

CITY OF VANDALIA



Yellow Book Report

December 31, 2012



Dave Yost • Auditor of State

City Council
City of Vandalia
333 James 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, 2012 through December 31, 2012. 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.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

July 23, 2013

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vandalia, Ohio (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 28, 2013, wherein we noted the City adopted GASB Statement No. 63 and 65 as disclosed in Note 3.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated June 28, 2013.

Purpose of this Report

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

Plattenburg & Associates, Inc.

Dayton, Ohio
June 28, 2013

City of Vandalia, Ohio



**Comprehensive Annual Financial Report
For the year ended
December 31, 2012**

CITY OF VANDALIA
Montgomery County, Ohio

Comprehensive Annual Financial Report

Year Ended December 31, 2012

Issued by:
Director of Finance



City of Vandalia, Ohio
 Comprehensive Annual Financial Report
 Year Ended December 31, 2012

Table of Contents

| Introductory Section | Page |
|--|-------------|
| Letter of Transmittal | v |
| Certificate of Achievement | xi |
| List of Principal Officials..... | xii |
| Organizational Chart | xiii |
| | |
| Financial Section | |
| Independent Auditor's Report..... | 1 |
| Management's Discussion and Analysis..... | 3 |
| Basic Financial Statements: | |
| Government-Wide Financial Statements: | |
| Statement of Net Position..... | 15 |
| Statement of Activities | 16 |
| Fund Financial Statements: | |
| Balance Sheet - Governmental Funds | 18 |
| Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities | 19 |
| Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | 20 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 21 |
| Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual: | |
| General Fund | 22 |
| Statement of Fund Net Position – Proprietary Funds..... | 23 |
| Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds | 24 |
| Statement of Cash Flows – Proprietary Funds | 25 |
| Statement of Fiduciary Assets and Liabilities – Fiduciary Fund | 27 |
| Notes to the Financial Statements | 28 |
| Combining Statements: | |
| Combining Statements – Nonmajor Governmental Funds: | |
| Fund Descriptions | 61 |
| Combining Balance Sheet – Nonmajor Governmental Funds | 64 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds | 65 |
| Combining Balance Sheet – Nonmajor Special Revenue Funds | 66 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds | 70 |
| Combining Balance Sheet – Nonmajor Capital Projects Funds..... | 73 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds..... | 74 |

City of Vandalia, Ohio
 Comprehensive Annual Financial Report
 Year Ended December 31, 2012

Table of Contents
 (Continued)

| | Page |
|--|-------------|
| Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual: | |
| Fund Descriptions | 76 |
| Major Funds: | |
| General Fund | 77 |
| Employee Retirement Benefits Reserve Fund..... | 79 |
| Capital Improvement Fund..... | 80 |
| Nonmajor Funds: | |
| Street Fund | 81 |
| State Highway Fund | 82 |
| Permissive Motor Vehicle Tax Fund | 83 |
| Law Enforcement Fund..... | 84 |
| Drug Law Enforcement Fund..... | 85 |
| OMVI Education and Enforcement Fund | 86 |
| OMVI Indigent Fund..... | 87 |
| Computer Legal Research Fund..... | 88 |
| Indigent Drivers IAM Fund..... | 89 |
| Baseball Recreation Fund | 90 |
| Soccer Recreation Fund | 91 |
| Stormwater Fund..... | 92 |
| Chuck Gabbard Memorial Fund..... | 93 |
| Magistrate Fund..... | 94 |
| General Obligation Bond Retirement Fund | 95 |
| Police, Fire and Street Capital Improvements Fund | 96 |
| TIF Fund..... | 97 |
| Capital Improvement Reserve Fund..... | 98 |
| Facilities Improvement & Maintenance Reserve Fund..... | 99 |
| Individual Fund Schedules of Revenues, Expenses and Changes in Fund Equity – Budget (Non-GAAP Basis) and Actual: | |
| Major Funds: | |
| Water Fund..... | 100 |
| Sewer Fund..... | 101 |
| Golf Fund | 102 |
| Hospital Care Fund..... | 103 |
| Combining Statement – Fiduciary Funds | |
| Fund Descriptions | 105 |
| Combining Statement of Changes in Assets and Liabilities | 106 |

City of Vandalia, Ohio
 Comprehensive Annual Financial Report
 Year Ended December 31, 2012

Table of Contents
 (Continued)

| | Page |
|--|-------------|
| Statistical Section | |
| Table of Contents | S-1 |
| Net Position by Component - Last Ten Years..... | S-2 |
| Change in Net Position - Last Ten Years..... | S-4 |
| Fund Balances, Governmental Funds - Last Ten Years..... | S-6 |
| Changes in Fund Balance, Governmental Funds - Last Ten Years..... | S-8 |
| Schedule of Assessed Valuation and Estimated True Value - Last Ten Collection Years..... | S-9 |
| Schedule of Property Tax Levies and Collections - Last Ten Years | S-10 |
| Schedule of Property Rates - all Direct and Overlapping Governments - Last Ten Years | S-11 |
| Schedule of Principal Taxpayers – Real Property - 2012 and 2004..... | S-12 |
| Schedule of Principal Taxpayers – Public Utility - 2012 and 2004..... | S-13 |
| Income Tax Rates and Collections - Last Ten Years | S-14 |
| Ratios of Outstanding Debt by Type - Last Ten Years | S-15 |
| Ratios of General Bonded Debt Outstanding - Last Ten Years | S-16 |
| Direct and Overlapping Governmental Activities Debt - December 31, 2012 | S-17 |
| Legal Debt Margin Information - Last Ten Years | S-18 |
| Schedule of Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures - Last Ten Years | S-19 |
| Schedule of Principal Employers – 2012 and 2005 | S-20 |
| Demographic and Economic Statistics - Last Ten Years | S-21 |
| Schedule of Full-Time Equivalent City Government Employees by Function/Program - Last Ten Years | S-22 |
| Schedule of Operating Indicators by Function/Program - Last Ten Years | S-23 |
| Schedule of Capital Assets Statistics by Function/Program - Last Ten Years | S-29 |



Introductory Section



333 James E. Bohanan Memorial Drive
Vandalia, Ohio 45377

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



June 28, 2013

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

The Comprehensive Annual Financial Report (CAFR) of the City of Vandalia, Ohio for the year ended December 31, 2012 is hereby submitted for your review. I am pleased to report that this is the twenty fourth CAFR the City has prepared.

Ohio 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. The preparation of this CAFR represents the commitment of Vandalia to adhere to nationally recognized standards of excellence in financial reporting.

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, 2012. 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 renowned 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 15.

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 16.

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

Over the last few years, the City of Vandalia has experienced significant development opportunities with new businesses as well as expansion from existing businesses. At the end of fiscal year 2012, the total new jobs in the pipeline totaled approximately 900. An amazing amount considering the overall size of the City, and the total employment of approximately 15,000 in 2010.

One of the biggest victories during 2012 included the commitment received from White Castle to construct an 80,000 square foot frozen food packaging process center at Stonequarry Crossings. The company broke ground on the project during the 4th quarter, and has committed over 100 new jobs to the project. The City was able to secure a \$300,000 ED/GE Grant to help support the project, and the State of Ohio also committed financing sources of approximately \$12,000,000 to help offset the \$19,000,000 total project amount.

This new plant will be a distribution center for various regional sites to support the frozen food packages that are sold in all 50 states across the country. You can buy these frozen hamburger packages at various retail outlets such as Sams Club, Walmart, and even some Kroger stores. We anticipate the operations to begin at some point in the fourth quarter of 2013. White Castle was founded in 1921 and is a private family owned, fourth generation business. A wonderful fit for the City's family oriented philosophy and a tasty addition to the growing number of businesses committing to the vacant land off Peters Pike.

All Service Plastic Molding, Inc. (ASPM) received an occupancy certificate for the 140,000 square foot manufacturing facility in September, 2012. ASPM selected Vandalia (located at 900 Falls Creek Dr.) as the site for a consolidation project that will bring over 300 jobs to the City in the next 3 to 5 years. By the end of 2012, the company had already started a 60,000 square foot expansion project. The new project will total approximately \$7 million in capital improvements including equipment and real estate. All told the business has committed over \$14 million of improvements to the land in the Northwoods Business Park. The City was able to secure a \$200,000 ED/GE Grant to help support the expansion project along with a \$17,000 VIP Grant. The plastic injection molding business will consolidate two warehouses, a production facility, and the administrative offices into the site. Thanks also go to the State of Ohio through the JobsOhio affiliate which assisted with a Job Creation Tax Credit to help incentivize the deal.

Vandalia is also pleased to welcome the world's largest indoor entertainment center which opened its doors in July called Scene 75. The business model took several years to develop, but finally, got off the ground last summer. Fully equipped with various types of indoor activities, Scene 75 also has an outdoor sand volleyball feature with a large patio area. The center is based on a family friendly atmosphere that includes laser tag, mini-golf, bowling, bounce area, go-kart track, and roller coaster simulators. There is also a full service bar area, a grill for dining, and various party rooms for hosting birthdays, corporate events, etc. The new business has approximately 75 employees and will maintain seasonal hours for the guests. The company's management has over 50,000 facebook friends and has had a great draw from all across the region and the Midwest.

Carter Express is a world-class logistics company focused on the automotive industry. The company provides value to its clients by helping reduce transportation costs, lower inventories, and provide continuously dependable service. Carter completed a new facility on Capstone Way in Stonequarry Crossings during May, 2012. There was a wonderful ribbon cutting grand opening ceremony with over 200 attendees held in October. Management announced there were 143 total employees at the new site already, and the company is aggressively marketing additional space that other transportation companies could potentially lease. The City partnered with Montgomery County for the utilization of the ED/GE Grant program to assist with the construction of Capstone Way as well as the State of Ohio for a 629 Road Grant. The company is poised to bring in additional business through its regional supply chains throughout the Midwest.

Ohio Pediatrics opened a physician's office at the Lion Apparel building at 7200 Poe Ave. in June of 2012. This will be the company's north office replacing a former site in Huber Heights. The business hosted a ribbon cutting ceremony last summer, and the tour revealed that there is a research business also included on the same floor. Essentially, the company has utilized close to 20,000 square feet of space and anticipates strong growth in the client base with the relocation near the I-70 and I-75 intersection.

On the East side of the City, Aptalis formerly known as Eurand is expanding their existing facility. If all goes according to plan, this will be a \$20,000,000 four phase project. The plans call for approximately 35 new full time employees, and the project will be completed in the next 3 to 5 years. Phase I of the project included the construction of a new clean room area to help support an improved gastro intestinal product line. The company's primary business model includes research and engineering for improving the speed of time released pharmaceutical capsules. The City was again able to partner with the County for a \$200,000 ED/GE Grant, and the state of Ohio extended a prior commitment for a Job Creation Tax Credit. Aptalis is located on Center Dr. near Brown School Road. Construction should begin soon for an expansion to the east side of the building.

FedEx Ground completed a 46,000 square foot expansion to the north side of its facility on Deer Run Road in the Northwoods Business Park. The expansion will provide space for an additional distribution packaging conveyor belt system. FedEx currently averages approximately 22,000 packages per day being distributed to and from various sites across the Ohio Valley. The new project will help create at least 25 new employment positions. Construction of the expansion was completed in the early summer months. The company is a worldwide shipping and delivery business that offers a broad base of transportation, e-commerce and business services.

Other recent development news is the upcoming land swap with the Schools for the old Morton Middle School site on National Rd. Demolition of the old facility was completed in the late summer, and the City is poised to take ownership of the approximate 8 acre site. Council will be instrumental in providing guidance on the future development of the site, and this location will likely be an extension of the downtown area of the City.

The unemployment in Vandalia's region (Dayton, OH SMA) in 2012 was 7%, compared to 7.6% nationally and 6.6% for the State of Ohio.

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 20.2% and 9% 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 16.5% of governmental expenditures spent for recreation during 2012 is consistent with past years.

The City income tax rate is 2.00%. Voters approved a temporary increase in 2005 that became effective on January 1, 2006. Subsequently, Vandalia residents voted to make the 2% income tax rate permanent in May, 2010.

Major Initiatives

While our primary focus going forward will continue to be economic development, the City is placing a renewed emphasis on Community Development as we move into 2013. Community development projects are designed to build on the amenities and quality of life associated with residency within the City. One project building on community development is the creation of the Farmers market. The Farmers market will run through the summer months, providing residents a wide selection in locally grown produce. Live bands and family-friendly features such as movies in the park and a touch-a-truck exhibit will make the Farmers market a destination for families.

The summer of 2013 will mark the second year for the Vandalia Community Garden. In 2012 the City created ten garden plots that were offered to residents on a first-come first-served basis. The response was so strong that 16 plots were offered in 2013, all of which have been claimed.

The City's Parks and Recreation Department offers top-rate programs for members of all ages with a goal of helping our residents live longer and healthier lives.

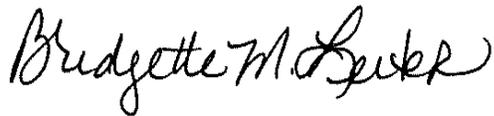
The combination of economic and community development will allow this city to grow its tax base while welcoming new families into the fold to help sustain and grow our neighborhoods.

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, 2011. This was the twenty third 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.

The preparation of this report was made possible by the efforts of the Finance Department staff. My sincere appreciation is extended to all members of the City of Vandalia staff, whose efforts have made this report possible. I am especially grateful to Assistant City Manager Greg Shackelford 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.

A handwritten signature in black ink that reads "Bridgette M. Leiter". The signature is written in a cursive, flowing style.

Bridgette Leiter
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, 2011

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



Christopher P. Moynell

President

Jeffrey R. Emer

Executive Director

City of Vandalia
Montgomery County, Ohio
List of Principal Officials
December 31, 2012

Elected Officials

Mayor

Arlene Setzer

Vice Mayor

Mike Blakesly

Council Members

Bob Ahlers

Dave Gerhard

Candice Farst

David Lewis

H. David Brusman Jr.

Appointed Officials

City Manager

Robert L. Anderson II

Director of Finance

Bridgette Leiter

City Attorney

Gerald McDonald

Assistant City Manager

Greg Shackelford

Chief of Police

Douglas Knight

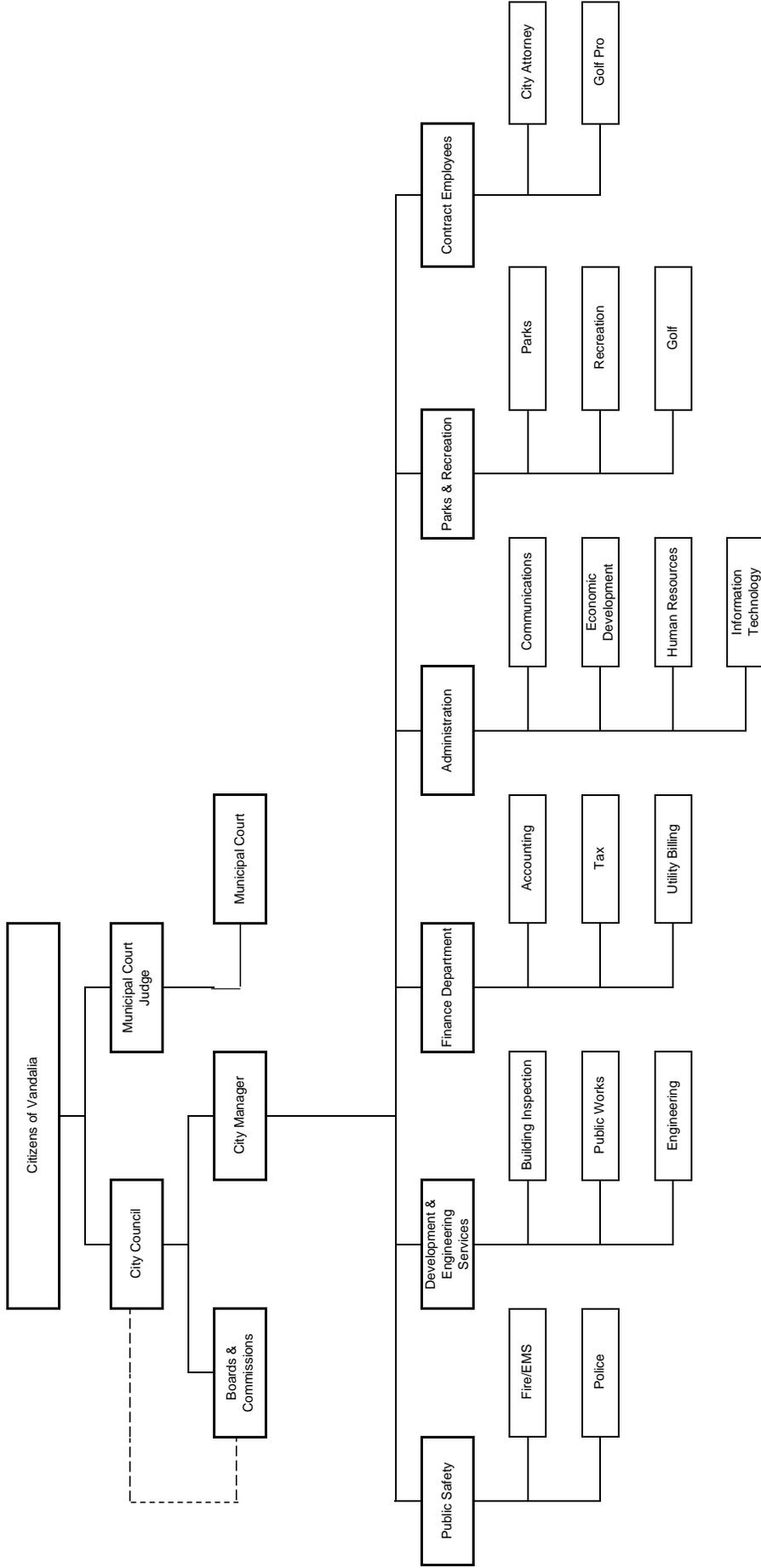
Fire Chief

Chad Follick

Parks and Recreation Director

Steve Clark

City of Vandalia, Ohio
 Organizational Chart
 December 31, 2012





Financial Section



Vandalia

At the Crossroads of America



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vandalia, Ohio (the City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 3 to the financial statements, in 2012, the City adopted new accounting guidance, GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 14 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2013, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Dayton, Ohio
June 28, 2013

City of Vandalia, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2012
(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, 2012. 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 position increased \$1,983,738 during 2012. The net position of the governmental activities increased \$1,373,017, while the net position of business-type activities increased by \$610,721.
- General revenues, for governmental activities, accounted for \$16,525,981, or 67% of total governmental activities revenue. Program specific revenues accounted for \$8,184,739 or 33% of total governmental activities revenue.
- Governmental activities net capital assets decreased \$326,333, due to current year depreciation expense and assets transferred to business-type during the year.
- The City had \$23,337,703 in expenses related to governmental activities; \$8,184,739 of these expenses was offset by program specific charges for services, grants, contributions, or interest. General revenues (primarily taxes) of \$16,525,981, were sufficient to offset these program expenses.
- The general fund, the City's largest major governmental fund, had revenues of \$20,376,329 in 2012, or 88.1% of total governmental funds. Expenditures of the general fund were \$16,817,412, or 74.1% of total governmental funds. The general fund balance decreased \$296,731, or 2.2% in 2012.
- Business-type operations reflected an operating income of \$390,305 during 2012, and the business-type unrestricted net position was \$11,833,535.

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 position 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, 2012
(Unaudited)

Reporting the City as a Whole

Statement of Net Position and Statement of Activities

The analysis of the City as a whole begins with the statement of net position 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 position and changes in that net position. 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 position 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, 2012
(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 position 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 position. 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 position provides the perspective of the City as a whole.

Table 1 below provides a summary of the City's net position for 2012 compared to 2011:

City of Vandalia, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2012
(Unaudited)

Table 1
Net Position

| | <u>Governmental Activities</u> | | <u>Business-Type Activities</u> | | <u>Total</u> | |
|---------------------------------------|--------------------------------|-------------------------|---------------------------------|-----------------------------|----------------------|-------------------------|
| | <u>2012</u> | Restated <u>2011</u> | <u>2012</u> | Reclassified <u>2011</u> | <u>2012</u> | Restated <u>2011</u> |
| <u>Assets</u> | | | | | | |
| Current and other assets | \$ 28,155,671 | \$ 29,116,920 | \$ 3,808,653 | \$ 2,971,339 | \$ 31,964,324 | \$ 32,088,259 |
| Capital assets | 53,452,981 | 53,779,314 | 18,007,758 | 18,332,521 | 71,460,739 | 72,111,835 |
| Investment in joint venture | - | - | 8,468,504 | 8,390,886 | 8,468,504 | 8,390,886 |
| Total assets | <u>81,608,652</u> | <u>82,896,234</u> | <u>30,284,915</u> | <u>29,694,746</u> | <u>111,893,567</u> | <u>112,590,980</u> |
| <u>Deferred outflows of resources</u> | | | | | | |
| Deferred charge on refunding | <u>258,300</u> | - | - | - | <u>258,300</u> | - |
| <u>Liabilities</u> | | | | | | |
| Other liabilities | 6,315,171 | 7,983,169 | 295,409 | 312,201 | 6,610,580 | 8,295,370 |
| Long-term liabilities outstanding | <u>12,664,569</u> | <u>13,415,573</u> | <u>148,213</u> | <u>151,973</u> | <u>12,812,782</u> | <u>13,567,546</u> |
| Total liabilities | <u>18,979,740</u> | <u>21,398,742</u> | <u>443,622</u> | <u>464,174</u> | <u>19,423,362</u> | <u>21,862,916</u> |
| <u>Deferred inflows of resources</u> | | | | | | |
| Property taxes | 1,172,095 | 1,179,860 | - | - | 1,172,095 | 1,179,860 |
| Unavailable revenue | <u>76,490</u> | <u>52,022</u> | - | - | <u>76,490</u> | <u>52,022</u> |
| Total deferred inflows of resources | <u>1,248,585</u> | <u>1,231,882</u> | - | - | <u>1,248,585</u> | <u>1,231,882</u> |
| <u>Net position</u> | | | | | | |
| Net investment in capital assets | 42,909,665 | 42,488,927 | 18,007,758 | 18,332,521 | 60,917,423 | 60,821,448 |
| Restricted | 3,006,345 | 2,032,828 | - | - | 3,006,345 | 2,032,828 |
| Unrestricted | <u>15,722,617</u> | <u>15,743,855</u> | <u>11,833,535</u> | <u>10,898,051</u> | <u>27,556,152</u> | <u>26,641,906</u> |
| Total net position | <u>\$ 61,638,627</u> | <u>\$ 60,265,610</u> | <u>\$ 29,841,293</u> | <u>\$ 29,230,572</u> | <u>\$ 91,479,920</u> | <u>\$ 89,496,182</u> |

City of Vandalia, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2012
(Unaudited)

As displayed in Table 1, total net position of the City as a whole, increased \$1,983,738 from 2011 to 2012. This was due to an increase in capital contributions made during the year for on-going City projects and a decrease in long-term liabilities.

Total net position of the City's governmental activities increased by \$1,373,017, and the unrestricted net position decreased \$21,238 from 2011 to 2012. The increase in governmental net position can be attributed to an overall decrease in long-term liabilities.

The net position of the City's business type activities increased by \$610,721. Two of the three enterprise funds reported operating income during 2012. Overall, operating expenses increased \$163,476 from the prior year however, the City experienced an increase of \$407,917 in charges for services during 2012. 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 position for the year ended December 31, 2012, and revenue and expense comparisons to 2011.

City of Vandalia, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2012
(Unaudited)

Table 2
Changes in Net Position

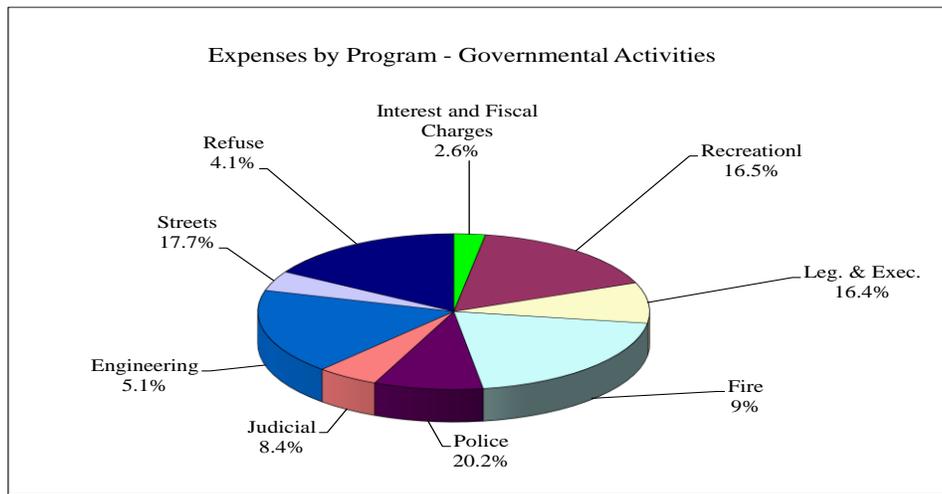
| | Governmental Activities | | Business-Type Activities | | Total | Total |
|--|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | Reclassified | | Reclassified | | | Reclassified |
| | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> | <u>2012</u> | <u>2011</u> |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 5,073,283 | \$ 5,384,950 | \$ 4,785,394 | \$ 4,371,027 | \$ 9,858,677 | \$ 9,755,977 |
| Operating grants, contributions, and interest | 1,106,688 | 1,272,681 | 130,340 | - | 1,237,028 | 1,272,681 |
| Capital grants and contributions | 2,004,768 | 818,757 | 2,828 | 1,052 | 2,007,596 | 819,809 |
| General revenues: | | | | | | |
| Property taxes | 1,505,738 | 1,548,086 | - | - | 1,505,738 | 1,548,086 |
| Income taxes | 13,025,898 | 11,709,263 | - | - | 13,025,898 | 11,709,263 |
| Grants and entitlements | 1,556,563 | 1,764,465 | - | - | 1,556,563 | 1,764,465 |
| Payment in lieu of taxes | 43,957 | 107,720 | - | - | 43,957 | 107,720 |
| Gain on sale of capital assets | 124,555 | 11,040 | - | - | 124,555 | 11,040 |
| Investment earnings | 208,984 | 492,580 | - | - | 208,984 | 492,580 |
| Other | 82,334 | 59,415 | 283,894 | 56,523 | 366,228 | 115,938 |
| Total revenues | <u>24,732,768</u> | <u>23,168,957</u> | <u>5,202,456</u> | <u>4,428,602</u> | <u>29,935,224</u> | <u>27,597,559</u> |
| Program Expenses | | | | | | |
| Governmental Activities: | | | | | | |
| General government | | | | | | |
| Legislative and executive | 3,817,632 | 3,731,173 | - | - | 3,817,632 | 3,731,173 |
| Judicial system | 1,965,231 | 1,995,444 | - | - | 1,965,231 | 1,995,444 |
| Public safety | | | | | | |
| Police | 4,718,543 | 4,778,170 | - | - | 4,718,543 | 4,778,170 |
| Fire | 2,093,391 | 2,133,203 | - | - | 2,093,391 | 2,133,203 |
| Public works | | | | | | |
| Engineer | 1,196,523 | 1,226,624 | - | - | 1,196,523 | 1,226,624 |
| Streets | 4,132,079 | 3,238,406 | - | - | 4,132,079 | 3,238,406 |
| Refuse | 965,658 | 863,750 | - | - | 965,658 | 863,750 |
| Recreation | 3,847,357 | 3,958,580 | - | - | 3,847,357 | 3,958,580 |
| Interest and fiscal charges | 601,289 | 661,538 | - | - | 601,289 | 661,538 |
| Business-Type Activities: | | | | | | |
| Water | - | - | 2,059,071 | 2,057,812 | 2,059,071 | 2,057,812 |
| Sewer | - | - | 1,512,536 | 1,741,089 | 1,512,536 | 1,741,089 |
| Golf | - | - | 1,042,176 | 965,069 | 1,042,176 | 965,069 |
| Total program expenses | <u>23,337,703</u> | <u>22,586,888</u> | <u>4,613,783</u> | <u>4,763,970</u> | <u>27,951,486</u> | <u>27,350,858</u> |
| Increase in net position | | | | | | |
| before transfers | 1,395,065 | 582,069 | 588,673 | (335,368) | 1,983,738 | 246,701 |
| Transfers | (22,048) | (618,967) | 22,048 | 618,967 | - | - |
| Change in net position | 1,373,017 | (36,898) | 610,721 | 283,599 | 1,983,738 | 246,701 |
| Net position beginning of year | 60,265,610 | 60,433,175 | 29,230,572 | 28,946,973 | 89,496,182 | 89,380,148 |
| Restatement | - | (130,667) | - | - | - | (130,667) |
| Net position end of year | <u>\$ 61,638,627</u> | <u>\$ 60,265,610</u> | <u>\$ 29,841,293</u> | <u>\$ 29,230,572</u> | <u>\$ 91,479,920</u> | <u>\$ 89,496,182</u> |

City of Vandalia, Ohio
 Management's Discussion and Analysis
 For The Year Ended December 31, 2012
 (Unaudited)

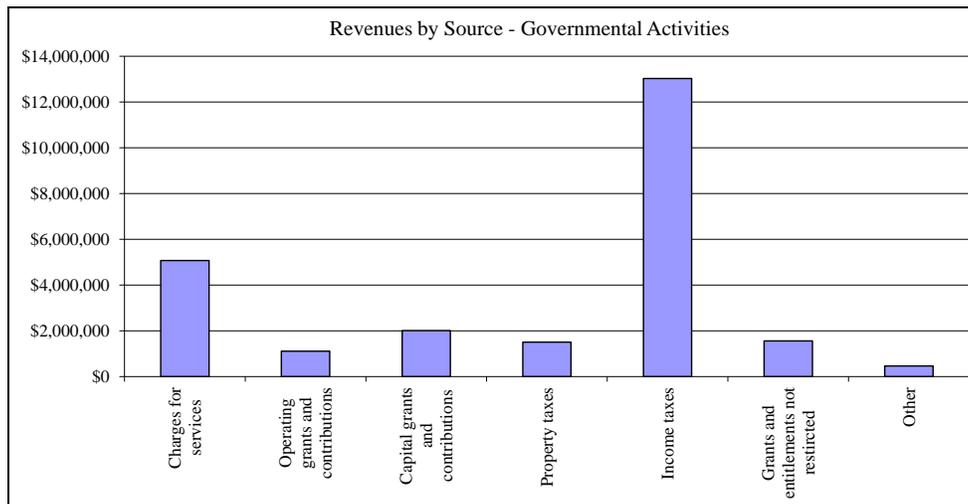
Governmental Activities

The City 2% income tax effective January 1, 2006, is the largest source of revenue for the City of Vandalia. The above table reflects that income tax receipts increased from the prior year.

