

**CITY OF VANDALIA, OHIO**

**Independent Auditors' Report on  
Compliance and Internal Controls**

**December 31, 2006**





Mary Taylor, CPA  
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the City of Vandalia, Montgomery County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2006 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

September 12, 2007

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**Clark, Schaefer, Hackett & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS  
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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance with  
Government Auditing Standards

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vandalia (the City), as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 30, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the following deficiency described in the accompanying schedule of findings and responses, to be a significant deficiency in internal control over financial reporting; Finding 2006-001.

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider Finding 2006-001 described above, to be a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as Finding 2006-002.

We noted certain matters that we reported to management of the City in a separate letter dated July 30, 2007

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

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

A handwritten signature in cursive script that reads "Clark, Schaefer, Hachett & Co." The signature is written in black ink and is positioned above the typed name and date.

Springfield, Ohio  
July 30, 2007

## SCHEDULE OF FINDINGS AND RESPONSES

1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>
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Finding Number	2006-001
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Management is responsible for ensuring the financial statements are complete and prepared accurately in accordance with accounting principles generally accepted in the United States of America (GAAP).

During the current audit, it was necessary to adjust the City's financial statements to properly report the bond anticipation note as a current liability in the appropriate fund as well as to record an escrow account associated with the capital lease entered into during 2006.

Failure to properly record or report financial items or transactions during the conversion of the City's cash basis financial records to financial statements prepared in accordance with GAAP increases the risk that a misstatement in one of the opinion units could occur and not be detected.

Management Response:

*We believe that the bond anticipation note should be recorded as a long-term liability. At the time of issuance of the report, City Council had taken action at a meeting to roll over the bond anticipation note. Furthermore, it is the intent of management to continue to roll over the bond anticipation note until 2009 at which time long-term bonds will replace the bond anticipation note.*

Finding Number	2006-002
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Ohio Rev. Code section 5705.39 states total appropriations for each fund shall not exceed the total of the estimated revenue available and no appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund do not exceed such official estimate or amended official estimate.

During testing of budgetary compliance it was noted that City Council approved amendments to the 2006 appropriation budget during the year, however these amendments were not submitted to the County Auditor until 2007. As noted in the Ohio Rev. Code, no amendment is effective until the County Auditor files a certificate that total appropriations from each fund do not exceed total estimated resources.

Failure to file the necessary documents with the County on a timely basis increases the risk that non-compliance could occur within the budgetary process or having the desired amendments deemed not an official budgetary change. The City should institute procedures to ensure all budgetary documents are submitted to the County Auditor on a timely basis.

Management Response:

*We agree that the necessary documents detailing City Council approved amendments to the 2006 appropriation budget were not submitted to the County Auditor on a timely basis during 2006. Procedures have since been put into place in 2007 so that all current and future budget amendments are submitted to the County Auditor on a timely basis.*



City of Vandalia, Ohio

Comprehensive Annual Financial Report



For the year ended December 31, 2006



CITY OF VANDALIA  
Montgomery County, Ohio

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Comprehensive Annual Financial Report

Year Ended December 31, 2006

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



City of Vandalia, Ohio  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2006

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City of Vandalia, Ohio  
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Comprehensive Annual Financial Report  
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# Introductory Section





333 James E. Bohanan Memorial Drive  
Vandalia, Ohio 45377

PHONE (937) 898-5891  
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July 31, 2007

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

State law requires that every general-purpose local government prepare their financial statements in accordance with generally accepted accounting principles (GAAP) and to have an annual audit. Therefore, I am pleased to present the eighteenth Comprehensive Annual Financial Report (CAFR) for the City of Vandalia, which is being published to fulfill that requirement for the year ended December 31, 2006.

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.

Clark, Schaefer, Hackett & Co., Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Vandalia's financial statements for the year ended December 31, 2006. The independent auditors' report is located at the front of the financial section of this report.

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

### Profile of the City

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

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

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

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

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

The City is associated with the Tri-Cities North Regional Wastewater Authority (TCA) and the Northern Area Water Authority (NAWA), which are defined as joint ventures. A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. These organizations are presented in Note 13.

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 14.

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

During 2006, Vandalia's economy made a modest recovery with increased employment experienced by the City's non-retail, private employers. The continued work to upgrade the I-70 and I-75 interchange has created a very positive outlook for the community going forward. The adjoining township is experiencing continued commercialization of its land adjoining a new interstate exit. The City expects, and created plans for, commercial development to spill over into City properties that also adjoin this exit. One developer has already begun buying and assembling residential properties for commercial redevelopment. The improved access that the new interchange will provide has already attracted a regional distribution center to Vandalia; FedEx Ground recently opened a new facility that employs 160 people.

The City's largest employer, Delphi Corporation, has declared bankruptcy but continues to operate its Safety and Interiors facility which contains both production and a major engineering center. In order to protect City income tax revenues, Vandalia has signed a revenue-sharing agreement with the three other cities in the region having Delphi facilities. The agreement creates a shared risk pool providing some cushion in case of plant closure. Details will be forthcoming as Delphi determines its business plan.

The agreement has also enhanced the stature of the Dayton-area facilities, including Vandalia's, in the eyes of the Delphi's leadership.

Vandalia's attractive location, innovative incentives and pro-business approach continues to attract new businesses to the community. Two Vandalia Incentive Program grants were awarded this year. PaySource Inc. will expand within the community retaining 19 and creating 17 new jobs within 3 years. They received half of their VIP grant in 2006 with the remainder to be paid upon meeting payroll requirements by the end of 2008. Microfinish relocated to an expanded Vandalia location after receiving a VIP grant (35 jobs and 15 more in three years). Elements IV Interiors used their 2005 VIP grant to purchase and renovate a building on Wyse Road in 2006.

During 2006, housing subdivisions continued to grow in the City, including Copperfield, Foxfire, Brown School Woods, Ashbury Farms and The Reserve at Park Place.

The unemployment in Vandalia's region (Dayton, OH SMA) peaked in March, 2005 at 7.2% reflecting the delayed effects of national recession in this area. By December 2005, the regional rate had dropped dramatically to 5.6%. Unemployment remained relatively flat in 2006 at 5.7%. The Dayton area unemployment rate is expected to rise in 2007 as the result of a number of closures of large facilities anticipated within the region. None of these closures are located within Vandalia. In fact, the only Delphi plant not scheduled for closure is in Vandalia.

The City is starting to see early payoffs from the Miller Lane – Benchwood Road Redevelopment Plan adjoining a relocated exit to Interstate 75. There is prime property located directly off of the new access road from I-75, and the City has entered into a tax increment financing (TIF) agreement with the Vandalia-Butler School District to promote economic development in this area. Three TIF districts have been created within the area already. F&S Harley Davidson opened a motorcycle dealership on North Dixie Drive. The new \$5 million building was completed in the Spring of 2006. Butler Auto Bath opened a new car wash facility on North Dixie Drive in 2006 as well.

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 23% 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 17% of governmental expenditures spent for recreation during 2006 is consistent with past years.

At 52% of total governmental revenues, municipal income taxes continue to be the life source of the City's revenue. Vandalia residents approved a temporary (five years) city income tax increase of one quarter of one percent in November, 2005. This increase will be earmarked for additional police personnel and police, fire, and street capital needs. Effective January 1, 2006, the City income tax rate is now 2.00%. The City of Vandalia instituted a significant increase in water usage rates in 2005. Rates were increased by 22% in September, 2005 followed by an increase of 34% in January, 2006 and one final increase of 8% in January, 2007. The main reason for the increase in water usage rates was a pass through of the identical increases from the City of Dayton from whom we purchase water. A sewer rate increase schedule was put in place so that an additional 5% would be charged in 2005 through 2007.

## Major Initiatives

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

In 2006, the City of Vandalia purchased 200 acres of farmland near its western border for the purpose of developing a new mixed-use retail and office park. The property is located on the Airport Access Road from Interstate 70 which poses an attractive site for retail and office development.

The City will be installing water and sanitary sewer lines to the property in 2007 and hopes to have the property ready for development in the Spring of 2008.

