Federal Deposit Insurance Corporation (FDIC), or may pledge a pool of government securities, the market value of which is at least 105% of the total value of public monies on deposit at the institution.

Whenever there are monies available in the City Treasury, which will not be required to be used for a period of thirty days or more, the Director of Finance or his/her designee(s), may invest such funds. The investments are subject to the limitations contained within the investment policy, and are subject to all applicable laws and regulations.

The investment objectives controlling the management of the investment portfolio shall be, in order of importance: (1) Safety of principal. Recognizing that all investments contain one or more elements of risk, the portfolio shall be prudently managed with specific consideration given to credit risk, market risk, and prepayment risk; (2) Liquidity to meet current and contingent requirements; (3) Maximization of returns. The portfolio shall be managed to maximize the long-term return on the portfolio consistent with current cash needs.

The provisions of the City's investment policy permit the City to invest its monies in the following investment instruments:

1. Obligations of the United States including U.S. treasury securities and government agency securities guaranteed by the United States.
2. United States government agency securities and the securities issued by instrumentalities of the U.S. including, but not limited to, obligations of the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Farm Credit Bank, the Federal Home Loan Bank, the Government National Mortgage Association (GNMA), and the Small Business Administration (SBA).
3. State Treasury Asset Reserve of Ohio (STAR Ohio).
4. Obligations of the State of Ohio and obligations of political subdivisions of the State of Ohio.
5. Deposits of any Ohio financial institution subject to collateralization of public funds defined by the Ohio Revised Code.
6. Bankers Acceptances and Deposits of the top fifty banks in the United States based upon asset size or Ohio based financial institutions with at least \$2 billion in total assets.

City of Vandalia, Ohio
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7. Prime Commercial Paper issued with a credit rating of P-1 by Standard & Poors Corporation or A-1 by Moody's rating service.
8. Obligations of corporate entities having debt rating of Aa or better by Standard & Poors Corporation or Moody's rating service.

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of the City's cash and deposits is provided by the Federal Deposit Insurance Corporation as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105% of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third parties of the financial institution.

Deposits: At year-end, the carrying amount of the City's deposits was \$5,902,016 and the bank balance was \$6,866,211. Of the bank balance, \$2,502,910 was covered by federal deposit insurance. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", \$4,363,301 of the City's bank balance was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the City's name.

Investments: At year-end, the City had the following investments.

| Investment Type | Fair Value | <u>Investment Maturities (in Years)</u> | |
|-------------------------------------|----------------------|---|----------------------|
| | | Less Than 1 | 1-5 |
| Federal Farm Credit Bank | \$ 503,440 | \$ 503,440 | \$ - |
| Federal Home Loan Bank | 11,731,780 | - | 11,731,780 |
| Federal Home Loan Mortgage Corp. | 1,288,122 | 256,897 | 1,031,225 |
| Federal National Mortgage Ass. | 1,903,090 | 896,370 | 1,006,720 |
| Federal National Mortgage Ass. Step | 500,470 | - | 500,470 |
| GE Interest Plus | 9,388,317 | 9,388,317 | - |
| Repurchase Agreement | 2,951,000 | 2,951,000 | - |
| STAR Ohio | 266,048 | 266,048 | - |
| | <u>\$ 28,532,267</u> | <u>\$ 14,262,072</u> | <u>\$ 14,270,195</u> |

Interest Rate Risk – The City's investment policy states that the maximum maturity for any investment is limited to a final stated maturity of seven years, an expected call of seven years, or an expected average life of seven years, where the average life is estimated by nationally recognized firms independent of the dealer selling the security to the City. The City holds various agency securities which are callable in fiscal year 2009. In addition, some of the agency securities have coupon rates that step-up over the lives of the security.

Credit Risk – The City's investment policy states that investment in commercial paper must have a credit rating of P-1 by Standard & Poor's Corporation or A-1 by Moody's rating service. Obligations of corporate entities must have a debt rating of Aa or better by Standard & Poor's Corporation or Moody's rating service. The City's investments in GE Interest Plus and the mortgage securities have an AAA credit rating. The City's investment in STAR Ohio has an AAAM credit rating. Standard & Poor's has assigned an AAA- rating to the City's investments in Federal Home Loan Mortgage Association notes purchased by the repurchase agreements.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
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Concentration of Credit Risk – The City’s investment policy states that the portfolio shall be diversified so as to avoid concentrations of credit risk from any rated issuer: (1) At the time of purchase, aggregate collateralized investments in the obligations of any financial institution are limited to the greater of \$1,000,000 or 20% of the portfolio, where eligible collateral is defined by the Ohio Revised Code; (2) At the time of purchase, aggregate investments in the obligations of any U.S. corporation and non-collateralized investments in the obligations of any financial institution are limited to the greater of \$500,000 or 10% of the portfolio. Investments in eligible short term investments which can be readily converted to cash within 48 hours are limited to the greater of \$2,500,000 or 30% of the portfolio. 5% or more of the City’s investments are in the following:

| <u>Investment</u> | <u>Percent</u> |
|--------------------------------------|----------------|
| Federal Home Loan Bank Bonds | 41% |
| Federal National Mortgage Ass. Bonds | 7% |
| GE Interest Plus | 33% |
| Repurchase Agreements | 10% |

NOTE 5 – RECEIVABLES

Receivables at December 31, 2008, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements, shared revenues, special assessments, accrued interest on investments, accounts (billings for ambulance service and utility service), and interfund loans. No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

Special assessments expected to be collected within one year and in more than one year amount to \$1,895 and \$8,774, respectively, in the capital improvement fund and \$17,765 and \$35,598, respectively, for the general fund and other governmental funds. As of December 31, 2008, the City had less than \$1,000 in delinquent special assessments outstanding.

Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2008 for real and public utility property taxes represents collections of the 2007 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) is for 2008 taxes.

2008 real property taxes are levied after October 1, 2008, on the assessed value as of January 1, 2008, the lien date. Assessed values are established by State law at 35% of appraised market value. 2008 real property taxes are collected in and intended to finance 2009.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35% of true value. 2008 public utility property taxes became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes.

2008 tangible personal property taxes are levied after October 1, 2007, on the value as of December 31, 2007. Collections are made in 2008. Tangible personal property assessments are 25% of true value for capital assets and 23% of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2007 was 12.5% and 6.25% for 2008. This will be reduced to 0% for 2009.

City of Vandalia, Ohio
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The full tax rate for all City operations for the year ended December 31, 2008, was \$4.14 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

| <u>Property Category</u> | <u>Assessed Value</u> | <u>Percent</u> |
|-----------------------------------|-----------------------|----------------|
| <u>Real Property</u> | | |
| Residential and agricultural | \$ 240,119,920 | 60.87% |
| Commercial and industrial | 123,622,230 | 31.34 |
| Public utilities | 28,420 | 0.01 |
| <u>Tangible Personal Property</u> | | |
| General | 25,112,712 | 6.37 |
| Public utilities | <u>5,625,360</u> | <u>1.43</u> |
| Total | <u>\$ 394,508,642</u> | <u>100%</u> |

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

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

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Vandalia. The County Auditor periodically remits to the City its portion of the taxes collected. Accrued property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2008, and for which there is an enforceable legal claim. In the general fund, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2008 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue.

Income Taxes

The City levies a 2% income tax on substantially all income earned within the City. In addition, City residents employed in municipalities having an income tax less than 2% must pay the difference to the City of Vandalia. Additional increases in the income tax rate require voter approval.

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.

In 2008, all income tax proceeds were allocated to the general fund.

Due from Other Governments

A summary of due from other governments follows:

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

| | <u>Amounts</u> |
|---------------------------------------|---------------------|
| <u>Governmental Activities</u> | |
| Local Government and Local Government | |
| Revenue Assistance | \$ 235,769 |
| Homestead and Rollback | 79,478 |
| Gasoline and Excise Tax | 304,684 |
| Motor Vehicle License Fees | 112,569 |
| Permissive Motor Vehicle License Tax | 25,222 |
| Other Reimbursements | 128,736 |
| Liquor Permits | 1,009 |
| Grants | 290,111 |
| Immobilization Fees | <u>335</u> |
| Total | <u>\$ 1,177,913</u> |

NOTE 6 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. In 1988, the City joined the Miami Valley Risk Management Association, Inc. (MVRMA) a risk sharing insurance pool. The pool consists of twenty municipalities who pool risk for property, crime, liability, boiler and machinery and public official liability. The City pays an annual premium to MVRMA for this coverage. The deductible per occurrence for all types of claims is \$2,500. The self-insured retention is \$1,000,000 for liability and \$200,000 for property.

Coverage is purchased on City vehicles for a combined single limit liability of \$10,000,000. The City purchases general liability insurance coverage with a \$10,000,000 per occurrence. Other policies held by the City include law enforcement, public officials, boiler & machinery, property, flood, and earthquake. There were no settled claims from these risks that have exceeded commercial insurance coverage for the past three years.

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The City has elected to provide employee healthcare benefits for its employees through a self-insured program. The City maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides medical, dental, vision and prescription drug coverage with a \$100 deductible for single and \$200 deductible for families who use providers within the City's preferred provider organization, DirectCare America. Deductibles are higher, and vary for out of network claims. A third party administrator, Underwriters Safety & Claims, processes and pays the claims. The City is paying self-insurance claims and administrative costs from its hospital care internal service fund. An excess coverage insurance (stop loss) policy covers claims in excess of \$30,000 per employee, per year. During 2008, a total of \$1,726,343 was paid in benefits and administrative costs. The liability for unpaid claims cost of \$111,902, reported in the hospital care internal service fund at December 31, 2008, is based on the requirements of Governmental Accounting Standards Board Statement No. 30. Statement No. 30 requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The claims liability was determined by reviewing invoices for claims paid in January through March 2009, which were incurred in 2008 or before.

City of Vandalia, Ohio
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The estimates for the internal services fund were not affected by incremental claim adjustment expenses and does not include other allocated claim adjustment expenses. Changes in the internal services funds' claims liability amounts in the last two years follows:

| | | <u>Balance at beginning of year</u> | <u>Current year claims</u> | <u>Claim payments</u> | <u>Balance at end of year</u> |
|------|----|---|--------------------------------|---------------------------|-----------------------------------|
| 2007 | \$ | 109,356 | 1,115,178 | 1,122,669 | 101,865 |
| 2008 | \$ | 101,865 | 1,345,734 | 1,335,697 | 111,902 |

NOTE 7 - CAPITAL ASSETS

The capital asset balances of the governmental activities have been restated due to a change in the capitalization threshold. The restatement is presented below:

| | <u>Balance 12/31/2007</u> | <u>Adjustments</u> | <u>Restated Balance 12/31/2008</u> |
|--------------------------------|-------------------------------|-----------------------|--|
| <u>Governmental activities</u> | | | |
| Land | \$ 4,772,053 | \$ - | \$ 4,772,053 |
| Construction in progress | 1,543,687 | - | 1,543,687 |
| Buildings and improvements | 26,276,560 | - | 26,276,560 |
| Equipment | 8,816,126 | (3,146,129) | 5,669,997 |
| Vehicles | 4,000,229 | (11,924) | 3,988,305 |
| Infrastructure | 31,903,039 | - | 31,903,039 |
| Accumulated depreciation | <u>(30,644,960)</u> | <u>1,584,351</u> | <u>(29,060,609)</u> |
| Total | <u>\$ 46,666,734</u> | <u>\$ (1,573,702)</u> | <u>\$ 45,093,032</u> |

Capital asset activity for the year ended December 31, 2008, was as follows:

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

| | Restated Balance <u>12/31/2007</u> | <u>Increases</u> | <u>Decreases</u> | Balance <u>12/31/2008</u> |
|--|--|---------------------|-----------------------|------------------------------|
| Governmental activities | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 4,772,053 | \$ - | \$ - | \$ 4,772,053 |
| Construction in progress | <u>1,543,687</u> | <u>1,567,208</u> | <u>(770,482)</u> | <u>2,340,413</u> |
| Total capital assets, not being depreciated | <u>6,315,740</u> | <u>1,567,208</u> | <u>(770,482)</u> | <u>7,112,466</u> |
| | | | | |
| Capital assets, being depreciated | | | | |
| Buildings and improvements | 26,276,560 | 268,839 | (50,150) | 26,495,249 |
| Equipment | 5,669,997 | 440,981 | (127,110) | 5,983,868 |
| Vehicles | 3,988,305 | 618,181 | (291,860) | 4,314,626 |
| Infrastructure | <u>31,903,039</u> | <u>946,445</u> | <u>(330,972)</u> | <u>32,518,512</u> |
| Total capital assets, being depreciated | <u>67,837,901</u> | <u>2,274,446</u> | <u>(800,092)</u> | <u>69,312,255</u> |
| | | | | |
| Less: accumulated depreciation | | | | |
| Buildings and improvements | (6,419,650) | (590,287) | - | (7,009,937) |
| Equipment | (3,131,620) | (316,468) | 56,204 | (3,391,884) |
| Vehicles | (2,658,796) | (296,496) | 245,616 | (2,709,676) |
| Infrastructure | <u>(16,850,543)</u> | <u>(814,621)</u> | <u>-</u> | <u>(17,665,164)</u> |
| Total accumulated depreciation | <u>(29,060,609)</u> | <u>(2,017,872)</u> | <u>301,820</u> | <u>(30,776,661)</u> |
| | | | | |
| Total capital assets, being depreciated, net | <u>38,777,292</u> | <u>256,574</u> | <u>(498,272)</u> | <u>38,535,594</u> |
| | | | | |
| Governmental activities capital assets, net | <u>\$ 45,093,032</u> | <u>\$ 1,823,782</u> | <u>\$ (1,268,754)</u> | <u>\$ 45,648,060</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|----------------------------|---------------------|
| General government | |
| Legislative and executive | \$ 155,264 |
| Judicial system | 78,258 |
| Public safety | |
| Police | 176,686 |
| Fire | 205,813 |
| Public works | |
| Engineer | 9,220 |
| Streets | 891,611 |
| Recreation | <u>501,020</u> |
| Total depreciation expense | <u>\$ 2,017,872</u> |

City of Vandalia, Ohio
Notes to the Basic Financial Statements
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The capital asset balances of the business-type activities have also been restated due to the change in the capitalization threshold. The restatement is presented below:

| <u>Business-Type activities</u> | <u>Balance</u> <u>12/31/2007</u> | <u>Adjustments</u> | <u>Restated</u> <u>Balance</u> <u>12/31/2007</u> |
|---------------------------------|-------------------------------------|---------------------|--|
| Land | \$ 167,369 | \$ - | \$ 167,369 |
| Construction in progress | - | - | - |
| Buldings and improvements | 2,797,246 | - | 2,797,246 |
| Equipment | 1,106,963 | (364,361) | 742,602 |
| Vehicles | 529,891 | - | 529,891 |
| Infrastructure | 24,232,767 | - | 24,232,767 |
| Accumulated depreciation | <u>(11,374,796)</u> | <u>236,305</u> | <u>(11,138,491)</u> |
| Total | <u>\$ 17,459,440</u> | <u>\$ (128,056)</u> | <u>\$ 17,331,384</u> |

| | <u>Restated</u> <u>Balance</u> <u>12/31/2007</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance</u> <u>12/31/2008</u> |
|--|--|-------------------|--------------------|-------------------------------------|
| Business-type activities | | | | |
| Capital assets, not being depreciated | | | | |
| Land | <u>\$ 167,369</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 167,369</u> |
| Capital assets, being depreciated | | | | |
| Buildings and improvements | 2,797,246 | 50,150 | - | 2,847,396 |
| Equipment | 742,602 | 149,506 | (37,390) | 854,718 |
| Vehicles | 529,891 | - | - | 529,891 |
| Infrastructure | <u>24,232,767</u> | <u>1,191,357</u> | <u>-</u> | <u>25,424,124</u> |
| Total capital assets, being depreciated | <u>28,302,506</u> | <u>1,391,013</u> | <u>(37,390)</u> | <u>29,656,129</u> |
| Less: accumulated depreciation | | | | |
| Buildings and improvements | (1,250,828) | (54,981) | - | (1,305,809) |
| Equipment | (336,400) | (50,628) | 19,318 | (367,710) |
| Vehicles | (392,601) | (43,308) | - | (435,909) |
| Infrastructure | <u>(9,158,662)</u> | <u>(389,618)</u> | <u>-</u> | <u>(9,548,280)</u> |
| Total accumulated depreciation | <u>(11,138,491)</u> | <u>(538,535)</u> | <u>19,318</u> | <u>(11,657,708)</u> |
| Total capital assets, being depreciated, net | <u>17,164,015</u> | <u>852,478</u> | <u>(18,072)</u> | <u>17,998,421</u> |
| Business-type activities capital assets, net | <u>\$ 17,331,384</u> | <u>\$ 852,478</u> | <u>\$ (18,072)</u> | <u>\$ 18,165,790</u> |

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

NOTE 8 - COMPENSATED ABSENCES

Accumulated Unpaid Vacation: City employees earn vacation leave at varying rates based upon length of service. All employees may accrue a maximum of 45 days. In the event of a termination of employment, death, or retirement, employees (or their estates) are paid for unused vacation leave.

Accumulated Unpaid Sick Leave: City employees earn sick leave at the rate of 4.616 hours per eighty hours of service. A maximum of 1,250 hours may be carried from one year to the next. Any hours over 1,250 accrued and not taken will be paid on a one for three basis at the end of the year. In the case of death or retirement, employees (or the employees' estates) are paid for one half of their accumulated leave with 625 hours being the maximum amount paid.

Accumulated Unpaid Compensatory Time: From time to time, employees may need, with prior approval from their supervisors, to work overtime. These overtime hours will usually be paid at the appropriate overtime rate; however, with permission of the supervisor, an employee may have the option of taking the overtime in compensatory time at one and one half times the amount of hours worked.

NOTE 9 - LONG-TERM DEBT

A schedule of changes in bonds and other long-term obligations of the City during 2008 follows:

| | Amount Outstanding <u>12/31/2007</u> | <u>Increases</u> | <u>Decreases</u> | Amount Outstanding <u>12/31/2008</u> | Amount Due in <u>One Year</u> |
|--|--|-------------------|-----------------------|--|-------------------------------------|
| Governmental activities | | | | | |
| <u>Unvoted general obligation bonds</u> | | | | | |
| 2004 Various purpose refunding | | | | | |
| bonds, 2.0% - 5.25% | \$ 9,970,000 | \$ - | \$ (550,000) | \$ 9,420,000 | \$ 570,000 |
| Premium on refunding bonds | 382,768 | - | (27,341) | 355,427 | - |
| Accounting loss | <u>(717,024)</u> | - | <u>51,216</u> | <u>(665,808)</u> | - |
| Total unvoted general obligation bonds | <u>9,635,744</u> | - | <u>(526,125)</u> | <u>9,109,619</u> | <u>570,000</u> |
| Other long-term obligations: | | | | | |
| Capital lease | 826,855 | - | (82,844) | 744,011 | 86,352 |
| Compensated absences | <u>1,210,808</u> | <u>814,282</u> | <u>(606,473)</u> | <u>1,418,617</u> | <u>668,417</u> |
| Total governmental activities long-term liabilities | <u>\$ 11,673,407</u> | <u>\$ 814,282</u> | <u>\$ (1,215,442)</u> | <u>\$ 11,272,247</u> | <u>\$ 1,324,769</u> |
| Business-type activities | | | | | |
| Compensated absences | <u>\$ 136,040</u> | <u>\$ 79,876</u> | <u>\$ (66,010)</u> | <u>\$ 149,906</u> | <u>\$ 75,079</u> |

The Unvoted General Obligation Various Purpose Improvement Bonds were issued in 1996, in the amount of \$13,675,000 for various capital improvements and were paid with transfers from general fund property tax revenues. During 2004, the City issued \$10,840,000 General Obligation Various Purpose Refunding Bonds to advance refund a portion of the 1996 General Obligation Various Improvement Bonds.

Compensated absences will be paid from the general fund, street, stormwater, and computer legal research special

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

revenue funds, police, fire and street capital project fund and the water, sewer and golf enterprise funds.

As of December 31, 2008, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$32,238,827 and the unvoted legal debt margin was \$12,513,395.

Capital lease obligations will be paid from the debt service fund.

Principal and interest requirements to retire the City's *long-term obligations outstanding at December 31, 2008, are as follows:

| Year ending December 31, | General obligation bonds | | |
|-----------------------------|-----------------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2009 | \$ 570,000 | \$ 432,078 | \$ 1,002,078 |
| 2010 | 585,000 | 414,978 | 999,978 |
| 2011 | 605,000 | 396,696 | 1,001,696 |
| 2012 | 625,000 | 376,731 | 1,001,731 |
| 2013 | 645,000 | 355,481 | 1,000,481 |
| 2014-2018 | 3,675,000 | 1,306,637 | 4,981,637 |
| 2019-2021 | 2,715,000 | 289,800 | 3,004,800 |
| Total | <u>\$ 9,420,000</u> | <u>\$ 3,572,401</u> | <u>\$ 12,992,401</u> |

*Note: This table also serves as Debt Table C of the City's continuing disclosure requirements.

NOTE 10 – CAPITALIZED LEASE

The City entered into a new capital lease during 2006 for the acquisition of energy savings equipment. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers all benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service payments in the basic financial statements for the governmental funds. These expenditures are reflected as function expenditures on a budgetary basis.