Charges for services decreased \$311,667 during 2012 and income tax increased \$1,316,635 from the prior year due to increased collections during the year. Governmental activities program expenses increased \$750,815 during 2012 primarily from an overall increase in operational costs. Expenses related to income tax collections for the cities of Brookville and Union also continue to be reflected in the general government program expenses. Recreation program expenses decreased \$111,223 during 2012.



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, 2012
(Unaudited)

When looking at the sources of income used to support governmental activities, it should be noted that charges for services of \$5,073,283 represent 20.5% of revenue. Revenues provided by sources other than city residents in the form of operating and capital grants comprise another \$3,111,456, or 12.6%, and unrestricted grants and entitlements accounted for \$1,556,563, which is another 6.3%. The remaining revenues are primarily generated locally through property taxes, \$1,505,738 or 6.1% and income taxes, \$13,025,898 at 52.7%. 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.

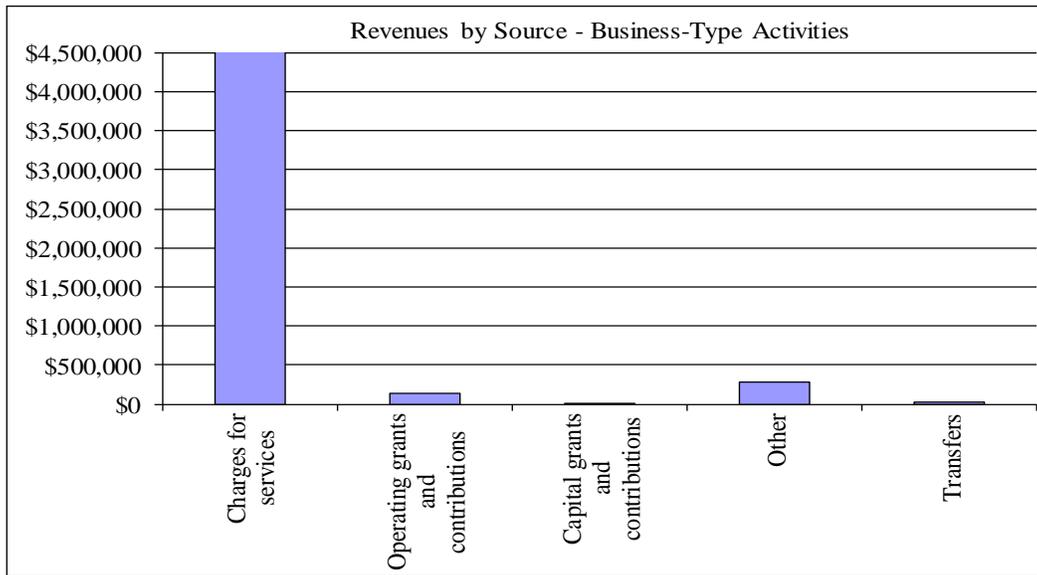
Water – The City of Vandalia closed their water treatment plant in 1970 and contracted with the City of Dayton to furnish water to the residents of Vandalia. Vandalia owns, maintains and repairs all lines and pumping stations as needed. In March, 2002, the City entered into a joint venture with the City 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.

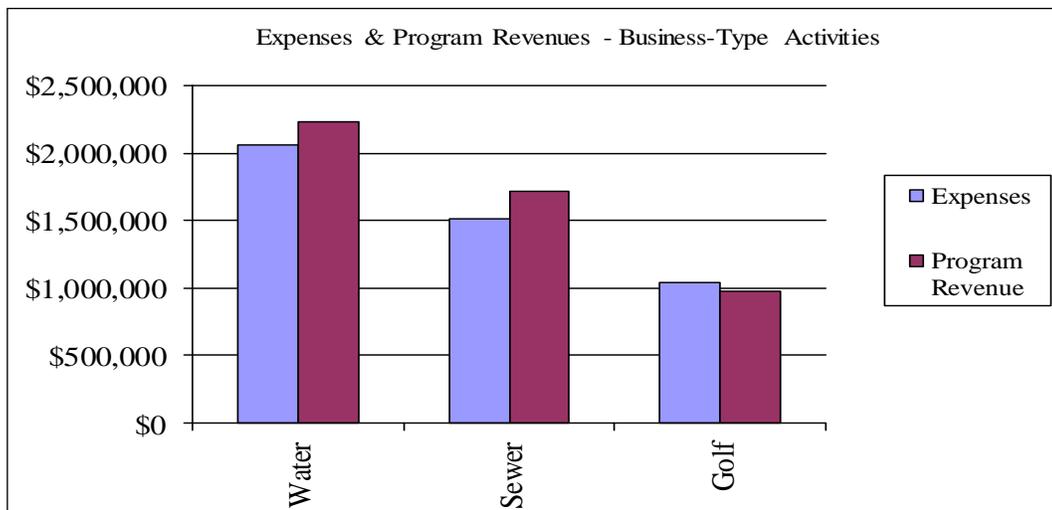
Sewer - The City closed their wastewater treatment facility in 1985. Vandalia then contracted with the Miami Conservancy District for wastewater treatment services. In 1996, the Conservancy District decided they no longer wanted to furnish this service. A joint venture was formed between the Cities of 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. For 2012, there was no change in the current charge to member cities which is not more than \$1.25 per thousand gallons of usage.

City of Vandalia, Ohio
 Management's Discussion and Analysis
 For The Year Ended December 31, 2012
 (Unaudited)

Golf - Vandalia's Cassel Hills Golf Course is an 18-hole golf course with a 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. Vandalia's council has, for the most part, agreed with the expectation of lower fees and has 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 \$5 million in program revenues during 2012, program expenses were \$4.6 million. Capital contributions of \$22,048 were a result of contributions from other governmental funds. Operating expenses in the business-type activities decreased from the prior year due to the close monitoring of expenses. Charges for services in the water and sewer departments increased in 2012.



City of Vandalia, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2012
(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 \$23 million and expenditures of \$22.6 million. The general fund net change in fund balance from 2011 to 2012 was a decrease of \$296,731. Within the general fund, revenues exceeded expenditures by \$3,558,917. The largest change from 2011 to 2012 is an increase in income tax revenue and a decrease in overall expenditures due to the close monitoring of expenditures. Transfers to other funds such as the police, fire and street capital improvement, and the general obligation debt service fund equaled \$3.85 million. The funds transferred were used for capital assets, improvements, repairs, and debt.

The capital improvement fund balance increased by \$1,246,347. Fund balance at December 31, 2012, was \$704,326, of which \$2,778,706 was nonspendable fund balance (land held for resale). All other governmental funds fund balance decreased by \$370,728 during 2012.

The City has implemented a series of rate increases in the enterprise funds to help alleviate future fund losses. If unrestricted net position is 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, all three funds showed an increase in cash during 2012.

The golf activity's operating loss of \$53,021 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.

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 2012, 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.

Original general fund budgeted revenues and other financing sources increased \$35,000, from \$19,639,111 to the final budgeted amount of \$19,674,111 for the fiscal year end December 31, 2012. Municipal income taxes final budget was consistent with actual income tax revenue for the prior year. At the end of the year, actual municipal income revenues were more than the final budget by \$900,184. In addition, property and other taxes was in excess of the final budget by \$100,723 causing most of the variance noted.

City of Vandalia, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2012
(Unaudited)

Original general fund expenditures and other financing uses increased \$503,272, from \$23,017,851 to the final budgeted amount of \$23,521,123. This increase was not due to any one line item. Actual expenditures were \$972,075 below final budget expenditures for 2012 due to the close monitoring of expenditures and a decrease in personal service expenditures in most departments within the general fund in 2012.

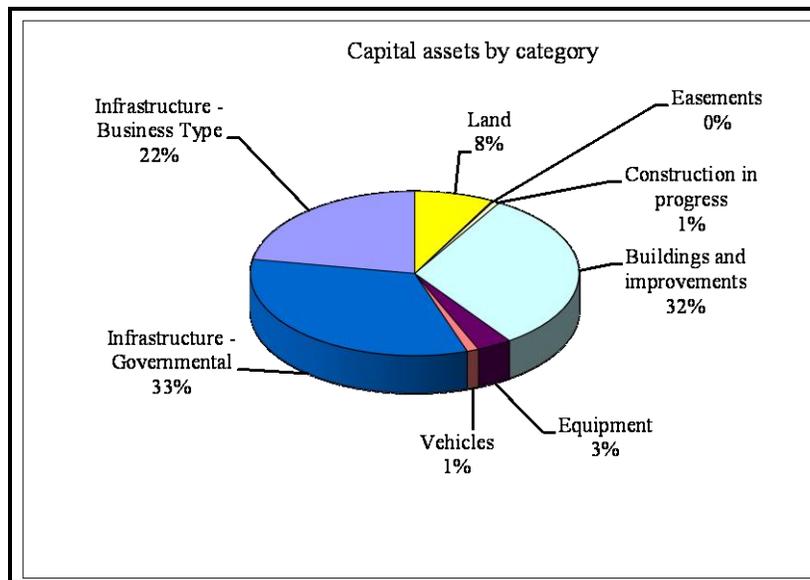
Capital Assets and Debt Administration

Capital Assets

(Net of Depreciation)

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Land | \$ 5,400,363 | \$ 5,400,363 | \$ 167,369 | \$ 167,369 | \$ 5,567,732 | \$ 5,567,732 |
| Easements | 115,948 | 60,496 | - | - | 115,948 | 60,496 |
| Construction in progress | 354,136 | 710,289 | 89,532 | - | 443,668 | 710,289 |
| Buildings and improvements | 21,298,706 | 21,888,701 | 1,324,460 | 1,379,907 | 22,623,166 | 23,268,608 |
| Equipment | 2,001,321 | 2,181,916 | 449,667 | 506,352 | 2,450,988 | 2,688,268 |
| Vehicles | 752,519 | 1,051,553 | 78,574 | 110,294 | 831,093 | 1,161,847 |
| Infrastructure | 23,529,988 | 22,485,996 | 15,898,156 | 16,168,599 | 39,428,144 | 38,654,595 |
| Total | \$ 53,452,981 | \$ 53,779,314 | \$ 18,007,758 | \$ 18,332,521 | \$ 71,460,739 | \$ 72,111,835 |

Capital assets, net of depreciation, in governmental activities decreased from the prior year. Decreases were primarily in due to current year depreciation expense. Capital assets, net of depreciation, for the business-type activities also decreased by \$324,763, primarily due to current year additions not exceeding current year depreciation expense. See Note 8 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, 2012
(Unaudited)

Debt

At December 31, 2012, the City of Vandalia had \$10,801,616 in outstanding debt.

Table 4
Outstanding Debt, at Year End

| | Governmental Activities | |
|-----------------------------------|-------------------------|----------------------|
| | <u>2012</u> | <u>2011</u> |
| Unvoted general obligation bonds | | |
| Various purpose refunding bonds | \$ 7,172,889 | \$ 7,829,689 |
| Various purpose limited tax bonds | <u>3,628,727</u> | <u>3,908,597</u> |
| | <u>\$ 10,801,616</u> | <u>\$ 11,738,286</u> |

The Various Purpose Refunding bonds and the Various Purpose Limited Tax 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 \$3,480,000. Revenues for payment of interest and principal on the bond anticipation notes will result from proceeds from a new note to be issued in 2012. The general obligation debt service fund will retire the debt.

The City's overall legal debt margin was \$25,095,856 at December 31, 2012. See Note 10 & 12 of the notes to the basic financial statements for more detailed information on debt of the City.

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 Bridgette Leiter, Finance Director, City of Vandalia, 333 James E. Bohanan Drive, Vandalia, Ohio 45377.

City of Vandalia, Ohio
Statement of Net Position
December 31, 2012

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|----------------------|
| <u>Assets:</u> | | | |
| Equity in pooled cash and investments | \$ 19,696,562 | \$ 3,154,361 | \$ 22,850,923 |
| Receivables: | | | |
| Income tax | 2,502,024 | - | 2,502,024 |
| Property and other taxes | 1,392,143 | - | 1,392,143 |
| Accounts | 458,768 | 462,676 | 921,444 |
| Revenue in lieu of taxes receivable | 76,490 | - | 76,490 |
| Special assessments | 43,679 | - | 43,679 |
| Accrued interest | 25,537 | - | 25,537 |
| Due from other governments | 1,061,765 | 130,340 | 1,192,105 |
| Materials and supplies inventory | 79,765 | 27,933 | 107,698 |
| Prepaid items | 24,674 | - | 24,674 |
| Restricted assets: | | | |
| Equity in pooled cash and cash equivalents | - | 48,901 | 48,901 |
| Investment in joint venture | - | 8,468,504 | 8,468,504 |
| Internal balances | 15,558 | (15,558) | - |
| Land held for resale | 2,778,706 | - | 2,778,706 |
| Nondepreciable capital assets | 5,870,447 | 256,901 | 6,127,348 |
| Depreciable capital assets, net | 47,582,534 | 17,750,857 | 65,333,391 |
| Total assets | <u>81,608,652</u> | <u>30,284,915</u> | <u>111,893,567</u> |
| <u>Deferred outflows of resources:</u> | | | |
| Deferred charge on refunding | <u>258,300</u> | <u>-</u> | <u>258,300</u> |
| <u>Liabilities:</u> | | | |
| Accounts payable | 455,328 | 18,714 | 474,042 |
| Accrued wages and benefits | 386,390 | 23,952 | 410,342 |
| Matured compensated absences payable | 34,923 | 5,818 | 40,741 |
| Due to other governments | 497,152 | 23,322 | 520,474 |
| Due to related parties | 8,670 | 173,027 | 181,697 |
| Unearned revenue | 3,592 | 1,675 | 5,267 |
| Income tax refunds payable | 1,151,037 | - | 1,151,037 |
| Bond anticipation notes payable | 3,480,000 | - | 3,480,000 |
| Accrued interest payable | 64,341 | - | 64,341 |
| Claims payable | 233,738 | - | 233,738 |
| Refundable deposits | - | 48,901 | 48,901 |
| Long-term liabilities: | | | |
| Due within one year | 1,843,298 | 73,217 | 1,916,515 |
| Due in more than one year | 10,821,271 | 74,996 | 10,896,267 |
| Total liabilities | <u>18,979,740</u> | <u>443,622</u> | <u>19,423,362</u> |
| <u>Deferred inflows of resources:</u> | | | |
| Property taxes | 1,172,095 | - | 1,172,095 |
| Payments in lieu of taxes | <u>76,490</u> | <u>-</u> | <u>76,490</u> |
| Total deferred inflows or resources | <u>1,248,585</u> | <u>-</u> | <u>1,248,585</u> |
| <u>Net position:</u> | | | |
| Net investment in capital assets | 42,909,665 | 18,007,758 | 60,917,423 |
| Restricted for: | | | |
| Capital projects | 1,159,601 | - | 1,159,601 |
| Streets and highways | 1,443,268 | - | 1,443,268 |
| Other purposes | 403,476 | - | 403,476 |
| Unrestricted | <u>15,722,617</u> | <u>11,833,535</u> | <u>27,556,152</u> |
| Total net position | <u>\$ 61,638,627</u> | <u>\$ 29,841,293</u> | <u>\$ 91,479,920</u> |

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Activities
For the Year Ended December 31, 2012

| | 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 | \$ 3,817,632 | \$ 296,122 | \$ - | \$ - |
| Judicial system | 1,965,231 | 1,281,013 | - | - |
| Public safety | | | | |
| Police | 4,718,543 | 108,866 | - | - |
| Fire | 2,093,391 | 540,340 | - | - |
| Public works | | | | |
| Engineer | 1,196,523 | 415,809 | - | - |
| Streets | 4,132,079 | 14,830 | 1,096,260 | 2,004,768 |
| Refuse | 965,658 | 969,769 | - | - |
| Recreation | 3,847,357 | 1,446,534 | 10,428 | - |
| Interest and fiscal charges | 601,289 | - | - | - |
| Total governmental activities | <u>23,337,703</u> | <u>5,073,283</u> | <u>1,106,688</u> | <u>2,004,768</u> |
| <u>Business-Type Activities:</u> | | | | |
| Water | 2,059,071 | 2,226,641 | - | 1,018 |
| Sewer | 1,512,536 | 1,584,806 | 130,340 | 1,810 |
| Golf | 1,042,176 | 973,947 | - | - |
| Total business-type activities | <u>4,613,783</u> | <u>4,785,394</u> | <u>130,340</u> | <u>2,828</u> |
| Total primary government | <u>\$ 27,951,486</u> | <u>\$ 9,858,677</u> | <u>\$ 1,237,028</u> | <u>\$ 2,007,596</u> |

General revenues:
Property taxes levied for:
 General purposes
Income tax levied for:
 General purposes
Grants and entitlements not restricted to specific programs
Gain on sale of capital assets
Payment in lieu of taxes
Investment earnings
Other
Transfers
Total general revenues and transfers

Change in net position

Net position, beginning of year, restated
Net position, end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position

| <u>Governmental Activities</u> | <u>Business-Type Activities</u> | <u>Total</u> |
|------------------------------------|-------------------------------------|-----------------|
| \$ (3,521,510) | \$ - | \$ (3,521,510) |
| (684,218) | - | (684,218) |
| (4,609,677) | - | (4,609,677) |
| (1,553,051) | - | (1,553,051) |
| (780,714) | - | (780,714) |
| (1,016,221) | - | (1,016,221) |
| 4,111 | - | 4,111 |
| (2,390,395) | - | (2,390,395) |
| (601,289) | - | (601,289) |
| (15,152,964) | - | (15,152,964) |
| - | 168,588 | 168,588 |
| - | 204,420 | 204,420 |
| - | (68,229) | (68,229) |
| - | 304,779 | 304,779 |
| \$ (15,152,964) | \$ 304,779 | \$ (14,848,185) |
| 1,505,738 | - | 1,505,738 |
| 13,025,898 | - | 13,025,898 |
| 1,556,563 | - | 1,556,563 |
| 124,555 | - | 124,555 |
| 43,957 | - | 43,957 |
| 208,984 | - | 208,984 |
| 82,334 | 283,894 | 366,228 |
| (22,048) | 22,048 | - |
| 16,525,981 | 305,942 | 16,831,923 |
| 1,373,017 | 610,721 | 1,983,738 |
| 60,265,610 | 29,230,572 | 89,496,182 |
| \$ 61,638,627 | \$ 29,841,293 | \$ 91,479,920 |

City of Vandalia, Ohio
Balance Sheet
Governmental Funds
December 31, 2012

| | General | Capital Improvement | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|------------------------|--------------------------------|--------------------------------|
| Assets: | | | | |
| Equity in pooled cash and investments | \$ 14,104,484 | \$ 1,416,813 | \$ 4,088,591 | \$ 19,609,888 |
| Receivables: | | | | |
| Income tax | 2,502,024 | - | - | 2,502,024 |
| Property and other taxes | 1,392,143 | - | - | 1,392,143 |
| Accounts | 374,867 | 31,350 | 50,156 | 456,373 |
| Revenue in lieu of taxes | - | - | 76,490 | 76,490 |
| Special assessments | 15,587 | 28,092 | - | 43,679 |
| Accrued interest | 25,537 | - | - | 25,537 |
| Restricted assets: | | | | |
| Equity in pooled cash and cash equivalents | 40,842 | - | - | 40,842 |
| Due from other governments | 324,247 | 74,705 | 662,813 | 1,061,765 |
| Materials and supplies inventory | 9,180 | - | 70,585 | 79,765 |
| Land held for resale | - | 2,778,706 | - | 2,778,706 |
| Total assets | <u>\$ 18,788,911</u> | <u>\$ 4,329,666</u> | <u>\$ 4,948,635</u> | <u>\$ 28,067,212</u> |
| Liabilities: | | | | |
| Accounts payable | \$ 360,473 | \$ 7,538 | \$ 87,035 | \$ 455,046 |
| Accrued wages | 354,276 | - | 32,114 | 386,390 |
| Matured compensated absences payable | 32,084 | - | 2,839 | 34,923 |
| Due to other governments | 467,314 | - | 29,838 | 497,152 |
| Due to related parties | - | - | 8,670 | 8,670 |
| Unearned revenue | 3,592 | - | - | 3,592 |
| Income tax refunds payable | 1,151,037 | - | - | 1,151,037 |
| Accrued interest payable | - | 10,005 | - | 10,005 |
| Bond anticipation notes payable | - | 3,480,000 | - | 3,480,000 |
| Total liabilities | <u>2,368,776</u> | <u>3,497,543</u> | <u>160,496</u> | <u>6,026,815</u> |
| Deferred inflows of resources: | | | | |
| Property taxes | 1,172,095 | - | - | 1,172,095 |
| Payments in lieu of taxes | - | - | 76,490 | 76,490 |
| Unavailable revenue - delinquent property taxes | 66,061 | - | - | 66,061 |
| Unavailable revenue - other | 2,032,923 | 127,797 | 629,765 | 2,790,485 |
| Total deferred inflows of resources | <u>3,271,079</u> | <u>127,797</u> | <u>706,255</u> | <u>4,105,131</u> |
| Fund balances: | | | | |
| Nonspendable | 50,022 | 2,778,706 | 70,585 | 2,899,313 |
| Restricted | - | - | 1,937,880 | 1,937,880 |
| Committed | 442,531 | - | 2,073,419 | 2,515,950 |
| Assigned | 1,348,736 | - | - | 1,348,736 |
| Unassigned | 11,307,767 | (2,074,380) | - | 9,233,387 |
| Total fund balances | <u>13,149,056</u> | <u>704,326</u> | <u>4,081,884</u> | <u>17,935,266</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 18,788,911</u> | <u>\$ 4,329,666</u> | <u>\$ 4,948,635</u> | <u>\$ 28,067,212</u> |

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
 Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 December 31, 2012

| | | |
|--|--------------------|----------------------|
| Total governmental fund balances | | \$ 17,935,266 |
| <i>Amounts reported for governmental activities in the statement of net position are different because:</i> | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in funds. | | 53,452,981 |
| 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 position. | | (161,119) |
| The internal balance represents the portion of the internal service fund's assets and liabilities that are allocated to the proprietary funds. | | 15,558 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are offset by deferred inflows of resources in the funds: | | |
| Property and other taxes | \$ 83,271 | |
| Income taxes | 1,432,586 | |
| Licenses and permits | 100 | |
| Intergovernmental | 897,867 | |
| Special assessments | 43,679 | |
| Charges for services | 328,534 | |
| Other | <u>70,509</u> | |
| Total | | 2,856,546 |
| Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds. | | (54,336) |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds: | | |
| Refunding general obligation bonds | \$ (7,035,000) | |
| General obligation bonds | (3,600,000) | |
| Unamortized premium on refunding bonds | (137,889) | |
| Premium on bonds | (28,727) | |
| Accounting loss | 258,300 | |
| Capital lease payable | (376,041) | |
| Compensated absences | <u>(1,486,912)</u> | |
| Total | | <u>(12,406,269)</u> |
| Net position of governmental activities | | <u>\$ 61,638,627</u> |