During 2006, the City of Vandalia continued to contract with the cities of Englewood and Brookville to act as their agent for the purpose of administering their tax ordinances and collecting their City income taxes by the authority of those ordinances. Although there are no immediate plans to form a joint venture with the cities of Englewood and Brookville, the option to do so in the future has remained open. The City of Union contracted with us to begin collecting their recently initiated income tax beginning in June 2007. The collection of taxes is to be retroactive to the beginning of the year.

The Expediting Company has outgrown its existing space in the Northwoods Business Park and is moving to a new facility on Industrial Park Drive. The new 30,000 square foot facility will allow the company to retain its 83 employees with the possibility for 19 new employees within three years.

Eurand, a local pharmaceutical company, is developing plans for a \$10 million expansion of their existing facility. This project will expand the research and development portion of the business and will create 40 new jobs.

Hock's Medical, a hospital supply store, has renovated and is now occupying the vacant Fulmer's grocery store space within the Imperial Plaza shopping center. High Tech Elastomers, a specialized injection molding supplier, has purchased a new building on Scholz Drive and will be relocating the business from Huber Heights. Adena Tool Corporation is consolidating with Tipp Machine and Tool in Tipp City. The consolidation will bring 100 new jobs to the Adena Tool site in Vandalia.

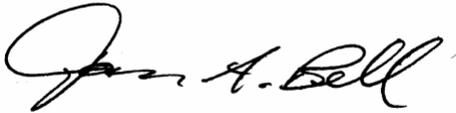
In 2007, the City of Vandalia has budgeted \$901,334 to repair and upgrade several city streets. The improvements will consist of new pavement and repairs to existing curbs and gutters.

## 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, 2005. This was the seventeenth year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Sincere appreciation is extended to the many people who have contributed their time and effort to prepare this report. Kathleen Cornett and the Finance Department staff are to be commended for their input and commitment. I would also like to express appreciation to the City Engineer's office for their continued effort in helping gather the infrastructure information presented in the report. I am additionally grateful to Assistant City Manager Rob Anderson for his economic development input for this report. I would also like to express appreciation to W. Michael Lennon, CPA, and Lorrie Miller for their time spent in preparing this report. This report contains a vastly 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 five years or more of data to complete those statistical tables. Finally, credit must also be given to the 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, reading "James A. Bell". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

James A. Bell  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Vandalia  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2005

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



President

Executive Director

City of Vandalia  
Montgomery County, Ohio  
List of Principal Officials  
December 31, 2006

Elected Officials

*Mayor*  
William Loy

*Vice Mayor*  
David Lewis

*Council Members*  
Mike Blakesly  
Joyce Orange  
H. David Brusman Jr.  
Candice Farst  
Dave Gerhard

Appointed Officials

*City Manager*  
Jeffery C. Hoagland

*Director of Finance*  
James A. Bell

*City Attorney*  
Gerald McDonald

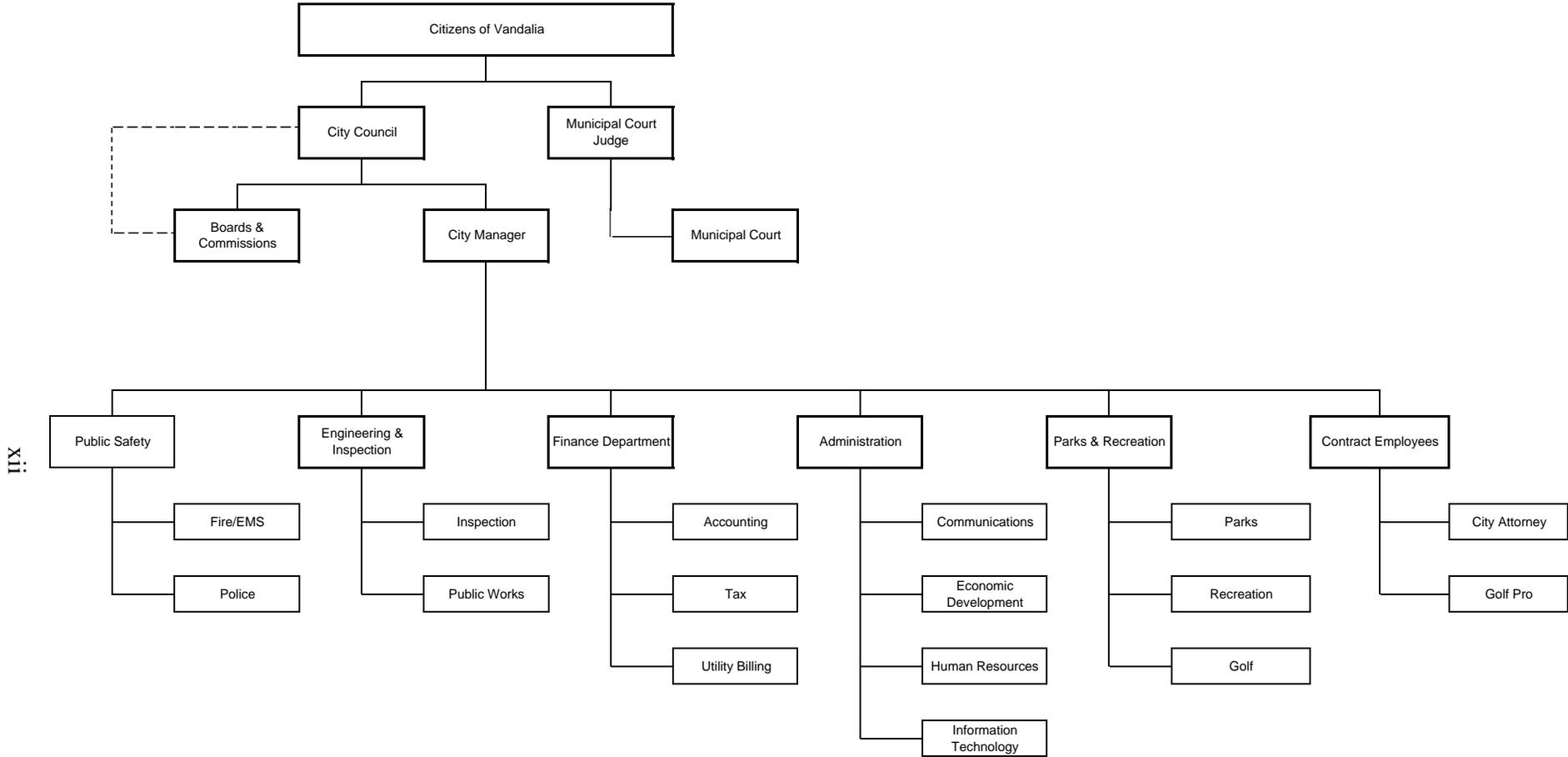
*Chief of Police*  
Douglas Knight

*Service Director*  
John Mitchell

*Fire Chief*  
Chad Follick

*Parks and Recreation Director*  
Steve Clark

City of Vandalia, Ohio  
 Organizational Chart  
 December 31, 2006



# Financial Section







**Clark, Schaefer, Hackett & Co.**  
CERTIFIED PUBLIC ACCOUNTANTS  
BUSINESS CONSULTANTS  
www.cshco.com

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vandalia (the City) as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vandalia as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2007 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 14 is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

*Clark, Schaefer, Hachett & Co.*

Springfield, Ohio  
July 30, 2007

City of Vandalia, Ohio  
Management's Discussion and Analysis  
For The Year Ended December 31, 2006  
(Unaudited)

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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, 2006. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the transmittal letter, basic financial statements and notes to enhance their understanding of the City's financial performance.

### **Financial Highlights**

- The City's total net assets increased \$5.6 million during 2006. Of this increase, net assets of governmental activities accounted for \$5.5 million, due to increases in land held for resale and infrastructure capital assets while reducing long-term liabilities by making debt payments, while net assets of business-type activities increased by \$.1 million, mainly due to the increases in infrastructure.
- General revenues, for governmental activities, accounted for \$18,278,240 or 72% of total governmental activities revenue. Program specific revenues accounted for \$7,108,896 or 28% of total governmental activities revenue.
- Governmental activities net capital assets increased \$535,728, due to an increase in infrastructure and various construction projects.
- The City had \$19,887,604 in expenses related to governmental activities; \$7,108,896 of these expenses was offset by program specific charges for services, grants, contributions, or interest. General revenues (primarily taxes) of \$18,278,240 were sufficient to offset these program expenses.
- The general fund, the City's largest major governmental fund, had revenues of \$21,788,987 in 2006, or 92.8% of total governmental funds. Expenditures of the general fund were \$15,124,280, or 75.5% of total governmental funds. The general fund balance increased \$3,970,491, or 26.7% in 2006.
- Business-type operations reflected an operating loss during 2006, and business-type unrestricted net assets are at \$8 million.