Governmental activities capital assets consisting of equipment have been capitalized in the amount of \$340,993. The capitalized amount equals a portion of the present value of the future minimum lease payments and the down payment respectively, at the time of acquisition. The remaining portion of the capital lease was used for noncapitalizable improvements.

City of Vandalia, Ohio
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Following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2008:

| <u>Year</u> | <u>Lease Payments</u> |
|------------------------------------|---------------------------|
| 2009 | \$ 116,631 |
| 2010 | 116,631 |
| 2011 | 116,631 |
| 2012 | 116,631 |
| 2013 | 116,631 |
| 2014-2016 | <u>291,577</u> |
| Total minimum lease payments | 874,732 |
| Less: amount representing interest | <u>(130,721)</u> |
| Total | <u>\$ 744,011</u> |

NOTE 11 – SHORT TERM OBLIGATIONS

Bond anticipation notes reported as a fund liability on the balance sheet consist of the following:

| | <u>Balance 12/31/2007</u> | <u>Increase</u> | <u>Decreases</u> | <u>Balance 12/31/2008</u> |
|-----------------------------|-------------------------------|---------------------|----------------------|-------------------------------|
| Capital Projects Fund: | | | | |
| Capital Improvement, 3.875% | \$ 3,345,300 | \$ - | \$(3,345,300) | \$ - |
| Capital Improvement, 2.25% | <u>-</u> | <u>4,080,000</u> | <u>-</u> | <u>4,080,000</u> |
| Total | <u>\$ 3,345,300</u> | <u>\$ 4,080,000</u> | <u>\$(3,345,300)</u> | <u>\$ 4,080,000</u> |

In August of 2008, the City paid off \$3,345,300 in bond anticipation notes and issued \$4,080,000 in bond anticipation notes. The bond anticipation notes were issued to encourage economic development and jobs in a redevelopment area and to purchase land. Revenues for payment of interest and principal on the bond will result from proceeds from a new note to be issued in 2009. The general obligation debt service fund will retire the debt.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. 1.) The Traditional Pension Plan (TP) - a cost-sharing, multiple-employer defined benefit pension 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). Members accumulate retirement assets equal to the value of the member and (vested) employer contributions, plus any investment earnings thereon. 3.) The Combined Plan (CP) - a cost-sharing, multiple-employer defined benefit pension plan. Employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the MD.

City of Vandalia, Ohio
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OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Member and employer contributions rates were consistent across all three plans (TP, MD and CP). For the year ended December 31, 2008, City employees were required to contribute 10% of their annual covered salary. The City's contribution rate for 2008 was 14%, of which 7.00% was used to fund the pension benefits. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional plan for the years ended December 31, 2008, 2007 and 2006 were \$479,480, \$681,328 and \$640,664 respectively; 97.20% has been contributed for 2008 and 100% for 2007 and 2006.

Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10% of their annual covered salary to fund pension obligations while the City is required to contribute 19.5% for police officers and 24% for firefighters, of which 12.75% for police officers and 17.25% for firefighters was used to fund pension plans. Contributions are authorized by State statute. The City's contributions to the Fund for the years ended December 31, 2008, 2007 and 2006 were \$460,013, \$362,244 and \$332,148 respectively, equal to the required contributions for each year. The full amount has been contributed for 2007 and 2006. 76.6% has been contributed for 2008 with the remainder being reported as a liability.

NOTE 13 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

In addition to the pension benefits described in Note 12, the Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage, commonly referred to OPEB (other postemployment benefits). OPERS administers three separate pension plans, the Traditional Pension Plan (TP), the Member-Directed Plan (MD) and the Combined Plan (CP), all of which are described in Note 12.

OPERS provides retirement, disability, and survivor benefits as well as maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the TP and CP plans. Members of the MD plan do not qualify for ancillary benefits, including post-employment health care coverage. Health care coverage for disability recipients and qualified survivor recipients is available.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

The Ohio Revised Code provides statutory authority for employer contributions. The 2008 local government employer contribution rate was 14% of covered payroll; 7% of covered payroll was the portion that was used to fund health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.

The assumptions and calculations below are based on OPERS' latest actuarial review performed as of December 31, 2007. 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. Assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor. The investment assumption rate for 2006 was 6.5%. An annual increase of 4.00%, 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% base increase, were assumed to range from .50% to 6.3%.

Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5% to 4% for the next 7 years. In subsequent years (8 and beyond) health care costs were assumed to increase at 4.00% (the projected wage inflation rate).

OPEBs are advanced-funded on an actuarial determined basis. The number of active contributing participants in the TP and CP was 363,503 for 2008. Actual employer contributions for 2008 which were used to fund postemployment benefits were \$479,480. The actual contribution and the actuarially required contribution amounts are the same.

OPERS's net assets available for payment of benefits at December 31, 2007, (the latest available information) were \$12.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.8 billion and \$17 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. As an additional component of the HCPP, member and employer contribution rates increases as of January 1, 2006, and January 1, 2007 and January 1, 2008, which will allowed additional funds to be allocated to the health care plan.

Ohio Police and Firemen's Disability and Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll, of which 6.75% of covered payroll was applied to the postemployment health care program during 2008. 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 and survivors have monthly health care contributions.

The City's actual contributions for 2008 that were used to fund postemployment benefits were \$177,926 for police and \$48,494 for firefighters. The OP&F's total health care expense for the year ended December 31, 2007; (the latest information available) was \$93,205,319, which was net of member contributions of \$56,031,875. The number of OP&F participants eligible to receive health care benefits as of December 31, 2007, was 14,295 for police and 10,583 for firefighters.

NOTE 14 - JOINT VENTURES

Tri-Cities North Regional Wastewater Authority

Prior to June of 1996, the Miami Conservancy District provided the Cities of Vandalia, Tipp City and Huber Heights with wastewater treatment services. The Miami Conservancy District expressed the intent to no longer provide these services to the cities and gave them the option to acquire and operate the facility themselves. In order to do so, the three cities established the Tri-Cities North Regional Wastewater Authority. In June of 1996, the Miami Conservancy District deeded the wastewater facility and all of the assets associated with the facility to the joint venture at no cost to the joint venture.

The Tri-Cities North Regional Wastewater Authority (Tri-Cities) is a joint venture among the cities of Vandalia, Huber Heights and Tipp City. Tri-Cities is governed by a management board consisting of the city managers of the three cities. The board has complete authority over all aspects of the operation. Tri-Cities supplies all participating residents of the member cities with sewer services. Each city owns the sewage lines located in its city and bills its residents for usage. Continued existence of Tri-Cities is dependent on the City's continued participation and the City does have an equity interest. The percentage of equity interest for each City is based on annual usage and is adjusted each year accordingly. The City's equity interest is \$7,548,261 which represents 28.12% of the total equity in Tri-Cities. Tri-Cities is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. The City of Vandalia paid \$912,130 for services provided in 2008. Tri-Cities had five OWDA Loans outstanding at December 31, 2008, in the amounts of \$1,246,752, \$3,953,948, \$1,729,490, \$864,470, and \$709,823 for a total of \$8,504,483. Complete financial statements can be obtained from the Tri-Cities North Regional Wastewater Authority, c/o City of Vandalia, 333 J.E. Bohanan Drive, Vandalia, Ohio 45377.

City of Vandalia, Ohio
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For The Year Ended December 31, 2008

Northern Area Water Authority

The City of Dayton has provided water services to the City of Vandalia since 1971. In recent years, the City of Vandalia has felt it necessary to have an alternate source of water supply and to have more control over the rate structure of water services. Also in recent years, the City of Tipp City has learned that they must build a new water treatment plant to meet Environmental Protection Agency requirements. Seeing a common issue between the two cities, the City of Vandalia and the City of Tipp City, in March of 2002, created a joint venture to plan, finance, construct, own and operate a joint water utility system. The purpose of the water utility system will be to provide safe, high quality, reliable, reasonably priced and environmentally sound water production, treatment and distribution services to the citizens, taxpayers and consumers in the cities of Vandalia and Tipp City.

The Northern Area Water Authority (NAWA) is a joint venture among the cities of Vandalia and Tipp City. NAWA is governed by a management board consisting of the city managers of the two cities. The board has complete authority over all aspects of the operation. NAWA, when construction is completed, will supply the participating residents of the member cities with water services. Each city will own the water lines located in its city and bill its residents for usage. Continued existence of NAWA is dependent on the City's continued participation and the City will have an equity interest in NAWA. Now that the plant is operational, each cities equity interest will be determined based on the amount of water pumped. During 2008, the City's equity interest is a negative \$94,074 which represents 50% of the total equity of NAWA as of December 31, 2008.

On August 29, 2002, NAWA was approved for an OWDA loan totaling \$2.5 million. During 2005, this loan was paid off and rolled into the water treatment plant construction loan. As of December 31, 2008, NAWA has borrowed a total of \$23,116,913 against the water treatment plant construction loan. The City of Vandalia paid \$1,287,615 for services provided in 2008. Complete financial statements can be obtained from the Northern Area Water Authority, c/o City of Vandalia, 333 J.E. Bohanan Drive, Vandalia, Ohio 45377.

NOTE 15 - JOINTLY GOVERNED ORGANIZATION

The Economic Development/Government Equity Program (ED/GE) was established pursuant to Ohio Revised Code Chapter 307 for the purpose of developing and promoting plans and programs designed to assure that County resources are efficiently used, economic growth is properly balanced, and that county economic development is coordinated with that of the State of Ohio and other local governments. Members include villages, townships, and cities within Montgomery County, and Montgomery County itself. Cooperation and coordination between the members is intended to promote economic health and improve the economic opportunities of the people in Montgomery County by assisting in the establishment or expansion within the County of industrial, commercial or research facilities and by creating and preserving job and employment opportunities for the people of the County.

The ED/GE Advisory Committee, made up of alternating member entities' representatives, decides which proposed projects will be granted each year. Sales tax revenues, set aside by Montgomery County, are used to fund the projects. Members annually contribute to or receive benefits based on an elaborate zero-based formula designed to distribute growth in contributing communities to those communities experiencing less economic growth. The City has agreed to be a member for ten years, ending December 31, 2010. Members in default of paying contributions will be liable for the contribution, any interest accrued, and penalties. The member will not be entitled to any allocations from ED/GE. The City did not have contributions to ED/GE during 2008, but the City anticipates disbursing out \$57,024 during 2009. Financial information may be obtained by writing to Linda Gum, Administrative Assistant, 451 West Third Street, Dayton, Ohio, 45402.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

NOTE 16 - CONTRACTUAL COMMITMENTS

As of December 31, 2008, the City had contractual commitments as follows:

| <u>Company</u> | <u>Project</u> | <u>Amount</u> | <u>Expended</u> | <u>12/31/08</u> |
|-----------------------------------|----------------------------|---------------------|---------------------|---------------------|
| Butler Township Board of Trustees | Refunds and reimbursements | \$ 540,000 | \$ - | \$ 540,000 |
| Update to Digital Technology | Communications equipment | 335,532 | 273,217 | 62,315 |
| WG Fairfield | Street improvements | 1,258,908 | 920,995 | 337,913 |
| Bruns General Contracting | Street infrastructure | 450,000 | - | 450,000 |
| Michael Schuster Association | Building improvements | 395,000 | 93,502 | 301,498 |
| LJ Deweese Co. Inc. | Street improvements | 325,772 | 119,415 | 206,357 |
| | Totals | <u>\$ 3,305,212</u> | <u>\$ 1,407,129</u> | <u>\$ 1,898,083</u> |

NOTE 17 - CONTINGENT LIABILITIES

Litigation

The City management is of the opinion that the ultimate disposition of claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

Federal and State Grants

The City participates in several federally assisted programs. These programs are subject to financial and compliance audits by the grantor or their representative. As of December 31, 2008, the audits of these programs have not been completed. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 18 - INTERFUND BALANCES AND TRANSFERS

Interfund transfers and Due to/from other funds for the year ended December 31, 2008, consisted of the following:

City of Vandalia, Ohio
Notes to the Basic Financial Statements
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| | <u>Transfer from</u> | |
|-----------------------------|----------------------|--|
| | <u>General</u> | |
| <u>Transfer to</u> | | |
| Capital improvement fund | \$ 1,853,684 | |
| Nonmajor governmental funds | <u>2,585,560</u> | |
| Total | <u>\$ 4,439,244</u> | |
| | | |
| | <u>Due from</u> | |
| | FEMA 2008 | |
| | <u>Hurricane</u> | |
| <u>Due to</u> | | |
| General fund | \$ 72,810 | |
| Nonmajor governmental funds | 27,512 | |
| Water fund | 9,269 | |
| Sewer fund | 9,013 | |
| Golf fund | <u>214</u> | |
| Total | <u>\$ 118,818</u> | |

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

The \$118,818 due to/due from was used to move revenue from the FEMA 2008 Hurricane fund to the fund that incurred the expenses related to the repair of a City building due to wind damages.

The \$407,511 interfund loan from the general fund was made to the Brownschool road improvements capital projects fund (\$6,761), the North Dixie widening Issue II capital project fund (\$750) and the golf fund (\$400,000). The interfund loan to the capital projects funds were a result of the time lag between the dates that the reimbursable expenditures occurred and the revenue to re-pay the funds was available. The interfund loan to the golf fund was a result of a projected deficit in net assets from operation costs exceeding revenue for the year. The interfund loan is expected to be repaid as a new fee schedule for the golf fund fee is implemented. The loans to the Brownschool road improvement capital projects fund and the North Dixie widening Issue II capital project fund are expected to be repaid during 2009.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2008

Also, during the year the governmental funds transferred \$1,192,831 to the business-type funds for the acquisition of equipment.

NOTE 19 – ACCOUNTABILITY

The following funds had a deficit fund balance as of December 31, 2008:

| <u>Fund</u> | <u>Deficit fund balance</u> |
|-------------------------------|---------------------------------|
| <u>Special Revenue Fund:</u> | |
| FEMA 2008 Hurricane | \$ 118,818 |
| <u>Capital Project Funds:</u> | |
| Road Improvements Brownschool | 6,761 |
| North Dixie Widening | 750 |

The fund balance deficit for the Road Improvements Brownschool will be eliminated when expenditures are reimbursed with grant revenue and the interfund loan payable is then repaid. The deficit in the FEMA 2008 Hurricane special revenue fund and the North Dixie Widening capital project fund is largely the result of the recognition of liabilities in accordance with general accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Combining Statements – Nonmajor Governmental Funds

NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. A description of the City's special revenue funds follows:

Street

To account for gasoline tax, motor vehicle license fees and various other miscellaneous charges remitted to the City for routine maintenance of City streets.

State Highway

To account for gasoline tax and motor vehicle license fees used for routine maintenance of state highways within the City.

Permissive Motor Vehicle Tax

To account for additional motor vehicle license tax levied by Montgomery County for routine street maintenance and repairs.

Law Enforcement

To account for monies and expenditures related to property or goods obtained by seizure or forfeiture.

Drug Law Enforcement

To account for fines and costs collected for felonious drug trafficking convictions. This money may be used in any drug law enforcement activity.

OMVI Education and Enforcement

To account for fines imposed by the Municipal Court for the purpose of enforcing and educating the public about law governing operation of a motor vehicle while under the influence of alcohol.

OMVI Indigent

To account for fines imposed by the Municipal Court for the purpose of paying costs of attendance of indigent OMVI offenders at alcohol and drug addiction treatment programs.

Computer Legal Research

To account for fines imposed by the Municipal Court for the purpose of computerization of the court including training, maintenance and support.

Indigent Drivers Interlock and Alcohol Monitoring (IAM)

To account for monies and expenditures related to funding interlock and secure remote electronic alcohol monitoring devices for indigent drivers.

Baseball Recreation

To account for fund raising programs and fees collected for the purpose of funding the Vandalia baseball program.

Combining Statements – Nonmajor Governmental Funds (Continued)

NONMAJOR SPECIAL REVENUE FUNDS (Continued)

Soccer Recreation

To account for fund raising programs and fees collected for the youth soccer program for the City of Vandalia.

Federal Emergency Management Agency (FEMA) 2008 Hurricane

To account for monies received from the federal government and used to offset costs related to hurricane damage.

Stormwater

To account for the collection of stormwater fees used for stormwater maintenance and repairs.

Chuck Gabbard Memorial

To account for donations to be used by the police department.

Magistrate

To account for fines imposed by the Municipal Court for the purpose of reimbursement of magistrate fees.

NONMAJOR DEBT SERVICE FUNDS

The debt service funds are used to account for the accumulation of resources and the payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the government is obligated in some manner for the payment.

General Obligation Bond Retirement

To account for transfers from the general fund property tax revenue to pay for general obligation bond debt.

Street Special Assessment Bond Retirement

To account for special assessments collected for the payment of special assessment bonded debt with governmental commitment.

NONMAJOR CAPITAL PROJECTS FUNDS

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

Road Improvements Brownschool

To account for the expenditures of Issue II grant funds.

Recreation Center

To account for the expenditures of bond proceeds to construct a Recreation Center.

Combining Statements – Nonmajor Governmental Funds (Continued)

NONMAJOR CAPITAL PROJECTS FUNDS (Continued)

Justice Center/Municipal Building

To account for the expenditures of bond proceeds to construct a Justice Center and to renovate the Municipal Building.

North Dixie Widening

To account for the expenditures of Issue II grant funds for widening North Dixie Road.

Police, Fire and Street Capital Improvements

To account for the .25% increase in income taxes used for capital purchases for the police, fire and street departments and a portion of the police department's personnel costs.

Tax Increment Financing (TIF)

To account for payments in lieu of taxes collected for the commercial tax increment financing district. The monies will be used for future capital projects that will benefit the district.



City of Vandalia, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2008

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|---------------------------------------|---|--------------------------------------|--|--|
| Assets: | | | | |
| Equity in pooled cash and investments | \$ 1,620,866 | \$ 235,420 | \$ 1,008,176 | \$ 2,864,462 |
| Receivables: | | | | |
| Accounts | 51,193 | - | - | 51,193 |
| Special assessments | - | 39,553 | - | 39,553 |
| Due from other governments | 567,494 | - | - | 567,494 |
| Materials and supplies inventory | 73,433 | - | - | 73,433 |
| Due from other funds | 27,512 | - | - | 27,512 |
| Total assets | \$ 2,340,498 | \$ 274,973 | \$ 1,008,176 | \$ 3,623,647 |
| | | | | |
| Liabilities and fund balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 46,963 | \$ - | \$ 1,600 | \$ 48,563 |
| Accrued wages | 16,068 | - | 1,333 | 17,401 |
| Matured compensated absences payable | 2,805 | - | - | 2,805 |
| Interfund payable | - | - | 7,511 | 7,511 |
| Due to other governments | 16,863 | - | 4,258 | 21,121 |
| Deferred revenue | 541,407 | 39,553 | - | 580,960 |
| Due to other funds | 118,818 | - | - | 118,818 |
| Total liabilities | 742,924 | 39,553 | 14,702 | 797,179 |
| | | | | |
| Fund balances: | | | | |
| Reserved for encumbrances | 217,246 | 13,843 | 587,958 | 819,047 |
| Reserved for inventory | 73,433 | - | - | 73,433 |
| Unreserved, undesignated, | | | | |
| Reported in: | | | | |
| Special revenue funds | 1,306,895 | - | - | 1,306,895 |
| Debt service fund | - | 221,577 | - | 221,577 |
| Capital projects fund | - | - | 405,516 | 405,516 |
| Total fund balances | 1,597,574 | 235,420 | 993,474 | 2,826,468 |
| | | | | |
| Total liabilities and fund balances | \$ 2,340,498 | \$ 274,973 | \$ 1,008,176 | \$ 3,623,647 |

City of Vandalia, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2008

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|---------------------------------------|---|--------------------------------------|--|--|
| Revenues: | | | | |
| Property and other taxes | \$ - | \$ - | \$ 21,354 | \$ 21,354 |
| Charges for services | 463,350 | - | - | 463,350 |
| Fines and forfeitures | 183,931 | - | - | 183,931 |
| Intergovernmental | 1,014,223 | - | - | 1,014,223 |
| Other | 9,451 | - | - | 9,451 |
| Total revenue | <u>1,670,955</u> | <u>-</u> | <u>21,354</u> | <u>1,692,309</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | | | | |
| Legislative and executive | 157,729 | - | 4,869 | 162,598 |
| Police | 37,086 | - | 142,045 | 179,131 |
| Fire | 16,693 | - | 90,383 | 107,076 |
| Public works | | | | |
| Engineer | 170,362 | - | - | 170,362 |
| Streets | 864,397 | - | 163,036 | 1,027,433 |
| Recreation | 187,987 | - | - | 187,987 |
| Capital outlay | 322,461 | - | 821,819 | 1,144,280 |
| Debt service: | | | | |
| Principal retirement | - | 632,844 | - | 632,844 |
| Interest and fiscal charges | - | 476,373 | - | 476,373 |
| Total expenditures | <u>1,756,715</u> | <u>1,109,217</u> | <u>1,222,152</u> | <u>4,088,084</u> |
| Excess of revenues under expenditures | <u>(85,760)</u> | <u>(1,109,217)</u> | <u>(1,200,798)</u> | <u>(2,395,775)</u> |
| Other financing sources: | | | | |
| Transfers - in | <u>-</u> | <u>1,125,560</u> | <u>1,460,000</u> | <u>2,585,560</u> |
| Net change in fund balance | (85,760) | 16,343 | 259,202 | 189,785 |
| Fund balances at beginning of year | 1,683,334 | 219,077 | 734,272 | 2,636,683 |
| Fund balances at end of year | <u>\$ 1,597,574</u> | <u>\$ 235,420</u> | <u>\$ 993,474</u> | <u>\$ 2,826,468</u> |