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, 2012

| | General | Capital Improvement | Other Governmental Funds | Total Governmental Funds |
|--|----------------------|------------------------|--------------------------------|--------------------------------|
| Revenues: | | | | |
| Municipal income tax | \$ 12,554,400 | \$ - | \$ - | \$ 12,554,400 |
| Property and other taxes | 1,533,779 | - | 43,956 | 1,577,735 |
| Charges for services | 3,040,636 | - | 444,416 | 3,485,052 |
| Licenses and permits | 136,018 | - | - | 136,018 |
| Fines and forfeitures | 1,230,258 | - | 273,601 | 1,503,859 |
| Intergovernmental | 1,610,101 | 842,342 | 1,092,382 | 3,544,825 |
| Special assessments | - | 10,231 | - | 10,231 |
| Interest | 208,984 | - | - | 208,984 |
| Other | 62,153 | 30,387 | 11,168 | 103,708 |
| Total revenue | <u>20,376,329</u> | <u>882,960</u> | <u>1,865,523</u> | <u>23,124,812</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | | | | |
| Legislative and executive | 3,462,280 | 7,533 | 159,844 | 3,629,657 |
| Judicial system | 1,801,368 | - | 65,162 | 1,866,530 |
| Public safety | | | | |
| Police | 4,200,091 | - | 221,706 | 4,421,797 |
| Fire | 1,687,193 | - | 78,686 | 1,765,879 |
| Public works | | | | |
| Engineer | 887,402 | - | 201,713 | 1,089,115 |
| Streets | 630,101 | 867,262 | 1,332,105 | 2,829,468 |
| Refuse | 965,658 | - | - | 965,658 |
| Recreation | 3,175,319 | - | 173,762 | 3,349,081 |
| Capital outlay | 8,000 | 291,399 | 891,039 | 1,190,438 |
| Debt service: | | | | |
| Principal retirement | - | - | 997,791 | 997,791 |
| Interest and fiscal charges | - | 47,714 | 533,223 | 580,937 |
| Total expenditures | <u>16,817,412</u> | <u>1,213,908</u> | <u>4,655,031</u> | <u>22,686,351</u> |
| Excess of revenues over (under) expenditures | <u>3,558,917</u> | <u>(330,948)</u> | <u>(2,789,508)</u> | <u>438,461</u> |
| Other financing sources (uses): | | | | |
| Sale of capital assets | - | 140,427 | - | 140,427 |
| Transfers - in | - | 1,436,868 | 2,418,780 | 3,855,648 |
| Transfers - out | <u>(3,855,648)</u> | <u>-</u> | <u>-</u> | <u>(3,855,648)</u> |
| Total other financing sources (uses) | <u>(3,855,648)</u> | <u>1,577,295</u> | <u>2,418,780</u> | <u>140,427</u> |
| Net change in fund balance | (296,731) | 1,246,347 | (370,728) | 578,888 |
| Fund balances at beginning of year | <u>13,445,787</u> | <u>(542,021)</u> | <u>4,452,612</u> | <u>17,356,378</u> |
| Fund balances at end of year | <u>\$ 13,149,056</u> | <u>\$ 704,326</u> | <u>\$ 4,081,884</u> | <u>\$ 17,935,266</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, 2012

| | | |
|---|--------------------|-------------------------|
| Net change in fund balances - Total governmental funds | \$ | 578,888 |
| <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 | \$ 1,190,438 | |
| Capital contributions | 1,087,721 | |
| Capital assets transferred out | (22,048) | |
| Depreciation expense | <u>(2,504,112)</u> | |
| Excess of depreciation expense and transfers over capital asset additions and contributions | | (248,001) |
| 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. | | |
| | | (78,332) |
| 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 | \$ (28,041) | |
| Income taxes | 471,498 | |
| Fines and forfeitures | (861) | |
| Intergovernmental | 25,044 | |
| Special assessments | (3,932) | |
| Charges for services | (114,681) | |
| Other | <u>46,653</u> | |
| Net change in deferred inflows of resources during the year | | 395,680 |
| 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: | | |
| Decrease in compensated absences | \$ 34,412 | |
| Decrease in accrued interest | <u>2,547</u> | |
| Total additional expenditures | | 36,959 |
| 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. | | |
| | | (287,069) |
| Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. | | |
| | | 900,000 |
| 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. | | |
| | | 97,791 |
| The amortization of issuance costs and bond premium is reflected as an expense in the statement of activities. | | |
| Accounting loss | \$ (59,569) | |
| Premium | <u>36,670</u> | |
| Total additional expenses | | <u>(22,899)</u> |
| Change in net position of governmental activities | \$ | <u><u>1,373,017</u></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, 2012

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--------------------------------------|------------------|---------------|---------------|---|
| | Original | Final | Actual | |
| <u>Revenues:</u> | | | | |
| Municipal income tax | \$ 11,750,000 | \$ 11,750,000 | \$ 12,650,184 | \$ 900,184 |
| Property and other taxes | 1,430,111 | 1,430,111 | 1,530,834 | 100,723 |
| Charges for services | 3,358,355 | 3,358,355 | 3,028,185 | (330,170) |
| Licenses and permits | 157,100 | 192,100 | 136,018 | (56,082) |
| Fines and forfeitures | 1,188,700 | 1,188,700 | 1,261,009 | 72,309 |
| Intergovernmental | 1,336,345 | 1,336,345 | 1,607,957 | 271,612 |
| Interest | 375,000 | 375,000 | 231,690 | (143,310) |
| Other | 42,500 | 42,500 | 54,464 | 11,964 |
| Total revenues | 19,638,111 | 19,673,111 | 20,500,341 | 827,230 |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| General government | | | | |
| Legislative and executive | 5,348,728 | 5,400,607 | 5,089,157 | 311,450 |
| Judicial system | 1,929,829 | 1,946,094 | 1,801,872 | 144,222 |
| Public safety | | | | |
| Police | 4,339,418 | 4,397,706 | 4,222,260 | 175,446 |
| Fire | 1,779,851 | 1,800,508 | 1,699,598 | 100,910 |
| Public works | | | | |
| Engineer | 872,713 | 918,827 | 912,603 | 6,224 |
| Streets | 655,944 | 662,739 | 633,833 | 28,906 |
| Refuse | 1,109,835 | 1,109,835 | 1,036,748 | 73,087 |
| Recreation | 3,290,969 | 3,329,159 | 3,197,329 | 131,830 |
| Total expenditures | 19,327,287 | 19,565,475 | 18,593,400 | 972,075 |
| Excess of revenues over expenditures | 310,824 | 107,636 | 1,906,941 | 1,799,305 |
| Other financing sources (uses): | | | | |
| Sale of capital assets | 1,000 | 1,000 | 102 | (898) |
| Transfers - out | (3,690,564) | (3,955,648) | (3,955,648) | - |
| Total other financing sources (uses) | (3,689,564) | (3,954,648) | (3,955,546) | (898) |
| Net change in fund balance | (3,378,740) | (3,847,012) | (2,048,605) | 1,798,407 |
| Fund balance at beginning of year | 11,370,876 | 11,370,876 | 11,370,876 | - |
| Prior year encumbrances appropriated | 2,794,452 | 2,794,452 | 2,794,452 | - |
| Fund balance at end of year | \$ 10,786,588 | \$ 10,318,316 | \$ 12,116,723 | \$ 1,798,407 |

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2012

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities Internal Service |
|--|---|----------------------|---------------------|----------------------|--|
| | Water | Sewer | Golf | Total | |
| <u>Assets:</u> | | | | | |
| Current assets: | | | | | |
| Equity in pooled cash and investments | \$ 1,902,132 | \$ 752,411 | \$ 499,818 | \$ 3,154,361 | \$ 45,832 |
| Receivables: | | | | | |
| Accounts | 173,900 | 288,517 | 259 | 462,676 | 2,395 |
| Materials and supplies inventory | 14,895 | - | 13,038 | 27,933 | - |
| Prepaid items | - | - | - | - | 24,674 |
| Restricted assets: | | | | | |
| Equity in pooled cash and cash equivalents | 32,764 | 16,137 | - | 48,901 | - |
| Due from other governments | - | 130,340 | - | 130,340 | - |
| Total current assets | 2,123,691 | 1,187,405 | 513,115 | 3,824,211 | 72,901 |
| Non-current assets: | | | | | |
| Investment in joint venture | 123,165 | 8,345,339 | - | 8,468,504 | - |
| Capital assets: | | | | | |
| Land and construction in progress | 58,424 | 89,532 | 108,945 | 256,901 | - |
| Depreciable capital assets, net | 7,519,896 | 9,178,380 | 1,052,581 | 17,750,857 | - |
| Total non-current assets | 7,701,485 | 17,613,251 | 1,161,526 | 26,476,262 | - |
| Total assets | \$ 9,825,176 | \$ 18,800,656 | \$ 1,674,641 | \$ 30,300,473 | \$ 72,901 |
| <u>Liabilities:</u> | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | \$ 6,244 | \$ 5,327 | \$ 7,143 | \$ 18,714 | \$ 282 |
| Accrued wages and benefits | 7,957 | 7,763 | 8,232 | 23,952 | - |
| Compensated absences payable | 32,479 | 32,478 | 14,078 | 79,035 | - |
| Due to other governments | 7,159 | 7,132 | 9,031 | 23,322 | - |
| Due to related parties | 92,799 | 80,228 | - | 173,027 | - |
| Unearned revenue | - | - | 1,675 | 1,675 | - |
| Claims payable | - | - | - | - | 233,738 |
| Refundable deposits | 32,764 | 16,137 | - | 48,901 | - |
| Total current liabilities | 179,402 | 149,065 | 40,159 | 368,626 | 234,020 |
| Long-term liabilities: | | | | | |
| Compensated absences payable | 28,748 | 28,748 | 17,500 | 74,996 | - |
| Total liabilities | 208,150 | 177,813 | 57,659 | 443,622 | 234,020 |
| <u>Net position:</u> | | | | | |
| Invested in capital assets | 7,578,320 | 9,267,912 | 1,161,526 | 18,007,758 | - |
| Unrestricted | 2,038,706 | 9,354,931 | 455,456 | 11,849,093 | (161,119) |
| Total net position | \$ 9,617,026 | \$ 18,622,843 | \$ 1,616,982 | 29,856,851 | \$ (161,119) |

Net position reported for business-type activities in the statement of net position is different because they include a proportionate share of the balance of the internal service fund.

(15,558)

Net position of business-type activities

\$ 29,841,293

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2012

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities |
|------------------------------------|---|----------------------|---------------------|------------------|----------------------------|
| | Water | Sewer | Golf | Total | Internal Service |
| <u>Operating revenues:</u> | | | | | |
| Charges for services | \$ 2,221,166 | \$ 1,580,881 | \$ 973,947 | \$ 4,775,994 | \$ 1,635,969 |
| Tap-in fees | 5,475 | 3,925 | - | 9,400 | - |
| Other | 49,719 | 160,196 | 356 | 210,271 | 135,580 |
| Total operating revenue | <u>2,276,360</u> | <u>1,745,002</u> | <u>974,303</u> | <u>4,995,665</u> | <u>1,771,549</u> |
| <u>Operating expenses:</u> | | | | | |
| Personal services | 328,632 | 327,112 | 436,899 | 1,092,643 | - |
| Contractual services | 1,398,717 | 924,042 | 317,917 | 2,640,676 | 306,483 |
| Supplies and materials | 81,639 | 30,696 | 165,112 | 277,447 | - |
| Claims | - | - | - | - | 1,785,849 |
| Depreciation | 238,693 | 243,040 | 75,662 | 557,395 | - |
| Utility deposits returned | - | 3,506 | - | 3,506 | - |
| Other | 1,959 | - | 31,734 | 33,693 | - |
| Total operating expenses | <u>2,049,640</u> | <u>1,528,396</u> | <u>1,027,324</u> | <u>4,605,360</u> | <u>2,092,332</u> |
| Operating income (loss) | <u>226,720</u> | <u>216,606</u> | <u>(53,021)</u> | <u>390,305</u> | <u>(320,783)</u> |
| <u>Non-operating revenue:</u> | | | | | |
| Intergovernmental | - | 130,340 | - | 130,340 | - |
| Investment in joint venture | 73,623 | 25,291 | - | 98,914 | - |
| Total non-operating revenue | <u>73,623</u> | <u>155,631</u> | <u>-</u> | <u>229,254</u> | <u>-</u> |
| Income (loss) before contributions | <u>300,343</u> | <u>372,237</u> | <u>(53,021)</u> | <u>619,559</u> | <u>(320,783)</u> |
| Capital contributions | <u>1,018</u> | <u>23,858</u> | <u>-</u> | <u>24,876</u> | <u>-</u> |
| Change in net position | <u>301,361</u> | <u>396,095</u> | <u>(53,021)</u> | <u>644,435</u> | <u>(320,783)</u> |
| Net position at beginning of year | <u>9,315,665</u> | <u>18,226,748</u> | <u>1,670,003</u> | | <u>159,664</u> |
| Net position at end of year | <u>\$ 9,617,026</u> | <u>\$ 18,622,843</u> | <u>\$ 1,616,982</u> | | <u>\$ (161,119)</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. (33,714)

Change in net position of business-type activities \$ 610,721

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012

| | Business-Type Activities - Enterprise Funds | | | | Governmental Activities |
|---|---|-------------------|-------------------|---------------------|----------------------------|
| | Water | Sewer | Golf | Total | Internal Service |
| Cash flows from operating activities: | | | | | |
| Cash received from customers | \$ 2,267,099 | \$ 1,563,083 | \$ 974,907 | \$ 4,805,089 | \$ - |
| Cash received from interfund services provided | - | - | - | - | 1,781,526 |
| Cash payments for employee services and benefits | (327,151) | (324,628) | (441,304) | (1,093,083) | - |
| Cash payments to suppliers for goods and services | (1,503,087) | (946,776) | (506,954) | (2,956,817) | - |
| Cash payments for claims | - | - | - | - | (2,108,498) |
| Utility deposits received | 6,449 | 3,176 | - | 9,625 | - |
| Utility deposits returned | (4,409) | (5,678) | - | (10,087) | - |
| Net cash provided by (used) for operating activities | <u>438,901</u> | <u>289,177</u> | <u>26,649</u> | <u>754,727</u> | <u>(326,972)</u> |
| Cash flows from capital and related financing activities: | | | | | |
| Tap in fees | 1,018 | 1,810 | - | 2,828 | - |
| Acquisition of capital assets | (121,052) | (89,532) | - | (210,584) | - |
| Net cash used for capital and related financing activities | <u>(120,034)</u> | <u>(87,722)</u> | <u>-</u> | <u>(207,756)</u> | <u>-</u> |
| Cash flows from investing activities: | | | | | |
| Investment in joint venture | 21,296 | - | - | 21,296 | - |
| Net cash provided by investing activities | <u>21,296</u> | <u>-</u> | <u>-</u> | <u>21,296</u> | <u>-</u> |
| Net increase (decrease) in cash and cash equivalents | 340,163 | 201,455 | 26,649 | 568,267 | (326,972) |
| Cash and cash equivalents at beginning of year | <u>1,594,733</u> | <u>567,093</u> | <u>473,169</u> | <u>2,634,995</u> | <u>372,804</u> |
| Cash and cash equivalents at end of year | <u>\$ 1,934,896</u> | <u>\$ 768,548</u> | <u>\$ 499,818</u> | <u>\$ 3,203,262</u> | <u>\$ 45,832</u> |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities: | | | | | |
| Operating income (loss) | \$ 226,720 | \$ 216,606 | \$ (53,021) | \$ 390,305 | \$ (320,783) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | | |
| Depreciation | 238,693 | 243,040 | 75,662 | 557,395 | - |
| Change in assets and liabilities: | | | | | |
| (Increase) decrease in assets: | | | | | |
| Accounts receivable | (9,261) | (181,919) | 307 | (190,873) | 9,977 |
| Materials and supplies inventory | 12,412 | - | 6,040 | 18,452 | - |
| Prepaid items | - | - | - | - | 1,978 |

(Continued)

City of Vandalia, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012

| | Business-Type Activities - Enterprise Funds | | | | Governmental |
|---|---|------------|-----------|------------|--------------------------------|
| | Water | Sewer | Golf | Total | Activities Internal Service |
| Increase (decrease) in liabilities: | | | | | |
| Accounts payable | (34,686) | (2,881) | 2,231 | (35,336) | 282 |
| Refundable deposits | 2,040 | 1,004 | - | 3,044 | - |
| Claims payable | - | - | - | - | (18,426) |
| Unearned revenue | - | - | 297 | 297 | - |
| Accrued wages and benefits | 850 | 614 | 805 | 2,269 | - |
| Compensated absences | 261 | 260 | (4,123) | (3,602) | - |
| Due to related parties | 1,502 | 10,843 | - | 12,345 | - |
| Due to other governments | 370 | 1,610 | (1,549) | 431 | - |
| Net cash provided by (used for) operating activities | \$ 438,901 | \$ 289,177 | \$ 26,649 | \$ 754,727 | \$ (326,972) |
| Non-cash capital and related financing activities: | | | | | |
| Capital contributions received from governmental funds | \$ - | \$ 22,048 | - | \$ 22,048 | \$ - |
| Total non-cash capital and related financing activities | \$ - | \$ 22,048 | \$ - | \$ 22,048 | \$ - |

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Fiduciary Assets and Liabilities
December 31, 2012

| | <u>Agency</u> |
|--|----------------------------|
| <u>Assets:</u> | |
| Equity in pooled cash and cash equivalents | \$ 4,716,267 |
| Cash and cash equivalents in segregated accounts | 111,903 |
| Investments | <u>2,401,100</u> |
| Total assets | <u><u>\$ 7,229,270</u></u> |
| | |
| <u>Liabilities:</u> | |
| Due to other governments | \$ 231,664 |
| Due to employees | 9,424 |
| Undistributed monies | 85,597 |
| Due to others | <u>6,902,585</u> |
| Total liabilities | <u><u>\$ 7,229,270</u></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 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 15.

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, 2012

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 16.

B. Basis of Presentation

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

Government-wide Financial Statements

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

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, 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.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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 position, 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.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. 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.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

D. Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets 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 position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

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 inflows of resources and in the presentation of expenses versus expenditures.

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.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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 6). 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 Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenues. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2012, but which were levied to finance year 2013 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported on the government wide statement of net position and the governmental funds balance sheet, and represents receivables/revenues which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, franchise taxes, intergovernmental grants, special assessments, and charges for services. These amounts are deferred and recognized as inflows of resources in the period the amounts become available.

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.

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.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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 position 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, 2012.

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 2012 amounted to \$208,984 which includes \$88,306 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, 2012

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 position, 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, 2012 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 position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and 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.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances). Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by City Council.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

O. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment of capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net position restricted for other purposes include street construction, maintenance and repair, operations of the baseball and soccer recreations and educational programs as restricted by the City. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available. Of the \$3,006,345 in restricted net position, none were restricted by enabling legislation.

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, and the accounting loss are deferred and amortized over the term of the bonds using the bonds outstanding method since the results are not significantly different from the effective interest method. Debt issuance costs are expensed when incurred.

Bond premiums and the accounting loss are presented as a reduction/addition of the face amount of the bonds payable.

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.

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.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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 - 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.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

8. The revenues, expenditures and other financing sources and uses of the general fund include activity that is budgeted within special revenue funds (GAAP basis). However, on the budgetary basis, the activity of the special revenue funds is excluded resulting in perspective differences.

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 | \$ (296,731) |
| Revenue accruals | 121,458 |
| Expenditure accruals | (365,962) |
| Change in fair value of investments - 2011 | (61,522) |
| Change in fair value of investments - 2012 | 64,178 |
| Perspective differences from funds budgeted as special revenue funds: | |
| Other financing sources | (100,000) |
| Expenditures | 17,684 |
| Encumbrances (Budget Basis) outstanding at year end | <u>(1,427,710)</u> |
| Budget Basis | <u>\$ (2,048,605)</u> |

NOTE 3 – IMPLEMENTATION OF NEW ACCOUNTING STANDARD

For 2012, the City has implemented Governmental Accounting Standards Board Statement (GASBS) No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position”.

GASBS No. 63 established standards for the reporting of net position which was previously referred to as net assets. The City’s implementation of GASBS No. 63 had no effect on the amount of beginning net position.

For 2012, the City has implemented Governmental Accounting Standards Board Statement (GASBS) No. 65, “Items Previously Reported as Assets and Liabilities”.

GASBS No. 65 established standards that reclassify, as deferred outflows of resources and deferred inflows of resources, certain items that were previously reported as assets and liabilities. In prior periods the City had reported assets related to the unamortized debt issuance costs in the governmental activity entity wide financial statements. GASBS No. 65 has reclassified debt issuance costs as an expense in the period incurred rather than amortizing the costs over the life of the debt. The City’s implementation of GASBS No. 65 had the following effect on the amount of beginning net position.

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Net position, December 31, 2011 | \$ 60,396,277 |
| Prior period adjustments: | |
| Unamortized debt issuance costs | <u>(130,667)</u> |
| Restated net position, January 1, 2012 | <u>\$ 60,265,610</u> |

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

NOTE 4 – FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

| Fund Balances | <u>General</u> | <u>Capital Improvements</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|----------------------------------|----------------------|---------------------------------|---|---|
| <u>Nonspendable</u> | | | | |
| Materials and supplies inventory | \$ 9,180 | \$ - | \$ 70,585 | \$ 79,765 |
| Land held for resale | - | 2,778,706 | - | 2,778,706 |
| Unclaimed monies | 40,842 | - | - | 40,842 |
| Total nonspendable | <u>50,022</u> | <u>2,778,706</u> | <u>70,585</u> | <u>2,899,313</u> |
| <u>Restricted for</u> | | | | |
| Streets and highways | - | - | 850,744 | 850,744 |
| Court activities | - | - | 144,190 | 144,190 |
| Police services | - | - | 268,117 | 268,117 |
| Capital improvements | - | - | 667,756 | 667,756 |
| Debt service payments | - | - | 7,073 | 7,073 |
| Total restricted | <u>-</u> | <u>-</u> | <u>1,937,880</u> | <u>1,937,880</u> |
| <u>Committed</u> | | | | |
| Employee retirements | 442,531 | - | - | 442,531 |
| Capital improvements | - | - | 1,833,041 | 1,833,041 |
| Recreation | - | - | 65,318 | 65,318 |
| Stormwater system | - | - | 175,060 | 175,060 |
| Total committed | <u>442,531</u> | <u>-</u> | <u>2,073,419</u> | <u>2,515,950</u> |
| <u>Assigned</u> | | | | |
| General government | 503,998 | - | - | 503,998 |
| Public safety | 47,614 | - | - | 47,614 |
| Public works | 31,164 | - | - | 31,164 |
| Recreation | 31,056 | - | - | 31,056 |
| Next year's budget | 734,904 | - | - | 734,904 |
| Total assigned | <u>1,348,736</u> | <u>-</u> | <u>-</u> | <u>1,348,736</u> |
| Unassigned (deficit) | <u>11,307,767</u> | <u>(2,074,380)</u> | <u>-</u> | <u>9,233,387</u> |
| Total fund balances | <u>\$ 13,149,056</u> | <u>\$ 704,326</u> | <u>\$ 4,081,884</u> | <u>\$ 17,935,266</u> |

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

NOTE 5 - 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.
7. Prime Commercial Paper issued with a credit rating of P-1 by Standard & Poors Corporation or A-1 by Moody's rating service.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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. The City's policy states that in order to anticipate market changes and provide a level of security for all funds, the collateralization level shall be at least 102% of market value of principal and accrued interest.

Cash on hand At year-end, the City had \$9,400 in un-deposited cash on hand which is included as part of "equity in pooled cash and investments."

Deposits: At year-end, the carrying amount of the City's deposits was \$15,755,298 and the bank balance was \$16,137,092. Of the bank balance, \$13,371,679 was covered by federal deposit insurance. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", \$2,765,413 of the City's bank balance was exposed to custodial risk as described above.

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 Home Loan Bank Bonds | \$ 2,999,200 | \$ - | \$ 2,999,200 |
| Federal National Mortgage Association Bonds | 1,552,165 | - | 1,552,165 |
| GE Interest Plus | 4,963,241 | 4,963,241 | - |
| STAR Ohio | 27,862 | 27,862 | - |
| Ohio Municipal Bonds | 1,016,308 | 1,016,308 | - |
| Investments recorded in agency fund: | | | |
| Federal Home Loan Bank Bonds | 499,858 | - | 499,858 |
| Federal National Mortgage Association Bonds | 261,575 | - | 261,575 |
| GE Interest Plus | 12,490 | 12,490 | - |
| Total investments recorded in agency fund | <u>773,923</u> | <u>12,490</u> | <u>761,433</u> |
| Total investments | <u>\$ 11,332,699</u> | <u>\$ 6,019,901</u> | <u>\$ 5,312,798</u> |

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

| Investment Type | Fair | Maturity | |
|---|---------------------|---------------------|-------------------|
| | Value | < 1 year | < 2 years |
| Investments included within pooled funds: | | | |
| Negotiable certificates of deposit | \$ 1,404,520 | \$ 1,000,000 | \$ 404,520 |
| Investments reported in agency fund: | | | |
| Negotiable certificates of deposit | <u>1,627,177</u> | <u>1,328,549</u> | <u>298,628</u> |
| Total negotiable certificates of deposit | <u>\$ 3,031,697</u> | <u>\$ 2,328,549</u> | <u>\$ 703,148</u> |

Of the City's negotiable CDs \$2,281,697 is covered by FDIC insurance.

Custodial Credit Risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. All financial institutions and broker/dealers who desire to become qualified for investment transactions with the City must meet a set of prescribed standards and be periodically reviewed. The investments in the Federal Home Loan Bank (FHLB), and Federal National Mortgage Association (FNMA) are held by the counterparty's trust department or agent and not in the City's name. All of the City's negotiable certificates of deposit are registered securities.

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 of which some are callable in fiscal year 2012. 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. The City's investment in Ohio municipal bonds of \$1,016,308; \$844,649 have an AA3 credit rating, the remaining \$171,659 were not rated.

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 | 20.88% |
| Federal National Mortgage Association Bonds | 10.81% |
| Negotiable certificates of deposit | 9.78% |
| GE Interest Plus | 34.55% |

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

NOTE 6 – RECEIVABLES

Receivables at December 31, 2012, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements, shared revenues, special assessments, accrued interest on investments and accounts (billings for ambulance service and utility service). 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 \$4,682 and \$23,410, respectively, in the capital improvement fund and \$15,587 due in one year for the general fund. As of December 31, 2012, 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 2012 for real and public utility property taxes represents collections of the 2011 taxes. Property tax payments received during 2012 for tangible personal property (other than public utility property) is for 2012 taxes.

2012 real property taxes are levied after October 1, 2012, on the assessed value as of January 1, 2012, the lien date. Assessed values are established by State law at 35% of appraised market value. 2012 real property taxes are collected in and intended to finance 2013.

Public utility property currently is assessed at varying percentages of true value; public utility real property is assessed at 35% of true value. 2012 public utility property taxes became a lien December 31, 2011, are levied after October 1, 2012, and are collected in 2013 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2012, was \$4.14 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2011 property tax receipts were based are as follows:

| <u>Property Category</u> | <u>Assessed Value</u> |
|------------------------------|-----------------------|
| <u>Real Property</u> | |
| Residential and agricultural | \$ 226,856,610 |
| Commercial and industrial | 107,328,580 |
| Public utilities | 45,420 |
| <u>Personal Property</u> | |
| Public utilities | <u>5,995,890</u> |
| Total | <u>\$ 340,226,500</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.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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, 2012, and for which there is an enforceable legal claim. In the general fund, the entire receivable has been offset by deferred inflow of resources since the current taxes were not levied to finance 2012 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.

All income tax proceeds are being allocated to the general fund.

Due from Other Governments

A summary of due from other governments follows:

| | <u>Amounts</u> |
|---------------------------------------|---------------------|
| <u>Governmental Activities</u> | |
| Local Government and Local Government | |
| Revenue Assistance | \$ 122,567 |
| Homestead and Rollback | 80,231 |
| Gasoline and Excise Tax | 210,677 |
| Motor Vehicle License Fees | 421,888 |
| Permissive Motor Vehicle License Tax | 28,496 |
| Grants | 74,705 |
| Other | <u>123,201</u> |
| Total | <u>\$ 1,061,765</u> |

NOTE 7 - 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. This pool covers all property, crime, liability, boiler and machinery, and public official liability at limits as follows:

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

Property - \$1,000,000,000 per occurrence
 Crime - \$2,000,000 per occurrence
 Liability - \$10,000,000 per occurrence
 Boiler & Machinery - \$100,000,000 per occurrence
 Public Official Liability - \$10,000,000 per occurrence

The deductible per occurrence for all types is \$2,500. Pool coverage is \$2,501 - \$350,000 for boiler and machinery, \$2,501 - \$50,000 for crime, \$2,501 - \$250,000 for property, and \$2,501 - \$500,000 for liability. Excess insurance coverage, provided by commercial companies, is the amount in excess of pool coverage to the limits stated above.