### **Using this Comprehensive Annual Financial Report (CAFR)**

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

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

City of Vandalia, Ohio  
Management's Discussion and Analysis  
For The Year Ended December 31, 2006  
(Unaudited)

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## **Reporting the City as a Whole**

### *Statement of Net Assets and Statement of Activities*

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

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

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

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

## **Reporting the City's Most Significant Funds**

### *Fund Financial Statements*

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

City of Vandalia, Ohio  
Management's Discussion and Analysis  
For The Year Ended December 31, 2006  
(Unaudited)

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***Governmental Funds***

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

***Proprietary Funds***

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

***Fiduciary Funds***

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

**Government-Wide Financial Analysis**

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

Table 1 below provides a summary of the City's net assets for 2006 compared to 2005:

City of Vandalia, Ohio  
Management's Discussion and Analysis  
For The Year Ended December 31, 2006  
(Unaudited)

**Table 1**  
**Net Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	Activities <u>2006</u>	Activities <u>2005</u>	Activities <u>2006</u>	Activities <u>2005</u>	Activities <u>2006</u>	Activities <u>2005</u>
<u>Assets</u>						
Current and other assets	\$ 33,080,434	\$ 24,639,927	\$ 1,836,996	\$ 1,765,314	\$ 34,917,430	\$ 26,405,241
Capital assets	44,267,203	43,731,475	17,541,180	17,560,983	61,808,383	61,292,458
Investment in joint venture	-	-	6,877,869	6,646,843	6,877,869	6,646,843
Total assets	<u>77,347,637</u>	<u>68,371,402</u>	<u>26,256,045</u>	<u>25,973,140</u>	<u>103,603,682</u>	<u>94,344,542</u>
<u>Liabilities</u>						
Other liabilities	5,907,738	2,929,654	603,788	464,192	6,511,526	3,393,846
Long-term liabilities outstanding	<u>12,265,648</u>	<u>11,767,029</u>	<u>111,656</u>	<u>86,277</u>	<u>12,377,304</u>	<u>11,853,306</u>
Total liabilities	<u>18,173,386</u>	<u>14,696,683</u>	<u>715,444</u>	<u>550,469</u>	<u>18,888,830</u>	<u>15,247,152</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	32,617,097	33,073,481	17,541,180	17,560,983	50,158,277	50,634,464
Restricted	5,164,000	4,668,371	-	-	5,164,000	4,668,371
Unrestricted	<u>21,393,154</u>	<u>15,932,867</u>	<u>7,999,421</u>	<u>7,861,688</u>	<u>29,392,575</u>	<u>23,794,555</u>
Total net assets	<u>\$ 59,174,251</u>	<u>\$ 53,674,719</u>	<u>\$ 25,540,601</u>	<u>\$ 25,422,671</u>	<u>\$ 84,714,852</u>	<u>\$ 79,097,390</u>

As displayed in Table 1, total net assets of the City as a whole, increased \$5.6 million from 2005 to 2006. This was due to increases in land held for resale and infrastructure capital assets while reducing long-term liabilities by making debt payments.

Total net assets of the City's governmental activities increased by \$5.5 million, and unrestricted net assets increased \$5.5 million from 2005 to 2006. The increase in governmental net assets can be attributed to increases in land held for resale and infrastructure.

The net assets of the City's business type activities increased by \$.1 million. Two of the three enterprise funds reported operating losses during 2006. Overall, operating expenses remained consistent with prior year. Capital contributions for capital assets from developers and governmental funds helped to reduce the negative impact on net assets. The City also had an increase in its investment in the joint venture from 2005 to 2006. The City strives to control operation expenses for business-type activities in order to maintain stability in charges for services rates.

Table 2 shows the changes in net assets for the year ended December 31, 2006, and revenue and expense comparisons to 2005.

City of Vandalia, Ohio  
Management's Discussion and Analysis  
For The Year Ended December 31, 2006  
(Unaudited)

**Table 2**  
**Changes in Net Assets**

	Governmental Activities		Business-Type Activities		Total	Total
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 4,990,994	\$ 5,244,962	\$ 4,570,308	\$ 3,608,204	\$ 9,561,302	\$ 8,853,166
Operating grants, contributions, and interest	1,165,543	1,626,415	-	-	1,165,543	1,626,415
Capital grants and contributions	952,359	1,745,069	327,837	813,061	1,280,196	2,558,130
General revenues:						
Property taxes	2,008,091	1,652,459	-	-	2,008,091	1,652,459
Income taxes	13,205,994	10,419,773	-	-	13,205,994	10,419,773
Grants and entitlements	1,820,314	925,581	-	-	1,820,314	925,581
Investment in joint venture	-	-	-	171,124	-	171,124
Investment earnings	1,146,670	354,301	4,717	2,187	1,151,387	356,488
Other	159,399	32,800	24,929	28,588	184,328	61,388
Transfers	(62,228)	(160,111)	62,228	160,111	-	-
Total revenues	<u>25,387,136</u>	<u>21,841,249</u>	<u>4,990,019</u>	<u>4,783,275</u>	<u>30,377,155</u>	<u>26,624,524</u>
<b>Program Expenses</b>						
Governmental Activities:						
General government						
Legislative and executive	3,472,717	3,542,887	-	-	3,472,717	3,542,887
Judicial system	1,987,433	1,823,590	-	-	1,987,433	1,823,590
Public safety						
Police	4,453,480	4,394,592	-	-	4,453,480	4,394,592
Fire	1,725,487	1,664,160	-	-	1,725,487	1,664,160
Public works						
Engineer	1,267,579	1,100,071	-	-	1,267,579	1,100,071
Streets	2,232,843	2,647,895	-	-	2,232,843	2,647,895
Refuse	739,950	684,094	-	-	739,950	684,094
Recreation	3,427,824	3,294,702	-	-	3,427,824	3,294,702
Interest and fiscal charges	580,291	540,735	-	-	580,291	540,735
Business-Type Activities:						
Water	-	-	2,227,291	1,145,444	2,227,291	1,145,444
Sewer	-	-	1,478,904	1,464,646	1,478,904	1,464,646
Golf	-	-	1,165,894	1,801,203	1,165,894	1,801,203
Total program expenses	<u>19,887,604</u>	<u>19,692,726</u>	<u>4,872,089</u>	<u>4,411,293</u>	<u>24,759,693</u>	<u>24,104,019</u>
Change in net assets	<u>\$ 5,499,532</u>	<u>\$ 2,148,523</u>	<u>\$ 117,930</u>	<u>\$ 371,982</u>	<u>\$ 5,617,462</u>	<u>\$ 2,520,505</u>

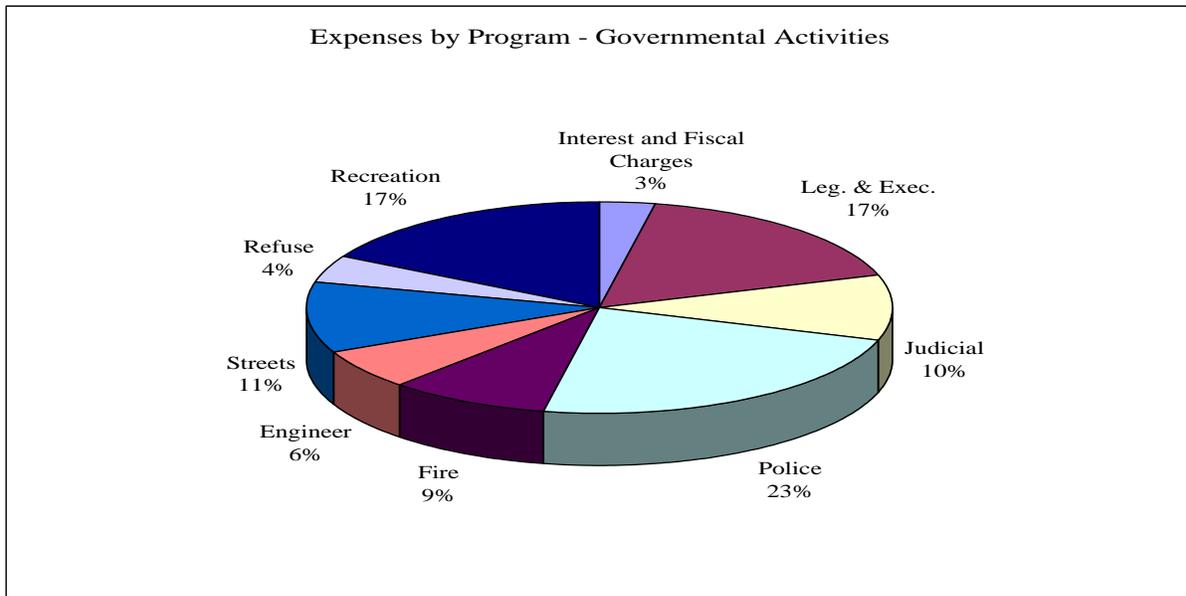
City of Vandalia, Ohio  
Management's Discussion and Analysis  
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(Unaudited)