City of Vandalia, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2008

| | Street Fund | State Highway Fund | Permissive Motor Vehicle Tax Fund | Law Enforcement Fund | Drug Law Enforcement Fund |
|--|-------------------|--------------------------|--|----------------------------|------------------------------------|
| Assets: | | | | | |
| Equity in pooled cash and investments | \$ 438,742 | \$ 314,876 | \$ 150,911 | \$ 470 | \$ 1,538 |
| Receivables: | | | | | |
| Accounts | - | - | - | 24,422 | - |
| Due from other governments | 385,958 | 31,295 | 25,222 | - | - |
| Materials and supplies inventory | 73,433 | - | - | - | - |
| Due from other funds | 21,956 | - | - | - | - |
| Total assets | \$ 920,089 | \$ 346,171 | \$ 176,133 | \$ 24,892 | \$ 1,538 |
| Liabilities and fund balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 8,740 | \$ 6,261 | \$ 5,699 | \$ - | \$ - |
| Accrued wages | 11,214 | - | - | - | - |
| Matured compensated absences payable | 2,215 | - | - | - | - |
| Due to other governments | 10,557 | - | - | - | - |
| Deferred revenue | 317,653 | 25,755 | 21,787 | 24,422 | - |
| Due to other funds | - | - | - | - | - |
| Total liabilities | 350,379 | 32,016 | 27,486 | 24,422 | - |
| Fund balances: | | | | | |
| Reserved for encumbrances | 5,199 | 8,219 | 7,129 | - | - |
| Reserved for inventory | 73,433 | - | - | - | - |
| Unreserved, undesignated, Reported in: | | | | | |
| Special revenue funds | 491,078 | 305,936 | 141,518 | 470 | 1,538 |
| Total fund balances | 569,710 | 314,155 | 148,647 | 470 | 1,538 |
| Total liabilities and fund balances | \$ 920,089 | \$ 346,171 | \$ 176,133 | \$ 24,892 | \$ 1,538 |

(Continued)

City of Vandalia, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2008

| | OMVI Education and Enforcement Fund | OMVI Indigent Fund | Computer Legal Research Fund | Indigent Drivers IAM Fund | Baseball Recreation Fund |
|--|---|--------------------------|---------------------------------------|------------------------------------|--------------------------------|
| Assets: | | | | | |
| Equity in pooled cash and investments | \$ 2,456 | \$ 239,672 | \$ 132,886 | \$ 1,250 | \$ 32,906 |
| Receivables: | | | | | |
| Accounts | - | - | - | - | - |
| Due from other governments | - | 6,201 | - | - | - |
| Materials and supplies inventory | - | - | - | - | - |
| Due from other funds | - | - | 121 | - | - |
| Total assets | <u>\$ 2,456</u> | <u>\$ 245,873</u> | <u>\$ 133,007</u> | <u>\$ 1,250</u> | <u>\$ 32,906</u> |
| Liabilities and fund balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ - | \$ - | \$ 5,508 | \$ - | \$ 35 |
| Accrued wages | - | - | 2,090 | - | 71 |
| Matured compensated absences payable | - | - | - | - | - |
| Due to other governments | - | - | 1,282 | - | 1,748 |
| Deferred revenue | - | 6,201 | - | - | - |
| Due to other funds | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>6,201</u> | <u>8,880</u> | <u>-</u> | <u>1,854</u> |
| Fund balances: | | | | | |
| Reserved for encumbrances | - | - | 21,781 | - | 1,250 |
| Reserved for inventory | - | - | - | - | - |
| Unreserved, undesignated, Reported in: | | | | | |
| Special revenue funds | 2,456 | 239,672 | 102,346 | 1,250 | 29,802 |
| Total fund balances | <u>2,456</u> | <u>239,672</u> | <u>124,127</u> | <u>1,250</u> | <u>31,052</u> |
| Total liabilities and fund balances | <u>\$ 2,456</u> | <u>\$ 245,873</u> | <u>\$ 133,007</u> | <u>\$ 1,250</u> | <u>\$ 32,906</u> |

| Soccer Recreation Fund | FEMA 2008 Hurricane Fund | Stormwater Fund | Chuck Gabbard Memorial Fund | Magistrate Fund | Total Nonmajor Special Revenue Funds |
|------------------------------|-----------------------------------|--------------------|--------------------------------------|--------------------|---|
| \$ 59,302 | \$ - | \$ 243,584 | \$ 2,258 | \$ 15 | \$ 1,620,866 |
| - | - | 26,771 | - | - | 51,193 |
| - | 118,818 | - | - | - | 567,494 |
| - | - | - | - | - | 73,433 |
| - | - | 5,435 | - | - | 27,512 |
| <u>\$ 59,302</u> | <u>\$ 118,818</u> | <u>\$ 275,790</u> | <u>\$ 2,258</u> | <u>\$ 15</u> | <u>\$ 2,340,498</u> |
| \$ - | \$ - | \$ 20,720 | \$ - | \$ - | \$ 46,963 |
| - | - | 2,693 | - | - | 16,068 |
| - | - | 590 | - | - | 2,805 |
| 970 | - | 2,306 | - | - | 16,863 |
| - | 118,818 | 26,771 | - | - | 541,407 |
| - | 118,818 | - | - | - | 118,818 |
| <u>970</u> | <u>237,636</u> | <u>53,080</u> | <u>-</u> | <u>-</u> | <u>742,924</u> |
| 1,464 | - | 172,204 | - | - | 217,246 |
| - | - | - | - | - | 73,433 |
| 56,868 | (118,818) | 50,506 | 2,258 | 15 | 1,306,895 |
| <u>58,332</u> | <u>(118,818)</u> | <u>222,710</u> | <u>2,258</u> | <u>15</u> | <u>1,597,574</u> |
| <u>\$ 59,302</u> | <u>\$ 118,818</u> | <u>\$ 275,790</u> | <u>\$ 2,258</u> | <u>\$ 15</u> | <u>\$ 2,340,498</u> |

City of Vandalia, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

| | Street Fund | State Highway Fund | Permissive Motor Vehicle Tax Fund | Law Enforcement Fund | Drug Law Enforcement Fund |
|---|-------------------|--------------------------|--|----------------------------|------------------------------------|
| Revenues: | | | | | |
| Charges for services | \$ - | \$ - | \$ - | \$ - | \$ - |
| Fines and forfeitures | - | - | - | 128 | 180 |
| Intergovernmental | 887,816 | 71,987 | 42,429 | - | - |
| Other | 3,642 | 260 | - | - | - |
| Total revenue | <u>891,458</u> | <u>72,247</u> | <u>42,429</u> | <u>128</u> | <u>180</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | | | | | |
| Legislative and executive | - | - | - | - | 694 |
| Public safety | | | | | |
| Police | - | - | - | - | - |
| Fire | - | - | - | - | - |
| Public works | | | | | |
| Engineer | - | - | - | - | - |
| Streets | 758,062 | 28,587 | 35,755 | - | - |
| Recreation | - | - | - | - | - |
| Capital outlay | 125,000 | - | - | - | - |
| Total expenditures | <u>883,062</u> | <u>28,587</u> | <u>35,755</u> | <u>-</u> | <u>694</u> |
| Net change in fund balance | 8,396 | 43,660 | 6,674 | 128 | (514) |
| Fund balances at beginning of year | <u>561,314</u> | <u>270,495</u> | <u>141,973</u> | <u>342</u> | <u>2,052</u> |
| Fund balances (deficits) at end of year | <u>\$ 569,710</u> | <u>\$ 314,155</u> | <u>\$ 148,647</u> | <u>\$ 470</u> | <u>\$ 1,538</u> |

| OMVI Education and Enforcement Fund | OMVI Indigent Fund | Computer Legal Research Fund | Indigent Drivers IAM Fund | Baseball Recreation Fund | Soccer Recreation Fund | FEMA 2008 Hurricane Fund |
|---|--------------------------|---------------------------------------|------------------------------------|--------------------------------|------------------------------|-----------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ 112,466 | \$ 53,308 | \$ - |
| 801 | 5,792 | 175,780 | 1,250 | - | - | - |
| - | 11,991 | - | - | - | - | - |
| - | - | 25 | - | 4,630 | 836 | - |
| <u>801</u> | <u>17,783</u> | <u>175,805</u> | <u>1,250</u> | <u>117,096</u> | <u>54,144</u> | <u>-</u> |
| - | - | 133,578 | - | - | - | 23,457 |
| - | 35,779 | - | - | - | - | 1,307 |
| - | - | - | - | - | - | 16,693 |
| - | - | - | - | - | - | 8,466 |
| - | - | - | - | - | - | 41,993 |
| - | - | - | - | 113,254 | 47,831 | 26,902 |
| - | - | 14,931 | - | - | - | - |
| <u>-</u> | <u>35,779</u> | <u>148,509</u> | <u>-</u> | <u>113,254</u> | <u>47,831</u> | <u>118,818</u> |
| 801 | (17,996) | 27,296 | 1,250 | 3,842 | 6,313 | (118,818) |
| <u>1,655</u> | <u>257,668</u> | <u>96,831</u> | <u>-</u> | <u>27,210</u> | <u>52,019</u> | <u>-</u> |
| <u>\$ 2,456</u> | <u>\$ 239,672</u> | <u>\$ 124,127</u> | <u>\$ 1,250</u> | <u>\$ 31,052</u> | <u>\$ 58,332</u> | <u>\$ (118,818)</u> |

(Continued)

City of Vandalia, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008

| | Stormwater Fund | Chuck Gabbard Memorial Fund | Magistrate Fund | Total Nonmajor Special Revenue Funds |
|---|--------------------|--------------------------------------|--------------------|---|
| Revenues: | | | | |
| Charges for services | \$ 297,576 | \$ - | \$ - | \$ 463,350 |
| Fines and forfeitures | - | - | - | 183,931 |
| Intergovernmental | - | - | - | 1,014,223 |
| Other | 43 | - | 15 | 9,451 |
| Total revenue | <u>297,619</u> | <u>-</u> | <u>15</u> | <u>1,670,955</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | | | | |
| Legislative and executive | - | - | - | 157,729 |
| Public safety | | | | |
| Police | - | - | - | 37,086 |
| Fire | - | - | - | 16,693 |
| Public works | | | | |
| Engineer | 161,896 | - | - | 170,362 |
| Streets | - | - | - | 864,397 |
| Recreation | - | - | - | 187,987 |
| Capital outlay | <u>182,530</u> | <u>-</u> | <u>-</u> | <u>322,461</u> |
| Total expenditures | <u>344,426</u> | <u>-</u> | <u>-</u> | <u>1,756,715</u> |
| Net change in fund balance | (46,807) | - | 15 | (85,760) |
| Fund balances at beginning of year | | | | |
| | <u>269,517</u> | <u>2,258</u> | <u>-</u> | <u>1,683,334</u> |
| Fund balances (deficits) at end of year | <u>\$ 222,710</u> | <u>\$ 2,258</u> | <u>\$ 15</u> | <u>\$ 1,597,574</u> |

City of Vandalia, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2008

| | General Obligation Bond Retirement Fund | Street Special Assessment Bond Retirement Fund | Total Nonmajor Debt Service Funds |
|---|--|---|--|
| <u>Assets:</u> | | | |
| Equity in pooled cash and investments | \$ 23,960 | \$ 211,460 | \$ 235,420 |
| Receivables: | | | |
| Special assessments | - | 39,553 | 39,553 |
| Total assets | \$ 23,960 | \$ 251,013 | \$ 274,973 |
| | | | |
| Liabilities and fund balances | | | |
| Liabilities: | | | |
| Deferred revenue | \$ - | \$ 39,553 | \$ 39,553 |
| | | | |
| Fund balances: | | | |
| Reserved for encumbrances | 13,843 | - | 13,843 |
| Unreserved, undesignated, Reported in: | | | |
| Debt service fund | 10,117 | 211,460 | 221,577 |
| Total fund balances | 23,960 | 211,460 | 235,420 |
| Total liabilities and fund balances | \$ 23,960 | \$ 251,013 | \$ 274,973 |

City of Vandalia, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2008

| | <u>General Obligation Bond Retirement Fund</u> | <u>Street Special Assessment Bond Retirement Fund</u> | <u>Total Nonmajor Debt Service Funds</u> |
|---------------------------------------|--|---|--|
| Revenues: | | | |
| Total revenue | \$ - | \$ - | \$ - |
| Expenditures: | | | |
| Current: | | | |
| Debt service: | | | |
| Principal retirement | 632,844 | - | 632,844 |
| Interest and fiscal charges | <u>476,373</u> | <u>-</u> | <u>476,373</u> |
| Total expenditures | <u>1,109,217</u> | <u>-</u> | <u>1,109,217</u> |
| Excess of revenues under expenditures | <u>(1,109,217)</u> | <u>-</u> | <u>(1,109,217)</u> |
| Other financing sources: | | | |
| Transfers - in | <u>1,125,560</u> | <u>-</u> | <u>1,125,560</u> |
| Net change in fund balance | 16,343 | - | 16,343 |
| Fund balances at beginning of year | <u>7,617</u> | <u>211,460</u> | <u>219,077</u> |
| Fund balances at end of year | <u><u>\$ 23,960</u></u> | <u><u>\$ 211,460</u></u> | <u><u>\$ 235,420</u></u> |

City of Vandalia, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2008

| | Road Improvements Brownschool Fund | Recreation Center Fund | Justice Center/ Municipal Building Fund | North Dixie Widening Fund | Police, Fire and Street Capital Improvements Fund | TIF Capital Projects Fund | Total Nonmajor Capital Projects Funds |
|---|---|------------------------------|--|------------------------------------|--|------------------------------------|---|
| Assets: | | | | | | | |
| Equity in pooled cash and investments | \$ - | \$ 1 | \$ 543 | \$ - | \$ 991,147 | \$ 16,485 | \$ 1,008,176 |
| Liabilities and fund balances | | | | | | | |
| Liabilities: | | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ 1,600 | \$ - | \$ 1,600 |
| Accrued wages | - | - | - | - | 1,333 | - | 1,333 |
| Interfund payable | 6,761 | - | - | 750 | - | - | 7,511 |
| Due to other governments | - | - | - | - | 4,258 | - | 4,258 |
| Total liabilities | <u>6,761</u> | <u>-</u> | <u>-</u> | <u>750</u> | <u>7,191</u> | <u>-</u> | <u>14,702</u> |
| Fund balances: | | | | | | | |
| Reserved for encumbrances | - | - | - | - | 587,958 | - | 587,958 |
| Unreserved, undesignated, Reported in: | | | | | | | |
| Capital projects fund | (6,761) | 1 | 543 | (750) | 395,998 | 16,485 | 405,516 |
| Total fund balances | <u>(6,761)</u> | <u>1</u> | <u>543</u> | <u>(750)</u> | <u>983,956</u> | <u>16,485</u> | <u>993,474</u> |
| Total liabilities and fund balances | <u>\$ -</u> | <u>\$ 1</u> | <u>\$ 543</u> | <u>\$ -</u> | <u>\$ 991,147</u> | <u>\$ 16,485</u> | <u>\$ 1,008,176</u> |

City of Vandalia, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2008

| | Road Improvements Brownschool Fund | Recreation Center Fund | Justice Center/ Municipal Building Fund | North Dixie Widening Fund | Police, Fire and Street Capital Improvements Fund | TIF Capital Projects Fund | Total Nonmajor Capital Projects Funds |
|---|---|------------------------------|--|------------------------------------|--|------------------------------------|---|
| Revenues: | | | | | | | |
| Property and other taxes | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 21,354 | \$ 21,354 |
| Expenditures: | | | | | | | |
| Current: | | | | | | | |
| General government | | | | | | | |
| Legislative and executive | - | - | - | - | - | 4,869 | 4,869 |
| Public safety | | | | | | | |
| Police | - | - | - | - | 142,045 | - | 142,045 |
| Fire | - | - | - | - | 90,383 | - | 90,383 |
| Public works | | | | | | | |
| Streets | - | - | - | - | 163,036 | - | 163,036 |
| Capital outlay | - | - | - | - | 821,819 | - | 821,819 |
| Total expenditures | - | - | - | - | 1,217,283 | 4,869 | 1,222,152 |
| Excess of revenues over (under) expenditures | - | - | - | - | (1,217,283) | 16,485 | (1,200,798) |
| Other financing sources: | | | | | | | |
| Transfers - in | - | - | - | - | 1,460,000 | - | 1,460,000 |
| Net change in fund balance | - | - | - | - | 242,717 | 16,485 | 259,202 |
| Fund balances (deficits) at beginning of year | (6,761) | 1 | 543 | (750) | 741,239 | - | 734,272 |
| Fund balances (deficits) at end of year | \$ (6,761) | \$ 1 | \$ 543 | \$ (750) | \$ 983,956 | \$ 16,485 | \$ 993,474 |



City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---------------------------------|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues:</u> | | | | |
| Municipal income tax | \$ 12,500,000 | \$ 12,500,000 | \$ 12,372,541 | \$ (127,459) |
| Property and other taxes | 1,771,643 | 1,771,643 | 1,924,631 | 152,988 |
| Charges for services | 2,971,000 | 2,971,000 | 3,134,056 | 163,056 |
| Licenses and permits | 175,500 | 175,500 | 157,043 | (18,457) |
| Fines and forfeitures | 1,321,000 | 1,321,000 | 1,307,818 | (13,182) |
| Intergovernmental | 1,749,852 | 1,805,157 | 1,884,163 | 79,006 |
| Interest | 900,700 | 900,700 | 1,151,204 | 250,504 |
| Other | 111,500 | 111,500 | 88,875 | (22,625) |
| Total revenues | <u>21,501,195</u> | <u>21,556,500</u> | <u>22,020,331</u> | <u>463,831</u> |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| General government | | | | |
| Legislative and executive | | | | |
| Personal services | 1,859,914 | 1,859,914 | 1,781,227 | 78,687 |
| Operations and maintenance | 2,879,009 | 3,309,009 | 3,252,717 | 56,292 |
| Total legislative and executive | <u>4,738,923</u> | <u>5,168,923</u> | <u>5,033,944</u> | <u>134,979</u> |
| Judicial system | | | | |
| Personal services | 1,860,658 | 1,860,658 | 1,769,093 | 91,565 |
| Operations and maintenance | 453,222 | 453,222 | 411,150 | 42,072 |
| Total judicial system | <u>2,313,880</u> | <u>2,313,880</u> | <u>2,180,243</u> | <u>133,637</u> |
| Total general government | <u>7,052,803</u> | <u>7,482,803</u> | <u>7,214,187</u> | <u>268,616</u> |
| Public safety | | | | |
| Police | | | | |
| Personal services | 3,871,301 | 3,871,301 | 3,680,345 | 190,956 |
| Operations and maintenance | 426,894 | 426,894 | 405,832 | 21,062 |
| Total police | <u>4,298,195</u> | <u>4,298,195</u> | <u>4,086,177</u> | <u>212,018</u> |
| Fire | | | | |
| Personal services | 1,605,075 | 1,605,075 | 1,485,385 | 119,690 |
| Operations and maintenance | 270,505 | 270,505 | 286,191 | (15,686) |
| Total fire | <u>1,875,580</u> | <u>1,875,580</u> | <u>1,771,576</u> | <u>104,004</u> |
| Total public safety | <u>6,173,775</u> | <u>6,173,775</u> | <u>5,857,753</u> | <u>316,022</u> |

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2008
(Continued)

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--------------------------------------|----------------------|----------------------|----------------------|---|
| | Original | Final | | |
| Public works | | | | |
| Engineer | | | | |
| Personal services | 811,828 | 811,828 | 767,341 | 44,487 |
| Operations and maintenance | 105,088 | 105,088 | 85,937 | 19,151 |
| Total engineer | <u>916,916</u> | <u>916,916</u> | <u>853,278</u> | <u>63,638</u> |
| Streets | | | | |
| Service department | | | | |
| Personal services | 114,900 | 114,900 | 111,558 | 3,342 |
| Operations and maintenance | 4,239 | 4,239 | 3,765 | 474 |
| Street lighting | | | | |
| Operations and maintenance | 185,000 | 185,000 | 171,915 | 13,085 |
| Street maintenance | | | | |
| Personal services | 331,005 | 331,005 | 324,062 | 6,943 |
| Operations and maintenance | 4,337 | 4,337 | 3,367 | 970 |
| Total streets | <u>639,481</u> | <u>639,481</u> | <u>614,667</u> | <u>24,814</u> |
| Refuse | | | | |
| Operations and maintenance | 852,251 | 852,251 | 836,561 | 15,690 |
| Total public works | <u>2,408,648</u> | <u>2,408,648</u> | <u>2,304,506</u> | <u>104,142</u> |
| Recreation | | | | |
| Parks | | | | |
| Personal services | 2,328,512 | 2,328,512 | 2,267,381 | 61,131 |
| Operations and maintenance | 900,276 | 900,276 | 919,353 | (19,077) |
| Total recreation | <u>3,228,788</u> | <u>3,228,788</u> | <u>3,186,734</u> | <u>42,054</u> |
| Total expenditures | <u>18,864,014</u> | <u>19,294,014</u> | <u>18,563,180</u> | <u>730,834</u> |
| Excess of revenues over expenditures | <u>2,637,181</u> | <u>2,262,486</u> | <u>3,457,151</u> | <u>1,194,665</u> |
| Other financing sources (uses): | | | | |
| Sale of capital assets | 1,000 | 1,000 | - | (1,000) |
| Transfers - out | (4,439,244) | (4,439,244) | (4,439,244) | - |
| Total other financing sources (uses) | <u>(4,438,244)</u> | <u>(4,438,244)</u> | <u>(4,439,244)</u> | <u>(1,000)</u> |
| Net change in fund balance | (1,801,063) | (2,175,758) | (982,093) | 1,193,665 |
| Fund balance at beginning of year | 17,755,592 | 17,755,592 | 17,755,592 | - |
| Prior year encumbrances appropriated | 1,502,987 | 1,502,987 | 1,502,987 | - |
| Fund balance at end of year | <u>\$ 17,457,516</u> | <u>\$ 17,082,821</u> | <u>\$ 18,276,486</u> | <u>\$ 1,193,665</u> |