The City pays an annual premium to MVRMA that is intended to cover administrative expenses and any claims covered by the pool. MVRMA has the ability to require member cities to make supplemental payments in the event reserves are not adequate to cover claims. An actuarial opinion issued as of December 31, 2012, indicates reserves in excess of anticipated claims.

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 (PPO). The City contracted with Medical Mutual of Ohio as its PPO for the first nine months of 2012 and with Cigna from October to December of 2012. 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 \$40,000 per employee, per year. During 2012, a total of \$2,092,332 was paid in benefits and administrative costs. The liability for unpaid claims cost of \$233,738, reported in the hospital care internal service fund at December 31, 2012, is based on the requirements of Governmental Accounting Standards Board Statement No. 30 and will be processed and paid in 2013. 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 2013, which were incurred in 2012 or before.

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</u> <u>beginning of year</u> | <u>Current</u> <u>year claims</u> | <u>Claim</u> <u>payments</u> | <u>Balance at</u> <u>end of year</u> |
|---------|---|--------------------------------------|---------------------------------|---|
| 2011 \$ | 158,500 | 1,391,605 | 1,297,941 | 252,164 |
| 2012 \$ | 252,164 | 1,785,849 | 1,804,275 | 233,738 |

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2012, was as follows:

| | <u>Balance</u> <u>12/31/2011</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance</u> <u>12/31/2012</u> |
|--|-------------------------------------|--------------------|---------------------|-------------------------------------|
| Governmental activities | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 5,400,363 | \$ - | \$ - | \$ 5,400,363 |
| Easements | 60,496 | 55,452 | - | 115,948 |
| Construction in progress | <u>710,289</u> | <u>275,801</u> | <u>(631,954)</u> | <u>354,136</u> |
| Total capital assets, not being depreciated | <u>6,171,148</u> | <u>331,253</u> | <u>(631,954)</u> | <u>5,870,447</u> |
| | | | | |
| Capital assets, being depreciated | | | | |
| Buildings and improvements | 30,950,730 | 101,790 | - | 31,052,520 |
| Equipment | 5,486,988 | 80,467 | (5,542) | 5,561,913 |
| Vehicles | 4,355,687 | 132,915 | (130,675) | 4,357,927 |
| Infrastructure | | | | |
| Storm sewers, bridges and culverts | 10,826,671 | 601,439 | (22,048) | 11,406,062 |
| Streets, sidewalks and curbs | 28,924,892 | 1,564,286 | - | 30,489,178 |
| Traffic signals | 2,300,809 | - | (30,000) | 2,270,809 |
| Street lighting | <u>955,945</u> | <u>97,963</u> | <u>(52,000)</u> | <u>1,001,908</u> |
| Total capital assets, being depreciated | <u>83,801,722</u> | <u>2,578,860</u> | <u>(240,265)</u> | <u>86,140,317</u> |
| | | | | |
| Less: accumulated depreciation | | | | |
| Buildings and improvements | (9,062,029) | (691,785) | - | (9,753,814) |
| Equipment | (3,305,072) | (259,491) | 3,971 | (3,560,592) |
| Vehicles | (3,304,134) | (378,489) | 77,215 | (3,605,408) |
| Infrastructure | | | | |
| Storm sewers, bridges and culverts | (4,668,890) | (217,182) | - | (4,886,072) |
| Streets, sidewalks and curbs | (15,291,348) | (760,643) | - | (16,051,991) |
| Traffic signals | (448,890) | (143,939) | 30,000 | (562,829) |
| Street lighting | <u>(113,193)</u> | <u>(52,583)</u> | <u>28,699</u> | <u>(137,077)</u> |
| Total accumulated depreciation | <u>(36,193,556)</u> | <u>(2,504,112)</u> | <u>139,885</u> | <u>(38,557,783)</u> |
| | | | | |
| Total capital assets, being depreciated, net | <u>47,608,166</u> | <u>74,748</u> | <u>(100,380)</u> | <u>47,582,534</u> |
| | | | | |
| Governmental activities capital assets, net | <u>\$ 53,779,314</u> | <u>\$ 406,001</u> | <u>\$ (732,334)</u> | <u>\$ 53,452,981</u> |

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

Depreciation expense was charged to governmental functions as follows:

| | |
|----------------------------|---------------------|
| General government | |
| Legislative and executive | \$ 174,051 |
| Judicial system | 81,136 |
| Public safety | |
| Police | 164,448 |
| Fire | 300,266 |
| Public works | |
| Engineer | 79,934 |
| Streets | 1,252,785 |
| Recreation | <u>451,492</u> |
| Total depreciation expense | <u>\$ 2,504,112</u> |

| | <u>Balance</u> <u>12/31/2011</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance</u> <u>12/31/2012</u> |
|--|-------------------------------------|---------------------|------------------|-------------------------------------|
| Business-type activities | | | | |
| Capital assets, not being depreciated | | | | |
| Land | \$ 167,369 | \$ - | \$ - | \$ 167,369 |
| Construction in progress | <u>-</u> | <u>89,532</u> | <u>-</u> | <u>89,532</u> |
| Total assets not being depreciated | <u>167,369</u> | <u>89,532</u> | <u>-</u> | <u>256,901</u> |
| Capital assets, being depreciated | | | | |
| Buildings and improvements | 2,853,011 | - | - | 2,853,011 |
| Equipment | 994,317 | - | - | 994,317 |
| Vehicles | 602,765 | - | - | 602,765 |
| Infrastructure | | | | |
| Water lines | 10,844,276 | 121,052 | - | 10,965,328 |
| Sewer lines | 15,717,961 | 22,048 | - | 15,740,009 |
| Golf cart paths and sprinkler systems | <u>364,253</u> | <u>-</u> | <u>-</u> | <u>364,253</u> |
| Total capital assets, being depreciated | <u>31,376,583</u> | <u>143,100</u> | <u>-</u> | <u>31,519,683</u> |
| Less: accumulated depreciation | | | | |
| Buildings and improvements | (1,473,104) | (55,447) | - | (1,528,551) |
| Equipment | (487,965) | (56,685) | - | (544,650) |
| Vehicles | (492,471) | (31,720) | - | (524,191) |
| Infrastructure | | | | |
| Water lines | (4,254,704) | (167,759) | - | (4,422,463) |
| Sewer lines | (6,349,848) | (239,611) | - | (6,589,459) |
| Golf cart paths and sprinkler systems | <u>(153,339)</u> | <u>(6,173)</u> | <u>-</u> | <u>(159,512)</u> |
| Total accumulated depreciation | <u>(13,211,431)</u> | <u>(557,395)</u> | <u>-</u> | <u>(13,768,826)</u> |
| Total capital assets, being depreciated, net | <u>18,165,152</u> | <u>(414,295)</u> | <u>-</u> | <u>17,750,857</u> |
| Business-type activities capital assets, net | <u>\$ 18,332,521</u> | <u>\$ (324,763)</u> | <u>\$ -</u> | <u>\$ 18,007,758</u> |

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

Depreciation expense was charged to business-type activities as follows:

| | |
|----------------------------|-------------------|
| Water | \$ 238,693 |
| Sewer | 243,040 |
| Golf | <u>75,662</u> |
| Total depreciation expense | <u>\$ 557,395</u> |

NOTE 9 - 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.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

NOTE 10 - LONG-TERM DEBT

A schedule of changes in bonds and other long-term obligations of the City during 2012 follows:

| | <u>Outstanding</u> <u>12/31/2011</u> | <u>Increases</u> | <u>Decreases</u> | <u>Outstanding</u> <u>12/31/2012</u> | <u>Due in</u> <u>One Year</u> |
|--|---|-------------------|-----------------------|---|----------------------------------|
| Governmental activities | | | | | |
| <u>Unvoted general obligation bonds</u> | | | | | |
| 2004 Various purpose refunding bonds, 2.0% - 5.25% | \$ 7,660,000 | \$ - | \$ (625,000) | \$ 7,035,000 | \$ 645,000 |
| Premium on refunding bonds | 169,689 | - | (31,800) | 137,889 | - |
| 2009 Various purpose limited tax bonds, 2.0% - 4.1% | 3,875,000 | - | (275,000) | 3,600,000 | 275,000 |
| Premium on bonds | 33,597 | - | (4,870) | 28,727 | - |
| Total unvoted general obligation bonds | <u>11,738,286</u> | <u>-</u> | <u>(936,670)</u> | <u>10,801,616</u> | <u>920,000</u> |
| Other long-term obligations: | | | | | |
| Capital lease | 473,832 | - | (97,791) | 376,041 | 101,931 |
| Compensated absences | <u>1,521,324</u> | <u>784,977</u> | <u>(819,389)</u> | <u>1,486,912</u> | <u>821,367</u> |
| Total governmental activities long-term liabilities | <u>\$ 13,733,442</u> | <u>\$ 784,977</u> | <u>\$ (1,853,850)</u> | <u>\$ 12,664,569</u> | <u>\$ 1,843,298</u> |
| Business-type activities | | | | | |
| Compensated absences | <u>\$ 151,973</u> | <u>\$ 76,583</u> | <u>\$ (80,343)</u> | <u>\$ 148,213</u> | <u>\$ 73,217</u> |

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. The 1996 General Obligation Various Improvement Bonds were called and in December 2006 were subsequently redeemed.

During 2009, the City issued \$4,755,000 General Obligation Various Purpose Limited Tax Bonds. The Bonds were issued for the purpose of paying the costs of constructing, furnishing and equipping a fire station and related facilities, landscaping and otherwise improving the site thereof.

Compensated absences will be paid from the general fund, street, stormwater, magistrate and computer legal research special revenue funds, police, fire and street capital project fund and the water, sewer and golf enterprise funds.

As of December 31, 2012, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$25,095,856 and the unvoted legal debt margin was \$8,084,531.

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, 2012, are as follows:

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

| Year ending December 31, | General obligation bonds | | |
|-----------------------------|-----------------------------|---------------------|----------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2013 | \$ 920,000 | \$ 486,946 | \$ 1,406,946 |
| 2014 | 955,000 | 456,690 | 1,411,690 |
| 2015 | 975,000 | 413,215 | 1,388,215 |
| 2016 | 1,035,000 | 370,365 | 1,405,365 |
| 2017 | 1,085,000 | 322,028 | 1,407,028 |
| 2018-2022 | 5,275,000 | 769,800 | 6,044,800 |
| 2023 | 390,000 | 15,990 | 405,990 |
| Total | <u>\$ 10,635,000</u> | <u>\$ 2,835,034</u> | <u>\$ 13,470,034</u> |

NOTE 11 – CAPITALIZED LEASE

The City entered into a capital lease during 2006 for the acquisition of energy savings equipment. 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.

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, 2012:

| <u>Year</u> | Lease <u>Payments</u> |
|------------------------------------|--------------------------|
| 2013 | \$ 116,631 |
| 2014 | 116,631 |
| 2015 | 116,631 |
| 2016 | <u>58,313</u> |
| Total minimum lease payments | 408,206 |
| Less: amount representing interest | <u>(32,165)</u> |
| Total | <u>\$ 376,041</u> |

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

NOTE 12 – SHORT TERM OBLIGATIONS

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

| | <u>Balance</u> <u>12/31/2011</u> | <u>Increase</u> | <u>Decreases</u> | <u>Balance</u> <u>12/31/2012</u> |
|----------------------------|-------------------------------------|---------------------|----------------------|-------------------------------------|
| Capital Projects Fund: | | | | |
| Capital Improvement, 0.85% | \$ 4,580,000 | \$ - | \$(4,580,000) | \$ - |
| Capital Improvement, 0.75% | <u>-</u> | <u>3,480,000</u> | <u>-</u> | <u>3,480,000</u> |
| Total | <u>\$ 4,580,000</u> | <u>\$ 3,480,000</u> | <u>\$(4,580,000)</u> | <u>\$ 3,480,000</u> |

In August of 2012, the City paid off \$4,580,000 in bond anticipation notes and issued \$3,480,000 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 2013. The general obligation debt service fund will retire the debt.

NOTE 13 - 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.

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, or by visiting the OPERS website at <https://www.opers.org/investments/cafr.shtml>.

Member and employer contributions rates were consistent across all three plans (TP, MD and CP). For the year ended December 31, 2012, City employees were required to contribute 10% of their annual covered salary. The City's contribution rate for 2012 was 14%. 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, 2012, 2011 and 2010 were \$537,700, \$715,674 and \$683,187 respectively; 95.6% has been contributed for 2012 and 100% for 2011 and 2010. \$23,740 representing the unpaid contribution for fiscal year 2012 is recorded as an intergovernmental payable.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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 or by visiting the OP&F website at www.op-f.org.

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, 2012, 2011 and 2010 were \$385,142, \$392,353 and \$362,336 respectively, equal to the required contributions for each year. The full amount has been contributed for 2011 and 2010. 71.02% has been contributed for 2012 with the remainder being reported as a liability. \$111,603 representing the unpaid contribution for fiscal year 2012 is recorded as an intergovernmental payable.

NOTE 14 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage, commonly referred to as 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 13.

OPERS 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 traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age and service retirees under the traditional pension and combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained in writing to OPERS, 227 E. Town St., Columbus, OH, 43215-4642, or by calling (614) 222-5601 or (800) 222-7377 or by visiting <https://www.opers.org/investments/cafr.shtml>.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

The Ohio Revised Code provides statutory authority requiring employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, the City contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Actual employer contributions which were used to fund postemployment benefits for the years ended December 31, 2012, 2011 and 2010 were \$153,629, \$204,468 and \$248,042 respectively; 95.6% has been contributed for 2012 and 100% for 2011 and 2010. \$6,760 representing the unpaid contribution for fiscal year 2012 is recorded as an intergovernmental payable. The actual contribution and the actuarially required contribution amounts are the same.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

Ohio Police and Firemen's Disability and Pension Fund

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

OP&F provides access 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. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2012, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's total contributions to OP&F for police and fire healthcare for the years ending December 31, 2012, 2011 and 2010 were \$191,907, \$195,759, and \$179,881 respectively, 71.02 percent has been contributed, for 2012 with the remainder being reported as a liability. \$55,615 representing the unpaid contribution for fiscal year 2012 is recorded as an intergovernmental payable.

NOTE 15 - 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.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

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 \$8,345,339 which represents 26.88% 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 \$875,200 for services provided in 2012. Tri-Cities had five OWDA Loans outstanding at December 31, 2012, in the amounts of \$939,064, \$2,945,603, \$797,137, \$399,981, and \$696,921 for a total of \$5,778,706. 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.

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 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. During 2012, the City's equity interest is \$123,165 which represents 50% of the total equity of NAWA as of December 31, 2012.

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, 2012, NAWA has one outstanding loan with OWDA in the amount of \$21,435,541 for the water treatment plant construction. The City of Vandalia paid \$1,339,069 for services provided in 2012. 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 16 - 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, 2019. 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 has did not make any contributions to ED/GE during 2012. Financial information may be obtained by writing to Linda Gum, Administrative Assistant, 451 West Third Street, Dayton, Ohio, 45402.

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, 2012, 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.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2012

NOTE 18 - INTERFUND TRANSFERS

Interfund transfers and Due to/from other funds for the year ended December 31, 2012, consisted of the following:

| <u>Transfer to</u> | <u>Transfer from</u> | |
|--------------------------|----------------------|--------------------|
| | <u>General</u> | <u>Total</u> |
| Capital improvement fund | \$ 1,436,868 | \$1,436,868 |
| Other governmental funds | <u>2,418,780</u> | <u>2,418,780</u> |
| Total | <u>\$ 3,855,648</u> | <u>\$3,855,648</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.

NOTE 19 – OPERATING LEASE

On February 28, 2012, the City entered into an operating lease to lease computers and software. The lease agreement began on February 28, 2012 and is in effect until March 10, 2015 with an option to purchase the equipment anytime during the life of the lease. Total payments for the use of this equipment was \$109,670, payable in monthly installments on the tenth day of each month.

The following is a schedule of the future minimum lease payments as of December 31, 2012:

| <u>Year</u> | <u>Lease Payments</u> |
|------------------------------------|---------------------------|
| 2013 | \$ 40,836 |
| 2014 | 40,836 |
| 2015 | <u>10,209</u> |
| Total minimum lease payments | 91,881 |
| Less: amount representing interest | <u>(7,832)</u> |
| Total | <u>\$ 84,049</u> |



Combining Statements for Nonmajor Governmental Funds

Combining Statements and Individual Fund Schedules

NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted or committed 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 restricted for routine maintenance of City streets.

State Highway

To account for gasoline tax and motor vehicle license fees restricted 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 restricted for routine street maintenance and repairs.

Law Enforcement

To account for monies related to property or goods obtained by seizure or forfeiture and restricted, by State statute, for expenditures that would enhance the police department.

Drug Law Enforcement

To account for fines and costs collected for felonious drug trafficking convictions. This money is restricted for drug law enforcement activity.

OMVI Education and Enforcement

To account for fines imposed by the Municipal Court restricted 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 restricted 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 restricted 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 restricted for 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 and committed 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 and committed for the youth soccer program for the City of Vandalia.

Stormwater

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

Chuck Gabbard Memorial

To account for donations restricted for the police department.

Magistrate

To account for fines imposed by the Municipal Court restricted 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 that are restricted, committed or assigned for 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 restricted to pay for general obligation bond debt.

NONMAJOR CAPITAL PROJECTS FUNDS

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

Police, Fire and Street Capital Improvements

To account for the .25% increase in income taxes restricted 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 restricted for the commercial tax increment financing district. The monies will be used for future capital projects that will benefit the district.

Capital Improvement Reserve

To account for the receipt and dispersal of all resources committed for future capital expenses.

Facilities Improvement & Maintenance Reserve

To account for the receipt and dispersal of all resources committed for future capital expenses related to the building of new facilities or repairs and improvements to existing facilities.

City of Vandalia, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|---|---|--------------------------------------|--|--|
| Assets: | | | | |
| Equity in pooled cash and investments | \$ 1,564,601 | \$ 7,073 | \$ 2,516,917 | \$ 4,088,591 |
| Receivables: | | | | |
| Accounts | 50,156 | - | - | 50,156 |
| Revenue in lieu of taxes | - | - | 76,490 | 76,490 |
| Due from other governments | 662,813 | - | - | 662,813 |
| Materials and supplies inventory | 70,585 | - | - | 70,585 |
| Total assets | <u><u>\$ 2,348,155</u></u> | <u><u>\$ 7,073</u></u> | <u><u>\$ 2,593,407</u></u> | <u><u>\$ 4,948,635</u></u> |
| Liabilities: | | | | |
| Accounts payable | \$ 79,539 | \$ - | \$ 7,496 | \$ 87,035 |
| Accrued wages | 29,603 | - | 2,511 | 32,114 |
| Matured compensated absences payable | 2,839 | - | - | 2,839 |
| Due to other governments | 23,725 | - | 6,113 | 29,838 |
| Due to related parties | 8,670 | - | - | 8,670 |
| Total liabilities | <u>144,376</u> | <u>-</u> | <u>16,120</u> | <u>160,496</u> |
| Deferred inflows of resources: | | | | |
| Payments in lieu of taxes | - | - | 76,490 | 76,490 |
| Unavailable revenue | 629,765 | - | - | 629,765 |
| Total deferred inflows of resources | <u>629,765</u> | <u>-</u> | <u>76,490</u> | <u>706,255</u> |
| Fund balances: | | | | |
| Nonspendable | 70,585 | - | - | 70,585 |
| Restricted | 1,263,051 | 7,073 | 667,756 | 1,937,880 |
| Committed | 240,378 | - | 1,833,041 | 2,073,419 |
| Total fund balances | <u>1,574,014</u> | <u>7,073</u> | <u>2,500,797</u> | <u>4,081,884</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u><u>\$ 2,348,155</u></u> | <u><u>\$ 7,073</u></u> | <u><u>\$ 2,593,407</u></u> | <u><u>\$ 4,948,635</u></u> |

City of Vandalia, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|---------------------------------------|---|--------------------------------------|--|--|
| Revenues: | | | | |
| Property and other taxes | \$ - | \$ - | \$ 43,956 | \$ 43,956 |
| Charges for services | 444,416 | - | - | 444,416 |
| Fines and forfeitures | 273,601 | - | - | 273,601 |
| Intergovernmental | 1,092,382 | - | - | 1,092,382 |
| Other | 11,168 | - | - | 11,168 |
| Total revenue | <u>1,821,567</u> | <u>-</u> | <u>43,956</u> | <u>1,865,523</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | | | | |
| Legislative and executive | 159,844 | - | - | 159,844 |
| Judicial system | 65,162 | - | - | 65,162 |
| Public safety | | | | |
| Police | 32,157 | - | 189,549 | 221,706 |
| Fire | - | - | 78,686 | 78,686 |
| Public works | | | | |
| Engineer | 201,713 | - | - | 201,713 |
| Streets | 932,209 | - | 399,896 | 1,332,105 |
| Recreation | 173,762 | - | - | 173,762 |
| Capital outlay | 274,718 | - | 616,321 | 891,039 |
| Debt service: | | | | |
| Principal retirement | - | 722,791 | 275,000 | 997,791 |
| Interest and fiscal charges | - | 395,570 | 137,653 | 533,223 |
| Total expenditures | <u>1,839,565</u> | <u>1,118,361</u> | <u>1,697,105</u> | <u>4,655,031</u> |
| Excess of revenues under expenditures | <u>(17,998)</u> | <u>(1,118,361)</u> | <u>(1,653,149)</u> | <u>(2,789,508)</u> |
| Other financing sources: | | | | |
| Transfers - in | <u>-</u> | <u>869,946</u> | <u>1,548,834</u> | <u>2,418,780</u> |
| Net change in fund balance | (17,998) | (248,415) | (104,315) | (370,728) |
| Fund balances at beginning of year | 1,592,012 | 255,488 | 2,605,112 | 4,452,612 |
| Fund balances at end of year | <u>\$ 1,574,014</u> | <u>\$ 7,073</u> | <u>\$ 2,500,797</u> | <u>\$ 4,081,884</u> |

City of Vandalia, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012

| | Street Fund | State Highway Fund | Permissive Motor Vehicle Tax Fund | Law Enforcement Fund | Drug Law Enforcement Fund |
|---|---------------------|--------------------------|--|----------------------------|------------------------------------|
| Assets: | | | | | |
| Equity in pooled cash and investments | \$ 709,254 | \$ 128,660 | \$ 39,644 | \$ 9,844 | \$ 1,542 |
| Receivables: | | | | | |
| Accounts | 21,166 | - | - | - | - |
| Due from other governments | 586,791 | 45,775 | 28,496 | - | - |
| Materials and supplies inventory | 70,585 | - | - | - | - |
| Total assets | <u>\$ 1,387,796</u> | <u>\$ 174,435</u> | <u>\$ 68,140</u> | <u>\$ 9,844</u> | <u>\$ 1,542</u> |
| Liabilities: | | | | | |
| Accounts payable | \$ 38,435 | \$ 32,639 | \$ 2,108 | \$ - | \$ - |
| Accrued wages | 21,622 | - | - | - | - |
| Matured compensated absences payable | 1,746 | - | - | - | - |
| Due to other governments | 11,717 | - | - | - | - |
| Due to related parties | - | - | - | - | - |
| Total liabilities | <u>73,520</u> | <u>32,639</u> | <u>2,108</u> | <u>-</u> | <u>-</u> |
| Deferred inflows of resources: | | | | | |
| Unavailable revenue | <u>539,083</u> | <u>40,214</u> | <u>21,478</u> | <u>-</u> | <u>-</u> |
| Fund balances: | | | | | |
| Nonspendable | 70,585 | - | - | - | - |
| Restricted | 704,608 | 101,582 | 44,554 | 9,844 | 1,542 |
| Committed | - | - | - | - | - |
| Total fund balances | <u>775,193</u> | <u>101,582</u> | <u>44,554</u> | <u>9,844</u> | <u>1,542</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 1,387,796</u> | <u>\$ 174,435</u> | <u>\$ 68,140</u> | <u>\$ 9,844</u> | <u>\$ 1,542</u> |

| OMVI Education and Enforcement Fund | OMVI Indigent Fund | Computer Legal Research Fund | Indigent Drivers IAM Fund | Baseball Recreation Fund | Soccer Recreation Fund |
|---|--------------------------|---------------------------------------|------------------------------------|--------------------------------|------------------------------|
| \$ 3,504 | \$ 250,969 | \$ 65,592 | \$ 76,046 | \$ 32,323 | \$ 38,826 |
| - | - | - | - | - | 1,057 |
| - | - | - | 1,751 | - | - |
| - | - | - | - | - | - |
| <u>\$ 3,504</u> | <u>\$ 250,969</u> | <u>\$ 65,592</u> | <u>\$ 77,797</u> | <u>\$ 32,323</u> | <u>\$ 39,883</u> |
| \$ - | \$ - | \$ 568 | \$ - | \$ 100 | \$ 94 |
| - | - | 2,476 | - | 341 | 83 |
| - | - | 390 | - | - | - |
| - | - | 2,139 | - | 2,510 | 2,703 |
| - | - | - | - | - | - |
| - | - | <u>5,573</u> | - | <u>2,951</u> | <u>2,880</u> |
| - | - | - | - | - | <u>1,057</u> |
| - | - | - | - | - | - |
| 3,504 | 250,969 | 60,019 | 77,797 | - | - |
| - | - | - | - | 29,372 | 35,946 |
| <u>3,504</u> | <u>250,969</u> | <u>60,019</u> | <u>77,797</u> | <u>29,372</u> | <u>35,946</u> |
| <u>\$ 3,504</u> | <u>\$ 250,969</u> | <u>\$ 65,592</u> | <u>\$ 77,797</u> | <u>\$ 32,323</u> | <u>\$ 39,883</u> |

(Continued)

City of Vandalia, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012

| | Stormwater Fund | Chuck Gabbard Memorial Fund | Magistrate Fund | Total Nonmajor Special Revenue Funds |
|---|--------------------|--------------------------------------|--------------------|---|
| Assets: | | | | |
| Equity in pooled cash and investments | \$ 196,672 | \$ 2,258 | \$ 9,467 | \$ 1,564,601 |
| Receivables: | | | | |
| Accounts | 27,933 | - | - | 50,156 |
| Due from other governments | - | - | - | 662,813 |
| Materials and supplies inventory | - | - | - | 70,585 |
| Total assets | \$ 224,605 | \$ 2,258 | \$ 9,467 | \$ 2,348,155 |
| Liabilities: | | | | |
| Accounts payable | \$ 5,595 | \$ - | \$ - | \$ 79,539 |
| Accrued wages | 3,409 | - | 1,672 | 29,603 |
| Matured compensated absences payable | 703 | - | - | 2,839 |
| Due to other governments | 3,235 | - | 1,421 | 23,725 |
| Due to related parties | 8,670 | - | - | 8,670 |
| Total liabilities | 21,612 | - | 3,093 | 144,376 |
| Deferred inflows of resources: | | | | |
| Unavailable revenue | 27,933 | - | - | 629,765 |
| Fund balances: | | | | |
| Nonspendable | - | - | - | 70,585 |
| Restricted | - | 2,258 | 6,374 | 1,263,051 |
| Committed | 175,060 | - | - | 240,378 |
| Total fund balances | 175,060 | 2,258 | 6,374 | 1,574,014 |
| Total liabilities, deferred inflows of resources and fund balances | \$ 224,605 | \$ 2,258 | \$ 9,467 | \$ 2,348,155 |