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***Governmental Activities***

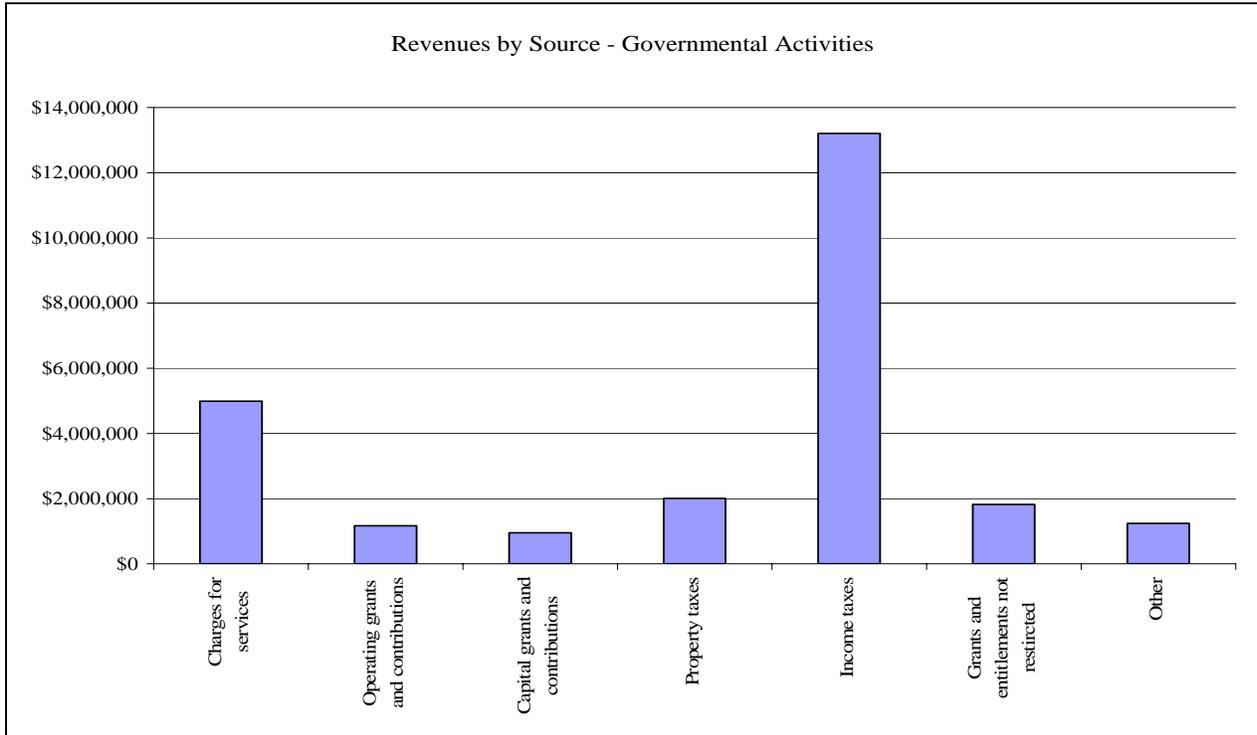
The City 2% income tax effective January 1, 2006 due to a voter approved five year levy in the November 2005 election, is the largest source of revenue for the City of Vandalia. The above table reflects that income tax receipts increased from the prior year.

Charges for services decreased \$253,968 during 2006. General government program expenses increased \$93,673 during 2006 primarily as a result of increased personnel and operation costs for the Municipal Court. Expenses related to income tax collections for the cities of Englewood and Brookville also continue to be reflected in the general government program expenses. Recreation program expenses increased \$133,122 during 2006.



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.

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When looking at the sources of income used to support governmental activities, it should be noted that charges for services of \$4,990,994 represent 19.6% of revenue. Revenues provided by sources other than city residents in the form of operating and capital grants comprise another \$2,117,902, or 8.3%, and unrestricted grants and entitlements accounted for \$1,820,314, which is another 7.1%. The remaining revenues are primarily generated locally through property taxes, \$2,008,091 or 7.9% and income taxes, \$13,205,994 at 52%. 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.

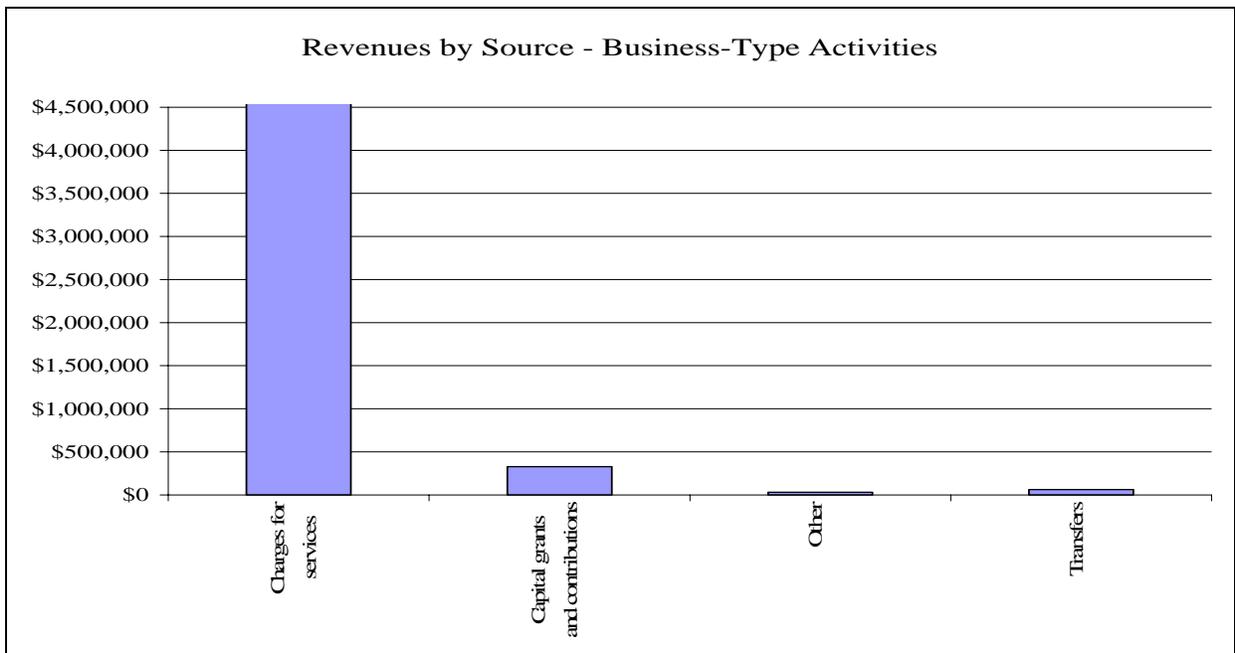
*Water* – The City of Vandalia closed their water treatment plant in 1970 and contracted with the City of Dayton to furnish water to the residents of Vandalia. Vandalia owns, maintains and repairs all lines and pumping stations as needed. The City of Vandalia based increases in water rates upon the rates the City of Dayton charges, and other operational charges associated with maintaining infrastructure and service. In March, 2002, the City entered into a joint venture with the City of Tipp City to build a water treatment plant. Per the engineer and design rate study, water rates will be increased as necessary to fund this joint venture. During 2004, Council passed an ordinance to begin a 3-year water rate increase of 4% annually to help cover current and future capital and maintenance costs as well as costs associated with Vandalia's portion of the operations of the new water treatment plant that began construction during 2005, and 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.