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvement Fund
For the Year Ended December 31, 2008

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|---------------------------------------|------------------|--------------|--------------|---|
| | Original | Final | | |
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$ 2,087,386 | \$ 1,866,446 | \$ 803,070 | \$ (1,063,376) |
| Special assessments | 16,500 | 16,500 | 27,739 | 11,239 |
| Other | 24,550 | 24,550 | 900 | (23,650) |
| Total revenues | 2,128,436 | 1,907,496 | 831,709 | (1,075,787) |
| <u>Expenditures:</u> | | | | |
| Capital outlay | 4,715,821 | 5,521,833 | 5,399,987 | 121,846 |
| Excess of revenues under expenditures | (2,587,385) | (3,614,337) | (4,568,278) | (953,941) |
| <u>Other financing sources:</u> | | | | |
| Bond anticipation notes issued | 450,000 | 450,000 | 605,069 | 155,069 |
| Sale of capital assets | 5,000 | 5,000 | 34,755 | 29,755 |
| Transfers - in | 1,853,684 | 1,853,684 | 1,853,684 | - |
| Total other financing sources | 2,308,684 | 2,308,684 | 2,493,508 | 184,824 |
| Net change in fund balance | (278,701) | (1,305,653) | (2,074,770) | (769,117) |
| Fund balance at beginning of year | (829,972) | (829,972) | (829,972) | - |
| Prior year encumbrances appropriated | 2,428,138 | 2,428,138 | 2,428,138 | - |
| Fund balance at end of year | \$ 1,319,465 | \$ 292,513 | \$ (476,604) | \$ (769,117) |

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Fund
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--------------------------------------|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$ 880,000 | \$ 880,000 | \$ 889,655 | \$ 9,655 |
| Other | 5,500 | 5,500 | 3,642 | (1,858) |
| Total revenues | <u>885,500</u> | <u>885,500</u> | <u>893,297</u> | <u>7,797</u> |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Public works | | | | |
| Streets | | | | |
| Street maintenance | | | | |
| Personal services | 496,023 | 540,023 | 532,044 | 7,979 |
| Operations and maintenance | 154,730 | 213,830 | 197,932 | 15,898 |
| Capital outlay | 176,697 | 176,697 | 175,400 | 1,297 |
| Total expenditures | <u>827,450</u> | <u>930,550</u> | <u>905,376</u> | <u>25,174</u> |
| Net change in fund balance | 58,050 | (45,050) | (12,079) | 32,971 |
| Fund balance at beginning of year | 434,463 | 434,463 | 434,463 | - |
| Prior year encumbrances appropriated | 4,227 | 4,227 | 4,227 | - |
| Fund balance at end of year | <u>\$ 496,740</u> | <u>\$ 393,640</u> | <u>\$ 426,611</u> | <u>\$ 32,971</u> |

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--------------------------------------|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$ 70,000 | \$ 70,000 | \$ 72,134 | \$ 2,134 |
| Other | - | - | 260 | 260 |
| Total revenues | <u>70,000</u> | <u>70,000</u> | <u>72,394</u> | <u>2,394</u> |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Public works | | | | |
| Streets | | | | |
| Street maintenance | | | | |
| Operations and maintenance | <u>45,201</u> | <u>45,201</u> | <u>39,215</u> | <u>5,986</u> |
| Net change in fund balance | 24,799 | 24,799 | 33,179 | 8,380 |
| Fund balance at beginning of year | 263,871 | 263,871 | 263,871 | - |
| Prior year encumbrances appropriated | <u>3,702</u> | <u>3,702</u> | <u>3,702</u> | - |
| Fund balance at end of year | <u>\$ 292,372</u> | <u>\$ 292,372</u> | <u>\$ 300,752</u> | <u>\$ 8,380</u> |

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Permissive Motor Vehicle Tax Fund
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--------------------------------------|--------------------------|--------------------------|--------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$ 43,000 | \$ 43,000 | \$ 42,255 | \$ (745) |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Streets | | | | |
| Street maintenance | | | | |
| Operations and maintenance | 31,043 | 31,043 | 30,963 | 80 |
| Capital outlay | 31,000 | 31,000 | 30,883 | 117 |
| Total expenditures | <u>62,043</u> | <u>62,043</u> | <u>61,846</u> | <u>197</u> |
| Net change in fund balance | (19,043) | (19,043) | (19,591) | (548) |
| Fund balance at beginning of year | 138,632 | 138,632 | 138,632 | - |
| Prior year encumbrances appropriated | <u>19,043</u> | <u>19,043</u> | <u>19,043</u> | <u>-</u> |
| Fund balance at end of year | <u><u>\$ 138,632</u></u> | <u><u>\$ 138,632</u></u> | <u><u>\$ 138,084</u></u> | <u><u>\$ (548)</u></u> |

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Fund
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|-----------------------------------|-------------------------|---------------|---------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues:</u> | | | | |
| Fines and forfeitures | \$ 500 | \$ 500 | \$ 128 | \$ (372) |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| General government | | | | |
| Legislative and executive | | | | |
| Operations and maintenance | 500 | 500 | - | 500 |
| Net change in fund balance | - | - | 128 | 128 |
| Fund balance at beginning of year | 342 | 342 | 342 | - |
| Fund balance at end of year | <u>\$ 342</u> | <u>\$ 342</u> | <u>\$ 470</u> | <u>\$ 128</u> |

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Drug Law Enforcement Fund
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--------------------------------------|-------------------------|---------------|-----------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues:</u> | | | | |
| Fines and forfeitures | \$ 200 | \$ 200 | \$ 180 | \$ (20) |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| General government | | | | |
| Legislative and executive | | | | |
| Operations and maintenance | 1,864 | 1,864 | 694 | 1,170 |
| Net change in fund balance | (1,664) | (1,664) | (514) | 1,150 |
| Fund balance at beginning of year | 1,790 | 1,790 | 1,790 | - |
| Prior year encumbrances appropriated | 264 | 264 | 264 | - |
| Fund balance at end of year | <u>\$ 390</u> | <u>\$ 390</u> | <u>\$ 1,540</u> | <u>\$ 1,150</u> |

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
OMVI Education and Enforcement Fund
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|-----------------------------------|-------------------------|-----------------|-----------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues:</u> | | | | |
| Fines and forfeitures | \$ 1,500 | \$ 1,500 | \$ 746 | \$ (754) |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Public safety | | | | |
| Police | | | | |
| Operations and maintenance | 1,800 | 1,800 | - | 1,800 |
| Net change in fund balance | (300) | (300) | 746 | 1,046 |
| Fund balance at beginning of year | 1,645 | 1,645 | 1,645 | - |
| Fund balance at end of year | <u>\$ 1,345</u> | <u>\$ 1,345</u> | <u>\$ 2,391</u> | <u>\$ 1,046</u> |

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
OMVI Indigent Fund
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| <u>Revenues:</u> | | | | |
| Fines and forfeitures | \$ 5,000 | \$ 5,000 | \$ 6,265 | \$ 1,265 |
| Intergovernmental | 9,000 | 9,000 | 11,991 | 2,991 |
| Total revenues | <u>14,000</u> | <u>14,000</u> | <u>18,256</u> | <u>4,256</u> |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Public safety | | | | |
| Police | | | | |
| Operations and maintenance | 30,000 | 73,750 | 65,026 | 8,724 |
| Net change in fund balance | (16,000) | (59,750) | (46,770) | 12,980 |
| Fund balance at beginning of year | 286,444 | 286,444 | 286,444 | - |
| Fund balance at end of year | <u>\$ 270,444</u> | <u>\$ 226,694</u> | <u>\$ 239,674</u> | <u>\$ 12,980</u> |

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Computer Legal Research Fund
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--------------------------------------|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| <u>Revenues:</u> | | | | |
| Fines and forfeitures | \$ 160,000 | \$ 160,000 | \$ 173,664 | \$ 13,664 |
| Other | 500 | 500 | 25 | (475) |
| Total revenues | <u>160,500</u> | <u>160,500</u> | <u>173,689</u> | <u>13,189</u> |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| General government | | | | |
| Legislative and executive | | | | |
| Personal services | 61,646 | 61,646 | 59,734 | 1,912 |
| Operations and maintenance | 80,501 | 80,501 | 54,580 | 25,921 |
| Capital outlay | <u>83,000</u> | <u>83,000</u> | <u>59,413</u> | <u>23,587</u> |
| Total expenditures | <u>225,147</u> | <u>225,147</u> | <u>173,727</u> | <u>51,420</u> |
| Net change in fund balance | (64,647) | (64,647) | (38) | 64,609 |
| Fund balance at beginning of year | 82,286 | 83,286 | 83,286 | - |
| Prior year encumbrances appropriated | <u>10,501</u> | <u>10,501</u> | <u>10,501</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 28,140</u> | <u>\$ 29,140</u> | <u>\$ 93,749</u> | <u>\$ 64,609</u> |

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Indigent Drivers IAM Fund
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-------------------------|--------------|---------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| <u>Revenues:</u> | | | | |
| Fines and forfeitures | \$ - | \$ - | \$ 900 | \$ 900 |
| <u>Expenditures:</u> | | | | |
| Total expenditures | - | - | - | - |
| Net change in fund balance | - | - | 900 | 900 |
| Fund balance at beginning of year | - | - | - | - |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 900</u> | <u>\$ 900</u> |

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Baseball Recreation Fund
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--------------------------------------|-------------------------|-------------------------|-------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| <u>Revenues:</u> | | | | |
| Charges for services | \$ 115,085 | \$ 115,085 | \$ 112,466 | \$ (2,619) |
| Other | 4,750 | 4,750 | 4,630 | (120) |
| Total revenues | <u>119,835</u> | <u>119,835</u> | <u>117,096</u> | <u>(2,739)</u> |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Recreation | | | | |
| Personal services | 48,072 | 48,072 | 43,840 | 4,232 |
| Operations and maintenance | 80,250 | 80,250 | 77,437 | 2,813 |
| Capital outlay | <u>2,500</u> | <u>2,500</u> | <u>2,419</u> | <u>81</u> |
| Total expenditures | <u>130,822</u> | <u>130,822</u> | <u>123,696</u> | <u>7,126</u> |
| Net change in fund balance | (10,987) | (10,987) | (6,600) | 4,387 |
| Fund balance at beginning of year | 29,255 | 29,255 | 29,255 | - |
| Prior year encumbrances appropriated | <u>8,999</u> | <u>8,999</u> | <u>8,999</u> | <u>-</u> |
| Fund balance at end of year | <u><u>\$ 27,267</u></u> | <u><u>\$ 27,267</u></u> | <u><u>\$ 31,654</u></u> | <u><u>\$ 4,387</u></u> |

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Soccer Recreation Fund
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--------------------------------------|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| <u>Revenues:</u> | | | | |
| Charges for services | \$ 53,100 | \$ 53,100 | \$ 53,308 | \$ 208 |
| Other | 1,100 | 1,100 | 836 | (264) |
| Total revenues | <u>54,200</u> | <u>54,200</u> | <u>54,144</u> | <u>(56)</u> |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Recreation | | | | |
| Parks | | | | |
| Personal services | 25,921 | 25,921 | 21,233 | 4,688 |
| Operations and maintenance | <u>28,472</u> | <u>28,472</u> | <u>28,089</u> | <u>383</u> |
| Total expenditures | <u>54,393</u> | <u>54,393</u> | <u>49,322</u> | <u>5,071</u> |
| Net change in fund balance | (193) | (193) | 4,822 | 5,015 |
| Fund balance at beginning of year | 52,345 | 52,345 | 52,345 | - |
| Prior year encumbrances appropriated | <u>671</u> | <u>671</u> | <u>671</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 52,823</u> | <u>\$ 52,823</u> | <u>\$ 57,838</u> | <u>\$ 5,015</u> |

City of Vandalia, Ohio
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 FEMA 2008 Hurricane Fund
 For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-------------------------|--------------|---------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| <u>Revenues:</u> | | | | |
| Total revenues | \$ - | \$ - | \$ - | \$ - |
| <u>Expenditures:</u> | | | | |
| Total expenditures | - | - | - | - |
| Net change in fund balance | - | - | - | - |
| Fund balance at beginning of year | - | - | - | - |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Stormwater Fund
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--------------------------------------|-------------------------|-------------------------|-------------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| <u>Revenues:</u> | | | | |
| Charges for services | \$ 289,500 | \$ 289,500 | \$ 297,576 | \$ 8,076 |
| Other | - | - | 43 | 43 |
| Total revenues | <u>289,500</u> | <u>289,500</u> | <u>297,619</u> | <u>8,119</u> |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Public works | | | | |
| Engineer | | | | |
| Personal services | 125,019 | 125,019 | 119,318 | 5,701 |
| Operations and maintenance | 235,431 | 235,431 | 232,592 | 2,839 |
| Capital outlay | <u>175,000</u> | <u>175,000</u> | <u>175,000</u> | <u>-</u> |
| Total expenditures | <u>535,450</u> | <u>535,450</u> | <u>526,910</u> | <u>8,540</u> |
| Net change in fund balance | (245,950) | (245,950) | (229,291) | 16,659 |
| Fund balance at beginning of year | 184,618 | 184,618 | 184,618 | - |
| Prior year encumbrances appropriated | <u>95,333</u> | <u>95,333</u> | <u>95,333</u> | <u>-</u> |
| Fund balance at end of year | <u><u>\$ 34,001</u></u> | <u><u>\$ 34,001</u></u> | <u><u>\$ 50,660</u></u> | <u><u>\$ 16,659</u></u> |

City of Vandalia, Ohio
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Chuck Gabbard Memorial Fund
 For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-------------------------|-----------------|-----------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| <u>Revenues:</u> | | | | |
| Total revenues | \$ - | \$ - | \$ - | \$ - |
| <u>Expenditures:</u> | | | | |
| Total expenditures | - | - | - | - |
| Net change in fund balance | - | - | - | - |
| Fund balance at beginning of year | 2,258 | 2,258 | 2,258 | - |
| Fund balance at end of year | <u>\$ 2,258</u> | <u>\$ 2,258</u> | <u>\$ 2,258</u> | <u>\$ -</u> |

City of Vandalia, Ohio
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Magistrate Fund
 For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-------------------------|--------------|---------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| <u>Revenues:</u> | | | | |
| Other | \$ - | \$ - | \$ 15 | \$ 15 |
| <u>Expenditures:</u> | | | | |
| Total expenditures | - | - | - | - |
| Net change in fund balance | - | - | 15 | 15 |
| Fund balance at beginning of year | - | - | - | - |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 15</u> | <u>\$ 15</u> |

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|-----------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues:</u> | | | | |
| Total revenues | \$ - | \$ - | \$ - | \$ - |
| <u>Expenditures:</u> | | | | |
| Debt service: | | | | |
| Principal retirement | 3,974,780 | 3,974,780 | 3,987,444 | (12,664) |
| Interest and fiscal charges | 625,711 | 625,711 | 610,547 | 15,164 |
| Total expenditures | 4,600,491 | 4,600,491 | 4,597,991 | 2,500 |
| Excess of revenues over (under) expenditures | (4,600,491) | (4,600,491) | (4,597,991) | 2,500 |
| <u>Other financing sources:</u> | | | | |
| Bonds issued | 3,474,931 | 3,474,931 | 3,474,931 | - |
| Transfers - in | 1,125,560 | 1,125,560 | 1,125,560 | - |
| Total other financing sources | 4,600,491 | 4,600,491 | 4,600,491 | - |
| Net change in fund balance | - | - | 2,500 | 2,500 |
| Fund balance at beginning of year | 7,616 | 7,616 | 7,616 | - |
| Prior year encumbrances appropriated | 2 | 2 | 2 | - |
| Fund balance at end of year | <u>\$ 7,618</u> | <u>\$ 7,618</u> | <u>\$ 10,118</u> | <u>\$ 2,500</u> |

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Special Assessment Bond Retirement Fund
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--------------------------------------|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues:</u> | | | | |
| Special assessments | \$ 52,000 | \$ 52,000 | \$ - | \$ (52,000) |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Public works | | | | |
| Streets | | | | |
| Street maintenance | | | | |
| Operations and maintenance | 1,000 | 1,000 | - | 1,000 |
| Net change in fund balance | 51,000 | 51,000 | - | (51,000) |
| Fund balance at beginning of year | 211,458 | 211,458 | 211,458 | - |
| Prior year encumbrances appropriated | 2 | 2 | 2 | - |
| Fund balance at end of year | <u>\$ 262,460</u> | <u>\$ 262,460</u> | <u>\$ 211,460</u> | <u>\$ (51,000)</u> |

City of Vandalia, Ohio
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Road Improvements Brownschool Fund
 For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-------------------------|--------------|---------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| <u>Revenues:</u> | | | | |
| Total revenues | \$ - | \$ - | \$ - | \$ - |
| <u>Expenditures:</u> | | | | |
| Total expenditures | - | - | - | - |
| Net change in fund balance | - | - | - | - |
| Fund balance at beginning of year | - | - | - | - |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

City of Vandalia, Ohio
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Recreation Center Fund
 For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-------------------------|--------------|---------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| <u>Revenues:</u> | | | | |
| Total revenues | \$ - | \$ - | \$ - | \$ - |
| <u>Expenditures:</u> | | | | |
| Total expenditures | - | - | - | - |
| Net change in fund balance | - | - | - | - |
| Fund balance at beginning of year | 1 | 1 | 1 | - |
| Fund balance at end of year | <u>\$ 1</u> | <u>\$ 1</u> | <u>\$ 1</u> | <u>\$ -</u> |

City of Vandalia, Ohio
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Justice Center/Municipal Building Fund
 For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-------------------------|---------------|---------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| <u>Revenues:</u> | | | | |
| Total revenues | \$ - | \$ - | \$ - | \$ - |
| <u>Expenditures:</u> | | | | |
| Total expenditures | - | - | - | - |
| Net change in fund balance | - | - | - | - |
| Fund balance at beginning of year | 543 | 543 | 543 | - |
| Fund balance at end of year | <u>\$ 543</u> | <u>\$ 543</u> | <u>\$ 543</u> | <u>\$ -</u> |

City of Vandalia, Ohio
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 North Dixie Widening Fund
 For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|-----------------------------------|-------------------------|--------------|---------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| <u>Revenues:</u> | | | | |
| Total revenues | \$ - | \$ - | \$ - | \$ - |
| <u>Expenditures:</u> | | | | |
| Total expenditures | - | - | - | - |
| Net change in fund balance | - | - | - | - |
| Fund balance at beginning of year | - | - | - | - |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Police, Fire and Street Capital Improvements Fund
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| <u>Revenues:</u> | | | | |
| Total revenues | \$ - | \$ - | \$ - | \$ - |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Public safety | | | | |
| Police | | | | |
| Personal services | 76,825 | 76,825 | 85,330 | (8,505) |
| Capital outlay | 1,778,870 | 1,778,870 | 1,734,441 | 44,429 |
| Total expenditures | 1,855,695 | 1,855,695 | 1,819,771 | 35,924 |
| Excess of revenues over (under) expenditures | (1,855,695) | (1,855,695) | (1,819,771) | 35,924 |
| Other financing sources: | | | | |
| Transfers - in | 1,460,000 | 1,460,000 | 1,460,000 | - |
| Net change in fund balance | (395,695) | (395,695) | (359,771) | 35,924 |
| Fund balance at beginning of year | 353,615 | 353,615 | 353,615 | - |
| Prior year encumbrances appropriated | 408,870 | 408,870 | 408,870 | - |
| Fund balance at end of year | <u>\$ 366,790</u> | <u>\$ 366,790</u> | <u>\$ 402,714</u> | <u>\$ 35,924</u> |

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
TIF Fund
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|-----------------------------------|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues:</u> | | | | |
| Property and other taxes | \$ - | \$ 27,000 | \$ 21,354 | \$ (5,646) |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| General government | | | | |
| Legislative and executive | | | | |
| Personal services | - | 8,000 | 4,869 | 3,131 |
| Net change in fund balance | - | 19,000 | 16,485 | (2,515) |
| Fund balance at beginning of year | - | - | - | - |
| Fund balance at end of year | <u>\$ -</u> | <u>\$ 19,000</u> | <u>\$ 16,485</u> | <u>\$ (2,515)</u> |