City of Vandalia, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2012

| | Street Fund | State Highway Fund | Permissive Motor Vehicle Tax Fund | Law Enforcement Fund | Drug Law Enforcement Fund |
|------------------------------------|-------------------|--------------------------|--|----------------------------|------------------------------------|
| Revenues: | | | | | |
| Charges for services | \$ - | \$ - | \$ - | \$ - | \$ - |
| Fines and forfeitures | - | - | - | 141 | 462 |
| Intergovernmental | 966,682 | 78,378 | 47,322 | - | - |
| Other | 3,581 | - | - | - | - |
| Total revenue | <u>970,263</u> | <u>78,378</u> | <u>47,322</u> | <u>141</u> | <u>462</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | | | | | |
| Legislative and executive | - | - | - | 12,912 | 500 |
| Judicial system | - | - | - | - | - |
| Public safety | | | | | |
| Police | - | - | - | - | - |
| Public works | | | | | |
| Engineer | - | - | - | - | - |
| Streets | 774,518 | 106,943 | 50,748 | - | - |
| Recreation | - | - | - | - | - |
| Capital outlay | 130,000 | - | 5,778 | - | - |
| Total expenditures | <u>904,518</u> | <u>106,943</u> | <u>56,526</u> | <u>12,912</u> | <u>500</u> |
| Net change in fund balance | 65,745 | (28,565) | (9,204) | (12,771) | (38) |
| Fund balances at beginning of year | 709,448 | 130,147 | 53,758 | 22,615 | 1,580 |
| Fund balances at end of year | <u>\$ 775,193</u> | <u>\$ 101,582</u> | <u>\$ 44,554</u> | <u>\$ 9,844</u> | <u>\$ 1,542</u> |

| OMVI Education and Enforcement Fund | OMVI Indigent Fund | Computer Legal Research Fund | Indigent Drivers IAM Fund | Baseball Recreation Fund | Soccer Recreation Fund |
|---|--------------------------|---------------------------------------|------------------------------------|--------------------------------|------------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ 117,280 | \$ 47,111 |
| 1,095 | 35,831 | 143,744 | 23,372 | - | - |
| - | - | - | - | - | - |
| - | - | - | - | 7,424 | 163 |
| <u>1,095</u> | <u>35,831</u> | <u>143,744</u> | <u>23,372</u> | <u>124,704</u> | <u>47,274</u> |
| - | - | 146,432 | - | - | - |
| - | - | - | - | - | - |
| - | 32,157 | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| - | - | - | - | 119,111 | 54,651 |
| - | - | - | - | - | 8,940 |
| <u>-</u> | <u>32,157</u> | <u>146,432</u> | <u>-</u> | <u>119,111</u> | <u>63,591</u> |
| 1,095 | 3,674 | (2,688) | 23,372 | 5,593 | (16,317) |
| <u>2,409</u> | <u>247,295</u> | <u>62,707</u> | <u>54,425</u> | <u>23,779</u> | <u>52,263</u> |
| <u>\$ 3,504</u> | <u>\$ 250,969</u> | <u>\$ 60,019</u> | <u>\$ 77,797</u> | <u>\$ 29,372</u> | <u>\$ 35,946</u> |

(Continued)

City of Vandalia, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2012

| | Stormwater Fund | Chuck Gabbard Memorial Fund | Magistrate Fund | Total Nonmajor Special Revenue Funds |
|------------------------------------|--------------------|--------------------------------------|--------------------|---|
| Revenues: | | | | |
| Charges for services | \$ 280,025 | \$ - | \$ - | \$ 444,416 |
| Fines and forfeitures | - | - | 68,956 | 273,601 |
| Intergovernmental | - | - | - | 1,092,382 |
| Other | - | - | - | 11,168 |
| Total revenue | <u>280,025</u> | <u>-</u> | <u>68,956</u> | <u>1,821,567</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | | | | |
| Legislative and executive | - | - | - | 159,844 |
| Judicial system | - | - | 65,162 | 65,162 |
| Public safety | | | | |
| Police | - | - | - | 32,157 |
| Public works | | | | |
| Engineer | 201,713 | - | - | 201,713 |
| Streets | - | - | - | 932,209 |
| Recreation | - | - | - | 173,762 |
| Capital outlay | 130,000 | - | - | 274,718 |
| Total expenditures | <u>331,713</u> | <u>-</u> | <u>65,162</u> | <u>1,839,565</u> |
| Net change in fund balance | (51,688) | - | 3,794 | (17,998) |
| Fund balances at beginning of year | <u>226,748</u> | <u>2,258</u> | <u>2,580</u> | <u>1,592,012</u> |
| Fund balances at end of year | <u>\$ 175,060</u> | <u>\$ 2,258</u> | <u>\$ 6,374</u> | <u>\$ 1,574,014</u> |

City of Vandalia, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2012

| | Police, Fire and Street Capital Improvements Fund | TIF Fund | Capital Improvement Reserve Fund | Facilities Improvement & Maintenance Reserve Fund | Total Nonmajor Capital Projects Funds |
|---|--|-------------------|---|--|---|
| Assets: | | | | | |
| Equity in pooled cash and investments | \$ 541,276 | \$ 142,600 | \$ 833,041 | \$ 1,000,000 | \$ 2,516,917 |
| Receivables: | | | | | |
| Revenue in lieu of taxes | - | 76,490 | - | - | 76,490 |
| Total assets | <u>\$ 541,276</u> | <u>\$ 219,090</u> | <u>\$ 833,041</u> | <u>\$ 1,000,000</u> | <u>\$ 2,593,407</u> |
| Liabilities: | | | | | |
| Accounts payable | \$ 7,496 | \$ - | \$ - | \$ - | \$ 7,496 |
| Accrued wages | 2,511 | - | - | - | 2,511 |
| Due to other governments | 6,113 | - | - | - | 6,113 |
| Total liabilities | <u>16,120</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>16,120</u> |
| Deferred inflows of resources: | | | | | |
| Payments in lieu of taxes | - | 76,490 | - | - | 76,490 |
| Fund balances: | | | | | |
| Restricted | 525,156 | 142,600 | - | - | 667,756 |
| Committed | - | - | 833,041 | 1,000,000 | 1,833,041 |
| Total fund balances | <u>525,156</u> | <u>142,600</u> | <u>833,041</u> | <u>1,000,000</u> | <u>2,500,797</u> |
| Total liabilities, deferred inflows of resources and fund balances | | | | | |
| | <u>\$ 541,276</u> | <u>\$ 219,090</u> | <u>\$ 833,041</u> | <u>\$ 1,000,000</u> | <u>\$ 2,593,407</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, 2012

| | Police, Fire and Street Capital Improvements Fund | TIF Fund | Capital Improvement Reserve Fund | Facilities Improvement & Maintenance Reserve Fund | Total Nonmajor Capital Projects Funds |
|---|--|-------------------|---|--|---|
| Revenues: | | | | | |
| Property and other taxes | \$ - | \$ 43,956 | \$ - | \$ - | \$ 43,956 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Public safety | | | | | |
| Police | 189,549 | - | - | - | 189,549 |
| Fire | 78,686 | - | - | - | 78,686 |
| Public works | | | | | |
| Streets | 63,566 | 11,332 | 324,998 | - | 399,896 |
| Capital outlay | 540,772 | - | 75,549 | - | 616,321 |
| Debt service: | | | | | |
| Principal retirement | 275,000 | - | - | - | 275,000 |
| Interest and fiscal charges | 137,653 | - | - | - | 137,653 |
| Total expenditures | <u>1,285,226</u> | <u>11,332</u> | <u>400,547</u> | <u>-</u> | <u>1,697,105</u> |
| Excess of revenues over (under) expenditures | <u>(1,285,226)</u> | <u>32,624</u> | <u>(400,547)</u> | <u>-</u> | <u>(1,653,149)</u> |
| Other financing sources: | | | | | |
| Transfers - in | <u>1,548,834</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,548,834</u> |
| Net change in fund balance | 263,608 | 32,624 | (400,547) | - | (104,315) |
| Fund balances at beginning of year | <u>261,548</u> | <u>109,976</u> | <u>1,233,588</u> | <u>1,000,000</u> | <u>2,605,112</u> |
| Fund balances at end of year | <u>\$ 525,156</u> | <u>\$ 142,600</u> | <u>\$ 833,041</u> | <u>\$ 1,000,000</u> | <u>\$ 2,500,797</u> |

**Individual Fund Schedules of Revenue, Expenditures/Expenses and Changes in
Fund Balance/Fund Equity – Budget (Non-GAAP Basis) and Actual
Major and Nonmajor**

MAJOR GENERAL FUND

The general fund is the operating fund of the City and is used to account 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 and the general laws of Ohio.

Funds being reported as part of the general fund

The following fund is legally budgeted as a separate special revenue fund but is being reported as part of the general fund for GAAP reporting purposes.

Employee Retirement Benefits Reserve

To account for the receipt and dispersal of all resources collected in anticipation of future expenses related to the accumulated benefit payments owed to employees upon their retirement from city service.

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, 2012

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------|---|
| | Original | Final | Actual | |
| <u>Revenues:</u> | | | | |
| Municipal income tax | \$ 11,750,000 | \$ 11,750,000 | \$ 12,650,184 | \$ 900,184 |
| Property and other taxes | 1,430,111 | 1,430,111 | 1,530,834 | 100,723 |
| Charges for services | 3,358,355 | 3,358,355 | 3,028,185 | (330,170) |
| Licenses and permits | 157,100 | 192,100 | 136,018 | (56,082) |
| Fines and forfeitures | 1,188,700 | 1,188,700 | 1,261,009 | 72,309 |
| Intergovernmental | 1,336,345 | 1,336,345 | 1,607,957 | 271,612 |
| Interest | 375,000 | 375,000 | 231,690 | (143,310) |
| Other | 42,500 | 42,500 | 54,464 | 11,964 |
| Total revenues | 19,638,111 | 19,673,111 | 20,500,341 | 827,230 |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| General government | | | | |
| Legislative and executive | | | | |
| Personal services | 1,875,212 | 1,956,533 | 1,817,134 | 139,399 |
| Operations and maintenance | 3,472,242 | 3,442,800 | 3,270,749 | 172,051 |
| Capital outlay | 1,274 | 1,274 | 1,274 | - |
| Total legislative and executive | 5,348,728 | 5,400,607 | 5,089,157 | 311,450 |
| Judicial system | | | | |
| Personal services | 1,555,849 | 1,572,114 | 1,519,405 | 52,709 |
| Operations and maintenance | 373,980 | 373,980 | 282,467 | 91,513 |
| Total judicial system | 1,929,829 | 1,946,094 | 1,801,872 | 144,222 |
| Total general government | 7,278,557 | 7,346,701 | 6,891,029 | 455,672 |
| Public safety | | | | |
| Police | | | | |
| Personal services | 3,908,548 | 3,948,280 | 3,824,081 | 124,199 |
| Operations and maintenance | 430,870 | 449,426 | 398,179 | 51,247 |
| Total police | 4,339,418 | 4,397,706 | 4,222,260 | 175,446 |
| Fire | | | | |
| Personal services | 1,459,815 | 1,470,472 | 1,387,216 | 83,256 |
| Operations and maintenance | 320,036 | 330,036 | 312,382 | 17,654 |
| Total fire | 1,779,851 | 1,800,508 | 1,699,598 | 100,910 |
| Total public safety | 6,119,269 | 6,198,214 | 5,921,858 | 276,356 |
| Public works | | | | |
| Engineer | | | | |
| Personal services | 778,198 | 789,043 | 784,373 | 4,670 |
| Operations and maintenance | 94,515 | 129,784 | 128,230 | 1,554 |
| Total engineer | 872,713 | 918,827 | 912,603 | 6,224 |

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, 2012
(Continued)

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--------------------------------------|-------------------------|----------------------|----------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Streets | | | | |
| Service department | | | | |
| Personal services | 120,107 | 121,811 | 120,450 | 1,361 |
| Operations and maintenance | 5,780 | 5,652 | 4,607 | 1,045 |
| Street lighting | | | | |
| Operations and maintenance | 183,762 | 183,762 | 156,477 | 27,285 |
| Street maintenance | | | | |
| Personal services | 337,045 | 341,941 | 342,756 | (815) |
| Operations and maintenance | 9,250 | 9,573 | 9,543 | 30 |
| Total streets | <u>655,944</u> | <u>662,739</u> | <u>633,833</u> | <u>28,906</u> |
| Refuse | | | | |
| Operations and maintenance | 1,109,835 | 1,109,835 | 1,036,748 | 73,087 |
| Total public works | <u>1,765,779</u> | <u>1,772,574</u> | <u>1,670,581</u> | <u>101,993</u> |
| Recreation | | | | |
| Parks | | | | |
| Personal services | 2,355,719 | 2,376,409 | 2,345,702 | 30,707 |
| Operations and maintenance | 935,250 | 952,750 | 851,627 | 101,123 |
| Total recreation | <u>3,290,969</u> | <u>3,329,159</u> | <u>3,197,329</u> | <u>131,830</u> |
| Total expenditures | <u>19,327,287</u> | <u>19,565,475</u> | <u>18,593,400</u> | <u>972,075</u> |
| Excess of revenues over expenditures | <u>310,824</u> | <u>107,636</u> | <u>1,906,941</u> | <u>1,799,305</u> |
| Other financing sources (uses): | | | | |
| Sale of capital assets | 1,000 | 1,000 | 102 | (898) |
| Transfers - out | (3,690,564) | (3,955,648) | (3,955,648) | - |
| Total other financing sources (uses) | <u>(3,689,564)</u> | <u>(3,954,648)</u> | <u>(3,955,546)</u> | <u>(898)</u> |
| Net change in fund balance | (3,378,740) | (3,847,012) | (2,048,605) | 1,798,407 |
| Fund balance at beginning of year | 11,370,876 | 11,370,876 | 11,370,876 | - |
| Prior year encumbrances appropriated | 2,794,452 | 2,794,452 | 2,794,452 | - |
| Fund balance at end of year | <u>\$ 10,786,588</u> | <u>\$ 10,318,316</u> | <u>\$ 12,116,723</u> | <u>\$ 1,798,407</u> |

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Employee Retirement Benefits Reserve Fund (1)
For the Year Ended December 31, 2012

| | <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: | | | | |
| General government | | | | |
| Judicial system | | | | - |
| Personal services | 21,906 | 21,906 | 17,685 | 4,221 |
| Public safety | | | | |
| Police | | | | |
| Personal services | <u>20,277</u> | <u>20,277</u> | <u>18,918</u> | <u>1,359</u> |
| Total expenditures | <u>42,183</u> | <u>42,183</u> | <u>36,603</u> | <u>5,580</u> |
| Excess of revenues under expenditures | <u>(42,183)</u> | <u>(42,183)</u> | <u>(36,603)</u> | <u>5,580</u> |
| Other financing sources: | | | | |
| Transfers - in | <u>100,000</u> | <u>100,000</u> | <u>100,000</u> | <u>-</u> |
| Net change in fund balance | 57,817 | 57,817 | 63,397 | 5,580 |
| Fund balance at beginning of year | <u>379,134</u> | <u>379,134</u> | <u>379,134</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 436,951</u> | <u>\$ 436,951</u> | <u>\$ 442,531</u> | <u>\$ 5,580</u> |

(1) This fund is combined with the general fund in the GAAP statements.

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, 2012

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|--------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$ 1,106,000 | \$ 1,106,000 | \$ 842,342 | \$ (263,658) |
| Special assessments | 9,800 | 9,800 | 10,231 | 431 |
| Other | 23,050 | 23,050 | 24,037 | 987 |
| Total revenues | <u>1,138,850</u> | <u>1,138,850</u> | <u>876,610</u> | <u>(262,240)</u> |
| <u>Expenditures:</u> | | | | |
| Capital outlay | <u>1,896,711</u> | <u>2,380,211</u> | <u>1,993,760</u> | <u>386,451</u> |
| Excess of revenues under expenditures | <u>(757,861)</u> | <u>(1,241,361)</u> | <u>(1,117,150)</u> | <u>124,211</u> |
| Other financing sources: | | | | |
| Sale of capital assets | 40,000 | 570,000 | 574,890 | 4,890 |
| Transfers - in | 284,522 | 284,522 | 284,522 | - |
| Total other financing sources | <u>324,522</u> | <u>854,522</u> | <u>859,412</u> | <u>4,890</u> |
| Net change in fund balance | (433,339) | (386,839) | (257,738) | 129,101 |
| Fund balance at beginning of year | 446,071 | 446,071 | 446,071 | - |
| Prior year encumbrances appropriated | <u>433,339</u> | <u>433,339</u> | <u>433,339</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 446,071</u> | <u>\$ 492,571</u> | <u>\$ 621,672</u> | <u>\$ 129,101</u> |

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, 2012

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--------------------------------------|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$ 960,000 | \$ 960,000 | \$ 972,381 | \$ 12,381 |
| Other | 3,500 | 3,500 | 3,302 | (198) |
| Total revenues | <u>963,500</u> | <u>963,500</u> | <u>975,683</u> | <u>12,183</u> |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Public works | | | | |
| Streets | | | | |
| Street maintenance | | | | |
| Personal services | 558,646 | 565,592 | 535,307 | 30,285 |
| Operations and maintenance | 281,879 | 281,879 | 275,774 | 6,105 |
| Capital outlay | 181,940 | 181,940 | 180,949 | 991 |
| Total expenditures | <u>1,022,465</u> | <u>1,029,411</u> | <u>992,030</u> | <u>37,381</u> |
| Net change in fund balance | (58,965) | (65,911) | (16,347) | 49,564 |
| Fund balance at beginning of year | 443,199 | 443,199 | 443,199 | - |
| Prior year encumbrances appropriated | <u>94,317</u> | <u>94,317</u> | <u>94,317</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 478,551</u> | <u>\$ 471,605</u> | <u>\$ 521,169</u> | <u>\$ 49,564</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, 2012

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--------------------------------------|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$ 78,000 | \$ 78,000 | \$ 78,841 | \$ 841 |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Public works | | | | |
| Streets | | | | |
| Street maintenance | | | | |
| Operations and maintenance | 121,755 | 121,755 | 121,752 | 3 |
| Net change in fund balance | (43,755) | (43,755) | (42,911) | 844 |
| Fund balance at beginning of year | 72,968 | 72,968 | 72,968 | - |
| Prior year encumbrances appropriated | 54,555 | 54,555 | 54,555 | - |
| Fund balance at end of year | <u>\$ 83,768</u> | <u>\$ 83,768</u> | <u>\$ 84,612</u> | <u>\$ 844</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, 2012

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--------------------------------------|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| <u>Revenues:</u> | | | | |
| Intergovernmental | \$ 47,000 | \$ 47,000 | \$ 43,909 | \$ (3,091) |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Streets | | | | |
| Street maintenance | | | | |
| Operations and maintenance | 26,060 | 26,060 | 25,060 | 1,000 |
| Capital outlay | 42,591 | 42,591 | 42,591 | - |
| Total expenditures | <u>68,651</u> | <u>68,651</u> | <u>67,651</u> | <u>1,000</u> |
| Net change in fund balance | (21,651) | (21,651) | (23,742) | (2,091) |
| Fund balance at beginning of year | 29,148 | 29,148 | 29,148 | - |
| Prior year encumbrances appropriated | <u>22,651</u> | <u>22,651</u> | <u>22,651</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 30,148</u> | <u>\$ 30,148</u> | <u>\$ 28,057</u> | <u>\$ (2,091)</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, 2012

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with Final Budget Positive (Negative) |
|--------------------------------------|-------------------------|---------------|---------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues:</u> | | | | |
| Fines and forfeitures | \$ 500 | \$ 500 | \$ 141 | \$ (359) |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| General government | | | | |
| Legislative and executive | | | | |
| Operations and maintenance | 22,480 | 22,480 | 21,980 | 500 |
| Net change in fund balance | (21,980) | (21,980) | (21,839) | 141 |
| Fund balance at beginning of year | 635 | 635 | 635 | - |
| Prior year encumbrances appropriated | 21,980 | 21,980 | 21,980 | - |
| Fund balance at end of year | <u>\$ 635</u> | <u>\$ 635</u> | <u>\$ 776</u> | <u>\$ 141</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, 2012

| | <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 | \$ 200 | \$ 200 | \$ 518 | \$ 318 |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| General government | | | | |
| Legislative and executive | | | | |
| Operations and maintenance | 1,000 | 1,000 | 500 | 500 |
| Net change in fund balance | (800) | (800) | 18 | 818 |
| Fund balance at beginning of year | 1,524 | 1,524 | 1,524 | - |
| Fund balance at end of year | <u>\$ 724</u> | <u>\$ 724</u> | <u>\$ 1,542</u> | <u>\$ 818</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, 2012

| | <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 | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ - |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Public safety | | | | |
| Police | | | | |
| Operations and maintenance | 1,266 | 1,266 | 221 | 1,045 |
| Net change in fund balance | (266) | (266) | 779 | 1,045 |
| Fund balance at beginning of year | 2,364 | 2,364 | 2,364 | - |
| Prior year encumbrances appropriated | 266 | 266 | 266 | - |
| Fund balance at end of year | <u>\$ 2,364</u> | <u>\$ 2,364</u> | <u>\$ 3,409</u> | <u>\$ 1,045</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, 2012

| | <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 | \$ 16,000 | \$ 16,000 | \$ 35,761 | \$ 19,761 |
| Intergovernmental | 12,000 | 12,000 | - | (12,000) |
| Total revenues | <u>28,000</u> | <u>28,000</u> | <u>35,761</u> | <u>7,761</u> |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Public safety | | | | |
| Police | | | | |
| Operations and maintenance | <u>60,000</u> | <u>60,000</u> | <u>32,157</u> | <u>27,843</u> |
| Net change in fund balance | (32,000) | (32,000) | 3,604 | 35,604 |
| Fund balance at beginning of year | <u>245,926</u> | <u>245,926</u> | <u>245,926</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 213,926</u> | <u>\$ 213,926</u> | <u>\$ 249,530</u> | <u>\$ 35,604</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, 2012

| | <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 | \$ 142,000 | \$ 142,000 | \$ 145,623 | \$ 3,623 |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| General government | | | | |
| Legislative and executive | | | | |
| Personal services | 101,661 | 102,279 | 93,245 | 9,034 |
| Operations and maintenance | 72,039 | 74,039 | 61,970 | 12,069 |
| Capital outlay | 20,000 | 18,000 | 7,824 | 10,176 |
| Total expenditures | <u>193,700</u> | <u>194,318</u> | <u>163,039</u> | <u>31,279</u> |
| Net change in fund balance | (51,700) | (52,318) | (17,416) | 34,902 |
| Fund balance at beginning of year | 52,064 | 52,064 | 52,064 | - |
| Prior year encumbrances appropriated | <u>9,540</u> | <u>9,540</u> | <u>9,540</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 9,904</u> | <u>\$ 9,286</u> | <u>\$ 44,188</u> | <u>\$ 34,902</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, 2012

| | <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 | \$ 18,000 | \$ 18,000 | \$ 21,234 | \$ 3,234 |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Public safety | | | | |
| Police | | | | |
| Operations and maintenance | 5,000 | 5,000 | - | 5,000 |
| Net change in fund balance | 13,000 | 13,000 | 21,234 | 8,234 |
| Fund balance at beginning of year | 53,964 | 53,964 | 53,964 | - |
| Fund balance at end of year | <u>\$ 66,964</u> | <u>\$ 66,964</u> | <u>\$ 75,198</u> | <u>\$ 8,234</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, 2012

| | <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 | \$ 114,600 | \$ 118,100 | \$ 117,280 | \$ (820) |
| Other | 5,550 | 5,550 | 7,424 | 1,874 |
| Total revenues | <u>120,150</u> | <u>123,650</u> | <u>124,704</u> | <u>1,054</u> |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Recreation | | | | |
| Parks | | | | |
| Personal services | 49,537 | 49,633 | 39,873 | 9,760 |
| Operations and maintenance | 75,600 | 79,100 | 77,335 | 1,765 |
| Capital outlay | 500 | 500 | 500 | - |
| Total expenditures | <u>125,637</u> | <u>129,233</u> | <u>117,708</u> | <u>11,525</u> |
| Net change in fund balance | (5,487) | (5,583) | 6,996 | 12,579 |
| Fund balance at beginning of year | <u>24,868</u> | <u>24,868</u> | <u>24,868</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 19,381</u> | <u>\$ 19,285</u> | <u>\$ 31,864</u> | <u>\$ 12,579</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, 2012

| | <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 | \$ 52,100 | \$ 52,100 | \$ 47,111 | \$ (4,989) |
| Other | 900 | 900 | 163 | (737) |
| Total revenues | <u>53,000</u> | <u>53,000</u> | <u>47,274</u> | <u>(5,726)</u> |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Recreation | | | | |
| Parks | | | | |
| Personal services | 24,449 | 24,498 | 21,767 | 2,731 |
| Operations and maintenance | 30,134 | 30,134 | 28,945 | 1,189 |
| Capital outlay | <u>12,155</u> | <u>12,155</u> | <u>10,834</u> | <u>1,321</u> |
| Total expenditures | <u>66,738</u> | <u>66,787</u> | <u>61,546</u> | <u>5,241</u> |
| Net change in fund balance | (13,738) | (13,787) | (14,272) | (485) |
| Fund balance at beginning of year | 42,567 | 42,567 | 42,567 | - |
| Prior year encumbrances appropriated | <u>10,370</u> | <u>10,370</u> | <u>10,370</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 39,199</u> | <u>\$ 39,150</u> | <u>\$ 38,665</u> | <u>\$ (485)</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, 2012

| | <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 | \$ 277,200 | \$ 277,200 | \$ 280,025 | \$ 2,825 |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Public works | | | | |
| Engineer | | | | |
| Personal services | 146,002 | 148,228 | 147,974 | 254 |
| Operations and maintenance | 129,591 | 129,591 | 128,477 | 1,114 |
| Capital outlay | 134,000 | 134,000 | 133,009 | 991 |
| Total expenditures | <u>409,593</u> | <u>411,819</u> | <u>409,460</u> | <u>2,359</u> |
| Net change in fund balance | (132,393) | (134,619) | (129,435) | 5,184 |
| Fund balance at beginning of year | 144,870 | 144,870 | 144,870 | - |
| Prior year encumbrances appropriated | <u>98,791</u> | <u>98,791</u> | <u>98,791</u> | - |
| Fund balance at end of year | <u><u>\$ 111,268</u></u> | <u><u>\$ 109,042</u></u> | <u><u>\$ 114,226</u></u> | <u><u>\$ 5,184</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, 2012

| | <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, 2012

| | <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 | \$ 65,000 | \$ 65,000 | \$ 69,863 | \$ 4,863 |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| General government | | | | |
| Judicial system | | | | |
| Personal services | 64,712 | 64,712 | 64,645 | 67 |
| Net change in fund balance | 288 | 288 | 5,218 | 4,930 |
| Fund balance at beginning of year | - | - | - | - |
| Fund balance at end of year | <u>\$ 288</u> | <u>\$ 288</u> | <u>\$ 5,218</u> | <u>\$ 4,930</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, 2012

| | <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> | | | | |
| Debt service: | | | | |
| Principal retirement | 5,295,007 | 5,295,007 | 5,294,795 | 212 |
| Interest and fiscal charges | 442,285 | 442,285 | 442,280 | 5 |
| Bond issuance costs | 15,000 | 15,000 | 13,632 | 1,368 |
| Total expenditures | <u>5,752,292</u> | <u>5,752,292</u> | <u>5,750,707</u> | <u>1,585</u> |
| Excess of revenues under expenditures | <u>(5,752,292)</u> | <u>(5,752,292)</u> | <u>(5,750,707)</u> | <u>1,585</u> |
| Other financing sources: | | | | |
| Bond anticipation notes issued | 4,580,000 | 3,480,000 | 3,480,000 | - |
| Transfers - in | 922,292 | 2,022,292 | 2,022,292 | - |
| Total other financing sources | <u>5,502,292</u> | <u>5,502,292</u> | <u>5,502,292</u> | <u>-</u> |
| Net change in fund balance | (250,000) | (250,000) | (248,415) | 1,585 |
| Fund balance at beginning of year | <u>255,489</u> | <u>255,489</u> | <u>255,489</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 5,489</u> | <u>\$ 5,489</u> | <u>\$ 7,074</u> | <u>\$ 1,585</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, 2012

| | <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 | 101,731 | 102,239 | 94,151 | 8,088 |
| Capital outlay | 399,586 | 399,586 | 336,388 | 63,198 |
| Total police | 501,317 | 501,825 | 430,539 | 71,286 |
| Fire | | | | |
| Capital outlay | 131,068 | 181,068 | 180,743 | 325 |
| Total public safety | 632,385 | 682,893 | 611,282 | 71,611 |
| Public works | | | | |
| Streets | | | | |
| Capital outlay | 400,000 | 430,000 | 430,000 | - |
| Debt service: | | | | |
| Principal retirement | 275,000 | 275,000 | 275,000 | - |
| Interest and fiscal charges | 137,653 | 137,653 | 137,653 | - |
| Total expenditures | 1,445,038 | 1,525,546 | 1,453,935 | 71,611 |
| Excess of revenues under expenditures | (1,445,038) | (1,525,546) | (1,453,935) | 71,611 |
| Other financing sources: | | | | |
| Transfers - in | 1,468,750 | 1,548,834 | 1,548,834 | - |
| Net change in fund balance | 23,712 | 23,288 | 94,899 | 71,611 |
| Fund balance at beginning of year | 197,466 | 197,466 | 197,466 | - |
| Prior year encumbrances appropriated | 152,754 | 152,754 | 152,754 | - |
| Fund balance at end of year | \$ 373,932 | \$ 373,508 | \$ 445,119 | \$ 71,611 |