City of Vandalia, Ohio  
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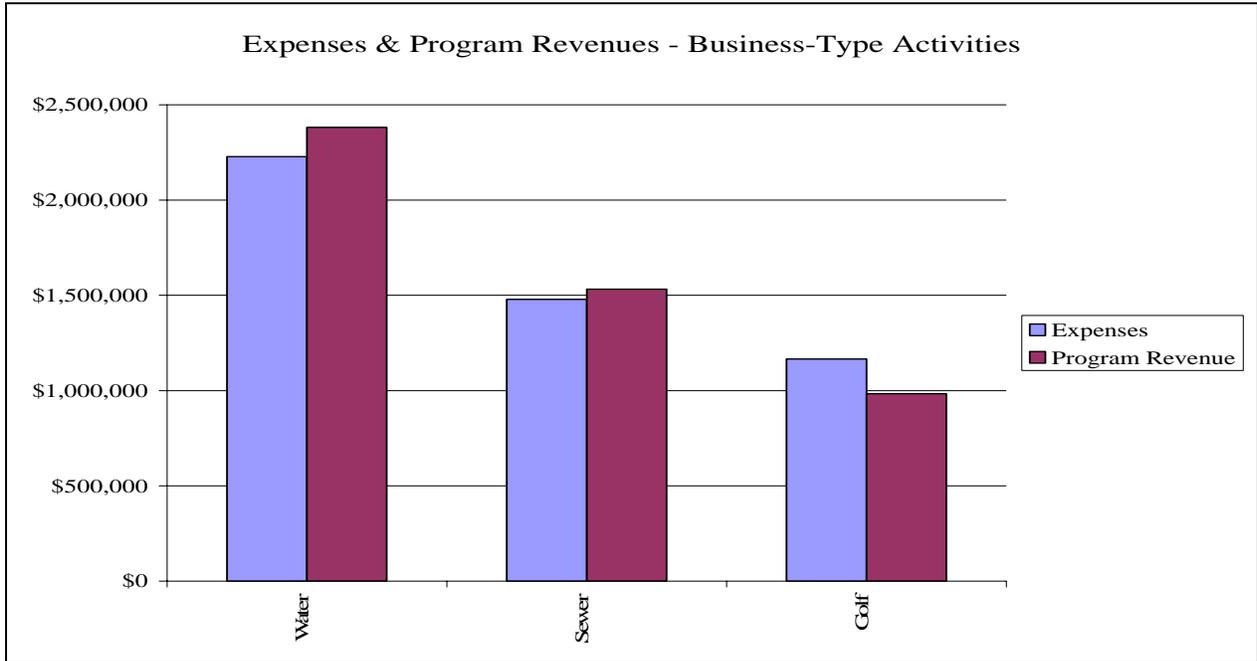
The City of Vandalia abandoned the final two years of its rate increases and passed a new ordinance to increase water rates to residents equal to the City of Dayton's rate increases.

*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 3-year rate increase in sewer rates, beginning in 2005.

*Golf* - Vandalia's Cassel Hills Golf Course is an 18-hole golf course with a restaurant and snack bar. In 1997 the course was voted as "best in the valley" by Dayton Daily Newsreaders and in 2003 received a four-star ranking by *Golf Digest*. Vandalia was one of the first smaller cities in the Miami Valley to have a municipal golf course. As a result, public expectation has been that a public course should have lesser fees than a private golf course. In 2006, there were approximately 35,000 rounds of golf played. Vandalia's councils have, for the most part, agreed with the expectation of lower fees and have been willing to subsidize operations of the course with transfers and advances from the general fund when necessary.



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Overall, the City's business-type activities generated \$4.9 million in program revenues during 2006, program expenses were \$4.9 million. Capital contributions of \$390,065 were a result of contributions from developers and other governmental funds. Expenses in the business-type activities remained consistent with prior year. Charges for services in the water department increased in 2006 due to new few structures.

**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 \$23.5 million and expenditures of \$20 million. The general fund balance net change in fund balance from 2005 to 2006 was \$3,970,491. Within the general fund, revenues exceeded expenditures by \$6.7 million. Transfers to other funds such as the capital improvement, the police, fire and street capital improvement, the TIF capital projects funds and the general obligation debt service fund equaled \$2.7 million. The funds transferred were used for capital assets, improvements, repairs, and debt.

The capital improvement fund balance increased by \$241,243. Fund balance at December 31, 2006, was \$2,309,759, of which \$1,021,001 was encumbered and \$2,660,625 was reserved for land held for resale. Encumbrances are primarily for street related projects and equipment and vehicle purchases as well as other improvements. All other governmental change in fund balances was \$193,186 during 2006.

With two of the three enterprise funds reflecting an operating loss for 2006, the City has implemented a series of rate increases in the enterprise funds to help alleviate future fund losses. If unrestricted net assets are not sufficient to sustain the losses, the City will provide transfers and advances from the general fund as necessary to cover negative balances.

City of Vandalia, Ohio  
Management's Discussion and Analysis  
For The Year Ended December 31, 2006  
(Unaudited)

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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, the water fund showed an increase in cash during 2006.

The golf activity's operating loss of \$168,709 is attributable to continually increasing costs for contractual services related to repair and maintenance of the facility with only small increases in fees charged. The Golf course is intended to be operated as a business-type activity, however, historically; Council has not set fees adequate to cover all operating expenses. Even though this operation periodically receives governmental support, it is reflected as a business-type activity. Council has recently approved a new fee schedule for the golf course operations, and is hopeful that the golf fund will begin to realize an upswing in the near future.

***General fund budgeting highlights***

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

During 2006, 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 increased \$197,828, from \$19,346,998 to the final budgeted amount of \$19,544,826. Municipal income taxes original budget was consistent with actual income tax revenue for the prior year. At the end of the year, actual municipal income revenues were in excess of the final budget by \$342,566. In addition, intergovernmental revenue was increased for estate tax receipts and for an ED/GE grant for Eurand "Quick Dissolve" Product Expansion.

Original general fund expenditures increased \$275,827. The main cause for the increase in budgeted expenditures was for legislative and executive costs due to the ED/GE grant for Eurand "Quick Dissolve" Product Expansion. Despite, the final budget being increased for the ED/GE grant expenditures; total actual expenditures remained below the original budget due to the close monitoring of expenditures.

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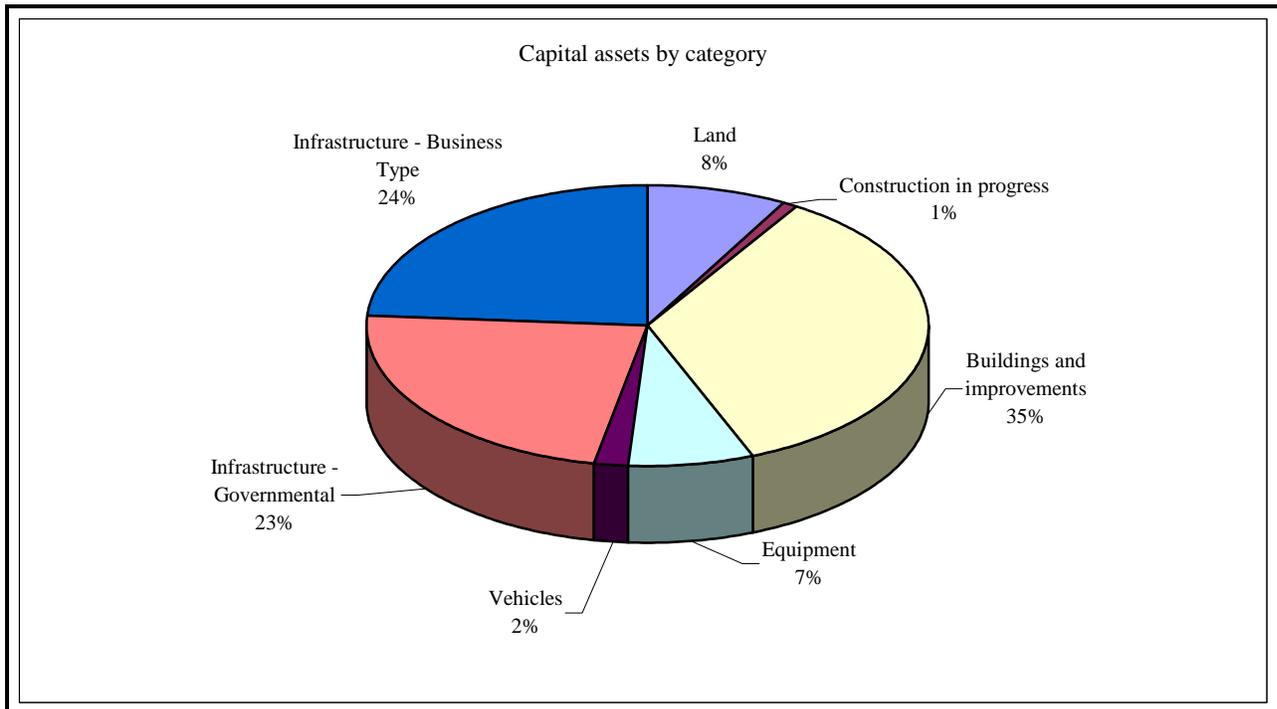
**Capital Assets and Debt Administration**