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--------------------------------------|-------------------------|-------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues:</u> | | | | |
| Charges for services | \$ 2,409,265 | \$ 2,409,265 | \$ 2,506,990 | \$ 97,725 |
| Tap-in fees | 12,000 | 12,000 | 13,710 | 1,710 |
| Utility deposits received | - | - | 4,767 | 4,767 |
| Other | 33,400 | 33,400 | 27,334 | (6,066) |
| Total revenues | <u>2,454,665</u> | <u>2,454,665</u> | <u>2,552,801</u> | <u>98,136</u> |
| <u>Expenses:</u> | | | | |
| Current: | | | | |
| Personal services | 312,852 | 312,852 | 297,888 | 14,964 |
| Contractual services | 1,684,604 | 1,684,604 | 1,365,512 | 319,092 |
| Materials and supplies | 55,393 | 55,393 | 59,380 | (3,987) |
| Capital outlay | 631,971 | 881,971 | 881,545 | 426 |
| Utility deposits returned | - | - | 3,086 | (3,086) |
| Other | 200 | 200 | 1,045 | (845) |
| Total expenses | <u>2,685,020</u> | <u>2,935,020</u> | <u>2,608,456</u> | <u>326,564</u> |
| Change in fund equity | (230,355) | (480,355) | (55,655) | 424,700 |
| Fund equity at beginning of year | 796,962 | 796,962 | 796,962 | - |
| Prior year encumbrances appropriated | <u>288,883</u> | <u>288,883</u> | <u>288,883</u> | <u>-</u> |
| Fund equity at end of year | <u>\$ 855,490</u> | <u>\$ 605,490</u> | <u>\$ 1,030,190</u> | <u>\$ 424,700</u> |

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2008

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--------------------------------------|------------------|--------------|--------------|---|
| | Original | Final | Actual | |
| <u>Revenues:</u> | | | | |
| Charges for services | \$ 1,371,250 | \$ 1,371,250 | \$ 1,353,967 | \$ (17,283) |
| Tap-in fees | 15,000 | 15,000 | 16,680 | 1,680 |
| Utility deposits received | - | - | 2,348 | 2,348 |
| Other | - | - | 103 | 103 |
| Total revenues | 1,386,250 | 1,386,250 | 1,373,098 | (13,152) |
| <u>Expenses:</u> | | | | |
| Current: | | | | |
| Personal services | 307,852 | 307,852 | 294,340 | 13,512 |
| Contractual services | 999,405 | 999,405 | 963,478 | 35,927 |
| Materials and supplies | 42,760 | 42,760 | 45,995 | (3,235) |
| Utility deposits returned | 100 | 100 | 1,520 | (1,420) |
| Other | - | - | 92 | (92) |
| Total expenses | 1,350,117 | 1,350,117 | 1,305,425 | 44,692 |
| Change in fund equity | 36,133 | 36,133 | 67,673 | 31,540 |
| Fund equity at beginning of year | 460,405 | 460,405 | 460,405 | - |
| Prior year encumbrances appropriated | 19,214 | 19,214 | 19,214 | - |
| Fund equity at end of year | \$ 515,752 | \$ 515,752 | \$ 547,292 | \$ 31,540 |

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Golf Fund
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| <u>Revenues:</u> | | | | |
| Charges for services | \$ 961,900 | \$ 961,900 | \$ 950,229 | \$ (11,671) |
| Other | 9,700 | 9,700 | 5,658 | (4,042) |
| Total revenues | <u>971,600</u> | <u>971,600</u> | <u>955,887</u> | <u>(15,713)</u> |
| <u>Expenses:</u> | | | | |
| Current: | | | | |
| Personal services | 551,702 | 551,702 | 503,337 | 48,365 |
| Contractual services | 349,384 | 355,984 | 312,432 | 43,552 |
| Materials and supplies | 200,675 | 216,075 | 206,836 | 9,239 |
| Other | <u>37,459</u> | <u>37,459</u> | <u>33,210</u> | <u>4,249</u> |
| Total expenses | <u>1,139,220</u> | <u>1,161,220</u> | <u>1,055,815</u> | <u>105,405</u> |
| Non-operating expenses | | | | |
| Interest | 3,000 | 3,000 | 1,140 | (1,860) |
| Proceeds from sales of capital assets | - | - | 5,050 | 5,050 |
| Total non-operating expenses | <u>3,000</u> | <u>3,000</u> | <u>6,190</u> | <u>3,190</u> |
| Change in fund equity | (164,620) | (186,620) | (93,738) | 92,882 |
| Fund equity at beginning of year | 614,009 | 614,009 | 614,009 | - |
| Prior year encumbrances appropriated | <u>34,692</u> | <u>34,692</u> | <u>34,692</u> | <u>-</u> |
| Fund equity at end of year | <u>\$ 484,081</u> | <u>\$ 462,081</u> | <u>\$ 554,963</u> | <u>\$ 92,882</u> |

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Hospital Care Fund
For the Year Ended December 31, 2008

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--------------------------------------|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| <u>Revenues:</u> | | | | |
| Charges for services | \$ 1,618,837 | \$ 1,618,837 | \$ 1,576,247 | \$ (42,590) |
| Other | 85,202 | 85,202 | 34,790 | (50,412) |
| Total revenues | <u>1,704,039</u> | <u>1,704,039</u> | <u>1,611,037</u> | <u>(93,002)</u> |
| <u>Expenses:</u> | | | | |
| Current: | | | | |
| Contractual services | 324,050 | 381,450 | 381,477 | (27) |
| Claims | 1,421,309 | 1,423,909 | 1,335,697 | 88,212 |
| Total expenses | <u>1,745,359</u> | <u>1,805,359</u> | <u>1,717,174</u> | <u>88,185</u> |
| Change in fund equity | (41,320) | (101,320) | (106,137) | (4,817) |
| Fund equity at beginning of year | 222,142 | 222,142 | 222,142 | - |
| Prior year encumbrances appropriated | <u>41,320</u> | <u>41,320</u> | <u>41,320</u> | <u>-</u> |
| Fund equity at end of year | <u>\$ 222,142</u> | <u>\$ 162,142</u> | <u>\$ 157,325</u> | <u>\$ (4,817)</u> |

Combining Statements – Fiduciary Funds

AGENCY FUNDS

To account for assets held by the City as an agent for individuals, private organizations, and/or other governmental units.

Building Standards

Established to account for state assessed fees on building permits issued by the City.

Northern Area Water Authority

Established to account for activities of the Northern Area Water Authority which the City of Vandalia is the fiscal agent.

Municipal Court

Established to account for the monies that flow through the Clerk of Courts Office to various subdivisions.

Multi-District Tax Fund

Established to account for the flow through of municipal income tax monies that belong to the Cities of Englewood and Brookville.

Performance Bond

Established to account for the sureties received from contractors until contracts are complete.

Tri-Cities North Regional Wastewater Authority

Established to account for the activities of the Tri-Cities North Regional Wastewater Authority which the City of Vandalia is the fiscal agent.

Employee Flex Account

Established to account for the flow through of employee medical expenses that belong to the employees of the City.

City of Vandalia, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2008

| | Balance January 1, 2008 | Additions | Deletions | Balance December 31, 2008 |
|--|-------------------------------|-----------------|-----------------|---------------------------------|
| Building Standards | | | | |
| <u>Assets:</u> | | | | |
| Equity in pooled cash and cash equivalents | \$ 668 | \$ 3,225 | \$ 3,542 | \$ 351 |
| Total assets | <u>\$ 668</u> | <u>\$ 3,225</u> | <u>\$ 3,542</u> | <u>\$ 351</u> |
| <u>Liabilities:</u> | | | | |
| Due to other governments | \$ 668 | \$ 3,225 | \$ 3,542 | \$ 351 |
| Total liabilities | <u>\$ 668</u> | <u>\$ 3,225</u> | <u>\$ 3,542</u> | <u>\$ 351</u> |

| | Balance January 1, 2008 | Additions | Deletions | Balance December 31, 2008 |
|--|-------------------------------|---------------------|---------------------|---------------------------------|
| Northern Area Water Authority | | | | |
| <u>Assets:</u> | | | | |
| Equity in pooled cash and cash equivalents | \$ 307,474 | \$ 2,887,982 | \$ 2,816,162 | \$ 379,294 |
| Total assets | <u>\$ 307,474</u> | <u>\$ 2,887,982</u> | <u>\$ 2,816,162</u> | <u>\$ 379,294</u> |
| <u>Liabilities:</u> | | | | |
| Due to others | \$ 307,474 | \$ 2,887,982 | \$ 2,816,162 | \$ 379,294 |
| Total liabilities | <u>\$ 307,474</u> | <u>\$ 2,887,982</u> | <u>\$ 2,816,162</u> | <u>\$ 379,294</u> |

| | Balance January 1, 2008 | Additions | Deletions | Balance December 31, 2008 |
|--|-------------------------------|---------------------|---------------------|---------------------------------|
| Municipal Court | | | | |
| <u>Assets:</u> | | | | |
| Cash and cash equivalents in segregated accounts | \$ 170,020 | \$ 1,376,663 | \$ 1,382,107 | \$ 164,576 |
| Total assets | <u>\$ 170,020</u> | <u>\$ 1,376,663</u> | <u>\$ 1,382,107</u> | <u>\$ 164,576</u> |
| <u>Liabilities:</u> | | | | |
| Due to other governments | \$ 45,393 | \$ 641,202 | \$ 628,429 | \$ 58,166 |
| Undistributed monies | 124,627 | 735,461 | 753,678 | 106,410 |
| Total liabilities | <u>\$ 170,020</u> | <u>\$ 1,376,663</u> | <u>\$ 1,382,107</u> | <u>\$ 164,576</u> |

| | Balance January 1, 2008 | Additions | Deletions | Balance December 31, 2008 |
|--|-------------------------------|---------------------|---------------------|---------------------------------|
| Multi-District Tax fund | | | | |
| <u>Assets:</u> | | | | |
| Equity in pooled cash and cash equivalents | \$ 308,855 | \$ 9,330,874 | \$ 9,221,205 | \$ 418,524 |
| Total assets | <u>\$ 308,855</u> | <u>\$ 9,330,874</u> | <u>\$ 9,221,205</u> | <u>\$ 418,524</u> |
| <u>Liabilities:</u> | | | | |
| Undistributed monies | \$ 308,855 | \$ 9,330,874 | \$ 9,221,205 | \$ 418,524 |
| Total liabilities | <u>\$ 308,855</u> | <u>\$ 9,330,874</u> | <u>\$ 9,221,205</u> | <u>\$ 418,524</u> |

City of Vandalia, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2008

| | Balance January 1, 2008 | Additions | Deletions | Balance December 31, 2008 |
|---|-------------------------------|----------------------|----------------------|---------------------------------|
| Performance Bond | | | | |
| <u>Assets:</u> | | | | |
| Equity in pooled cash and cash equivalents | \$ 20,730 | \$ 1,209 | \$ 1,000 | \$ 20,939 |
| Total assets | <u>\$ 20,730</u> | <u>\$ 1,209</u> | <u>\$ 1,000</u> | <u>\$ 20,939</u> |
| <u>Liabilities:</u> | | | | |
| Undistributed monies | \$ 20,730 | \$ 1,209 | \$ 1,000 | \$ 20,939 |
| Total liabilities | <u>\$ 20,730</u> | <u>\$ 1,209</u> | <u>\$ 1,000</u> | <u>\$ 20,939</u> |
| | | | | |
| | Balance January 1, 2008 | Additions | Deletions | Balance December 31, 2008 |
| Tri-Cities North Regional Wastewater Authority | | | | |
| <u>Assets:</u> | | | | |
| Investments | \$ 6,014,036 | \$ 5,531,672 | \$ 5,449,901 | \$ 6,095,807 |
| Total assets | <u>\$ 6,014,036</u> | <u>\$ 5,531,672</u> | <u>\$ 5,449,901</u> | <u>\$ 6,095,807</u> |
| <u>Liabilities:</u> | | | | |
| Due to others | \$ 6,014,036 | \$ 5,531,672 | \$ 5,449,901 | \$ 6,095,807 |
| Total liabilities | <u>\$ 6,014,036</u> | <u>\$ 5,531,672</u> | <u>\$ 5,449,901</u> | <u>\$ 6,095,807</u> |
| | | | | |
| | Balance January 1, 2008 | Additions | Deletions | Balance December 31, 2008 |
| Employee Flex Account | | | | |
| <u>Assets:</u> | | | | |
| Equity in pooled cash and cash equivalents | \$ 6,701 | \$ - | \$ 297 | \$ 6,404 |
| Total assets | <u>\$ 6,701</u> | <u>\$ -</u> | <u>\$ 297</u> | <u>\$ 6,404</u> |
| <u>Liabilities:</u> | | | | |
| Due to employees | \$ 6,701 | \$ - | \$ 297 | \$ 6,404 |
| Total liabilities | <u>\$ 6,701</u> | <u>\$ -</u> | <u>\$ 297</u> | <u>\$ 6,404</u> |
| | | | | |
| | Balance January 1, 2008 | Additions | Deletions | Balance December 31, 2008 |
| Totals | | | | |
| <u>Assets:</u> | | | | |
| Equity in pooled cash and cash equivalents | \$ 644,428 | \$ 12,223,290 | \$ 12,042,206 | \$ 825,512 |
| Cash and cash equivalents in segregated accounts | 170,020 | 1,376,663 | 1,382,107 | 164,576 |
| Investments | 6,014,036 | 5,531,672 | 5,449,901 | 6,095,807 |
| Total assets | <u>\$ 6,828,484</u> | <u>\$ 19,131,625</u> | <u>\$ 18,874,214</u> | <u>\$ 7,085,895</u> |
| <u>Liabilities:</u> | | | | |
| Due to other governments | \$ 46,061 | \$ 644,427 | \$ 631,971 | \$ 58,517 |
| Due to employees | 6,701 | - | 297 | 6,404 |
| Undistributed monies | 454,212 | 10,067,544 | 9,975,883 | 545,873 |
| Due to others | 6,321,510 | 8,419,654 | 8,266,063 | 6,475,101 |
| Total liabilities | <u>\$ 6,828,484</u> | <u>\$ 19,131,625</u> | <u>\$ 18,874,214</u> | <u>\$ 7,085,895</u> |

Statistical Section



Statistical Section

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

| <u>Contents</u> | <u>Page(s)</u> |
|--|-----------------------|
| Financial Trends These schedules contain trend information to help the reader understand how the City's financial position has changed over time. | S2 - S8 |
| Revenue Capacity These schedules contain information to help the reader understand and assess the factors affecting the City's ability to generate its most significant local revenue source(s), the property tax (and the income tax). | S9 - S15 |
| Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. | S16 - S20 |
| Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments. | S21 - S23 |
| Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. | S24 - S30 |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in fiscal year 2000; schedules presenting government-wide information include information beginning in that fiscal year.

CITY OF VANDALIA, OHIO
 Net Assets by Component (1)
 Last Nine Years

| | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| <u>Governmental Activities</u> | | | | | |
| Invested in capital assets, net of related debt | \$ 27,314,977 | \$ 28,147,689 | \$ 32,026,709 | \$ 31,647,933 | \$ 32,543,285 |
| Restricted | 5,952,800 | 5,843,044 | 6,203,695 | 4,570,563 | 4,543,818 |
| Unrestricted | 14,729,309 | 13,084,543 | 13,069,246 | 12,961,542 | 14,439,093 |
| Total governmental activities net assets | <u>\$ 47,997,086</u> | <u>\$ 47,075,276</u> | <u>\$ 51,299,650</u> | <u>\$ 49,180,038</u> | <u>\$ 51,526,196</u> |
| <u>Business-Type Activities</u> | | | | | |
| Invested in capital assets, net of related debt | \$ 15,746,955 | \$ 15,753,975 | \$ 15,831,497 | \$ 17,235,721 | \$ 16,904,597 |
| Unrestricted | 8,068,088 | 8,141,509 | 8,202,422 | 8,231,386 | 8,146,092 |
| Total business-type activities net assets | <u>\$ 23,815,043</u> | <u>\$ 23,895,484</u> | <u>\$ 24,033,919</u> | <u>\$ 25,467,107</u> | <u>\$ 25,050,689</u> |
| <u>Primary Government</u> | | | | | |
| Invested in capital assets, net of related debt | \$ 43,061,932 | \$ 43,901,664 | \$ 47,858,206 | \$ 48,883,654 | \$ 49,447,882 |
| Restricted | 5,952,800 | 5,843,044 | 6,203,695 | 4,570,563 | 4,543,818 |
| Unrestricted | 22,797,397 | 21,226,052 | 21,271,668 | 21,192,928 | 22,585,185 |
| Total primary government net assets | <u>\$ 71,812,129</u> | <u>\$ 70,970,760</u> | <u>\$ 75,333,569</u> | <u>\$ 74,647,145</u> | <u>\$ 76,576,885</u> |

(1) Accrual basis of accounting. Will be reported for the last ten years when there are enough years of information available.

| <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|----------------------|----------------------|----------------------|----------------------|
| \$ 33,073,481 | \$ 32,617,097 | \$ 35,381,805 | \$ 36,535,266 |
| 4,668,371 | 5,164,000 | 4,872,447 | 4,489,010 |
| <u>15,932,867</u> | <u>21,393,154</u> | <u>21,683,362</u> | <u>21,281,556</u> |
| <u>\$ 53,674,719</u> | <u>\$ 59,174,251</u> | <u>\$ 61,937,614</u> | <u>\$ 62,305,832</u> |
| | | | |
| \$ 17,560,983 | \$ 17,541,180 | \$ 17,331,384 | \$ 18,165,790 |
| 7,861,688 | 7,999,421 | 10,272,138 | 9,385,576 |
| <u>\$ 25,422,671</u> | <u>\$ 25,540,601</u> | <u>\$ 27,603,522</u> | <u>\$ 27,551,366</u> |
| | | | |
| \$ 50,634,464 | \$ 50,158,277 | \$ 52,713,189 | \$ 54,701,056 |
| 4,668,371 | 5,164,000 | 4,872,447 | 4,489,010 |
| <u>23,794,555</u> | <u>29,392,575</u> | <u>31,955,500</u> | <u>30,667,132</u> |
| <u>\$ 79,097,390</u> | <u>\$ 84,714,852</u> | <u>\$ 89,541,136</u> | <u>\$ 89,857,198</u> |

CITY OF VANDALIA, OHIO
Changes in Net Assets (1)
Last Nine Years

| Expenses | 2000 | 2001 | 2002 | 2003 | 2004 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental Activities: | | | | | |
| General government | \$ 4,179,646 | \$ 5,198,302 | \$ 4,413,764 | \$ 4,929,186 | \$ 4,944,560 |
| Public safety | 5,279,340 | 5,503,635 | 5,798,869 | 5,703,204 | 5,698,591 |
| Public works | 4,539,841 | 4,106,870 | 3,781,644 | 4,223,002 | 3,877,206 |
| Recreation | 2,250,409 | 3,857,728 | 3,423,447 | 3,351,472 | 3,278,059 |
| Interest and fiscal charges | 728,745 | 710,608 | 692,184 | 680,882 | 505,688 |
| Total governmental activities expenses | <u>16,977,981</u> | <u>19,377,143</u> | <u>18,109,908</u> | <u>18,887,746</u> | <u>18,304,104</u> |
| Business-Type Activities: | | | | | |
| Water | 1,914,077 | 1,912,460 | 1,673,614 | 1,573,771 | 1,663,004 |
| Sewer | 1,333,967 | 1,406,115 | 1,375,130 | 863,893 | 1,594,333 |
| Golf | 1,181,096 | 1,198,058 | 1,229,441 | 1,157,810 | 1,144,596 |
| Total business-type activities | <u>4,429,140</u> | <u>4,516,633</u> | <u>4,278,185</u> | <u>3,595,474</u> | <u>4,401,933</u> |
| Total primary government expenses | <u>\$ 21,407,121</u> | <u>\$ 23,893,776</u> | <u>\$ 22,388,093</u> | <u>\$ 22,483,220</u> | <u>\$ 22,706,037</u> |
| Program Revenues | | | | | |
| Governmental Activities: | | | | | |
| Charges for services: | | | | | |
| General government | \$ 1,652,474 | \$ 1,857,747 | \$ 1,704,471 | \$ 2,069,469 | \$ 1,879,701 |
| Public safety | 19,391 | 24,419 | 36,878 | 226,100 | 517,433 |
| Public works | 315,962 | 223,600 | 327,226 | 239,882 | 885,430 |
| Recreation | 356,764 | 835,767 | 1,140,282 | 1,204,578 | 1,262,996 |
| Operating grants, contributions and interest | 557,648 | 616,273 | 611,107 | 759,212 | 801,455 |
| Capital grants and contributions | 474,229 | 979,153 | 353,732 | 395,429 | 819,364 |
| Total governmental activities program revenues | <u>3,376,468</u> | <u>4,536,959</u> | <u>4,173,696</u> | <u>4,894,670</u> | <u>6,166,379</u> |
| Business-Type Activities: | | | | | |
| Charges for services: | | | | | |
| Water | 1,420,023 | 1,358,944 | 1,422,710 | 1,574,328 | 1,458,940 |
| Sewer | 1,189,393 | 1,106,379 | 1,129,818 | 1,038,386 | 1,101,616 |
| Golf | 1,079,679 | 984,835 | 953,877 | 941,156 | 944,892 |
| Capital grants and contributions | 217,655 | 617,208 | 344,929 | 4,022 | 9,481 |
| Total business-type activities program revenues | <u>3,906,750</u> | <u>4,067,366</u> | <u>3,851,334</u> | <u>3,557,892</u> | <u>3,514,929</u> |
| Total primary government program revenues | <u>\$ 7,283,218</u> | <u>\$ 8,604,325</u> | <u>\$ 8,025,030</u> | <u>\$ 8,452,562</u> | <u>\$ 9,681,308</u> |
| Net (expense)/revenue | | | | | |
| Governmental activities | \$ 13,601,513 | \$ 14,840,184 | \$ 13,936,212 | \$ 13,993,076 | \$ 12,137,725 |
| Business-type activities | 522,390 | 449,267 | 426,851 | 37,582 | 887,004 |
| Total primary government net expense | <u>\$ 14,123,903</u> | <u>\$ 15,289,451</u> | <u>\$ 14,363,063</u> | <u>\$ 14,030,658</u> | <u>\$ 13,024,729</u> |
| General Revenues and Other Changes in Net Assets | | | | | |
| Governmental Activities: | | | | | |
| Property taxes levied for: | | | | | |
| General purposes | \$ 1,616,490 | \$ 1,570,281 | \$ 1,660,698 | \$ 1,783,553 | \$ 1,703,923 |
| Income tax levied for: | | | | | |
| General purposes | 9,532,283 | 7,730,756 | 8,383,939 | 8,393,096 | 10,420,056 |
| Capital projects | 1,588,713 | 2,576,918 | 2,794,646 | 1,518,509 | - |
| Grants and entitlements not restricted to specific programs | | | | | |
| | 942,438 | 997,696 | 911,245 | 837,051 | 984,588 |
| Investment earnings | 1,988,257 | 1,450,330 | 830,994 | 336,949 | 509,985 |
| Other | 93,482 | 17,250 | 85,390 | 124,683 | 67,812 |
| Total governmental activities | <u>15,761,663</u> | <u>14,343,231</u> | <u>14,666,912</u> | <u>12,993,841</u> | <u>13,686,364</u> |
| Business-Type Activities: | | | | | |
| Investment in joint venture | 41,465 | 157,716 | 434,258 | 93,368 | 374,117 |
| Investment earnings | 4,292 | 5,244 | 5,819 | 2,660 | 1,688 |
| Other | 30,086 | 39,404 | 50,198 | 45,567 | 48,549 |
| Total business-type activities | <u>75,843</u> | <u>202,364</u> | <u>490,275</u> | <u>141,595</u> | <u>424,354</u> |
| Total primary government | <u>\$ 15,837,506</u> | <u>\$ 14,545,595</u> | <u>\$ 15,157,187</u> | <u>\$ 13,135,436</u> | <u>\$ 14,110,718</u> |
| Change in net assets | | | | | |
| Governmental activities | \$ 1,993,549 | \$ (876,796) | \$ 657,304 | \$ (2,328,410) | \$ 1,504,411 |
| Business-type activities | (279,946) | 132,940 | 136,820 | 1,433,188 | (418,422) |
| Total primary government | <u>\$ 1,713,603</u> | <u>\$ (743,856)</u> | <u>\$ 794,124</u> | <u>\$ (895,222)</u> | <u>\$ 1,085,989</u> |