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, 2012

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--------------------------------------|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| <u>Revenues:</u> | | | | |
| Property and other taxes | \$ 32,000 | \$ 32,000 | \$ 43,956 | \$ 11,956 |
| <u>Expenditures:</u> | | | | |
| Current: | | | | |
| Capital outlay | 113,712 | 119,362 | 117,705 | 1,657 |
| Net change in fund balance | (81,712) | (87,362) | (73,749) | 13,613 |
| Fund balance at beginning of year | 118,837 | 118,837 | 118,837 | - |
| Prior year encumbrances appropriated | 97,512 | 97,512 | 97,512 | - |
| Fund balance at end of year | <u>\$ 134,637</u> | <u>\$ 128,987</u> | <u>\$ 142,600</u> | <u>\$ 13,613</u> |

City of Vandalia, Ohio
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Capital Improvement Reserve Fund
 For the Year Ended December 31, 2012

| | <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> | | | | |
| Capital outlay | 619,564 | 619,564 | 619,507 | 57 |
| Net change in fund balance | (619,564) | (619,564) | (619,507) | 57 |
| Fund balance at beginning of year | 962,086 | 962,086 | 962,086 | - |
| Prior year encumbrances appropriated | 294,564 | 294,564 | 294,564 | - |
| Fund balance at end of year | <u>\$ 637,086</u> | <u>\$ 637,086</u> | <u>\$ 637,143</u> | <u>\$ 57</u> |

City of Vandalia, Ohio
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Facilities Improvement & Maintenance Reserve Fund
 For the Year Ended December 31, 2012

| | <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 | 1,000,000 | 1,000,000 | 1,000,000 | - |
| Fund balance at end of year | <u>\$ 1,000,000</u> | <u>\$ 1,000,000</u> | <u>\$ 1,000,000</u> | <u>\$ -</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, 2012

| | <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 | \$ 2,139,100 | \$ 2,139,100 | \$ 2,212,923 | \$ 73,823 |
| Tap-in fees | 12,000 | 12,000 | 5,475 | (6,525) |
| Utility deposits received | - | - | 6,449 | 6,449 |
| Other | 48,000 | 48,000 | 49,719 | 1,719 |
| Total revenues | <u>2,199,100</u> | <u>2,199,100</u> | <u>2,274,566</u> | <u>75,466</u> |
| <u>Expenses:</u> | | | | |
| Current: | | | | |
| Personal services | 333,258 | 337,961 | 327,151 | 10,810 |
| Contractual services | 1,514,641 | 1,511,834 | 1,441,746 | 70,088 |
| Materials and supplies | 60,693 | 63,501 | 60,680 | 2,821 |
| Capital outlay | 144,000 | 144,000 | 143,009 | 991 |
| Utility deposits returned | - | - | 4,409 | (4,409) |
| Other | 1,000 | 1,000 | 1,959 | (959) |
| Total expenses | <u>2,053,592</u> | <u>2,058,296</u> | <u>1,978,954</u> | <u>79,342</u> |
| Change in fund equity | 145,508 | 140,804 | 295,612 | 154,808 |
| Fund equity at beginning of year | 1,538,251 | 1,538,251 | 1,538,251 | - |
| Prior year encumbrances appropriated | <u>56,482</u> | <u>56,482</u> | <u>56,482</u> | <u>-</u> |
| Fund equity at end of year | <u>\$ 1,740,241</u> | <u>\$ 1,735,537</u> | <u>\$ 1,890,345</u> | <u>\$ 154,808</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, 2012

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--------------------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | Actual | |
| <u>Revenues:</u> | | | | |
| Charges for services | \$ 1,476,600 | \$ 1,476,600 | \$ 1,560,030 | \$ 83,430 |
| Tap-in fees | 10,000 | 10,000 | 3,925 | (6,075) |
| Utility deposits received | - | - | 3,176 | 3,176 |
| Other | 156,000 | 156,000 | 938 | (155,062) |
| Total revenues | <u>1,642,600</u> | <u>1,642,600</u> | <u>1,568,069</u> | <u>(74,531)</u> |
| <u>Expenses:</u> | | | | |
| Current: | | | | |
| Personal services | 327,384 | 332,087 | 324,628 | 7,459 |
| Contractual services | 986,082 | 982,432 | 921,344 | 61,088 |
| Materials and supplies | 43,670 | 47,321 | 44,671 | 2,650 |
| Capital outlay | 315,200 | 315,200 | 314,209 | 991 |
| Utility deposits returned | 200 | 200 | 5,678 | (5,478) |
| Total expenses | <u>1,672,536</u> | <u>1,677,240</u> | <u>1,610,530</u> | <u>66,710</u> |
| Operating loss | <u>(29,936)</u> | <u>(34,640)</u> | <u>(42,461)</u> | <u>(7,821)</u> |
| Non-operating revenues | | | | |
| Federal and state subsidies | <u>155,200</u> | <u>155,200</u> | <u>-</u> | <u>(155,200)</u> |
| Change in fund equity | 125,264 | 120,560 | (42,461) | (163,021) |
| Fund equity at beginning of year | 535,692 | 535,692 | 535,692 | - |
| Prior year encumbrances appropriated | <u>31,401</u> | <u>31,401</u> | <u>31,401</u> | <u>-</u> |
| Fund equity at end of year | <u>\$ 692,357</u> | <u>\$ 687,653</u> | <u>\$ 524,632</u> | <u>\$ (163,021)</u> |

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, 2012

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--------------------------------------|------------------|------------|------------|---|
| | Original | Final | Actual | |
| <u>Revenues:</u> | | | | |
| Charges for services | \$ 908,750 | \$ 908,750 | \$ 974,244 | \$ 65,494 |
| Other | 5,100 | 5,100 | 663 | (4,437) |
| Total revenues | 913,850 | 913,850 | 974,907 | 61,057 |
| <u>Expenses:</u> | | | | |
| Current: | | | | |
| Personal services | 458,824 | 466,267 | 441,304 | 24,963 |
| Contractual services | 343,714 | 343,714 | 327,380 | 16,334 |
| Materials and supplies | 194,146 | 194,146 | 173,376 | 20,770 |
| Capital outlay | - | 31,250 | 31,250 | - |
| Other | 31,405 | 31,405 | 35,833 | (4,428) |
| Total expenses | 1,028,089 | 1,066,782 | 1,009,143 | 57,639 |
| Change in fund equity | (114,239) | (152,932) | (34,236) | 118,696 |
| Fund equity at beginning of year | 441,717 | 441,717 | 441,717 | - |
| Prior year encumbrances appropriated | 31,564 | 31,564 | 31,564 | - |
| Fund equity at end of year | \$ 359,042 | \$ 320,349 | \$ 439,045 | \$ 118,696 |

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, 2012

| | <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 | \$ 1,452,391 | \$ 1,640,347 | \$ 1,635,940 | \$ (4,407) |
| Other | 50,000 | 142,000 | 145,586 | 3,586 |
| Total revenues | <u>1,502,391</u> | <u>1,782,347</u> | <u>1,781,526</u> | <u>(821)</u> |
| <u>Expenses:</u> | | | | |
| Current: | | | | |
| Contractual services | 340,000 | 340,000 | 304,847 | 35,153 |
| Claims | 1,372,280 | 1,814,236 | 1,804,275 | 9,961 |
| Total expenses | <u>1,712,280</u> | <u>2,154,236</u> | <u>2,109,122</u> | <u>45,114</u> |
| Change in fund equity | (209,889) | (371,889) | (327,596) | 44,293 |
| Fund equity at beginning of year | <u>372,804</u> | <u>372,804</u> | <u>372,804</u> | <u>-</u> |
| Fund equity at end of year | <u>\$ 162,915</u> | <u>\$ 915</u> | <u>\$ 45,208</u> | <u>\$ 44,293</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, 2012

| | Balance January 1, 2012 | Additions | Deletions | Balance December 31, 2012 |
|--|-------------------------------|-----------------|-----------------|---------------------------------|
| Building Standards | | | | |
| <u>Assets:</u> | | | | |
| Equity in pooled cash and cash equivalents | \$ 978 | \$ 3,093 | \$ 3,072 | \$ 999 |
| Total assets | <u>\$ 978</u> | <u>\$ 3,093</u> | <u>\$ 3,072</u> | <u>\$ 999</u> |
| <u>Liabilities:</u> | | | | |
| Due to other governments | \$ 978 | \$ 3,093 | \$ 3,072 | \$ 999 |
| Total liabilities | <u>\$ 978</u> | <u>\$ 3,093</u> | <u>\$ 3,072</u> | <u>\$ 999</u> |

| | Balance January 1, 2012 | Additions | Deletions | Balance December 31, 2012 |
|--|-------------------------------|---------------------|---------------------|---------------------------------|
| Northern Area Water Authority | | | | |
| <u>Assets:</u> | | | | |
| Equity in pooled cash and cash equivalents | \$ 602,834 | \$ 2,679,345 | \$ 2,477,003 | \$ 805,176 |
| Total assets | <u>\$ 602,834</u> | <u>\$ 2,679,345</u> | <u>\$ 2,477,003</u> | <u>\$ 805,176</u> |
| <u>Liabilities:</u> | | | | |
| Due to others | \$ 602,834 | \$ 2,679,345 | \$ 2,477,003 | \$ 805,176 |
| Total liabilities | <u>\$ 602,834</u> | <u>\$ 2,679,345</u> | <u>\$ 2,477,003</u> | <u>\$ 805,176</u> |

| | Balance January 1, 2012 | Additions | Deletions | Balance December 31, 2012 |
|--|-------------------------------|---------------------|---------------------|---------------------------------|
| Municipal Court | | | | |
| <u>Assets:</u> | | | | |
| Cash and cash equivalents in segregated accounts | \$ 124,562 | \$ 1,465,925 | \$ 1,478,584 | \$ 111,903 |
| Total assets | <u>\$ 124,562</u> | <u>\$ 1,465,925</u> | <u>\$ 1,478,584</u> | <u>\$ 111,903</u> |
| <u>Liabilities:</u> | | | | |
| Due to other governments | \$ 46,677 | \$ 611,958 | \$ 614,885 | \$ 43,750 |
| Undistributed monies | 77,885 | 853,967 | 863,699 | 68,153 |
| Total liabilities | <u>\$ 124,562</u> | <u>\$ 1,465,925</u> | <u>\$ 1,478,584</u> | <u>\$ 111,903</u> |

| | Balance January 1, 2012 | Additions | Deletions | Balance December 31, 2012 |
|--|-------------------------------|---------------------|---------------------|---------------------------------|
| Multi-District Tax fund | | | | |
| <u>Assets:</u> | | | | |
| Equity in pooled cash and cash equivalents | \$ 413,238 | \$ 3,467,510 | \$ 3,693,049 | \$ 187,699 |
| Total assets | <u>\$ 413,238</u> | <u>\$ 3,467,510</u> | <u>\$ 3,693,049</u> | <u>\$ 187,699</u> |
| <u>Liabilities:</u> | | | | |
| Due to other governments | \$ 412,932 | \$ 186,915 | \$ 412,932 | \$ 186,915 |
| Undistributed monies | 306 | 3,280,595 | 3,280,117 | 784 |
| Total liabilities | <u>\$ 413,238</u> | <u>\$ 3,467,510</u> | <u>\$ 3,693,049</u> | <u>\$ 187,699</u> |

City of Vandalia, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2012

| | Balance January 1, 2012 | Additions | Deletions | Balance December 31, 2012 |
|---|-------------------------------|----------------------|----------------------|---------------------------------|
| Performance Bond | | | | |
| <u>Assets:</u> | | | | |
| Equity in pooled cash and cash equivalents | \$ 17,405 | \$ 600 | \$ 1,345 | \$ 16,660 |
| Total assets | <u>\$ 17,405</u> | <u>\$ 600</u> | <u>\$ 1,345</u> | <u>\$ 16,660</u> |
| <u>Liabilities:</u> | | | | |
| Undistributed monies | \$ 17,405 | \$ 600 | \$ 1,345 | \$ 16,660 |
| Total liabilities | <u>\$ 17,405</u> | <u>\$ 600</u> | <u>\$ 1,345</u> | <u>\$ 16,660</u> |
| | | | | |
| | Balance January 1, 2012 | Additions | Deletions | Balance December 31, 2012 |
| Tri-Cities North Regional Wastewater Authority | | | | |
| <u>Assets:</u> | | | | |
| Equity in pooled cash and cash equivalents | \$ 1,958,544 | \$ 3,696,309 | \$ 1,958,544 | \$ 3,696,309 |
| Investments | 4,685,801 | 1,708,949 | 3,993,650 | 2,401,100 |
| Total assets | <u>\$ 6,644,345</u> | <u>\$ 5,405,258</u> | <u>\$ 5,952,194</u> | <u>\$ 6,097,409</u> |
| <u>Liabilities:</u> | | | | |
| Due to others | \$ 6,644,345 | \$ 5,405,258 | \$ 5,952,194 | \$ 6,097,409 |
| Total liabilities | <u>\$ 6,644,345</u> | <u>\$ 5,405,258</u> | <u>\$ 5,952,194</u> | <u>\$ 6,097,409</u> |
| | | | | |
| | Balance January 1, 2012 | Additions | Deletions | Balance December 31, 2012 |
| Employee Flex Account | | | | |
| <u>Assets:</u> | | | | |
| Equity in pooled cash and cash equivalents | \$ 4,631 | \$ 68,786 | \$ 63,993 | \$ 9,424 |
| Total assets | <u>\$ 4,631</u> | <u>\$ 68,786</u> | <u>\$ 63,993</u> | <u>\$ 9,424</u> |
| <u>Liabilities:</u> | | | | |
| Due to employees | \$ 4,631 | \$ 68,786 | \$ 63,993 | \$ 9,424 |
| Total liabilities | <u>\$ 4,631</u> | <u>\$ 68,786</u> | <u>\$ 63,993</u> | <u>\$ 9,424</u> |
| | | | | |
| | Balance January 1, 2012 | Additions | Deletions | Balance December 31, 2012 |
| Totals | | | | |
| <u>Assets:</u> | | | | |
| Equity in pooled cash and cash equivalents | \$ 2,997,630 | \$ 9,915,643 | \$ 8,197,006 | \$ 4,716,267 |
| Cash and cash equivalents in segregated accounts | 124,562 | 1,465,925 | 1,478,584 | 111,903 |
| Investments | 4,685,801 | 1,708,949 | 3,993,650 | 2,401,100 |
| Total assets | <u>\$ 7,807,993</u> | <u>\$ 13,090,517</u> | <u>\$ 13,669,240</u> | <u>\$ 7,229,270</u> |
| <u>Liabilities:</u> | | | | |
| Due to other governments | \$ 460,587 | \$ 801,966 | \$ 1,030,889 | \$ 231,664 |
| Due to employees | 4,631 | 68,786 | 63,993 | 9,424 |
| Undistributed monies | 95,596 | 4,135,162 | 4,145,161 | 85,597 |
| Due to others | 7,247,179 | 8,084,603 | 8,429,197 | 6,902,585 |
| Total liabilities | <u>\$ 7,807,993</u> | <u>\$ 13,090,517</u> | <u>\$ 13,669,240</u> | <u>\$ 7,229,270</u> |



Statistical Section



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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 - S14 |
| 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. | S15 - S19 |
| 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. | S20 - S21 |
| 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. | S22 - S29 |

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF VANDALIA, OHIO
 Net Position by Component
 Last Ten Years

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| <u>Governmental Activities</u> | | | | | |
| Net investment in capital assets | \$ 31,647,933 | \$ 32,543,285 | \$ 33,073,481 | \$ 32,617,097 | \$ 35,381,805 |
| Restricted | 4,570,563 | 4,543,818 | 4,668,371 | 5,164,000 | 4,872,447 |
| Unrestricted | 12,961,542 | 14,439,093 | 15,932,867 | 21,393,154 | 21,683,362 |
| Total governmental activities net position | <u>\$ 49,180,038</u> | <u>\$ 51,526,196</u> | <u>\$ 53,674,719</u> | <u>\$ 59,174,251</u> | <u>\$ 61,937,614</u> |
| <u>Business-Type Activities</u> | | | | | |
| Net investment in capital assets | \$ 17,235,721 | \$ 16,904,597 | \$ 17,560,983 | \$ 17,541,180 | \$ 17,331,384 |
| Unrestricted | 8,231,386 | 8,146,092 | 7,861,688 | 7,999,421 | 10,272,138 |
| Total business-type activities net position | <u>\$ 25,467,107</u> | <u>\$ 25,050,689</u> | <u>\$ 25,422,671</u> | <u>\$ 25,540,601</u> | <u>\$ 27,603,522</u> |
| <u>Primary Government</u> | | | | | |
| Net investment in capital assets | \$ 48,883,654 | \$ 49,447,882 | \$ 50,634,464 | \$ 50,158,277 | \$ 52,713,189 |
| Restricted | 4,570,563 | 4,543,818 | 4,668,371 | 5,164,000 | 4,872,447 |
| Unrestricted | 21,192,928 | 22,585,185 | 23,794,555 | 29,392,575 | 31,955,500 |
| Total primary government net position | <u>\$ 74,647,145</u> | <u>\$ 76,576,885</u> | <u>\$ 79,097,390</u> | <u>\$ 84,714,852</u> | <u>\$ 89,541,136</u> |

| <u>2008</u> | <u>2009</u> | <u>2010</u> | Restated <u>2011</u> | <u>2012</u> |
|----------------------|----------------------|----------------------|-------------------------|----------------------|
| \$ 36,535,266 | \$ 39,122,829 | \$ 42,469,073 | \$ 42,488,927 | \$ 42,909,665 |
| 4,489,010 | 5,991,019 | 5,776,138 | 2,032,828 | 3,006,345 |
| <u>21,281,556</u> | <u>14,113,877</u> | <u>12,187,964</u> | <u>15,743,855</u> | <u>15,722,617</u> |
| <u>\$ 62,305,832</u> | <u>\$ 59,227,725</u> | <u>\$ 60,433,175</u> | <u>\$ 60,265,610</u> | <u>\$ 61,638,627</u> |
| | | | | |
| \$ 18,165,790 | \$ 18,217,454 | \$ 18,100,914 | \$ 18,332,521 | \$ 18,007,758 |
| 9,385,576 | 9,169,165 | 10,846,059 | 10,898,051 | 11,833,535 |
| <u>\$ 27,551,366</u> | <u>\$ 27,386,619</u> | <u>\$ 28,946,973</u> | <u>\$ 29,230,572</u> | <u>\$ 29,841,293</u> |
| | | | | |
| \$ 54,701,056 | \$ 57,340,283 | \$ 60,569,987 | \$ 60,821,448 | \$ 60,917,423 |
| 4,489,010 | 5,991,019 | 5,776,138 | 2,032,828 | 3,006,345 |
| <u>30,667,132</u> | <u>23,283,042</u> | <u>23,034,023</u> | <u>26,641,906</u> | <u>27,556,152</u> |
| <u>\$ 89,857,198</u> | <u>\$ 86,614,344</u> | <u>\$ 89,380,148</u> | <u>\$ 89,496,182</u> | <u>\$ 91,479,920</u> |

CITY OF VANDALIA, OHIO
Changes in Net Position
Last Ten Years

| Expenses | 2003 | 2004 | 2005 | 2006 | 2007 |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| Governmental Activities: | | | | | |
| General government | \$ 4,929,186 | \$ 4,944,560 | \$ 5,366,477 | \$ 5,460,150 | \$ 5,906,984 |
| Public safety | 5,703,204 | 5,698,591 | 6,058,752 | 6,178,967 | 6,052,798 |
| Public works | 4,223,002 | 3,877,206 | 4,432,060 | 4,240,372 | 4,224,539 |
| Recreation | 3,351,472 | 3,278,059 | 3,294,702 | 3,427,824 | 3,676,239 |
| Interest and fiscal charges | 680,882 | 505,688 | 540,735 | 580,291 | 650,699 |
| Total governmental activities expenses | <u>18,887,746</u> | <u>18,304,104</u> | <u>19,692,726</u> | <u>19,887,604</u> | <u>20,511,259</u> |
| Business-Type Activities: | | | | | |
| Water | 1,573,771 | 1,663,004 | 1,801,203 | 2,227,291 | 2,242,417 |
| Sewer | 863,893 | 1,594,333 | 1,464,646 | 1,478,904 | 1,523,399 |
| Golf | 1,157,810 | 1,144,596 | 1,145,444 | 1,165,894 | 1,185,618 |
| Total business-type activities | <u>3,595,474</u> | <u>4,401,933</u> | <u>4,411,293</u> | <u>4,872,089</u> | <u>4,951,434</u> |
| Total primary government expenses | <u>\$ 22,483,220</u> | <u>\$ 22,706,037</u> | <u>\$ 24,104,019</u> | <u>\$ 24,759,693</u> | <u>\$ 25,462,693</u> |
| Program Revenues | | | | | |
| Governmental Activities: | | | | | |
| Charges for services: | | | | | |
| General government | \$ 2,069,469 | \$ 1,879,701 | \$ 2,111,964 | \$ 1,748,666 | \$ 1,873,488 |
| Public safety | 226,100 | 517,433 | 502,942 | 708,379 | 673,765 |
| Public works | 239,882 | 885,430 | 1,331,202 | 1,186,775 | 1,310,194 |
| Recreation | 1,204,578 | 1,262,996 | 1,298,854 | 1,347,174 | 1,397,631 |
| Operating grants, contributions and interest | 759,212 | 801,455 | 1,626,415 | 1,165,543 | 1,152,379 |
| Capital grants and contributions | 395,429 | 819,364 | 1,745,069 | 952,359 | 1,374,031 |
| Total governmental activities program revenues | <u>4,894,670</u> | <u>6,166,379</u> | <u>8,616,446</u> | <u>7,108,896</u> | <u>7,781,488</u> |
| Business-Type Activities: | | | | | |
| Charges for services: | | | | | |
| Water | 1,574,328 | 1,458,940 | 1,568,232 | 2,249,435 | 2,770,088 |
| Sewer | 1,038,386 | 1,101,616 | 1,065,364 | 1,336,767 | 2,333,065 |
| Golf | 941,156 | 944,892 | 974,608 | 984,106 | 990,779 |
| Operating grants, contributions and interest | - | - | - | - | - |
| Capital grants and contributions | 4,022 | 9,481 | 813,061 | 327,837 | 74,445 |
| Total business-type activities program revenues | <u>3,557,892</u> | <u>3,514,929</u> | <u>4,421,265</u> | <u>4,898,145</u> | <u>6,168,377</u> |
| Total primary government program revenues | <u>\$ 8,452,562</u> | <u>\$ 9,681,308</u> | <u>\$ 13,037,711</u> | <u>\$ 12,007,041</u> | <u>\$ 13,949,865</u> |
| Net (expense)/revenue | | | | | |
| Governmental activities | \$ (13,993,076) | \$ (12,137,725) | \$ (11,076,280) | \$ (12,778,708) | \$ (12,729,771) |
| Business-type activities | (37,582) | (887,004) | 9,972 | 26,056 | 1,216,943 |
| Total primary government net expense | <u>\$ (14,030,658)</u> | <u>\$ (13,024,729)</u> | <u>\$ (11,066,308)</u> | <u>\$ (12,752,652)</u> | <u>\$ (11,512,828)</u> |
| General Revenues and Other Changes in Net Position | | | | | |
| Governmental Activities: | | | | | |
| Property taxes levied for: | | | | | |
| General purposes | \$ 1,783,553 | \$ 1,703,923 | \$ 1,652,459 | \$ 2,008,091 | \$ 1,976,022 |
| Income tax levied for: | | | | | |
| General purposes | 8,393,096 | 10,420,056 | 10,419,773 | 13,205,994 | 13,072,621 |
| Capital projects | 1,518,509 | - | - | - | - |
| Grants and entitlements not restricted to specific programs | 837,051 | 984,588 | 925,581 | 1,820,314 | 1,357,421 |
| Payment in lieu of taxes | - | - | - | - | - |
| Investment earnings | 336,949 | 509,985 | 354,301 | 1,146,670 | 1,485,318 |
| Gain on the sale of capital assets | - | - | - | - | - |
| Other | 124,683 | 67,812 | 32,800 | 159,399 | 112,821 |
| Total governmental activities | <u>12,993,841</u> | <u>13,686,364</u> | <u>13,384,914</u> | <u>18,340,468</u> | <u>18,004,203</u> |
| Business-Type Activities: | | | | | |
| Investment in joint venture | 93,368 | 374,117 | 171,124 | - | - |
| Investment earnings | 2,660 | 1,688 | 2,187 | 4,717 | 3,471 |
| Other | 45,567 | 48,549 | 28,588 | 24,929 | 33,196 |
| Total business-type activities | <u>141,595</u> | <u>424,354</u> | <u>201,899</u> | <u>29,646</u> | <u>36,667</u> |
| Total primary government | <u>\$ 13,135,436</u> | <u>\$ 14,110,718</u> | <u>\$ 13,586,813</u> | <u>\$ 18,370,114</u> | <u>\$ 18,040,870</u> |
| Change in net position | | | | | |
| Governmental activities | \$ (2,328,410) | \$ 1,504,411 | \$ 2,148,523 | \$ 5,499,532 | \$ 4,337,065 |
| Business-type activities | 1,433,188 | (418,422) | 371,982 | 117,930 | 2,190,977 |
| Total primary government | <u>\$ (895,222)</u> | <u>\$ 1,085,989</u> | <u>\$ 2,520,505</u> | <u>\$ 5,617,462</u> | <u>\$ 6,528,042</u> |