*Capital Assets*

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Land	\$ 4,772,053	\$ 4,772,053	\$ 167,369	\$ 126,837	\$ 4,939,422	\$ 4,898,890
Construction in progress	513,557	-	-	-	513,557	-
Buildings and improvements	19,956,855	20,377,047	1,564,743	1,618,701	21,521,598	21,995,748
Equipment	4,031,430	4,129,995	492,182	486,225	4,523,612	4,616,220
Vehicles	977,383	958,767	179,567	144,691	1,156,950	1,103,458
Infrastructure	<u>14,015,925</u>	<u>13,493,613</u>	<u>15,137,319</u>	<u>15,184,529</u>	<u>29,153,244</u>	<u>28,678,142</u>
Total	<u>\$ 44,267,203</u>	<u>\$ 43,731,475</u>	<u>\$ 17,541,180</u>	<u>\$ 17,560,983</u>	<u>\$ 61,808,383</u>	<u>\$ 61,292,458</u>

Capital assets, net of depreciation, in governmental activities increased from the prior year. Increases were primarily in land, construction in progress, and infrastructure. Capital assets, net of depreciation, for the business-type activities had a decrease of \$19,803, primarily due to the City disposing of several assets and for the current year depreciation. The City received \$1,246,086 in asset from developers during 2006. See Note 6 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, 2006  
(Unaudited)

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**Debt**

At December 31, 2006 the City of Vandalia had \$10,151,869 in outstanding debt.

**Table 4**  
**Outstanding Debt, at Year End**

	Governmental Activities	
	<u>2006</u>	<u>2005</u>
Unvoted general obligation bonds		
Various purpose improvement bonds	\$ -	\$ 430,000
Various purpose refunding bonds	<u>10,151,869</u>	<u>10,227,994</u>
Total	<u>\$ 10,151,869</u>	<u>\$ 10,657,994</u>

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

The City also has short term obligations being reported in the capital improvement capital projects fund in the amount of \$2,628,100. Revenues for payment of interest and principal on the bond anticipation notes will result from proceeds from a new note to be issued in 2007. The general obligation debt service fund will retire the debt.

The City's overall legal debt margin was \$33,205,342 at December 31, 2006. See Note 8 & 10 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 James Bell, Finance Director, City of Vandalia, 333 Bohanan Drive, Vandalia, Ohio 45377.

City of Vandalia, Ohio  
Statement of Net Assets  
December 31, 2006

	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 21,895,865	\$ 1,398,843	\$ 23,294,708
Cash and cash equivalents:			
With fiscal agent	386,568	-	386,568
Receivables:			
Income tax	3,656,053	-	3,656,053
Property and other taxes	1,917,870	-	1,917,870
Accounts	536,146	777,783	1,313,929
Special assessments	74,368	-	74,368
Accrued interest	167,791	-	167,791
Intergovernmental	1,105,080	-	1,105,080
Materials and supplies inventory	86,130	30,257	116,387
Notes receivable	6,027	-	6,027
Prepaid items	29,792	220	30,012
Restricted assets:			
Equity in pooled cash and cash equivalents	-	29,966	29,966
Deferred charges	158,046	-	158,046
Investment in joint venture	-	6,877,869	6,877,869
Internal balances	400,073	(400,073)	-
Land held for resale	2,660,625	-	2,660,625
Nondepreciable capital assets	5,285,610	167,369	5,452,979
Depreciable capital assets, net	38,981,593	17,373,811	56,355,404
Total assets	<u>77,347,637</u>	<u>26,256,045</u>	<u>103,603,682</u>
<u>Liabilities:</u>			
Accounts payable	283,752	21,030	304,782
Contracts payable	124,929	-	124,929
Accrued wages and benefits	163,864	10,824	174,688
Compensated absences payable	32,846	-	32,846
Intergovernmental payable	500,933	539,057	1,039,990
Unearned revenue	1,770,637	2,911	1,773,548
Income tax refunds payable	219,632	-	219,632
Bond anticipation notes payable	2,628,100	-	2,628,100
Accrued interest payable	73,689	-	73,689
Claims payable	109,356	-	109,356
Refundable deposits	-	29,966	29,966
Long-term liabilities:			
Due within one year	1,186,258	62,855	1,249,113
Due in more than one year	11,079,390	48,801	11,128,191
Total liabilities	<u>18,173,386</u>	<u>715,444</u>	<u>18,888,830</u>
<u>Net assets:</u>			
Invested in capital assets, net of related debt	32,617,097	17,541,180	50,158,277
Restricted for:			
Capital projects	2,328,392	-	2,328,392
Debt service	178,230	-	178,230
Other purposes	2,657,378	-	2,657,378
Unrestricted	21,393,154	7,999,421	29,392,575
Total net assets	<u>\$ 59,174,251</u>	<u>\$ 25,540,601</u>	<u>\$ 84,714,852</u>

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio  
Statement of Activities  
For the Year Ended December 31, 2006

	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	\$ 3,472,717	\$ 631,506	\$ -	\$ -
Judicial system	1,987,433	1,117,160	-	-
Public safety				
Police	4,453,480	3,111	13,644	-
Fire	1,725,487	705,268	-	-
Public works				
Engineer	1,267,579	401,573	2,135	-
Streets	2,232,843	41,545	1,149,764	952,359
Refuse	739,950	743,657	-	-
Recreation	3,427,824	1,347,174	-	-
Interest and fiscal charges	580,291	-	-	-
Total governmental activities	<u>19,887,604</u>	<u>4,990,994</u>	<u>1,165,543</u>	<u>952,359</u>
<u>Business-Type Activities:</u>				
Water	2,227,291	2,249,435	-	132,182
Sewer	1,478,904	1,336,767	-	195,655
Golf	1,165,894	984,106	-	-
Total business-type activities	<u>4,872,089</u>	<u>4,570,308</u>	<u>-</u>	<u>327,837</u>
Total primary government	<u>\$ 24,759,693</u>	<u>\$ 9,561,302</u>	<u>\$ 1,165,543</u>	<u>\$ 1,280,196</u>

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

Change in net assets

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

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (2,841,211)	\$ -	\$ (2,841,211)
(870,273)	-	(870,273)
(4,436,725)	-	(4,436,725)
(1,020,219)	-	(1,020,219)
(863,871)	-	(863,871)
(89,175)	-	(89,175)
3,707	-	3,707
(2,080,650)	-	(2,080,650)
(580,291)	-	(580,291)
<u>(12,778,708)</u>	<u>-</u>	<u>(12,778,708)</u>
-	154,326	154,326
-	53,518	53,518
-	(181,788)	(181,788)
-	26,056	26,056
<u>\$ (12,778,708)</u>	<u>\$ 26,056</u>	<u>\$ (12,752,652)</u>
2,008,091	-	2,008,091
13,205,994	-	13,205,994
1,820,314	-	1,820,314
1,146,670	4,717	1,151,387
159,399	24,929	184,328
(62,228)	62,228	-
<u>18,278,240</u>	<u>91,874</u>	<u>18,370,114</u>
5,499,532	117,930	5,617,462
<u>53,674,719</u>	<u>25,422,671</u>	<u>79,097,390</u>
<u>\$ 59,174,251</u>	<u>\$ 25,540,601</u>	<u>\$ 84,714,852</u>