(1) Accrual basis of accounting. Will be reported for the last ten years when there are enough years of information available.

| | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|----|-------------------|-------------------|-------------------|-------------------|
| \$ | 5,366,477 | \$ 5,460,150 | \$ 5,906,984 | \$ 6,403,491 |
| | 6,058,752 | 6,178,967 | 6,052,798 | 6,608,469 |
| | 4,432,060 | 4,240,372 | 4,224,539 | 4,430,596 |
| | 3,294,702 | 3,427,824 | 3,676,239 | 4,016,239 |
| | 540,735 | 580,291 | 650,699 | 625,917 |
| | <u>19,692,726</u> | <u>19,887,604</u> | <u>20,511,259</u> | <u>22,084,712</u> |
| | 1,801,203 | 2,227,291 | 2,242,417 | 2,677,281 |
| | 1,464,646 | 1,478,904 | 1,523,399 | 1,574,798 |
| | 1,145,444 | 1,165,894 | 1,185,618 | 1,137,838 |
| | <u>4,411,293</u> | <u>4,872,089</u> | <u>4,951,434</u> | <u>5,389,917</u> |
| \$ | <u>24,104,019</u> | <u>24,759,693</u> | <u>25,462,693</u> | <u>27,474,629</u> |
| \$ | 2,111,964 | \$ 1,748,666 | \$ 1,873,488 | \$ 1,914,426 |
| | 502,942 | 708,379 | 673,765 | 654,686 |
| | 1,331,202 | 1,186,775 | 1,310,194 | 1,132,996 |
| | 1,298,854 | 1,347,174 | 1,397,631 | 1,461,420 |
| | 1,626,415 | 1,165,543 | 1,152,379 | 919,062 |
| | 1,745,069 | 952,359 | 1,374,031 | 750,497 |
| | <u>8,616,446</u> | <u>7,108,896</u> | <u>7,781,488</u> | <u>6,833,087</u> |
| | 1,568,232 | 2,249,435 | 2,770,088 | 1,979,915 |
| | 1,065,364 | 1,336,767 | 2,333,065 | 1,072,501 |
| | 974,608 | 984,106 | 990,779 | 951,835 |
| | 813,061 | 327,837 | 74,445 | 103,784 |
| | <u>4,421,265</u> | <u>4,898,145</u> | <u>6,168,377</u> | <u>4,108,035</u> |
| \$ | <u>13,037,711</u> | <u>12,007,041</u> | <u>13,949,865</u> | <u>10,941,122</u> |
| \$ | 11,076,280 | \$ 12,778,708 | \$ 12,729,771 | \$ 15,251,625 |
| | (9,972) | (26,056) | (1,216,943) | 1,281,882 |
| \$ | <u>11,066,308</u> | <u>12,752,652</u> | <u>11,512,828</u> | <u>16,533,507</u> |
| \$ | 1,652,459 | \$ 2,008,091 | \$ 1,976,022 | \$ 2,077,147 |
| | 10,419,773 | 13,205,994 | 13,072,621 | 11,391,659 |
| | - | - | - | - |
| | 925,581 | 1,820,314 | 1,357,421 | 1,977,904 |
| | 354,301 | 1,146,670 | 1,485,318 | 1,211,323 |
| | 32,800 | 159,399 | 112,821 | 154,641 |
| | <u>13,384,914</u> | <u>18,340,468</u> | <u>18,004,203</u> | <u>16,812,674</u> |
| | 171,124 | - | - | - |
| | 2,187 | 4,717 | 3,471 | 1,140 |
| | 28,588 | 24,929 | 33,196 | 35,755 |
| | <u>201,899</u> | <u>29,646</u> | <u>36,667</u> | <u>36,895</u> |
| \$ | <u>13,586,813</u> | <u>18,370,114</u> | <u>18,040,870</u> | <u>16,849,569</u> |
| \$ | 2,148,523 | \$ 5,499,532 | \$ 4,337,065 | \$ 368,218 |
| | 371,982 | 117,930 | 2,190,977 | (52,156) |
| \$ | <u>2,520,505</u> | <u>5,617,462</u> | <u>6,528,042</u> | <u>316,062</u> |

CITY OF VANDALIA, OHIO
Fund Balances, Governmental Funds (1)
Last Nine Years

| | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | | |
| Reserved | \$ 2,693,572 | \$ 2,017,083 | \$ 1,691,270 | \$ 2,147,547 | \$ 2,202,106 |
| Unreserved | <u>10,558,106</u> | <u>10,235,607</u> | <u>9,888,293</u> | <u>9,236,874</u> | <u>10,791,865</u> |
| Total general fund | <u>\$ 13,251,678</u> | <u>\$ 12,252,690</u> | <u>\$ 11,579,563</u> | <u>\$ 11,384,421</u> | <u>\$ 12,993,971</u> |
| | | | | | |
| All Other Governmental Funds | | | | | |
| Reserved | \$ 5,302,774 | \$ 3,595,346 | \$ 3,039,436 | \$ 2,202,060 | \$ 902,290 |
| Unreserved, reported in: | | | | | |
| Special revenue funds | 1,052,151 | 1,058,436 | 1,012,272 | 991,055 | 1,251,527 |
| Capital projects funds | (1,153,756) | 529,497 | 1,481,985 | 703,548 | 1,568,078 |
| Debt service funds | <u>107,510</u> | <u>125,954</u> | <u>140,772</u> | <u>155,114</u> | <u>186,958</u> |
| Total all other governmental funds | <u>\$ 5,308,679</u> | <u>\$ 5,309,233</u> | <u>\$ 5,674,465</u> | <u>\$ 4,051,777</u> | <u>\$ 3,908,853</u> |

(1) Modified accrual basis of accounting. Will be reported for the last ten years when there are enough years of information available.

| <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|----------------------|----------------------|----------------------|----------------------|
| \$ 1,867,705 | \$ 1,850,259 | \$ 1,790,777 | \$ 1,952,111 |
| <u>13,008,780</u> | <u>16,996,717</u> | <u>18,711,875</u> | <u>19,029,818</u> |
| <u>\$ 14,876,485</u> | <u>\$ 18,846,976</u> | <u>\$ 20,502,652</u> | <u>\$ 20,981,929</u> |

| | | | |
|---------------------|---------------------|---------------------|---------------------|
| \$ 738,185 | \$ 4,477,554 | \$ 6,105,502 | \$ 6,517,093 |
| 1,578,658 | 1,966,858 | 1,508,082 | 1,306,895 |
| 1,390,763 | (2,060,044) | (3,834,063) | (4,158,504) |
| <u>411,590</u> | <u>169,257</u> | <u>219,077</u> | <u>221,577</u> |
| <u>\$ 4,119,196</u> | <u>\$ 4,553,625</u> | <u>\$ 3,998,598</u> | <u>\$ 3,887,061</u> |

CITY OF VANDALIA, OHIO
 Changes in Fund Balance, Governmental Funds
 Last Ten Years

| | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 |
|---|-----------------------|-----------------------|-----------------------|---------------------|-----------------------|---------------------|---------------------|---------------------|---------------------|-------------------|
| <u>REVENUES</u> | | | | | | | | | | |
| Municipal income taxes | \$ 12,376,161 | \$ 10,976,105 | \$ 10,790,799 | \$ 10,498,954 | \$ 10,317,499 | \$ 10,523,250 | \$ 10,735,700 | \$ 12,579,757 | \$ 13,278,532 | \$ 11,905,601 |
| Property and other taxes | 1,305,833 | 1,578,741 | 1,569,367 | 1,591,471 | 1,706,415 | 1,743,925 | 1,708,422 | 1,972,798 | 1,922,643 | 2,118,855 |
| Charges for services | 1,117,377 | 897,984 | 1,348,586 | 1,683,675 | 2,267,691 | 3,192,514 | 3,077,102 | 3,210,035 | 3,451,386 | 3,625,059 |
| Fines, licenses and permits | 1,407,656 | 1,289,389 | 1,359,842 | 1,299,836 | 1,242,665 | 1,256,743 | 1,558,334 | 1,520,154 | 1,710,057 | 1,675,186 |
| Intergovernmental revenues | 1,719,517 | 2,224,364 | 2,561,638 | 1,877,336 | 2,002,376 | 2,465,614 | 3,282,145 | 2,842,184 | 3,519,044 | 3,703,037 |
| Special assessments | 97,675 | 100,477 | 105,860 | 100,811 | 102,173 | 110,424 | 77,444 | 74,442 | 15,459 | 27,739 |
| Investment income | 843,007 | 2,348,920 | 1,359,176 | 897,874 | 286,065 | 527,580 | 420,327 | 1,170,927 | 1,485,317 | 1,211,322 |
| Other | 418,589 | 260,462 | 187,257 | 230,488 | 193,587 | 120,113 | 82,088 | 113,944 | 119,864 | 146,798 |
| Total revenues | <u>19,285,815</u> | <u>19,676,442</u> | <u>19,282,525</u> | <u>18,180,445</u> | <u>18,118,471</u> | <u>19,940,163</u> | <u>20,941,562</u> | <u>23,484,241</u> | <u>25,502,302</u> | <u>24,413,597</u> |
| <u>EXPENDITURES</u> | | | | | | | | | | |
| General government | 3,874,869 | 3,780,674 | 4,243,972 | 4,121,211 | 4,392,538 | 4,729,410 | 5,070,770 | 5,229,572 | 5,679,146 | 6,076,275 |
| Public safety | 4,259,345 | 4,565,050 | 4,935,661 | 5,162,545 | 5,080,363 | 5,173,529 | 5,446,724 | 5,673,085 | 5,643,811 | 6,105,935 |
| Public works | 2,392,848 | 2,510,443 | 2,540,289 | 2,659,067 | 2,756,101 | 2,786,256 | 3,025,121 | 3,292,098 | 3,343,736 | 3,453,508 |
| Recreation | 1,778,889 | 1,888,832 | 2,906,617 | 2,845,522 | 2,796,496 | 2,695,435 | 2,792,382 | 2,864,729 | 3,158,080 | 3,418,795 |
| Capital outlay | 10,328,971 | 11,477,748 | 4,180,822 | 2,640,846 | 3,754,872 | 2,073,833 | 1,334,942 | 1,883,575 | 4,861,768 | 3,787,251 |
| Debt service: | | | | | | | | | | |
| Principal retirement | 355,000 | 370,000 | 385,000 | 461,971 | 476,971 | 626,971 | 555,000 | 568,521 | 619,479 | 632,844 |
| Interest and fiscal charges | 746,720 | 730,221 | 712,558 | 693,835 | 682,627 | 515,910 | 509,321 | 503,396 | 605,128 | 606,004 |
| Bond issuance costs | - | - | - | - | - | 179,118 | - | 10,000 | - | - |
| Total expenditures | <u>23,736,642</u> | <u>25,322,968</u> | <u>19,904,919</u> | <u>18,584,997</u> | <u>19,939,968</u> | <u>18,780,462</u> | <u>18,734,260</u> | <u>20,024,976</u> | <u>23,911,148</u> | <u>24,080,612</u> |
| Excess of revenues over (under) expenditures | <u>(4,450,827)</u> | <u>(5,646,526)</u> | <u>(622,394)</u> | <u>(404,552)</u> | <u>(1,821,497)</u> | <u>1,159,701</u> | <u>2,207,302</u> | <u>3,459,265</u> | <u>1,591,154</u> | <u>332,985</u> |
| <u>OTHER FINANCING SOURCES (USES)</u> | | | | | | | | | | |
| Proceeds of loans | - | - | - | 185,913 | - | - | - | - | - | - |
| Inception of capital lease | - | - | - | - | - | - | - | 944,855 | - | - |
| Premium on refunding bonds issued | - | - | - | - | - | 464,791 | - | - | - | - |
| Issuance of refunding bonds | - | - | - | - | - | 10,840,000 | - | - | - | - |
| Sale of capital assets | - | - | - | - | 3,617 | - | 15,120 | 800 | 9,495 | 34,755 |
| Payment to refunded bond escrow agent | - | - | - | - | - | (11,125,672) | - | - | - | - |
| Transfers in | 3,895,333 | 5,337,405 | 3,728,143 | 3,727,308 | 2,556,431 | 2,020,451 | 1,787,573 | 2,695,016 | 4,931,342 | 4,439,244 |
| Transfer out | (3,906,757) | (5,504,006) | (4,107,986) | (3,800,704) | (2,559,171) | (2,020,451) | (1,787,573) | (2,695,016) | (5,431,342) | (4,439,244) |
| Total other financing sources (uses) | <u>(11,424)</u> | <u>(166,601)</u> | <u>(379,843)</u> | <u>112,517</u> | <u>877</u> | <u>179,119</u> | <u>15,120</u> | <u>945,655</u> | <u>(490,505)</u> | <u>34,755</u> |
| Net change in fund balance | <u>\$ (4,462,251)</u> | <u>\$ (5,813,127)</u> | <u>\$ (1,002,237)</u> | <u>\$ (292,035)</u> | <u>\$ (1,820,620)</u> | <u>\$ 1,338,820</u> | <u>\$ 2,222,422</u> | <u>\$ 4,404,920</u> | <u>\$ 1,100,649</u> | <u>\$ 367,740</u> |
| Debt service as a percentage of noncapital expenditures | 8.2% | 7.9% | 7.0% | 7.2% | 7.2% | 7.9% | 6.1% | 6.0% | 6.4% | 6.1% |

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(1) Modified accrual basis of accounting.

CITY OF VANDALIA, OHIO
 Assessed and Estimated Actual Value of Taxable Property
 Last Ten Collection Years

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| Collection Year | Real Property (1) | | | Public Utility (2) | | Tangible Personal Property (3) | | Total | | Weighted Average Tax Rate |
|-----------------|-------------------|--------------------------|------------------------|--------------------|------------------------|--------------------------------|------------------------|----------------|------------------------|---------------------------|
| | Assessed Value | Commercial/Industrial/PU | Estimated Actual Value | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | |
| 2008 | \$ 363,742,150 | \$ 28,420 | \$ 1,039,344,486 | \$ 5,625,360 | 14,446,947 | \$ 25,112,712 | \$ 40,180,339 | \$ 394,508,642 | \$ 1,093,971,772 | 34.64% |
| 2007 | 358,120,300 | 26,400 | 1,023,276,286 | 6,670,560 | 17,131,211 | 43,327,379 | 346,619,032 | 408,144,639 | 1,387,026,529 | 30.03% |
| 2006 | 347,780,250 | 42,820 | 993,780,200 | 6,942,390 | 17,829,320 | 59,956,143 | 319,766,096 | 414,721,603 | 1,331,375,616 | 31.81% |
| 2005 | 322,144,700 | 46,520 | 920,546,343 | 7,338,730 | 8,339,466 | 77,595,931 | 323,316,379 | 407,125,881 | 1,252,202,188 | 32.51% |
| 2004 | 316,589,440 | 46,120 | 904,673,029 | 7,696,010 | 8,745,466 | 71,493,745 | 285,974,980 | 395,825,315 | 1,199,393,474 | 33.00% |
| 2003 | 310,368,570 | 45,290 | 886,896,743 | 9,896,969 | 11,246,556 | 80,095,291 | 320,381,164 | 400,406,120 | 1,218,524,463 | 32.86% |
| 2002 | 278,549,920 | 22,580 | 795,921,429 | 9,482,673 | 10,775,765 | 78,703,666 | 314,814,664 | 366,758,839 | 1,121,511,857 | 32.70% |
| 2001 | 271,345,240 | 24,020 | 775,340,743 | 9,838,940 | 11,180,614 | 77,220,506 | 308,882,024 | 358,428,706 | 1,095,403,380 | 32.72% |
| 2000 | 268,174,540 | 31,880 | 766,304,057 | 10,736,100 | 12,200,114 | 72,418,708 | 289,674,832 | 351,361,228 | 1,068,179,003 | 32.89% |
| 1999 | 244,489,040 | 35,230 | 698,640,771 | 11,615,690 | 13,199,648 | 69,545,468 | 278,181,872 | 325,685,428 | 990,022,291 | 32.90% |

Source: Montgomery County Auditor

- (1) Real estate value is assessed at 35% of appraised market value.
- (2) Public utility personal property is assessed at 88% of true value for 1999 - 2005, for 2006-2008 half at 88% the other half at 25% of true value.
- (3) Tangible personal property is assessed at 25% for 1999 - 2004, 24% for 2005, 18.75% for 2006, 12.5% for 2007 and 6.25% for 2008.

CITY OF VANDALIA, OHIO
Property Tax Levies and Collections
Last Ten Calendar Years

| <u>Year</u> | <u>Current Tax Levy</u> | <u>(1) Current Tax Collections</u> | <u>Deliquent Tax Collections</u> | <u>Total Tax Collections</u> | <u>Percent of Levy Collected</u> | <u>Outstanding Delinquent Taxes</u> | <u>Percent of Outstanding Delinquent Taxes to Current Tax Levy</u> | <u>Total Direct Tax Rate</u> |
|-------------|-------------------------|--|----------------------------------|------------------------------|----------------------------------|-------------------------------------|--|------------------------------|
| 2008 | \$ 1,633,266 | \$ 1,584,325 | \$ 47,460 | \$ 1,631,785 | 99.91% | \$ 83,409 | 5.11% | \$ 81.32 |
| 2007 | 1,689,719 | 1,590,666 | 70,311 | 1,660,977 | 98.30% | 98,978 | 5.86% | 79.51 |
| 2006 | 1,716,947 | 1,641,715 | 54,295 | 1,696,010 | 98.78% | 77,144 | 4.49% | 73.97 |
| 2005 | 1,685,501 | 1,656,709 | 91,698 | 1,748,407 | 103.73% | 51,822 | 3.07% | 73.97 |
| 2004 | 1,683,046 | 1,645,698 | 46,849 | 1,692,547 | 100.56% | 108,110 | 6.42% | 75.07 |
| 2003 | 1,657,681 | 1,595,477 | 58,972 | 1,654,449 | 99.81% | 152,595 | 9.21% | 68.58 |
| 2002 | 1,518,377 | 1,487,482 | 53,079 | 1,540,561 | 101.46% | 93,628 | 6.17% | 68.88 |
| 2001 | 1,492,775 | 1,446,584 | 55,263 | 1,501,847 | 100.61% | 83,471 | 5.59% | 69.08 |
| 2000 | 1,463,393 | 1,307,451 | 44,532 | 1,351,983 | 92.39% | 67,252 | 4.60% | 68.68 |
| 1999 | 1,357,402 | 1,226,054 | 44,594 | 1,270,648 | 93.61% | 56,603 | 4.17% | 69.48 |

Source: Montgomery County Auditor

(1) Represents amounts collected by the County for the City during the year indicated.