| | 2008 | 2009 | 2010 | 2011 | 2012 |
|----|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ | 6,403,491 | \$ 7,686,032 | \$ 5,582,027 | \$ 5,726,617 | \$ 5,782,863 |
| | 6,608,469 | 6,605,685 | 6,531,788 | 6,911,373 | 6,811,934 |
| | 4,430,596 | 5,881,207 | 5,030,029 | 5,328,780 | 6,294,260 |
| | 4,016,239 | 4,099,980 | 3,984,048 | 3,958,580 | 3,847,357 |
| | 625,917 | 758,879 | 736,084 | 661,538 | 601,289 |
| | <u>22,084,712</u> | <u>25,031,783</u> | <u>21,863,976</u> | <u>22,586,888</u> | <u>23,337,703</u> |
| | 2,677,281 | 2,530,623 | 1,912,399 | 2,057,812 | 2,059,071 |
| | 1,574,798 | 1,699,742 | 450,852 | 1,741,089 | 1,512,536 |
| | 1,137,838 | 1,057,710 | 1,087,328 | 965,069 | 1,042,176 |
| | <u>5,389,917</u> | <u>5,288,075</u> | <u>3,450,579</u> | <u>4,763,970</u> | <u>4,613,783</u> |
| \$ | <u>27,474,629</u> | <u>30,319,858</u> | <u>25,314,555</u> | <u>27,350,858</u> | <u>27,951,486</u> |
| \$ | 1,914,426 | \$ 1,821,605 | \$ 1,871,967 | \$ 1,871,826 | \$ 1,577,135 |
| | 654,686 | 629,222 | 663,224 | 326,695 | 649,206 |
| | 1,132,996 | 1,245,630 | 1,333,534 | 1,706,801 | 1,400,408 |
| | 1,461,420 | 1,468,749 | 1,481,966 | 1,479,628 | 1,446,534 |
| | 919,062 | 1,324,350 | 727,898 | 1,272,681 | 1,106,688 |
| | 750,497 | 2,078,995 | 2,501,327 | 818,757 | 2,004,768 |
| | <u>6,833,087</u> | <u>8,568,551</u> | <u>8,579,916</u> | <u>7,476,388</u> | <u>8,184,739</u> |
| | 1,979,915 | 2,056,963 | 2,182,747 | 2,128,858 | 2,226,641 |
| | 1,072,501 | 1,254,928 | 1,300,559 | 1,378,273 | 1,584,806 |
| | 951,835 | 935,518 | 930,933 | 863,896 | 973,947 |
| | - | - | - | - | 130,340 |
| | 103,784 | 412,108 | 108,770 | 1,052 | 2,828 |
| | <u>4,108,035</u> | <u>4,659,517</u> | <u>4,523,009</u> | <u>4,372,079</u> | <u>4,918,562</u> |
| \$ | <u>10,941,122</u> | <u>13,228,068</u> | <u>13,102,925</u> | <u>11,848,467</u> | <u>13,103,301</u> |
| \$ | (15,251,625) | \$ (16,463,232) | \$ (13,284,060) | \$ (15,110,500) | \$ (15,152,964) |
| | (1,281,882) | (628,558) | 1,072,430 | (391,891) | 304,779 |
| \$ | <u>(16,533,507)</u> | <u>(17,091,790)</u> | <u>(12,211,630)</u> | <u>(15,502,391)</u> | <u>(14,848,185)</u> |
| \$ | 2,077,147 | \$ 1,670,726 | \$ 1,989,379 | \$ 1,548,086 | \$ 1,505,738 |
| | 11,391,659 | 9,222,083 | 10,889,271 | 11,709,263 | 13,025,898 |
| | - | - | - | - | - |
| | 1,977,904 | 1,931,238 | 1,539,008 | 1,764,465 | 1,556,563 |
| | - | 16,857 | 108,512 | 107,720 | 43,957 |
| | 1,211,323 | 622,173 | 254,451 | 492,580 | 208,984 |
| | - | - | - | 11,040 | 124,555 |
| | 154,641 | 114,904 | 131,464 | 59,415 | 82,334 |
| | <u>16,812,674</u> | <u>13,577,981</u> | <u>14,912,085</u> | <u>15,692,569</u> | <u>16,548,029</u> |
| | - | - | - | - | - |
| | 1,140 | 483 | 287 | - | - |
| | 35,755 | 270,472 | 65,062 | 56,523 | 283,894 |
| | 36,895 | 270,955 | 65,349 | 56,523 | 283,894 |
| \$ | <u>16,849,569</u> | <u>13,848,936</u> | <u>14,977,434</u> | <u>15,749,092</u> | <u>16,831,923</u> |
| \$ | 368,218 | \$ (3,078,107) | \$ 1,205,450 | \$ (36,898) | \$ 1,373,017 |
| | (52,156) | (164,747) | 1,560,354 | 283,599 | 610,721 |
| \$ | <u>316,062</u> | <u>(3,242,854)</u> | <u>2,765,804</u> | <u>246,701</u> | <u>1,983,738</u> |

CITY OF VANDALIA, OHIO
Fund Balances, Governmental Funds
Last Ten Years

| | <u>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Committed | - | - | - | - | - |
| Assigned | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Reserved | 2,147,547 | 2,202,106 | 1,867,705 | 1,850,259 | 1,790,777 |
| Unreserved, designated | - | - | - | - | - |
| Unreserved | <u>9,236,874</u> | <u>10,791,865</u> | <u>13,008,780</u> | <u>16,996,717</u> | <u>18,711,875</u> |
| Total general fund | <u>\$ 11,384,421</u> | <u>\$ 12,993,971</u> | <u>\$ 14,876,485</u> | <u>\$ 18,846,976</u> | <u>\$ 20,502,652</u> |
| | | | | | |
| All Other Governmental Funds | | | | | |
| Nonspendable | \$ - | \$ - | \$ - | \$ - | \$ - |
| Restricted | - | - | - | - | - |
| Committed | - | - | - | - | - |
| Assigned | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| Reserved | 2,202,060 | 902,290 | 738,185 | 4,477,554 | 6,105,502 |
| Unreserved, reported in: | | | | | |
| Special revenue funds | 991,055 | 1,251,527 | 1,578,658 | 1,966,858 | 1,508,082 |
| Capital projects funds | 703,548 | 1,568,078 | 1,390,763 | (2,060,044) | (3,834,063) |
| Debt service funds | <u>155,114</u> | <u>186,958</u> | <u>411,590</u> | <u>169,257</u> | <u>219,077</u> |
| Total all other governmental funds | <u>\$ 4,051,777</u> | <u>\$ 3,908,853</u> | <u>\$ 4,119,196</u> | <u>\$ 4,553,625</u> | <u>\$ 3,998,598</u> |

| | | Restated | | |
|---------------|---------------|---------------|---------------|---------------|
| <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
| \$ - | \$ - | \$ 42,721 | \$ 42,034 | \$ 50,022 |
| - | - | 380,484 | 360,215 | 442,531 |
| - | - | 1,832,419 | 2,287,384 | 1,348,736 |
| - | - | 10,266,922 | 10,756,154 | 11,307,767 |
| 1,952,111 | 1,304,239 | - | - | - |
| - | 915,000 | - | - | - |
| 19,029,818 | 11,813,674 | - | - | - |
| \$ 20,981,929 | \$ 14,032,913 | \$ 12,522,546 | \$ 13,445,787 | \$ 13,149,056 |

| | | | | |
|--------------|--------------|--------------|--------------|--------------|
| \$ - | \$ - | \$ 3,763,299 | \$ 3,340,482 | \$ 2,849,291 |
| - | - | 1,661,587 | 1,788,921 | 1,937,880 |
| - | - | 3,165,623 | 2,536,378 | 2,073,419 |
| - | - | - | - | - |
| - | - | (3,195,166) | (3,755,190) | (2,074,380) |
| 6,517,093 | 8,079,431 | - | - | - |
| 1,306,895 | 1,445,453 | - | - | - |
| (4,158,504) | (1,453,242) | - | - | - |
| 221,577 | 243,154 | - | - | - |
| \$ 3,887,061 | \$ 8,314,796 | \$ 5,395,343 | \$ 3,910,591 | \$ 4,786,210 |

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

| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|----------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|---------------|---------------|
| REVENUES | | | | | | | | | | |
| Municipal income taxes | \$ 10,317,499 | \$ 10,523,250 | \$ 10,735,700 | \$ 12,579,757 | \$ 13,278,532 | \$ 11,905,601 | \$ 9,377,445 | \$ 11,031,533 | \$ 11,811,152 | \$ 12,554,400 |
| Property and other taxes | 1,706,415 | 1,743,925 | 1,708,422 | 1,972,798 | 1,922,643 | 2,118,855 | 1,691,048 | 2,081,995 | 1,722,455 | 1,577,735 |
| Charges for services | 2,267,691 | 3,192,514 | 3,077,102 | 3,210,035 | 3,451,386 | 3,625,059 | 3,544,147 | 3,647,220 | 3,685,674 | 3,485,052 |
| Fines, licenses and permits | 1,242,665 | 1,256,743 | 1,558,334 | 1,520,154 | 1,710,057 | 1,675,186 | 1,580,539 | 1,689,318 | 1,560,665 | 1,639,877 |
| Intergovernmental revenues | 2,002,376 | 2,465,614 | 3,282,145 | 2,842,184 | 3,519,044 | 3,703,037 | 3,891,817 | 5,034,523 | 3,669,156 | 3,544,825 |
| Special assessments | 102,173 | 110,424 | 77,444 | 74,442 | 15,459 | 27,739 | 17,950 | 9,606 | 7,862 | 10,231 |
| Investment income | 286,065 | 527,580 | 420,327 | 1,170,927 | 1,485,317 | 1,211,322 | 622,173 | 254,537 | 492,580 | 208,984 |
| Other | 193,587 | 120,113 | 82,088 | 113,944 | 119,864 | 146,798 | 39,536 | 132,485 | 76,244 | 103,708 |
| Total revenues | 18,118,471 | 19,940,163 | 20,941,562 | 23,484,241 | 25,502,302 | 24,413,597 | 20,764,655 | 23,881,217 | 23,025,788 | 23,124,812 |
| EXPENDITURES | | | | | | | | | | |
| General government | 4,392,538 | 4,729,410 | 5,070,770 | 5,229,572 | 5,679,146 | 6,076,275 | 7,381,632 | 5,374,258 | 5,410,595 | 5,496,187 |
| Public safety | 5,080,363 | 5,173,529 | 5,446,724 | 5,673,085 | 5,643,811 | 6,105,935 | 6,105,910 | 6,096,542 | 6,308,866 | 6,187,676 |
| Public works | 2,756,101 | 2,786,256 | 3,025,121 | 3,292,098 | 3,343,736 | 3,453,508 | 4,877,949 | 4,069,538 | 3,745,331 | 4,884,241 |
| Recreation | 2,796,496 | 2,695,435 | 2,792,382 | 2,864,729 | 3,158,080 | 3,418,795 | 3,558,865 | 3,486,776 | 3,500,732 | 3,349,081 |
| Capital outlay | 3,754,872 | 2,073,833 | 1,334,942 | 1,883,575 | 4,861,768 | 3,787,251 | 4,477,252 | 7,279,564 | 3,042,512 | 1,190,438 |
| Debt service: | | | | | | | | | | |
| Principal retirement | 476,971 | 626,971 | 555,000 | 568,521 | 619,479 | 632,844 | 1,011,352 | 935,008 | 963,819 | 997,791 |
| Interest and fiscal charges | 682,627 | 515,910 | 509,321 | 503,396 | 605,128 | 606,004 | 635,638 | 669,351 | 615,444 | 580,937 |
| Bond issuance costs | - | 179,118 | - | 10,000 | - | - | 97,735 | - | - | - |
| Total expenditures | 19,939,968 | 18,780,462 | 18,734,260 | 20,024,976 | 23,911,148 | 24,080,612 | 28,146,333 | 27,911,037 | 23,587,299 | 22,686,351 |
| Excess of revenues over (under) expenditures | (1,821,497) | 1,159,701 | 2,207,302 | 3,459,265 | 1,591,154 | 332,985 | (7,381,678) | (4,029,820) | (561,511) | 438,461 |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Proceeds of bonds | - | - | - | - | - | - | 4,755,000 | - | - | - |
| Inception of capital lease | - | - | - | 944,855 | - | - | - | - | - | - |
| Premium on bonds issued | - | - | - | - | - | - | 50,304 | - | - | - |
| 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 | 55,093 | - | - | 140,427 |
| Payment to refunded bond escrow agent | - | (11,125,672) | - | - | - | - | - | - | - | - |
| Transfers in | 2,556,431 | 2,020,451 | 1,787,573 | 2,695,016 | 4,931,342 | 4,439,244 | 6,841,691 | 4,253,092 | 2,561,151 | 3,855,648 |
| Transfer out | (2,559,171) | (2,020,451) | (1,787,573) | (2,695,016) | (5,431,342) | (4,439,244) | (6,841,691) | (4,653,092) | (2,561,151) | (3,855,648) |
| Total other financing sources (uses) | 877 | 179,119 | 15,120 | 945,655 | (490,505) | 34,755 | 4,860,397 | (400,000) | - | 140,427 |
| Net change in fund balance | \$ (1,820,620) | \$ 1,338,820 | \$ 2,222,422 | \$ 4,404,920 | \$ 1,100,649 | \$ 367,740 | \$ (2,521,281) | \$ (4,429,820) | \$ (561,511) | \$ 578,888 |
| Debt service as a percentage of noncapital expenditures | 7.2% | 7.9% | 6.1% | 6.0% | 6.4% | 6.1% | 7.4% | 7.8% | 7.7% | 7.3% |

(1) Modified accrual basis of accounting.

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

| Collection Year | Real Property (1) | | Public Utility (2) | | Tangible Personal Property (3) | | Total | | Weighted Average Tax Rate | Total City Direct Rate |
|-----------------|-------------------|--------------------------|--------------------|------------------------|--------------------------------|------------------------|----------------|------------------------|---------------------------|------------------------|
| | Assessed Value | Commercial/Industrial/PU | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | Assessed Value | Estimated Actual Value | | |
| 2012 | \$ 334,185,190 | \$ 45,420 | \$ 5,995,890 | \$ 15,398,536 | \$ - | \$ - | \$ 340,226,500 | \$ 970,343,136 | 35.84% | \$ 4.14 |
| 2011 | 358,924,870 | 40,320 | 5,873,700 | 15,084,730 | - | - | 364,838,890 | 1,040,699,558 | 35.77% | \$ 4.14 |
| 2010 | 361,083,290 | 37,350 | 5,638,060 | 14,479,563 | 116,150 | 2,323,000 | 366,874,850 | 1,048,575,820 | 35.77% | \$ 4.14 |
| 2009 | 362,557,370 | 32,220 | 5,715,530 | 14,678,520 | 696,660 | 6,966,600 | 369,001,780 | 1,057,615,377 | 35.57% | \$ 4.14 |
| 2008 | 363,742,150 | 28,420 | 5,625,360 | 14,446,947 | 25,112,712 | 40,180,339 | 394,508,642 | 1,093,971,772 | 36.71% | \$ 4.14 |
| 2007 | 358,120,300 | 26,400 | 6,670,560 | 17,131,211 | 43,327,379 | 346,619,032 | 408,144,639 | 1,387,026,529 | 30.03% | \$ 4.14 |
| 2006 | 347,780,250 | 42,820 | 6,942,390 | 17,829,320 | 59,956,143 | 319,766,096 | 414,721,603 | 1,331,375,616 | 31.81% | \$ 4.14 |
| 2005 | 322,144,700 | 46,520 | 7,338,730 | 8,339,466 | 77,595,931 | 323,316,379 | 407,125,881 | 1,252,202,188 | 32.51% | \$ 4.14 |
| 2004 | 316,589,440 | 46,120 | 7,696,010 | 8,745,466 | 71,493,745 | 285,974,980 | 395,825,315 | 1,199,393,474 | 33.00% | \$ 4.14 |
| 2003 | 310,368,570 | 45,290 | 9,896,969 | 11,246,556 | 80,095,291 | 320,381,164 | 400,406,120 | 1,218,524,463 | 32.86% | \$ 4.14 |

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 2003 - 2005, for 2006-2012 half at 88% the other half at 25% of true value.

(3) Tangible personal property is assessed at 25% for 2003 - 2004, 24% for 2005, 18.75% for 2006, 12.5% for 2007, 6.25% for 2008 and 0% for 2009-2012.

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

| <u>Year</u> | <u>Current Tax Levy</u> | <u>Current Tax Collections (1)</u> | <u>Delinquent 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> |
|-------------|-------------------------|------------------------------------|-----------------------------------|------------------------------|----------------------------------|-------------------------------------|--|------------------------------|
| 2012 | \$ 1,408,538 | \$ 1,363,912 | \$ 42,503 | \$ 1,406,415 | 99.85% | \$ 30,429 | 2.16% | \$ 84.92 |
| 2011 | 1,510,433 | 1,454,051 | 44,039 | 1,498,090 | 99.18% | 39,136 | 2.59% | 84.02 |
| 2010 | 1,518,862 | 1,459,807 | 48,781 | 1,508,588 | 99.32% | 88,379 | 5.82% | 83.13 |
| 2009 | 1,527,667 | 1,461,956 | 44,273 | 1,506,229 | 98.60% | 107,679 | 7.05% | 82.60 |
| 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 | 21,698 | 1,678,407 | 99.58% | 51,822 | 3.07% | 73.97 |
| 2004 | 1,683,046 | 1,645,698 | 16,849 | 1,662,547 | 98.78% | 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 |

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 | | |
| 2012 | \$ 1.54 | \$ 2.30 | \$ 0.30 | \$4.14 | \$ 20.94 | \$ 55.51 | \$ 2.58 | \$ 1.75 | \$ 84.92 | |
| 2011 | 1.54 | 2.30 | 0.30 | 4.14 | 20.94 | 54.61 | 2.58 | 1.75 | 84.02 | |
| 2010 | 1.54 | 2.30 | 0.30 | 4.14 | 20.94 | 53.72 | 2.58 | 1.75 | 83.13 | |
| 2009 | 1.54 | 2.30 | 0.30 | 4.14 | 20.94 | 53.69 | 2.58 | 1.25 | 82.60 | |
| 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 | |

Source: Montgomery County Auditor

CITY OF VANDALIA, OHIO
 Schedules of Principal Taxpayers - Real Property
 2012 and 2004

| | 2004 | | | 2012 | | |
|------------------------------|------------------------|------|---|------------------------|------|---|
| | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total City Taxable Assessed Value |
| Taxpayer | | | | | | |
| Sand Lake Plaza LLC | \$ - | | 0.00% | \$ 2,126,040 | 1 | 0.64% |
| Shoppes at Northwoods | 1,867,310 | 6 | 0.59% | 2,051,850 | 2 | 0.61% |
| Garrett-Ryan LLC | - | | 0.00% | 1,871,280 | 3 | 0.56% |
| Floriday LLC | - | | 0.00% | 1,705,850 | 4 | 0.51% |
| Delphi Properties Management | - | | 0.00% | 1,620,920 | 5 | 0.48% |
| 3920 Space Drive Building | - | | 0.00% | 1,583,660 | 6 | 0.47% |
| Timberlake Limited Partners | 1,451,520 | 8 | 0.46% | 1,314,510 | 7 | 0.39% |
| Vandalia CG LLC | - | | 0.00% | 1,277,510 | 8 | 0.38% |
| The Khoshbin Tower LP | - | | 0.00% | 1,191,240 | 9 | 0.36% |
| 7124 Poe Ave LLC | - | | 0.00% | 1,146,930 | 10 | 0.34% |
| Dayton Power & Light Co. | 4,547,570 | 2 | 1.44% | - | | 0.00% |
| Delphi Automotive System | 4,697,770 | 1 | 1.48% | - | | 0.00% |
| The Iams Company | 2,431,470 | 4 | 0.77% | - | | 0.00% |
| 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>7.44%</u> | <u>\$ 15,889,790</u> | | <u>4.76%</u> |
| Total City | <u>\$ 316,635,560</u> | | | <u>\$ 334,230,610</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
 2012 and 2004

| | 2004 | | | 2012 | | |
|---------------------------------|------------------------|------|---|----------------------------|------|---|
| | 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% | \$ 5,948,820 | 1 | 99.21% |
| Vectren Energy Delivery of Ohio | - | | 0.00% | 425,960 | 2 | 7.10% |
| Buckeye Power Inc. | - | | 0.00% | 930 | 3 | 0.02% |
| Ohio Bell Telephone Co. | <u>1,934,730</u> | 2 | <u>25.14%</u> | <u>-</u> | | <u>0.00%</u> |
| Total of above | <u>\$ 6,482,300</u> | | <u>84.23%</u> | <u>\$ 6,375,710</u> | | <u>106.33%</u> |
| Total City | <u>\$ 7,696,010</u> | | | <u>\$ 5,995,890</u> | | |

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

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> |
|-----------------|-----------------|----------------------------|-------------------------------|---|-------------------------------|---|-------------------------------|---|
| 2012 | 2.00% | \$ 12,947,429 | \$ 9,590,711 | 74.07% | \$ 1,978,254 | 15.28% | \$ 1,378,464 | 10.65% |
| 2011 | 2.00 | 12,086,039 | 9,108,148 | 75.36 | 1,594,969 | 13.20 | 1,382,922 | 11.44 |
| 2010 | 2.00 | 11,174,601 | 8,741,078 | 78.22 | 1,185,925 | 10.61 | 1,247,598 | 11.16 |
| 2009 | 2.00 | 11,422,710 | 9,110,018 | 79.75 | 1,047,443 | 9.17 | 1,265,248 | 11.08 |
| 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 |

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 | Toal Debt Per Capita |
|-------------|-----------------------------|-------------------------|--------------|-------------------------|----------------|--------------------------|-------------------------------|----------------------|
| | General Obligation Bonds | Special Assessment Debt | Loan Payable | Bond Anticipation Notes | Capital Leases | | | |
| 2012 | \$ 10,635,000 | \$ - | \$ - | \$ 3,480,000 | \$ 376,041 | \$ 14,491,041 | 3.49% | \$ 950 |
| 2011 | 11,535,000 | - | - | 4,580,000 | 473,832 | 16,588,832 | 3.99% | 1,088 |
| 2010 | 12,405,000 | - | - | 4,580,000 | 567,651 | 17,552,651 | 4.22% | 1,151 |
| 2009 | 13,250,000 | - | - | 4,580,000 | 657,659 | 18,487,659 | 5.23% | 1,266 |
| 2008 | 9,420,000 | - | - | 4,080,000 | 744,011 | 14,244,011 | 4.03% | 975 |
| 2007 | 9,970,000 | - | - | 3,345,300 | 826,855 | 14,142,155 | 4.00% | 968 |
| 2006 | 10,510,000 | - | - | 2,628,100 | 906,334 | 14,044,434 | 3.97% | 962 |
| 2005 | 11,040,000 | - | - | - | - | 11,040,000 | 3.12% | 756 |
| 2004 | 11,552,872 | 42,128 | - | - | - | 11,595,000 | 3.28% | 794 |
| 2003 | 11,490,746 | 84,254 | 61,971 | - | - | 11,636,971 | 3.29% | 797 |

(1) Details regarding the City's outstanding debt can be found in Note 10 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 |
| 2012 | \$ 10,635,000 | 3.13% | \$ 698 |
| 2011 | 11,535,000 | 3.16% | 757 |
| 2010 | 12,405,000 | 3.38% | 814 |
| 2009 | 13,250,000 | 3.59% | 907 |
| 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 |

(1) Details regarding the City's outstanding debt can be found in Note 10 in the current financial statements.

CITY OF VANDALIA, OHIO
 Direct and Overlapping Governmental Activities Debt
 December 31, 2012

| 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 | \$ 59,714,764 | 57.53% | \$ 34,353,904 |
| Montgomery County | 60,917,478 | 3.60% | <u>2,193,029</u> |
| Subtotal, overlapping debt | | | 36,546,933 |
| City of Vandalia governmental activities direct debt | | | <u>14,491,041</u> |
| Total direct and overlapping debt | | | <u><u>\$ 51,037,974</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, 2012, except for Vandalia-Butler School District which is reported as of June 30, 2012.