City of Vandalia, Ohio  
Balance Sheet  
Governmental Funds  
December 31, 2006

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents	\$ 17,396,297	\$ 1,911,598	\$ 2,481,576	\$ 21,789,471
Cash and cash equivalents:				
With fiscal agent	-	386,568	-	386,568
Receivables:				
Income tax	3,656,053	-	-	3,656,053
Property and other taxes	1,917,870	-	-	1,917,870
Accounts	429,196	22,719	84,193	536,108
Special assessments	12,025	14,879	47,464	74,368
Accrued interest	167,791	-	-	167,791
Restricted assets:				
Equity in pooled cash and cash equivalents	29,334	-	-	29,334
Due from other governments	447,173	-	657,907	1,105,080
Materials and supplies inventory	5,591	-	80,539	86,130
Interfund loan receivable	551,761	-	-	551,761
Notes receivable	-	6,027	-	6,027
Prepaid items	4,314	-	168	4,482
Land held for resale	-	2,660,625	-	2,660,625
Total assets	<u>\$ 24,617,405</u>	<u>\$ 5,002,416</u>	<u>\$ 3,351,847</u>	<u>\$ 32,971,668</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 169,631	\$ 26,959	\$ 87,162	\$ 283,752
Contracts payable	-	-	124,929	124,929
Accrued wages	156,598	-	7,266	163,864
Matured compensated absences payable	31,326	-	1,520	32,846
Interfund payable	-	-	151,761	151,761
Due to other governments	482,193	-	18,740	500,933
Deferred revenue	4,711,049	37,598	716,603	5,465,250
Income tax refunds payable	219,632	-	-	219,632
Bond anticipation notes payable	-	2,628,100	-	2,628,100
Total liabilities	<u>5,770,429</u>	<u>2,692,657</u>	<u>1,107,981</u>	<u>9,571,067</u>
Fund balances:				
Reserved for encumbrances	1,263,573	1,021,001	715,389	2,999,963
Reserved for inventory	5,591	-	80,539	86,130
Reserved for interfund loan receivable	551,761	-	-	551,761
Reserved for unclaimed money	29,334	-	-	29,334
Reserved for land held for resale	-	2,660,625	-	2,660,625
Unreserved, undesignated,				
Reported in:				
General fund	16,996,717	-	-	16,996,717
Special revenue funds	-	-	1,966,858	1,966,858
Debt service fund	-	-	169,257	169,257
Capital projects fund	-	(1,371,867)	(688,177)	(2,060,044)
Total fund balances	<u>18,846,976</u>	<u>2,309,759</u>	<u>2,243,866</u>	<u>23,400,601</u>
Total liabilities and fund balances	<u>\$ 24,617,405</u>	<u>\$ 5,002,416</u>	<u>\$ 3,351,847</u>	<u>\$ 32,971,668</u>

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio  
Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
December 31, 2006

Total governmental fund balances		\$ 23,400,601
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in funds.		44,267,203
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		(6,948)
The internal balance represents the portion of the internal service fund's assets and liabilities that are allocated to the proprietary funds.		73
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property and other taxes	\$ 153,860	
Income taxes	2,080,454	
Intergovernmental	988,846	
Special assessments	74,368	
Charges for services	351,210	
Deferred charges	158,046	
Other	45,875	
Total	3,852,659	3,852,659
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(73,689)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Refunding general obligation bonds	\$ (10,510,000)	
Unamortized premium on refunding bonds	(410,109)	
Accounting loss	768,240	
Capital lease payable	(906,334)	
Compensated absences	(1,207,445)	
Total	(12,265,648)	(12,265,648)
Net assets of governmental activities		\$ 59,174,251

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, 2006

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Municipal income tax	\$ 12,579,757	\$ -	\$ -	\$ 12,579,757
Property and other taxes	1,972,798	-	-	1,972,798
Charges for services	2,798,363	-	411,672	3,210,035
Licenses and permits	129,627	-	-	129,627
Fines and forfeitures	1,219,722	-	170,805	1,390,527
Intergovernmental	1,825,873	26,713	989,598	2,842,184
Special assessments	-	20,066	54,376	74,442
Interest	1,169,648	1,279	-	1,170,927
Other	93,199	119	20,626	113,944
Total revenue	<u>21,788,987</u>	<u>48,177</u>	<u>1,647,077</u>	<u>23,484,241</u>
Expenditures:				
Current:				
General government				
Legislative and executive	2,819,146	400,367	104,437	3,323,950
Judicial system	1,859,198	-	46,424	1,905,622
Public safety				
Police	4,063,352	33,691	71,861	4,168,904
Fire	1,496,181	-	8,000	1,504,181
Public works				
Engineer	780,391	24,226	421,130	1,225,747
Streets	630,843	8,410	687,261	1,326,514
Refuse	739,837	-	-	739,837
Recreation	2,663,466	53,443	147,820	2,864,729
Capital outlay	71,866	781,517	1,030,192	1,883,575
Debt service:				
Principal retirement	-	-	568,521	568,521
Interest and fiscal charges	-	-	503,396	503,396
Issuance costs	-	-	10,000	10,000
Total expenditures	<u>15,124,280</u>	<u>1,301,654</u>	<u>3,599,042</u>	<u>20,024,976</u>
Excess of revenues over (under) expenditures	<u>6,664,707</u>	<u>(1,253,477)</u>	<u>(1,951,965)</u>	<u>3,459,265</u>
Other financing sources (uses):				
Sale of capital assets	800	-	-	800
Inception of capital lease	-	944,855	-	944,855
Transfers - in	-	549,865	2,145,151	2,695,016
Transfers - out	<u>(2,695,016)</u>	<u>-</u>	<u>-</u>	<u>(2,695,016)</u>
Total other financing sources (uses)	<u>(2,694,216)</u>	<u>1,494,720</u>	<u>2,145,151</u>	<u>945,655</u>
Net change in fund balance	3,970,491	241,243	193,186	4,404,920
Fund balances at beginning of year	<u>14,876,485</u>	<u>2,068,516</u>	<u>2,050,680</u>	<u>18,995,681</u>
Fund balances at end of year	<u>\$ 18,846,976</u>	<u>\$ 2,309,759</u>	<u>\$ 2,243,866</u>	<u>\$ 23,400,601</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, 2006