CITY OF VANDALIA, OHIO
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuation)
Last Ten Calendar Years

| Collection Year | City Direct Rates | | | | Overlapping Rates | | | | | Total Levy |
|--------------------|-------------------|---------|-------------------|---------------|-------------------|------------------------------------|--|---------|----------|---------------|
| | General Fund | Charter | Police Pension | Total City | County Levy | Vandalia-Butler City Schools | Miami Valley Career Technology Center | Library | | |
| 2008 | \$ 1.54 | \$ 2.30 | \$ 0.30 | \$ 4.14 | \$ 20.24 | \$ 53.11 | \$ 2.58 | \$ 1.25 | \$ 81.32 | |
| 2007 | 1.54 | 2.30 | 0.30 | 4.14 | 18.24 | 53.30 | 2.58 | 1.25 | 79.51 | |
| 2006 | 1.54 | 2.30 | 0.30 | 4.14 | 18.24 | 47.76 | 2.58 | 1.25 | 73.97 | |
| 2005 | 1.54 | 2.30 | 0.30 | 4.14 | 18.24 | 47.76 | 2.58 | 1.25 | 73.97 | |
| 2004 | 1.54 | 2.30 | 0.30 | 4.14 | 18.24 | 48.86 | 2.58 | 1.25 | 75.07 | |
| 2003 | 1.54 | 2.30 | 0.30 | 4.14 | 17.24 | 44.36 | 2.58 | 0.26 | 68.58 | |
| 2002 | 1.54 | 2.30 | 0.30 | 4.14 | 17.24 | 44.66 | 2.58 | 0.26 | 68.88 | |
| 2001 | 1.54 | 2.30 | 0.30 | 4.14 | 17.24 | 44.86 | 2.58 | 0.26 | 69.08 | |
| 2000 | 1.54 | 2.30 | 0.30 | 4.14 | 16.64 | 45.06 | 2.58 | 0.26 | 68.68 | |
| 1999 | 1.54 | 2.30 | 0.30 | 4.14 | 16.64 | 45.86 | 2.58 | 0.26 | 69.48 | |

Source: Montgomery County Auditor

CITY OF VANDALIA, OHIO
Schedules of Principal Taxpayers - Real Property
2008 and 2004

| Taxpayer | 2004 | | | 2008 | | |
|-----------------------------|------------------------|------|---|------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
| Dayton Power & Light Co. | \$ 4,547,570 | 2 | 1.44% | \$ 5,358,160 | 1 | 1.47% |
| Delphi Automotive System | 4,697,770 | 1 | 1.48% | 3,791,260 | 2 | 1.04% |
| The Iams Company | 2,431,470 | 4 | 0.77% | 3,003,390 | 3 | 0.83% |
| Sand Lake Plaza LLC | - | | 0.00% | 2,310,910 | 4 | 0.64% |
| Shoppes at Northwoods | 1,867,310 | 6 | 0.59% | 2,129,490 | 5 | 0.59% |
| Timberlake Limited Partners | 1,451,520 | 8 | 0.46% | 2,043,160 | 6 | 0.56% |
| Poe Ave. 6196 LLC | - | | 0.00% | 1,918,070 | 7 | 0.53% |
| 3920 Space Drive Building | - | | 0.00% | 1,718,380 | 8 | 0.47% |
| Garrett-Ryan LLC | - | | 0.00% | 1,511,720 | 9 | 0.42% |
| 7124 Poe Ave. LLC | - | | 0.00% | 1,494,850 | 10 | 0.41% |
| B-W Limited Partnership | 2,526,590 | 3 | 0.80% | - | | 0.00% |
| Mid-States Development Co. | 1,465,140 | 7 | 0.46% | - | | 0.00% |
| Ohio Bell Telephone Co. | 1,934,730 | 5 | 0.61% | - | | 0.00% |
| Thieman, Ted H. | 1,195,620 | 10 | 0.38% | - | | 0.00% |
| Mazer, Marshall | 1,418,020 | 9 | 0.45% | - | | 0.00% |
| Total of above | <u>\$ 23,535,740</u> | | <u>7.43%</u> | <u>\$ 25,279,390</u> | | <u>6.95%</u> |
| Total City | <u>\$ 316,635,560</u> | | | <u>\$ 363,770,570</u> | | |

Source: Montgomery County Auditor. Will be reported for current year and nine years before when enough information is available.

CITY OF VANDALIA, OHIO
Schedules of Principal Taxpayers - Personal Property
2008 and 2004

| | 2004 | | | 2008 | | |
|------------------------------|------------------------|------|---|------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
| Taxpayer | | | | | | |
| Delphi Automotive System | \$ 10,441,070 | 1 | 14.60% | \$ 2,755,490 | 1 | 10.97% |
| Smith Industries Aerospace | 5,109,140 | 3 | 7.15% | 1,170,910 | 2 | 4.66% |
| Eurand America Inc. | 5,284,570 | 2 | 7.39% | 1,088,920 | 3 | 4.34% |
| Miami Valley International | - | | 0.00% | 957,050 | 4 | 3.81% |
| Encon, Inc. | 2,649,700 | 6 | 3.71% | 768,390 | 5 | 3.06% |
| Beau Townsend Ford Inc. | 2,915,230 | 5 | 4.08% | 625,070 | 6 | 2.49% |
| Saia-Burgess Inc. | 2,203,430 | 9 | 3.08% | 572,560 | 7 | 2.28% |
| A-F Leis Co. Inc. | - | | 0.00% | 557,980 | 8 | 2.22% |
| Ohio Bell Telephone Company | - | | 0.00% | 523,070 | 9 | 2.08% |
| Time Warner Entertainment | - | | 0.00% | 494,390 | 10 | 1.97% |
| Smedley Chevrolet Sales Inc. | 2,026,960 | 10 | 2.84% | - | | 0.00% |
| Eftec North America LLC | 2,222,440 | 8 | 3.11% | - | | 0.00% |
| Frank Z Imports Inc. | 2,364,880 | 7 | 3.31% | - | | 0.00% |
| Proctor & Gamble Co. | 3,378,930 | 4 | 4.73% | - | | 0.00% |
| Total of above | <u>\$ 38,596,350</u> | | <u>53.99%</u> | <u>\$ 9,513,830</u> | | <u>37.88%</u> |
| Total City | <u>\$ 71,493,745</u> | | | <u>\$ 25,112,712</u> | | |

Source: Montgomery County Auditor. Will be reported for current year and nine years before when enough information is available.

CITY OF VANDALIA, OHIO
 Schedules of Principal Taxpayers - Public Utility
 2008 and 2004

| | 2004 | | | 2008 | | |
|-------------------------|------------------------|------|---|----------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value (1) | Rank | Percentage of Total City Taxable Assessed Value |
| <u>Taxpayer</u> | | | | | | |
| Dayton Power | \$ 4,547,570 | 1 | 59.09% | \$ 5,358,160 | 1 | 95.25% |
| Ohio Bell Telephone Co. | <u>1,934,730</u> | 2 | <u>25.14%</u> | <u>523,070</u> | 2 | <u>9.30%</u> |
| Total of above | <u>\$ 6,482,300</u> | | <u>84.23%</u> | <u>\$ 5,881,230</u> | | <u>104.55%</u> |
| Total City | <u>\$ 7,696,010</u> | | | <u>\$ 5,625,360</u> | | |

Source: Montgomery County Auditor. Will be reported for current year and nine years before when enough information is available.

(1) The City's total assessed value is an estimate provided by the County Auditor that is reduced to reflect collections based upon the phase out of personal property. Reduced valuation amounts are not available by individual taxpayers.

CITY OF VANDALIA, OHIO
 Income Tax Rates and Collections
 Last Ten Calendar Years

| <u>Tax Year</u> | <u>Tax Rate</u> | <u>Total Tax Collected</u> | <u>Taxes from Withholding</u> | <u>Percentage of Taxes from Withholding</u> | <u>Taxes From Net Profits</u> | <u>Percentage of Taxes from Net Profits</u> | <u>Taxes From Individuals</u> | <u>Percentage of Taxes from Individuals</u> |
|-----------------|-----------------|----------------------------|-------------------------------|---|-------------------------------|---|-------------------------------|---|
| 2008 | 2.00% | \$ 12,939,570 | \$ 10,114,059 | 78.16% | \$ 1,462,797 | 11.30% | \$ 1,362,714 | 10.53% |
| 2007 | 2.00 | 13,941,609 | 10,467,971 | 75.08 | 2,118,969 | 15.20 | 1,354,469 | 9.72 |
| 2006 | 2.00 | 12,460,878 | 9,361,866 | 75.13 | 1,911,160 | 15.34 | 1,187,852 | 9.53 |
| 2005 | 1.75 | 11,120,405 | 8,803,549 | 79.17 | 1,132,354 | 10.18 | 1,184,502 | 10.65 |
| 2004 | 1.75 | 10,640,156 | 8,690,411 | 81.68 | 840,464 | 7.90 | 1,109,282 | 10.43 |
| 2003 | 1.75 | 11,095,428 | 8,774,067 | 79.08 | 1,228,389 | 11.07 | 1,092,973 | 9.85 |
| 2002 | 1.75 | 11,183,713 | 8,869,803 | 79.31 | 1,246,984 | 11.15 | 1,066,926 | 9.54 |
| 2001 | 1.75 | 11,290,965 | 8,975,817 | 79.50 | 1,248,267 | 11.06 | 1,066,881 | 9.45 |
| 2000 | 1.75 | 11,691,298 | 9,499,024 | 81.25 | 1,163,713 | 9.95 | 1,028,560 | 8.80 |
| 1999 | 1.75 | 12,593,067 | 10,011,067 | 79.50 | 1,536,144 | 12.20 | 1,045,856 | 8.31 |

Source: City income tax records.

CITY OF VANDALIA, OHIO
Ratios of Outstanding Debt by Type
Last Ten Years

| Fiscal Year | Governmental Activities (1) | | | | | Total Primary Government | Percentage of Personal Income |
|-------------|-----------------------------|-------------------------|--------------|-------------------------|----------------|--------------------------|-------------------------------|
| | General Obligation Bonds | Special Assessment Debt | Loan Payable | Bond Anticipation Notes | Capital Leases | | |
| 2008 | \$ 9,420,000 | \$ - | \$ - | \$ 4,080,000 | \$ 744,011 | \$ 14,244,011 | 4.03% |
| 2007 | 9,970,000 | - | - | 3,345,300 | 826,855 | 14,142,155 | 4.00% |
| 2006 | 10,510,000 | - | - | 2,628,100 | 906,334 | 14,044,434 | 3.97% |
| 2005 | 11,040,000 | - | - | - | - | 11,040,000 | 3.12% |
| 2004 | 11,552,872 | 42,128 | - | - | - | 11,595,000 | 3.28% |
| 2003 | 11,490,746 | 84,254 | 61,971 | - | - | 11,636,971 | 3.29% |
| 2002 | 11,863,618 | 126,382 | 123,942 | - | - | 12,113,942 | 3.43% |
| 2001 | 12,221,490 | 168,510 | - | - | - | 12,390,000 | 3.51% |
| 2000 | 12,564,362 | 210,638 | - | - | - | 12,775,000 | 3.62% |
| 1999 | 12,892,234 | 252,766 | - | - | - | 13,145,000 | n/a |

(1) Details regarding the City's outstanding debt can be found in Note 9 in the current financial statements.

CITY OF VANDALIA, OHIO
Ratios of General Bonded Debt Outstanding
Last Ten Years

| Fiscal Year | Governmental Activities (1) | | |
|-------------|-----------------------------|--|------------|
| | General Obligation Bonds | Percentage of Actual Taxable Value of Property | Per Capita |
| 2008 | \$ 9,420,000 | 2.39% | \$ 645 |
| 2007 | 9,970,000 | 2.44% | 683 |
| 2006 | 10,510,000 | 2.53% | 720 |
| 2005 | 11,040,000 | 2.71% | 756 |
| 2004 | 11,552,872 | 2.92% | 791 |
| 2003 | 11,490,746 | 2.87% | 787 |
| 2002 | 11,863,618 | 3.23% | 812 |
| 2001 | 12,221,490 | 3.41% | 837 |
| 2000 | 12,564,362 | 3.58% | 860 |
| 1999 | 12,892,234 | 3.96% | 935 |

(1) Details regarding the City's outstanding debt can be found in Note 9 in the current financial statements.

CITY OF VANDALIA, OHIO
 Direct and Overlapping Governmental Activities Debt
 December 31, 2008

| Governmental Unit | <u>Debt Outstanding (2)</u> | <u>Percentage applicable to City (1)</u> | <u>Amount applicable to City</u> |
|---|---------------------------------|--|--|
| Vandalia-Butler City School District | \$ - | 57.88% | \$ - |
| Montgomery County | 44,137,933 | 3.77% | <u>1,664,997</u> |
| Subtotal, overlapping debt | | | 1,664,997 |
| City of Vandalia governmental activities direct debt | | | <u>13,500,000</u> |
| Total direct and overlapping debt | | | <u><u>\$ 15,164,997</u></u> |

(1) Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

(2) All debt reported as of December 31, 2008, except for Vandalia-Butler School District which is reported as of June 30, 2008.

CITY OF VANDALIA, OHIO
 Legal Debt Margin Information
 Last Ten Years

| Legal Debt Margin Calculation for Year Ending December 31, 2008 | <u>Unvoted</u> | <u>Overall</u> |
|--|----------------------|----------------------|
| Total assessed valuation | \$ 394,508,642 | \$ 394,508,642 |
| Debt limitation - 5.5% of assessed valuation | <u>21,697,975</u> | |
| Debt limitation - 10.5% of assessed valuation | | <u>41,423,407</u> |
| Debt applicable to limitation: | | |
| Gross indebtedness | 13,500,000 | 13,500,000 |
| Exempt debt: | | |
| Bond anticipation notes | (4,080,000) | (4,080,000) |
| Amount available in debt service fund | <u>(235,420)</u> | <u>(235,420)</u> |
| Total debt applicable to limitation | <u>9,184,580</u> | <u>9,184,580</u> |
| Legal debt margin | <u>\$ 12,513,395</u> | <u>\$ 32,238,827</u> |

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| | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Debt limit | \$ 34,196,970 | \$ 36,892,929 | \$ 37,635,014 | \$ 38,509,678 | \$ 42,042,643 | \$ 41,561,658 | \$ 42,748,218 | \$ 43,545,768 | \$ 42,855,187 | \$ 41,423,407 |
| Total net debt applicable to limit | 12,875,000 | 12,550,001 | 12,210,000 | 11,855,000 | 11,190,000 | 11,550,000 | 10,786,430 | 10,340,426 | 9,750,923 | 9,184,580 |
| Legal debt margin | \$ 21,321,970 | \$ 24,342,928 | \$ 25,425,014 | \$ 26,654,678 | \$ 30,852,643 | \$ 30,011,658 | \$ 31,961,788 | \$ 33,205,342 | \$ 33,104,264 | \$ 32,238,827 |
| Total net debt applicable to limit as a percentage of debt limit | 37.65% | 34.02% | 32.44% | 30.78% | 26.62% | 27.79% | 25.23% | 23.75% | 22.75% | 22.17% |

CITY OF VANDALIA, OHIO
 Schedule of Ratio of Annual Debt Service Expenditures for General Bonded Debt
 to Total General Governmental Expenditures
 Last Ten Years

| | <u>1999</u> | <u>2000</u> | <u>2001</u> | <u>2002</u> | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> |
|--|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>GENERAL BONDED DEBT</u> | | | | | | | | | | |
| Debt service | \$ 1,034,873 | 1,040,390 | 1,040,613 | 1,036,123 | 1,034,438 | 1,029,498 | 1,016,103 | 1,013,602 | 999,887 | 996,927 |
| General governmental expenditures | \$ 23,736,642 | 25,322,968 | 19,904,919 | 18,584,997 | 19,939,968 | 18,780,462 | 18,734,260 | 20,024,976 | 23,911,148 | 24,080,612 |
| Ratio of debt service to general governmental expenditures | 4.36% | 4.11 | 5.23 | 5.58 | 5.19 | 5.48 | 5.42 | 5.06 | 4.18 | 4.14 |

Note: All years presented are reported on a GAAP basis.

CITY OF VANDALIA, OHIO
 Schedule of Principal Employers
 2005 and 2008

| <u>Employer (1)</u> | <u>Industry</u> | <u>2008</u> | | | <u>2005</u> | | |
|--|---|------------------|-------------|--|------------------|-------------|--|
| | | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total City Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total City Employment</u> |
| Delphi Automotive System | Automotive Manufacturing & Engineering | 1,015 | 1 | 1.84% | 1,557 | 1 | 4.79% |
| Vandalia - Butler Schools | Schools | 674 | 2 | 1.22% | 396 | 3 | 1.22% |
| City of Vandalia | Local Government | 553 | 3 | 1.00% | 325 | 6 | 1.00% |
| GE Aviation (formerly Smiths Aerospace) | Aerospace Engineering & Manufacturing | 423 | 4 | 0.76% | 466 | 2 | 1.43% |
| Leis Medical | Medical Device Design & Manufacturing | 306 | 5 | 0.55% | 346 | 5 | 1.06% |
| SAIA Burgess, Inc. (formerly Johnson Controls) | Electronics Manufacturing | 300 | 6 | 0.54% | 365 | 4 | 1.12% |
| P&G Pet Care (formerly Iams) | Headquarters - Cat & Dog Food | 234 | 7 | 0.42% | 282 | 7 | 0.87% |
| Evenflo | Headquarters - Juvenile Products Manufacturer | 188 | 8 | 0.34% | 209 | 10 | 0.64% |
| Eurand | Pharmaceutical and biopharmaceutical products | 170 | 9 | 0.31% | - | - | 0.00% |
| Exhibit Concepts | Trade Show Design and Fabrication | 120 | 10 | 0.22% | - | - | 0.00% |
| Cintas Corporation | Work Uniforms & Custom Corporate Apparel | - | - | 0.00% | 229 | 8 | 0.70% |
| Mazer Corporation | Headquarters - Services to Educational Publishers | - | - | 0.00% | 215 | 9 | 0.66% |
| | | <u>3,983</u> | | <u>7.20%</u> | <u>4,390</u> | | <u>13.51%</u> |

Source: City Income Tax Department W2 Audit Listing. Will be reported for current year and nine years before when enough information is available.

(1) Number of employees are based on W-2's filed within the City income tax department without direct contact or confirmation from the employers. The totals may not include part-time and temporary employees.

CITY OF VANDALIA, OHIO
 Demographic and Economic Statistics
 Last Ten Years

| Year | Population (1) | Total Personal Income (5) | Personal Income Per Capita (1) | Median Household Income (1) | Median Age (1) | Educational Attainment: Bachelor's Degree or Higher (1) | School Enrollment (2) | Montgomery County Unemployment Rate (3) | Average Sales Price of Residential Property (4) | Total Assessed Property Value (4) |
|------|----------------|---------------------------|--------------------------------|-----------------------------|----------------|---|-----------------------|---|---|-----------------------------------|
| 2008 | 14,603 | \$ 353,377,997 | \$ 24,199 | \$ 44,463 | 38.1 | 2,215 | 3,259 | 8.5% | \$ 137,168 | \$394,508,642 |
| 2007 | 14,603 | 353,377,997 | 24,199 | 44,463 | 38.1 | 2,215 | 3,440 | 6.2% | 153,002 | 408,144,639 |
| 2006 | 14,603 | 353,377,997 | 24,199 | 44,463 | 38.1 | 2,215 | 3,434 | 5.9% | 154,180 | 414,721,603 |
| 2005 | 14,603 | 353,377,997 | 24,199 | 44,463 | 38.1 | 2,215 | 3,382 | 5.5% | 162,350 | 407,125,881 |
| 2004 | 14,603 | 353,377,997 | 24,199 | 44,463 | 38.1 | 2,215 | 3,460 | 5.8% | 148,250 | 395,825,315 |
| 2003 | 14,603 | 353,377,997 | 24,199 | 44,463 | 38.1 | 2,215 | 3,471 | 5.3% | 138,290 | 400,406,120 |
| 2002 | 14,603 | 353,377,997 | 24,199 | 44,463 | 38.1 | 2,215 | 3,466 | 4.7% | 136,680 | 366,758,839 |
| 2001 | 14,603 | 353,377,997 | 24,199 | 44,463 | 38.1 | 2,215 | 3,531 | 4.3% | 127,980 | 358,428,706 |
| 2000 | 14,603 | 353,377,997 | 24,199 | 44,463 | 38.1 | 2,215 | 3,550 | 3.8% | 129,210 | 351,361,228 |
| 1999 | 13,790 | n/a | n/a | n/a | n/a | n/a | 3,560 | 3.8% | 118,950 | 325,685,428 |

(1) Source: U. S. Census
 (a) Years 2000 through 2008 - 2000 Federal Census
 (b) Year 1999 - 1990 Federal Census
 (2) Source: Ohio Department of Education
 (3) Source: Ohio Department of Job and Family Services
 (4) Source: Montgomery County Auditor
 (5) Computation of per capita personal income multiplied by population

CITY OF VANDALIA, OHIO
 Full-Time Equivalent City Government Employees by Function/Program
 Last Seven Years

| Function/Program | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General Government | | | | | | | |
| Council | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 |
| Finance | 6.50 | 6.50 | 7.50 | 6.00 | 7.00 | 6.50 | 8.00 |
| Tax | 9.00 | 9.00 | 8.50 | 9.50 | 9.00 | 9.00 | 4.00 |
| City Manager | 1.00 | 1.00 | 1.00 | 1.00 | 2.00 | 1.00 | 1.00 |
| Law | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 0.00 |
| Administration | 7.00 | 7.50 | 7.00 | 6.50 | 4.00 | 5.00 | 5.00 |
| Engineer | 9.00 | 10.00 | 9.50 | 9.00 | 9.00 | 9.50 | 9.50 |
| Planning | 1.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Civil Service | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Court | 27.50 | 29.00 | 26.00 | 29.00 | 27.00 | 25.00 | 25.00 |
| Public Building | 19.00 | 20.00 | 20.00 | 19.50 | 18.50 | 19.50 | 22.50 |
| Security of Persons and Property | | | | | | | |
| Police | 32.00 | 35.00 | 33.00 | 30.00 | 33.00 | 30.00 | 31.00 |
| Police - Auxiliary/Guards | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Police - Dispatchers/Office/Other | 12.00 | 12.50 | 13.00 | 12.00 | 12.00 | 12.00 | 12.00 |
| Police - Jailers | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Police - Animal Wardens | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Fire | 44.00 | 42.00 | 41.00 | 37.50 | 34.00 | 36.50 | 39.50 |
| Fire - Secretary - Other | 1.00 | 1.00 | 1.00 | 1.00 | 2.00 | 1.00 | 1.00 |
| Public Health Services | | | | | | | |
| Cemetery | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Leisure Time Activities | | | | | | | |
| Recreation | 118.00 | 110.00 | 102.50 | 101.00 | 104.00 | 123.00 | 123.00 |
| Municipal Pool | 6.00 | 6.00 | 4.00 | 3.50 | 5.00 | 2.00 | 7.50 |
| Golf Course | 32.50 | 32.00 | 31.50 | 30.50 | 33.50 | 32.50 | 35.00 |
| Community Development | | | | | | | |
| Building | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Economic Development | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Transportation | | | | | | | |
| Service | 19.00 | 20.00 | 20.00 | 19.00 | 20.00 | 19.50 | 19.50 |
| Street M&R | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Basic Utility Services | | | | | | | |
| Water | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Wastewater | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Totals: | <u>354.50</u> | <u>351.50</u> | <u>335.50</u> | <u>325.00</u> | <u>330.00</u> | <u>342.00</u> | <u>352.50</u> |

Source: City Payroll Department W2 Audit Listing
 Method: Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee at year end.