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>2003</u> | <u>2004</u> | <u>2005</u> | <u>2006</u> | <u>2007</u> | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|--|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| <u>GENERAL BONDED DEBT</u> | | | | | | | | | | |
| Debt service | \$ 1,034,438 | 1,029,498 | 1,016,103 | 1,013,602 | 999,887 | 996,927 | 1,409,691 | 1,408,129 | 1,409,648 | 1,414,384 |
| General governmental expenditures | \$ 19,939,968 | 18,780,462 | 18,734,260 | 20,024,976 | 23,911,148 | 24,080,612 | 28,146,333 | 27,911,037 | 23,587,299 | 22,686,351 |
| Ratio of debt service to general governmental expenditures | 5.19% | 5.48% | 5.42% | 5.06% | 4.18% | 4.14% | 5.01% | 5.05% | 5.98% | 6.23% |

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

CITY OF VANDALIA, OHIO
 Schedule of Principal Employers
 2005 and 2012

| <u>Employer (1)</u> | <u>Industry</u> | <u>2012</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> |
| CBS Personnel Services | Employment Agency | 1,058 | 1 | 2.01% | - | | 0.00% |
| Vandalia - Butler Schools | Schools | 573 | 2 | 1.09% | 396 | 3 | 1.22% |
| GE Aviation (formerly Smiths Aerospace) | Aerospace Engineering & Manufacturing | 538 | 3 | 1.02% | 466 | 2 | 1.43% |
| City of Vandalia | Local Government | 527 | 4 | 1.00% | 325 | 6 | 1.00% |
| Delphi Automotive System | Automotive Manufacturing & Engineering | 461 | 5 | 0.87% | 1,557 | 1 | 4.79% |
| SAIA Burgess, Inc. (formerly Johnson Controls) | Electronics Manufacturing | 296 | 6 | 0.56% | 365 | 4 | 1.12% |
| IMDS Holding Corp (Formerly Leis Medical) | Medical Device Design & Manufacturing | 264 | 7 | 0.50% | 346 | 5 | 1.06% |
| Kroger Limited Partnership | Grocery Retail | 216 | 8 | 0.41% | - | | 0.00% |
| Aptalis Pharmatech Inc | Specialty Pharmaceutical Company | 207 | 9 | 0.39% | - | | 0.00% |
| Beua Townsend Ford, Inc. | Automotive Sales & Service | 194 | 10 | 0.37% | - | | 0.00% |
| Evenflo | Headquarters - Juvenile Products Manufacturer | - | | 0.00% | 209 | 10 | 0.64% |
| P&G Pet Care (formerly Iams) | Headquarters - Cat & Dog Food | - | | 0.00% | 282 | 7 | 0.87% |
| 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>4,334</u> | | <u>8.21%</u> | <u>4,390</u> | | <u>13.49%</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

| <u>Year</u> | <u>Population (1)</u> | <u>Total Personal Income (5)</u> | <u>Personal Income Per Capita (1)</u> | <u>Median Household Income (1)</u> | <u>Median Age (1)</u> | <u>Educational Attainment: Bachelor's Degree or Higher (1)</u> | <u>School Enrollment (2)</u> | <u>City of Vandalia Unemployment Rate (3)</u> | <u>Average Sales Price of Residential Property (4)</u> | <u>Total Assessed Property Value (4)</u> |
|-------------|-----------------------|--------------------------------------|---|--|---------------------------|--|----------------------------------|---|--|--|
| 2012 | 15,246 | \$ 415,514,484 | \$ 27,254 | \$ 49,539 | 41.3 | 3,095 | 3,325 | 7.0% | \$ 119,712 | \$ 340,226,500 |
| 2011 | 15,246 | 415,514,484 | 27,254 | 49,539 | 41.3 | 3,095 | 3,331 | 8.5% | 166,450 | 364,838,890 |
| 2010 | 15,246 | 415,514,484 | 27,254 | 49,539 | 41.3 | 3,095 | 3,351 | 10.1% | 124,840 | 366,874,850 |
| 2009 | 14,603 | 353,377,997 | 24,199 | 44,463 | 38.1 | 2,215 | 3,422 | 11.4% | 122,681 | 369,001,780 |
| 2008 | 14,603 | 353,377,997 | 24,199 | 44,463 | 38.1 | 2,215 | 3,411 | 7.2% | 137,168 | 394,508,642 |
| 2007 | 14,603 | 353,377,997 | 24,199 | 44,463 | 38.1 | 2,215 | 3,440 | 6.1% | 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 | 6.3% | 162,350 | 407,125,881 |
| 2004 | 14,603 | 353,377,997 | 24,199 | 44,463 | 38.1 | 2,215 | 3,518 | 6.5% | 148,250 | 395,825,315 |
| 2003 | 14,603 | 353,377,997 | 24,199 | 44,463 | 38.1 | 2,215 | 3,471 | 6.4% | 138,290 | 400,406,120 |

- (1) Source: U. S. Census
 - (a) Years 2003 through 2009 - 2000 Federal Census
 - (b) Years 2010 through 2012 - 2010 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 Ten Years

| Function/Program | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| General Government | | | | | | | | | | |
| Council | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 | 7.00 |
| Finance | 6.50 | 6.00 | 6.00 | 6.00 | 6.50 | 6.50 | 7.50 | 6.00 | 7.00 | 6.50 |
| Tax | 8.50 | 9.50 | 11.00 | 10.50 | 9.00 | 9.00 | 8.50 | 9.50 | 9.00 | 9.00 |
| City Manager | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 2.00 | 1.00 |
| Law | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Administration | 8.00 | 6.50 | 7.00 | 7.50 | 7.00 | 7.50 | 7.00 | 6.50 | 4.00 | 5.00 |
| Engineer | 9.50 | 8.50 | 9.00 | 9.50 | 9.00 | 10.00 | 9.50 | 9.00 | 9.00 | 9.50 |
| Planning | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 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 | 0.00 | 0.00 | 0.00 |
| Court | 26.00 | 26.00 | 29.00 | 30.00 | 27.50 | 29.00 | 26.00 | 29.00 | 27.00 | 25.00 |
| Public Building | 8.50 | 18.00 | 18.00 | 17.00 | 19.00 | 20.00 | 20.00 | 19.50 | 18.50 | 19.50 |
| Security of Persons and Property | | | | | | | | | | |
| Police | 32.00 | 32.00 | 32.00 | 31.00 | 32.00 | 35.00 | 33.00 | 30.00 | 33.00 | 30.00 |
| Police - Auxiliary/Guards | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Police - Dispatchers/Office/Other | 9.00 | 10.50 | 12.00 | 12.00 | 12.00 | 12.50 | 13.00 | 12.00 | 12.00 | 12.00 |
| Police - Jailers | 0.00 | 0.00 | 0.00 | 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 | 0.00 | 0.00 | 0.00 |
| Fire | 37.50 | 40.50 | 49.00 | 43.00 | 44.00 | 42.00 | 41.00 | 37.50 | 34.00 | 36.50 |
| Fire - Secretary - Other | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 2.00 | 1.00 |
| Public Health Services | | | | | | | | | | |
| Cemetery | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Leisure Time Activities | | | | | | | | | | |
| Recreation | 123.50 | 103.50 | 122.00 | 112.50 | 118.00 | 110.00 | 102.50 | 101.00 | 104.00 | 123.00 |
| Municipal Pool | 8.50 | 5.50 | 7.00 | 4.50 | 6.00 | 6.00 | 4.00 | 3.50 | 5.00 | 2.00 |
| Golf Course | 22.50 | 20.00 | 25.00 | 29.50 | 32.50 | 32.00 | 31.50 | 30.50 | 33.50 | 32.50 |
| Community Development | | | | | | | | | | |
| Building | 0.00 | 0.00 | 0.00 | 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 | 0.00 | 0.00 | 0.00 |
| Transportation | | | | | | | | | | |
| Service | 20.00 | 20.50 | 21.00 | 19.50 | 19.00 | 20.00 | 20.00 | 19.00 | 20.00 | 19.50 |
| Street M&R | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Basic Utility Services | | | | | | | | | | |
| Water | 1.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| Wastewater | 1.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Totals: | <u>333.00</u> | <u>320.00</u> | <u>361.00</u> | <u>345.50</u> | <u>354.50</u> | <u>351.50</u> | <u>335.50</u> | <u>325.00</u> | <u>330.00</u> | <u>342.00</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.

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

| Function/Program | 2012 | 2011 | 2010 | 2009 |
|--|--------------|--------------|--------------|--------------|
| General Government | | | | |
| <i>Council and Clerk</i> | | | | |
| Number of Ordinances Passed | 16 | 23 | 16 | 26 |
| Number of Resolutions Passed | 45 | 59 | 73 | 50 |
| Number of Planning Commission docket items | 8 | 9 | 7 | 11 |
| Zoning Board of Appeals docket items | 6 | 12 | 9 | 12 |
| <i>Finance Department</i> | | | | |
| Number of payroll checks issued | 212 | 152 | 2,887 | 9,821 |
| Number of payroll direct deposits issued | 9,061 | 9,072 | 6,728 | 0 |
| Number of checks/ vouchers issued | 4,339 | 4,994 | 4,420 | 5,414 |
| Amount of checks written (\$000 omitted) | \$16,016 | \$24,159 | \$25,311 | \$27,569 |
| Interest earnings for fiscal year (cash basis) | \$231,689 | \$302,177 | \$482,534 | \$869,217 |
| Number of Budget Adjustments issued | 6 | 5 | 2 | 8 |
| Agency Ratings - Moody's Financial Services | Aa2 | Aa2 | Aa2 | Aa3 |
| Health Insurance Costs vs General Fund Expenditures % | 8.55% | 6.82% | 8.20% | 5.69% |
| General Fund Receipts (cash basis, \$000 omitted) | \$20,496 | \$20,059 | \$19,407 | \$20,269 |
| General Fund Expenditures (cash basis, \$000 omitted) | \$21,111 | \$19,467 | \$20,891 | \$25,217 |
| General Fund Cash Balances (\$000 omitted) | \$13,468 | \$14,083 | \$13,491 | \$14,974 |
| <i>Income Tax Department</i> | | | | |
| Number of Individual/Business Returns | 14,984 | 22,614 | 23,042 | 21,443 |
| Number of business withholding accounts | 3,296 | 2,520 | 3,248 | 3,033 |
| Amount of Penalties and Interest Collected | \$ 112,041 | \$ 106,639 | \$ 102,271 | \$ 79,520 |
| Annual number of withholding forms processed | 26,641 | 38,118 | 31,205 | 26,310 |
| Annual number of balance due statements forms processed | 6,252 | 9,808 | 9,521 | 5,839 |
| Annual number of estimated payment forms processed | 3,564 | 5,325 | 5,045 | 4,508 |
| Annual number of reconciliations of withholdings processec | 2,640 | 3,446 | 4,146 | 4,130 |
| <i>Engineer Contracted Services</i> | | | | |
| Dollar amount of Construction overseen by Engineer | \$1,266,695 | \$1,157,591 | \$2,240,166 | \$1,653,024 |
| <i>Municipal Court</i> | | | | |
| Number of Civil Cases | 2,040 | 3,029 | 2,284 | 2,090 |
| Number of Criminal/Traffic cases | 11,754 | 14,269 | 14,666 | 15,779 |
| <i>Vital Statistics</i> | | | | |
| Certificates Issued (County) | | | | |
| Number of Births | 32,217 | 32,312 | 36,262 | 39,785 |
| Number of Deaths | 30,838 | 31,196 | 31,544 | 32,424 |
| Burial Permits Issued | 5,043 | 4,963 | 5,132 | 4,864 |
| <i>Civil Service</i> | | | | |
| Number of police entry tests administered | 1 | 0 | 0 | 1 |
| Number of fire entry tests administered | 0 | 0 | 1 | 0 |
| Number of police promotional tests administered | 0 | 0 | 0 | 1 |
| Number of hires of Police Officers from certified lists | 0 | 0 | 1 | 2 |
| Number of hires of Fire/Medics from certified lists | 0 | 0 | 1 | 0 |
| Number of promotions from police certified lists | 0 | 0 | 0 | 2 |
| <i>Building Department Indicators</i> | | | | |
| Construction Permits Issued | 83 | 78 | 97 | 96 |
| Estimated Value of Construction | \$12,735,073 | \$17,119,415 | \$52,879,415 | \$12,029,682 |
| Number of permits issued | 750 | 761 | 725 | 751 |
| Amount of Revenue generated from permits | \$166,082 | \$140,656 | \$210,717 | \$125,340 |
| Revenue generated from above 1,2,3,4 | \$166,082 | \$140,656 | \$210,717 | \$125,340 |

| | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|----|--------------|--------------|--------------|--------------|--------------|--------------|
| | 36 | 24 | 33 | 31 | 36 | 20 |
| | 32 | 23 | 33 | 34 | 32 | 35 |
| | 12 | 13 | 5 | 18 | 7 | 5 |
| | 14 | 13 | 9 | 10 | 26 | 16 |
| | 10,223 | 9,685 | 9,563 | 9,076 | 9,247 | 9,526 |
| | 0 | 0 | 0 | 0 | 0 | 0 |
| | 5,483 | 5,244 | 5,549 | 4,840 | 5,188 | 5,163 |
| | \$25,584 | \$24,980 | \$22,684 | \$19,125 | \$19,383 | \$20,151 |
| | \$1,152,344 | \$1,257,917 | \$934,545 | \$532,194 | \$525,379 | \$399,166 |
| | 5 | 4 | 4 | 3 | 3 | 2 |
| | Aa3 | Aa3 | Aa3 | Aa3 | Aa3 | Aa3 |
| | 8.06% | 6.80% | 9.35% | 12.71% | 13.73% | 12.36% |
| | \$22,013 | \$22,913 | \$21,006 | \$19,247 | \$17,649 | \$16,523 |
| | \$21,297 | \$21,033 | \$18,060 | \$14,892 | \$14,714 | \$14,164 |
| | \$19,921 | \$19,205 | \$17,325 | \$14,379 | \$11,669 | \$10,406 |
| | 22,735 | 19,507 | 19,222 | 19,574 | 19,788 | 18,809 |
| | 3,870 | 2,745 | 2,766 | 2,772 | 3,004 | 1,607 |
| \$ | 104,063 | \$ 112,388 | \$ 107,933 | \$ 162,053 | n/a | n/a |
| | 27,470 | 24,810 | 19,962 | 19,983 | 24,525 | 19,704 |
| | 7,103 | 7,087 | 7,150 | 8,399 | 8,171 | 5,952 |
| | 4,825 | 4,500 | 4,391 | 4,172 | 3,924 | 3,498 |
| | 4,001 | 3,964 | 4,133 | 4,560 | 3,998 | 2,793 |
| | \$2,988,960 | \$3,894,168 | \$2,065,000 | \$335,000 | \$1,098,225 | \$1,890,000 |
| | 2,339 | 2,183 | 1,960 | 2,122 | 15,850 | 17,009 |
| | 17,872 | 18,668 | 17,394 | 15,964 | 2,051 | 1,962 |
| | 41,859 | 48,606 | 46,943 | 43,768 | 42,240 | 44,806 |
| | 34,618 | 33,397 | 32,503 | 33,652 | 33,567 | 35,686 |
| | 4,994 | 4,380 | 4,771 | 4,997 | 4,843 | 5,058 |
| | 1 | 1 | 1 | 1 | 0 | 1 |
| | 0 | 1 | 1 | 1 | 0 | 0 |
| | 0 | 0 | 0 | 1 | 0 | 0 |
| | 0 | 3 | 0 | 2 | 5 | 0 |
| | 5 | 8 | 0 | 1 | 1 | 0 |
| | 0 | 0 | 0 | 1 | 0 | 0 |
| | 145 | 169 | 201 | 200 | 255 | 228 |
| | \$17,258,702 | \$22,672,865 | \$13,179,670 | \$42,337,669 | \$22,233,669 | \$10,705,485 |
| | 910 | 891 | 934 | 1,055 | 1,044 | 977 |
| | \$193,684 | \$198,035 | \$145,285 | \$255,270 | \$173,055 | \$89,298 |
| | \$193,684 | \$198,035 | \$145,285 | \$255,270 | \$173,055 | \$89,298 |

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

| Function/Program | 2012 | 2011 | 2010 | 2009 |
|--|------------------|------------------|------------------|------------------|
| Security of Persons & Property | | | | |
| <i>Police</i> | | | | |
| Total Calls for Services | 14,241 | 14,395 | 13,496 | 13,335 |
| Number of traffic citations issued | 1,370 | 801 | 1,052 | 957 |
| Number of parking citations issued | 90 | 113 | 72 | 33 |
| Number of criminal arrests | 761 | 596 | 596 | 547 |
| Number of accident reports completed | 239 | 246 | 256 | 266 |
| Part 1 Offenses (major offenses) | 461 | 425 | 462 | 346 |
| Reserve officers hours worked | 786 | 415 | 119 | 162 |
| DUI Arrests | 67 | 90 | 77 | 88 |
| Prisoners Processed - Temporary Holdings | 179 | 177 | 146 | 213 |
| Property damage accidents | 178 | 192 | 206 | 193 |
| Fatalities from Motor Vehicle Accidents | 0 | 0 | 0 | 1 |
| Gasoline costs of fleet | \$91,232 | \$101,826 | \$70,170 | \$59,080 |
| DARE youth program | 260 | 294 | 293 | 400 |
| Community Diversion Program Youths (Be Proud) | 0 | 0 | 0 | 0 |
| Volunteer Service Program | 0 | 0 | 0 | 0 |
| <i>Fire</i> | | | | |
| EMS Calls | 2,721 | 2,266 | 2,062 | 2,031 |
| Ambulance Billing Collections (net) | \$472,184 | \$548,836 | \$554,865 | \$529,248 |
| Fire Calls | 754 | 470 | 455 | 527 |
| Fires with Loss | 21 | 7 | 7 | 8 |
| Fires with Losses exceeding \$10K | 7 | 2 | 2 | 2 |
| Fire Losses \$ | \$921,550 | \$76,200 | \$197,110 | \$471,600 |
| Fire Safety Inspections | 368 | 300 | 477 | 473 |
| Number of times Mutual Aid given to Fire and EMS | 247 | 184 | 116 | 159 |
| Number of times Mutual Aid received for Fire and EMS | 192 | 118 | 167 | 145 |
| Public Health and Welfare | | | | |
| Cemetery burials | 26 | 29 | 34 | 26 |
| Cemetery cremations | 8 | 5 | 2 | 5 |
| Cemetery sale of lots | 43 | 34 | 53 | 22 |
| Cemetery receipts | \$30,178 | \$29,938 | \$40,914 | \$22,150 |
| Leisure Time Activities | | | | |
| <i>Recreation</i> | | | | |
| Recreation Swimming pool receipts | \$38,150 | \$51,388 | \$54,193 | \$43,000 |
| Recreation Mens & Womens Leagues receipts | 41,948 | 50,892 | 49,863 | 13,774 |
| Recreation Programs | 95,980 | 86,748 | 92,790 | 79,216 |
| Youth Soccer League | 28,965 | 31,051 | 33,230 | 31,940 |
| Youth Baseball League | 43,929 | 44,368 | 43,767 | 47,468 |
| Facilities rentals | 134,581 | 152,995 | 155,517 | 153,177 |
| Total Recreation Department receipts | <u>\$383,553</u> | <u>\$417,442</u> | <u>\$429,360</u> | <u>\$368,575</u> |
| Community Development | | | | |
| Grant amounts received due to Economic Development Dept. | \$475,000 | \$628,748 | \$109,957 | \$727,677 |
| Basic Utility Services | | | | |
| Refuse disposal per year (in tons) January through December | 5,770 | 5,805 | 5,835 | 6,036 |
| Refuse disposal costs per year January through December | \$855,695 | \$843,000 | \$805,000 | \$786,883 |
| Annual recycling tonnage (excluding leaf, and compost items) | 644 | 723 | 683 | 622 |

| 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|------------------|------------------|------------------|------------------|------------------|------------------|
| 13,714 | 13,386 | 13,429 | 13,432 | 13,475 | 14,103 |
| 1,371 | 1,417 | 1,798 | 2,362 | 1,962 | 1,876 |
| 49 | 60 | 58 | 85 | 55 | 87 |
| 703 | 788 | 831 | 745 | 672 | 713 |
| 316 | 321 | 297 | 306 | 354 | 340 |
| 114 | 511 | 528 | 466 | 470 | 562 |
| 774 | 860 | 869 | 850 | 886 | 1,237 |
| 90 | 100 | 97 | 132 | 93 | 83 |
| 210 | 215 | 151 | 104 | 115 | 171 |
| 250 | 249 | 227 | 246 | 275 | 272 |
| 0 | 0 | 1 | 0 | 0 | 1 |
| \$83,611 | \$55,758 | \$63,195 | \$59,802 | \$41,797 | \$33,294 |
| 267 | 265 | 259 | 285 | 336 | 261 |
| 2 | 3 | 1 | 3 | 6 | 7 |
| 0 | 0 | 136 | 0 | 0 | 0 |
| 1,995 | 1,943 | 1,868 | 1,625 | 1,578 | 826 |
| \$581,785 | \$570,206 | \$470,575 | \$451,964 | \$478,874 | \$195,040 |
| 850 | 647 | 605 | 583 | 550 | 310 |
| 21 | 3 | 2 | 4 | 7 | 13 |
| 8 | 3 | 1 | 2 | 0 | 3 |
| \$609,050 | \$172,500 | \$17,500 | \$37,525 | \$47,850 | \$148,800 |
| 457 | 112 | 106 | 91 | 82 | 78 |
| 212 | 156 | 176 | 163 | 120 | 115 |
| 85 | 71 | 100 | 105 | 146 | 92 |
| 24 | 16 | 23 | 27 | 20 | 17 |
| 7 | 1 | 4 | 5 | 3 | 2 |
| 47 | 53 | 41 | 48 | 53 | 22 |
| \$25,215 | \$23,060 | \$25,771 | \$24,673 | \$22,950 | \$14,062 |
| \$46,586 | \$42,840 | \$42,539 | \$50,764 | \$42,080 | \$48,757 |
| 12,160 | 11,450 | 11,844 | 12,226 | 11,164 | 11,160 |
| 85,573 | 78,868 | 86,537 | 86,877 | 72,524 | 82,760 |
| 32,880 | 16,857 | 12,476 | 12,596 | 7,609 | 8,108 |
| 49,597 | 25,359 | 22,151 | 19,412 | 10,352 | 10,183 |
| 100,782 | 97,718 | 70,303 | 46,985 | 46,586 | 35,261 |
| <u>\$327,578</u> | <u>\$273,092</u> | <u>\$245,850</u> | <u>\$228,860</u> | <u>\$190,315</u> | <u>\$196,229</u> |
| \$472,736 | \$157,710 | \$183,955 | \$551,948 | \$26,596 | \$22,791 |
| 6,360 | 6,632 | 7,294 | 6,863 | 4,865 | 2,642 |
| \$742,000 | \$722,000 | \$705,000 | \$611,000 | \$611,000 | \$570,000 |
| 638 | 788 | 788 | n/a | 932 | 796 |

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

| Function/Program | 2012 | 2011 | 2010 | 2009 |
|--|-------------|-------------|-------------|-------------|
| Transportation | | | | |
| Street Improvements - asphalt overlay (linear feet) | 30,121 | 21,714 | 39,807 | 34,069 |
| Rejuvenating Spray on Streets (Miles) | 0 | 0 | 2 | 2 |
| Crackseal Coating Program (Miles) | 0 | 0 | 0 | 0 |
| Street Repair (Concrete, asphalt, crack sealing) (hours) | 4,066 | 4,340 | 5,169 | 4,711 |
| Mowing (hours) | 1,310 | 1,176 | 556 | 822 |
| Paint Striping (hours) | 1,313 | 668 | 660 | 508 |
| Street Sweeper (hours) | 1,086 | 1,030 | 980 | 946 |
| Snow & Ice Removal regular hours | 376 | 890 | 1,205 | 816 |
| Sewer and Sanitary calls for service (hours) | 892 | 558 | 596 | 768 |
| Fire hydrants (hours) | 220 | 291 | 212 | 220 |
| Catch basin (hours) | 2,494 | 1,196 | 2,344 | 3,245 |
| Water and Water calls for service (hours) | 2,851 | 3,003 | 2,893 | 3,701 |
| Leaf collection (hours) | 1,904 | 1,798 | 1,735 | 1,356 |
| Holiday lights setup (hours) | 408 | 296 | 297 | 138 |
| Burial services (hours) | 417 | 469 | 730 | 292 |
| Equipment repair/body shop (hours) | 3,521 | 3,631 | 3,960 | 3,850 |
| Sign department (hours) | 2,112 | 2,375 | 2,097 | 2,517 |
| Building maintenance (hours) | 1,334 | 896 | 779 | 1,054 |
| Other (hours) | 1,740 | 1,846 | 1,677 | 1,464 |
| Water Department | | | | |
| Water Rates per 1st 300 Cu ft of water used (2,250 gallons) | \$ 13.34 | \$ 13.34 | \$ 13.34 | \$ 13.34 |
| Avg. number of water accounts billed monthly (Cu. Ft.) | 5,418 | 5,480 | 5,409 | 5,389 |
| Total Water Collections Annually (Including P&I) | \$2,196,006 | \$2,118,302 | \$2,130,194 | \$2,087,631 |
| Wastewater Department | | | | |
| Wastewater Rates per 1st 300 Cu ft of water used | \$4.86 | \$4.42 | \$4.02 | \$3.65 |
| Total flow of wastewater treatment plant (Millions of Gallons) | 3,141 | 3,890 | 2,852 | 2,852 |
| Average daily flow (Millions of gallons per day) | 9 | 11 | 8 | 8 |

Source: City of Vandalia

| 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 0 | 487 | 21,041 | 0 | 1,800 | 9,125 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 3,596 | 4,442 | 3,130 | 4,926 | 3,047 | 3,801 |
| 2,296 | 508 | 506 | 408 | 660 | 1,341 |
| 483 | 744 | 825 | 612 | 722 | 1,180 |
| 897 | 994 | 916 | 766 | 1,048 | 1,369 |
| 761 | 787 | 186 | 579 | 782 | 1,038 |
| 187 | 436 | 575 | 466 | 428 | 220 |
| 364 | 336 | 320 | 216 | 660 | 390 |
| 2,490 | 3,370 | 3,711 | 4,029 | 1,240 | 846 |
| 3,877 | 3,726 | 2,852 | 2,660 | 3,125 | 3,023 |
| 1,526 | 1,362 | 1,300 | 1,222 | 1,521 | 1,472 |
| 0 | 40 | 152 | 254 | 222 | 342 |
| 325 | 562 | 714 | 486 | 499 | 458 |
| 1,991 | 1,743 | 1,153 | 1,392 | 1,429 | 1,853 |
| 2,661 | 1,626 | 1,386 | 1,171 | 1,455 | 1,610 |
| 756 | 376 | 451 | 428 | 616 | 1,332 |
| 1,407 | 4,096 | 4,478 | 3,556 | 4,269 | 4,457 |
| \$ 12.58 | \$ 13.55 | \$ 11.71 | \$ 11.10 | \$ 9.57 | \$ 9.26 |
| 5,369 | 1,999 | 1,979 | 1,954 | 1,897 | 1,831 |
| \$2,376,917 | \$2,441,414 | \$2,130,132 | \$1,489,814 | \$1,410,603 | \$1,359,046 |
| \$3.02 | \$2.92 | \$2.92 | \$2.78 | \$2.65 | \$2.65 |
| 2,901 | 2,748 | 3,507 | 3,422 | 3,230 | 3,663 |
| 9 | 8 | 10 | 9 | 9 | 10 |

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

| Function/Program | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 | 2003 |
|-------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| General Government | | | | | | | | | | |
| Square Footage Occupied | 23,843 | 23,843 | 23,843 | 23,843 | 23,843 | 23,843 | 23,843 | 23,843 | 23,843 | 23,843 |
| Administrative Vehicles | 2 | 2 | 2 | 2 | 1 | 2 | 2 | 2 | 5 | 5 |
| Inspection Vehicles | 8 | 8 | 8 | 8 | 8 | 8 | 7 | 7 | 8 | 8 |
| Municipal Court Vehicles | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| 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 | 21 | 21 | 21 | 21 | 20 | 21 | 20 | 21 | 20 |
| Fire | | | | | | | | | | |
| Stations | 3 | 3 | 3 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Number of fire hydrants | 770 | 770 | 770 | 770 | 765 | 763 | 750 | 723 | 723 | 633 |
| Square Footage of Building | 33,443 | 33,443 | 33,443 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 | 18,000 |
| Vehicles | 17 | 16 | 16 | 19 | 18 | 18 | 17 | 17 | 17 | 17 |
| Recreation | | | | | | | | | | |
| Number of Parks | 11 | 11 | 11 | 11 | 11 | 11 | 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 | 11 | 11 | 11 | 11 | 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 | 58,357 | 58,357 |
| Vehicles | 20 | 20 | 20 | 20 | 20 | 21 | 20 | 21 | 22 | 22 |
| Other Public Works | | | | | | | | | | |
| Streets (miles) | 86.0 | 86.0 | 89.0 | 82.5 | 83.5 | 83.5 | 79.5 | 79.5 | 79 | 79 |
| Service Vehicles | 24 | 29 | 29 | 27 | 25 | 24 | 24 | 23 | 23 | 22 |
| Wastewater | | | | | | | | | | |
| Sanitary Sewers (miles) | 73 | 73 | 73 | 73 | 73 | 73 | 63 | 63 | 62 | 56 |
| Storm Sewers (miles) | 76 | 76 | 75 | 74 | 73 | 72 | 48 | 48 | 46 | 42 |
| Water Department | | | | | | | | | | |
| Water Lines (miles) | 85 | 85 | 85 | 85 | 85 | 84 | 74 | 74 | 73 | 65 |
| Vehicles | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

Source: City of Vandalia

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Dave Yost • 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
AUGUST 6, 2013**