(1) Information prior to 2002 is not available

CITY OF VANDALIA, OHIO
 Operating Indicators by Function/Program
 Last Seven Years

| Function/Program | 2008 | 2007 | 2006 | 2005 |
|--|--------------|--------------|--------------|--------------|
| General Government | | | | |
| <i>Council and Clerk</i> | | | | |
| Number of Ordinances Passed | 36 | 24 | 33 | 31 |
| Number of Resolutions Passed | 32 | 23 | 33 | 34 |
| Number of Planning Commission docket items | 12 | 13 | 5 | 18 |
| Zoning Board of Appeals docket items | 14 | 13 | 9 | 10 |
| <i>Finance Department</i> | | | | |
| Number of payroll checks issued | 10,223 | 9,685 | 9,563 | 9,076 |
| Number of checks/ vouchers issued | 5,483 | 5,244 | 5,549 | 4,840 |
| Amount of checks written (\$000 omitted) | \$25,584 | \$24,980 | \$22,684 | \$19,125 |
| Interest earnings for fiscal year (cash basis) | \$1,152,344 | \$1,257,917 | \$934,545 | \$532,194 |
| Number of Budget Adjustments issued | 5 | 4 | 4 | 3 |
| Agency Ratings - Moody's Financial Services | Aa3 | Aa3 | Aa3 | Aa3 |
| Health Insurance Costs vs General Fund Expenditures % | 9.59% | 9.17% | 11.09% | 12.71% |
| General Fund Receipts (cash basis, \$000 omitted) | \$22,013 | \$22,913 | \$21,006 | \$19,247 |
| General Fund Expenditures (cash basis, \$000 omitted) | \$20,897 | \$21,033 | \$15,220 | \$14,892 |
| General Fund Cash Balances (\$000 omitted) | \$19,921 | \$19,205 | \$17,325 | \$14,379 |
| <i>Income Tax Department</i> | | | | |
| Number of Individual/Business Returns | 22,735 | 19,507 | 19,222 | 19,574 |
| Number of business withholding accounts | 3,870 | 2,745 | 2,766 | 2,772 |
| Amount of Penalties and Interest Collected | \$ 104,063 | \$ 112,388 | \$ 107,933 | \$ 162,053 |
| Annual number of withholding forms processed | 27,470 | 24,810 | 19,962 | 19,983 |
| Annual number of balance due statements forms processed | 7,103 | 7,087 | 7,150 | 8,399 |
| Annual number of estimated payment forms processed | 4,825 | 4,500 | 4,391 | 4,172 |
| Annual number of reconciliations of withholdings processed | 4,001 | 3,964 | 4,133 | 4,560 |
| <i>Engineer Contracted Services</i> | | | | |
| Dollar amount of Construction overseen by Engineer | \$2,988,960 | \$3,894,168 | \$2,065,000 | \$335,000 |
| <i>Municipal Court</i> | | | | |
| Number of Civil Cases | 2,339 | 2,183 | 1,960 | 2,122 |
| Number of Criminal/Traffic cases | 17,872 | 18,668 | 17,394 | 15,964 |
| <i>Vital Statistics</i> | | | | |
| Certificates Issued | | | | |
| Number of Births | 41,859 | 48,606 | 46,943 | 43,768 |
| Number of Deaths | 34,618 | 33,397 | 32,503 | 33,652 |
| Burial Permits Issued | 4,994 | 4,380 | 4,771 | 4,997 |
| <i>Civil Service</i> | | | | |
| Number of police entry tests administered | 1 | 1 | 1 | 1 |
| Number of fire entry tests administered | 0 | 1 | 1 | 1 |
| Number of police promotional tests administered | 0 | 0 | 0 | 1 |
| Number of hires of Police Officers from certified lists | 0 | 3 | 0 | 2 |
| Number of hires of Fire/Medics from certified lists | 5 | 8 | 0 | 1 |
| Number of promotions from police certified lists | 0 | 0 | 0 | 1 |
| <i>Building Department Indicators</i> | | | | |
| Construction Permits Issued | 145 | 169 | 201 | 200 |
| Estimated Value of Construction | \$17,258,702 | \$22,672,865 | \$13,179,670 | \$42,337,669 |
| Number of permits issued | 910 | 891 | 934 | 1,055 |
| Amount of Revenue generated from permits | \$193,684 | \$198,035 | \$145,285 | \$255,270 |
| Revenue generated from above 1,2,3,4 | \$193,684 | \$198,035 | \$145,285 | \$255,270 |

| 2004 | 2003 | 2002 |
|--------------|--------------|--------------|
| 36 | 20 | 25 |
| 32 | 35 | 30 |
| 7 | 5 | 6 |
| 26 | 16 | 32 |
| 9,247 | 9,526 | 9,814 |
| 5,188 | 5,163 | 5,214 |
| \$19,383 | \$20,151 | \$18,293,181 |
| \$525,379 | \$399,166 | \$890,570 |
| 3 | 2 | 2 |
| Aa3 | Aa3 | Aa3 |
| 13.73% | 12.36% | 13.06% |
| \$17,649 | \$16,523 | \$16,891 |
| \$14,714 | \$14,164 | \$13,741 |
| \$11,669 | \$10,406 | \$11,044 |
| 19,788 | 18,809 | 10,932 |
| 3,004 | 1,607 | 1,634 |
| n/a | n/a | n/a |
| 24,525 | 19,704 | 9,867 |
| 8,171 | 5,952 | 5,059 |
| 3,924 | 3,498 | 1,880 |
| 3,998 | 2,793 | 1,741 |
| \$1,098,225 | \$1,890,000 | n/a |
| 15,850 | 17,009 | 20,915 |
| 2,051 | 1,962 | 1,820 |
| 42,240 | 44,806 | 48,435 |
| 33,567 | 35,686 | 38,136 |
| 4,843 | 5,058 | 5,209 |
| 0 | 1 | 1 |
| 0 | 0 | 0 |
| 0 | 0 | 1 |
| 5 | 0 | 4 |
| 1 | 0 | 0 |
| 0 | 0 | 1 |
| 255 | 228 | 240 |
| \$22,233,669 | \$10,705,485 | \$11,703,784 |
| 1,044 | 977 | 967 |
| \$173,055 | \$89,298 | \$85,948 |
| \$173,055 | \$89,298 | \$85,948 |

(Continued)

CITY OF VANDALIA, OHIO
 Operating Indicators by Function/Program
 Last Seven Years

| Function/Program | 2008 | 2007 | 2006 | 2005 |
|--|------------------|------------------|------------------|------------------|
| Security of Persons & Property | | | | |
| <i>Police</i> | | | | |
| Total Calls for Services | 13,714 | 13,386 | 13,429 | 13,432 |
| Number of traffic citations issued | 1,371 | 1,417 | 1,798 | 2,362 |
| Number of parking citations issued | 49 | 60 | 58 | 85 |
| Number of criminal arrests | 703 | 788 | 831 | 745 |
| Number of accident reports completed | 316 | 321 | 297 | 306 |
| Part 1 Offenses (major offenses) | 114 | 511 | 528 | 466 |
| Reserve officers hours worked | 774 | 860 | 869 | 850 |
| DUI Arrests | 90 | 100 | 97 | 132 |
| Prisoners Processed - Temporary Holdings | 210 | 215 | 151 | 104 |
| Property damage accidents | 250 | 249 | 227 | 246 |
| Fatalities from Motor Vehicle Accidents | 0 | 0 | 1 | 0 |
| Gasoline costs of fleet | \$83,611 | \$55,758 | \$63,195 | \$59,802 |
| DARE youth program | 267 | 265 | 259 | 285 |
| Community Diversion Program Youths (Be Proud) | 2 | 3 | 1 | 3 |
| Volunteer Service Program | 0 | 0 | 136 | 0 |
| <i>Fire</i> | | | | |
| EMS Calls | 1,995 | 1,943 | 1,868 | 1,625 |
| Ambulance Billing Collections (net) | \$581,785 | \$570,206 | \$470,575 | \$451,964 |
| Fire Calls | 850 | 647 | 605 | 583 |
| Fires with Loss | 21 | 3 | 2 | 4 |
| Fires with Losses exceeding \$10K | 8 | 3 | 1 | 2 |
| Fire Losses \$ | \$609,050 | \$172,500 | \$17,500 | \$37,525 |
| Fire Safety Inspections | 457 | 112 | 106 | 91 |
| Number of times Mutual Aid given to Fire and EMS | 212 | 156 | 176 | 163 |
| Number of times Mutual Aid received for Fire and EMS | 85 | 71 | 100 | 105 |
| Public Health and Welfare | | | | |
| Cemetery burials | 24 | 16 | 23 | 27 |
| Cemetery cremations | 7 | 1 | 4 | 5 |
| Cemetery sale of lots | 47 | 53 | 41 | 48 |
| Cemetery receipts | \$25,215 | \$23,060 | \$25,771 | \$24,673 |
| Leisure Time Activities | | | | |
| <i>Recreation</i> | | | | |
| Recreation Swimming pool receipts | \$46,586 | \$42,840 | \$42,539 | \$50,764 |
| Recreation Mens & Womens Leagues receipts | 12,160 | 11,450 | 11,844 | 12,226 |
| Recreation Programs | 85,573 | 78,868 | 86,537 | 86,877 |
| Youth Soccer League | 32,880 | 16,857 | 12,476 | 12,596 |
| Youth Baseball League | 49,597 | 25,359 | 22,151 | 19,412 |
| Facilities rentals | 100,782 | 97,718 | 70,303 | 46,985 |
| Total Recreation Department receipts | <u>\$327,578</u> | <u>\$273,092</u> | <u>\$245,850</u> | <u>\$228,860</u> |
| Community Development | | | | |
| Grant amounts received due to Economic Development Dept. | \$472,736 | \$157,710 | \$183,955 | \$551,948 |
| Basic Utility Services | | | | |
| Refuse disposal per year (in tons) January through December | 6,360 | 6,632 | 7,294 | 6,863 |
| Refuse disposal costs per year January through December | \$742,000 | \$722,000 | \$705,000 | \$611,000 |
| Annual recycling tonnage (excluding leaf, and compost items) | 638 | 788 | 788 | n/a |

| 2004 | 2003 | 2002 |
|------------------|------------------|------------------|
| 13,475 | 14,103 | 14,546 |
| 1,962 | 1,876 | 1,817 |
| 55 | 87 | 87 |
| 672 | 713 | 898 |
| 354 | 340 | 356 |
| 470 | 562 | 661 |
| 886 | 1,237 | 1,003 |
| 93 | 83 | 80 |
| 115 | 171 | 171 |
| 275 | 272 | 292 |
| 0 | 1 | 1 |
| \$41,797 | \$33,294 | \$29,774 |
| 336 | 261 | n/a |
| 6 | 7 | n/a |
| 0 | 0 | 0 |
| 1,578 | 826 | 786 |
| \$478,874 | \$195,040 | \$0 |
| 550 | 310 | 275 |
| 7 | 13 | 8 |
| 0 | 3 | 4 |
| \$47,850 | \$148,800 | \$2,137,350 |
| 82 | 78 | 57 |
| 120 | 115 | 160 |
| 146 | 92 | 99 |
| 20 | 17 | 18 |
| 3 | 2 | 6 |
| 53 | 22 | 38 |
| \$22,950 | \$14,062 | \$18,487 |
| \$42,080 | \$48,757 | \$53,222 |
| 11,164 | 11,160 | 13,239 |
| 72,524 | 82,760 | 79,808 |
| 7,609 | 8,108 | 7,147 |
| 10,352 | 10,183 | 9,697 |
| 46,586 | 35,261 | 31,599 |
| <u>\$190,315</u> | <u>\$196,229</u> | <u>\$194,712</u> |
| \$26,596 | \$22,791 | \$0 |
| 4,865 | 2,642 | 3,815 |
| \$611,000 | \$570,000 | \$625,000 |
| 932 | 796 | 796 |

(Continued)

CITY OF VANDALIA, OHIO
 Operating Indicators by Function/Program
 Last Seven Years

| Function/Program | 2008 | 2007 | 2006 | 2005 |
|--|-------------|-------------|-------------|-------------|
| Transportation | | | | |
| Street Improvements - asphalt overlay (linear feet) | 0 | 487 | 21,041 | 0 |
| Rejuvenating Spray on Streets (Miles) | 0 | 0 | 0 | 0 |
| Crackseal Coating Program (Miles) | 0 | 0 | 0 | 0 |
| Street Repair (Concrete, asphalt, crack sealing) (hours) | 3,596 | 4,442 | 3,130 | 4,926 |
| Mowing (hours) | 2,296 | 508 | 506 | 408 |
| Paint Striping (hours) | 483 | 744 | 825 | 612 |
| Street Sweeper (hours) | 897 | 994 | 916 | 766 |
| Snow & Ice Removal regular hours | 761 | 787 | 186 | 579 |
| Sewer and Sanitary calls for service (hours) | 187 | 436 | 575 | 466 |
| Fire hydrants (hours) | 364 | 336 | 320 | 216 |
| Catch basin (hours) | 2,490 | 3,370 | 3,711 | 4,029 |
| Water and Water calls for service (hours) | 3,877 | 3,726 | 2,852 | 2,660 |
| Leaf collection (hours) | 1,526 | 1,362 | 1,300 | 1,222 |
| Holiday lights setup (hours) | 0 | 40 | 152 | 254 |
| Burial services (hours) | 325 | 562 | 714 | 486 |
| Equipment repair/body shop (hours) | 1,991 | 1,743 | 1,153 | 1,392 |
| Sign department (hours) | 2,661 | 1,626 | 1,386 | 1,171 |
| Building maintenance (hours) | 756 | 376 | 451 | 428 |
| Other (hours) | 1,407 | 4,096 | 4,478 | 3,556 |
| Water Department | | | | |
| Water Rates per 1st 300 Cu ft of water used (2,250 gallons) | \$ 12.58 | \$ 13.55 | \$ 11.71 | \$ 11.10 |
| Avg. number of water accounts billed monthly (Cu. Ft.) | 5,369 | 1,999 | 1,979 | 1,954 |
| Total Water Collections Annually (Inlcuding P&I) | \$2,376,917 | \$2,441,414 | \$2,130,132 | \$1,489,814 |
| Wastewater Department | | | | |
| Wastewater Rates per 1st 300 Cu ft of water used | \$3.02 | \$2.92 | \$2.92 | \$2.78 |
| Total flow of wastewater treatment plant (Millions of Gallons) | 2,901 | 2,748 | 3,507 | 3,422 |
| Average daily flow (Millions of gallons per day) | 9 | 8 | 10 | 9 |
| Tons of dry sludge removed | 685.20 | 701.10 | 842.50 | 823.24 |

(1) Information prior to 2002 is not available

Source: City of Vandalia

| 2004 | 2003 | 2002 |
|-------------|-------------|-------------|
| 1,800 | 9,125 | 16,480 |
| 0 | 0 | 0 |
| 0 | 0 | 10 |
| 3,047 | 3,801 | 2,275 |
| 660 | 1,341 | 1,206 |
| 722 | 1,180 | 1,394 |
| 1,048 | 1,369 | 1,082 |
| 782 | 1,038 | 431 |
| 428 | 220 | 667 |
| 660 | 390 | 92 |
| 1,240 | 846 | 1,337 |
| 3,125 | 3,023 | 1,704 |
| 1,521 | 1,472 | 1,544 |
| 222 | 342 | 188 |
| 499 | 458 | 610 |
| 1,429 | 1,853 | 1,544 |
| 1,455 | 1,610 | 1,642 |
| 616 | 1,332 | 1,248 |
| 4,269 | 4,457 | 4,138 |
| \$ 9.57 | \$ 9.26 | \$ 8.97 |
| 1,897 | 1,831 | 1,812 |
| \$1,410,603 | \$1,359,046 | \$1,407,216 |
| \$2.65 | \$2.65 | \$2.65 |
| 3,230 | 3,663 | 3,370 |
| 9 | 10 | 9 |
| 945.14 | 677.56 | 846.73 |

CITY OF VANDALIA, OHIO
 Capital Assets Statistics by Function/Program
 Last Ten Years

| Function/Program | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 | 2002 | 2001 | 2000 | 1999 |
|-------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| General Government | | | | | | | | | | |
| Square Footage Occupied | 23,843 | 23,843 | 23,843 | 23,843 | 23,843 | 23,843 | 23,843 | 23,843 | 23,843 | n/a |
| Administrative Vehicles | 1 | 2 | 2 | 2 | 5 | 5 | 5 | 5 | 5 | n/a |
| Inspection Vehicles | 8 | 8 | 7 | 7 | 8 | 8 | 8 | 10 | 8 | n/a |
| Municipal Court Vehicles | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | n/a |
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Square Footage of Building | 43,219 | 43,219 | 43,219 | 43,219 | 43,219 | 43,219 | 43,219 | 43,219 | 43,219 | 43,219 |
| Vehicles | 21 | 20 | 21 | 20 | 21 | 20 | 19 | 18 | 18 | n/a |
| Fire | | | | | | | | | | |
| Stations | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Number of fire hydrants | 765 | 763 | 750 | 723 | 723 | 633 | 633 | 633 | 633 | 633 |
| Square Footage of Building | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 |
| Vehicles | 18 | 18 | 17 | 17 | 17 | 17 | 19 | 18 | 18 | n/a |
| Recreation | | | | | | | | | | |
| Number of Parks | 11 | 11 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Number of Pools | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of Golf Courses | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of Tennis Courts | 11 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Number of Baseball Fields | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 | 15 |
| Number of Senior Centers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Number of Soccer Fields | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Square Footage of Recreation Center | 58,357 | 58,357 | 58,357 | 58,357 | 58,357 | 58,357 | 58,357 | 58,357 | 0 | 0 |
| Vehicles | 20 | 21 | 20 | 21 | 22 | 22 | 22 | 22 | 22 | n/a |
| Other Public Works | | | | | | | | | | |
| Streets (miles) | 83.5 | 83.5 | 79.5 | 79.5 | 79 | 79 | 79 | 72 | 72 | 72 |
| Service Vehicles | 25 | 24 | 24 | 23 | 23 | 22 | 23 | 24 | 24 | n/a |
| Wastewater | | | | | | | | | | |
| Sanitary Sewers (miles) | 73 | 73 | 63 | 63 | 62 | 56 | 56 | 56 | 56 | 56 |
| Storm Sewers (miles) | 73 | 72 | 48 | 48 | 46 | 42 | 42 | 42 | 42 | 42 |
| Water Department | | | | | | | | | | |
| Water Lines (miles) | 85 | 84 | 74 | 74 | 73 | 65 | 65 | 65 | 65 | 65 |
| Vehicles | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | n/a |

Source: City of Vandalia



Vandalia

At the Crossroads of America





Mary Taylor, CPA
Auditor of State

**CITY OF VANDALIA
MONTGOMERY 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
JULY 2, 2009**