Net change in fund balances - Total governmental funds		\$ 4,404,920
<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 asset additions	\$ 1,883,575	
Capital contributions	867,540	
Depreciation expense	<u>(2,088,163)</u>	
Excess of capital asset additions over depreciation expense		662,952
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.		
		(127,224)
Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statements of net assets, the lease obligation is reported as a liability.		
		(944,855)
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	\$ 35,293	
Income taxes	626,237	
Intergovernmental	170,386	
Special assessments	(43,229)	
Charges for services	234,300	
Fines and forfeitures	(4,708)	
Other	<u>21,198</u>	
Net change in deferred revenues during the year		1,039,477
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Increase in compensated absences	\$ (98,410)	
Amortization of deferred charges	(10,536)	
Increase in accrued interest	<u>(32,484)</u>	
Total additional expenditures		(141,430)
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.		
		61,046
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		530,000
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.		
		38,521
The amortization of issuance costs and bond premium is reflected as an expense in the statement of activities.		
Accounting loss	\$ (51,216)	
Premium	<u>27,341</u>	
Total additional expenses		<u>(23,875)</u>
Change in net assets of governmental activities		<u>\$ 5,499,532</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, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Municipal income tax	\$ 11,770,000	\$ 11,770,000	\$ 12,112,566	\$ 342,566
Property and other taxes	1,837,391	1,837,391	1,900,519	63,128
Charges for services	2,713,307	2,713,307	2,805,870	92,563
Licenses and permits	175,500	175,500	129,627	(45,873)
Fines and forfeitures	978,800	978,800	1,196,638	217,838
Intergovernmental	1,245,500	1,442,428	1,847,916	405,488
Interest	530,000	530,000	929,828	399,828
Other	96,500	97,400	92,487	(4,913)
<b>Total revenues</b>	<u>19,346,998</u>	<u>19,544,826</u>	<u>21,015,451</u>	<u>1,470,625</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government				
Legislative and executive	4,258,241	4,424,240	4,161,182	263,058
Judicial system	2,088,878	2,088,878	1,936,620	152,258
Public safety				
Police	4,344,491	4,413,491	4,066,949	346,542
Fire	1,561,404	1,561,404	1,488,007	73,397
Public works				
Engineer	851,746	851,746	813,213	38,533
Streets	728,153	728,153	629,126	99,027
Refuse	789,565	789,565	796,239	(6,674)
Recreation	2,949,516	2,950,416	2,672,625	277,791
Capital outlay	217,287	257,215	58,637	198,578
<b>Total expenditures</b>	<u>17,789,281</u>	<u>18,065,108</u>	<u>16,622,598</u>	<u>1,442,510</u>
<b>Excess of revenues over (under) expenditures</b>	<u>1,557,717</u>	<u>1,479,718</u>	<u>4,392,853</u>	<u>2,913,135</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets	1,000	1,000	800	(200)
Advances - out	-	(145,000)	(145,000)	-
Transfers - out	(2,706,009)	(2,899,877)	(2,695,216)	204,661
<b>Total other financing sources (uses)</b>	<u>(2,705,009)</u>	<u>(3,043,877)</u>	<u>(2,839,416)</u>	<u>204,461</u>
<b>Net change in fund balance</b>	(1,147,292)	(1,564,159)	1,553,437	3,117,596
<b>Fund balance at beginning of year</b>	12,678,950	12,678,950	12,678,950	-
<b>Prior year encumbrances appropriated</b>	<u>1,743,048</u>	<u>1,743,048</u>	<u>1,743,048</u>	<u>-</u>
<b>Fund balance at end of year</b>	<u>\$ 13,274,706</u>	<u>\$ 12,857,839</u>	<u>\$ 15,975,435</u>	<u>\$ 3,117,596</u>

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio  
Statement of Fund Net Assets  
Proprietary Funds  
December 31, 2006

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Golf	Total	Internal Service
<u>Assets:</u>					
Current assets:					
Equity in pooled cash and cash equivalents	\$ 946,079	\$ 245,516	\$ 207,248	\$ 1,398,843	\$ 77,060
Receivables:					
Accounts	510,730	267,053	-	777,783	38
Materials and supplies inventory	14,743	-	15,514	30,257	-
Prepaid items	72	72	76	220	25,310
Restricted assets:					
Equity in pooled cash and cash equivalents	20,077	9,889	-	29,966	
Total current assets	<u>1,491,701</u>	<u>522,530</u>	<u>222,838</u>	<u>2,237,069</u>	<u>102,408</u>
Non-current assets:					
Investment in joint venture	-	6,877,869	-	6,877,869	-
Capital assets:					
Land	58,424	-	108,945	167,369	-
Depreciable capital assets, net	7,526,159	8,557,590	1,290,062	17,373,811	-
Total non-current assets	<u>7,584,583</u>	<u>15,435,459</u>	<u>1,399,007</u>	<u>24,419,049</u>	<u>-</u>
Total assets	<u>\$ 9,076,284</u>	<u>\$ 15,957,989</u>	<u>\$ 1,621,845</u>	<u>\$ 26,656,118</u>	<u>\$ 102,408</u>
<u>Liabilities:</u>					
Current liabilities:					
Accounts payable	\$ 7,969	\$ 5,931	\$ 7,130	\$ 21,030	\$ -
Accrued wages and benefits	2,890	2,898	5,036	10,824	-
Compensated absences payable	20,985	20,985	20,885	62,855	-
Intergovernmental payable	448,194	79,170	11,693	539,057	-
Unearned revenue	-	-	2,911	2,911	-
Claims payable	-	-	-	-	109,356
Refundable deposits	20,077	9,889	-	29,966	-
Total current liabilities	<u>500,115</u>	<u>118,873</u>	<u>47,655</u>	<u>666,643</u>	<u>109,356</u>
Long-term liabilities:					
Compensated absences payable	13,672	13,672	21,457	48,801	-
Interfund payable	-	-	400,000	400,000	-
Total long-term liabilities	<u>13,672</u>	<u>13,672</u>	<u>421,457</u>	<u>448,801</u>	<u>-</u>
Total liabilities	<u>513,787</u>	<u>132,545</u>	<u>469,112</u>	<u>1,115,444</u>	<u>109,356</u>
<u>Net assets:</u>					
Invested in capital assets	7,584,583	8,557,590	1,399,007	17,541,180	-
Unrestricted	977,914	7,267,854	(246,274)	7,999,494	(6,948)
Total net assets	<u>\$ 8,562,497</u>	<u>\$ 15,825,444</u>	<u>\$ 1,152,733</u>	<u>25,540,674</u>	<u>\$ (6,948)</u>

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

(73)

Net assets of business-type activities

\$ 25,540,601

See accompanying notes to the basic financial statements.

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

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service
	Water	Sewer	Golf	Total	
<u>Operating revenues:</u>					
Charges for services	\$ 2,239,335	\$ 1,095,091	\$ 984,106	\$ 4,318,532	\$ 1,506,725
Tap-in fees	10,100	10,650	-	20,750	-
Other	16,838	615	7,476	24,929	65,248
Total operating revenue	<u>2,266,273</u>	<u>1,106,356</u>	<u>991,582</u>	<u>4,364,211</u>	<u>1,571,973</u>
<u>Operating expenses:</u>					
Personal services	285,195	281,963	483,422	1,050,580	-
Contractual services	1,693,504	927,039	335,867	2,956,410	331,497
Supplies and materials	36,650	33,871	215,314	285,835	-
Claims	-	-	-	-	1,172,124
Depreciation	212,810	238,530	83,763	535,103	-
Utility deposits returned	-	35	-	35	-
Other	115	50	41,925	42,090	-
Total operating expenses	<u>2,228,274</u>	<u>1,481,488</u>	<u>1,160,291</u>	<u>4,870,053</u>	<u>1,503,621</u>
Operating income (loss)	<u>37,999</u>	<u>(375,132)</u>	<u>(168,709)</u>	<u>(505,842)</u>	<u>68,352</u>
<u>Non-operating revenues (expenses):</u>					
Interest	-	-	4,717	4,717	-
Investment in joint venture	-	231,026	-	231,026	-
Loss on sale of capital assets	(842)	-	(8,500)	(9,342)	-
Total non-operating revenues (expenses):	<u>(842)</u>	<u>231,026</u>	<u>(3,783)</u>	<u>226,401</u>	<u>-</u>
Income (loss) before contributions	<u>37,157</u>	<u>(144,106)</u>	<u>(172,492)</u>	<u>(279,441)</u>	<u>68,352</u>
Capital contributions	<u>132,182</u>	<u>203,401</u>	<u>54,482</u>	<u>390,065</u>	<u>-</u>
Change in net assets	169,339	59,295	(118,010)	110,624	68,352
Net assets at beginning of year	8,393,158	15,766,149	1,270,743		(75,300)
Net assets at end of year	<u>\$ 8,562,497</u>	<u>\$ 15,825,444</u>	<u>\$ 1,152,733</u>		<u>\$ (6,948)</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. 7,306

Change in net assets of business-type activities \$ 117,930

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2006

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Golf	Total	Internal Service
Cash flows from operating activities:					
Cash received from customers	\$ 2,157,218	\$ 1,061,566	\$ 993,326	\$ 4,212,110	\$ -
Cash received from interfund services provided	-	-	-	-	1,589,975
Cash payments for employee services and benefits	(272,320)	(269,055)	(471,118)	(1,012,493)	-
Cash payments to suppliers for goods and services	(1,592,069)	(969,721)	(593,605)	(3,155,395)	-
Cash payments for claims	-	-	-	-	(1,688,139)
Utility deposits received	1,920	945	-	2,865	-
Utility deposits returned	(2,237)	(1,134)	-	(3,371)	-
Net cash provided by (used for) operating activities	292,512	(177,399)	(71,397)	43,716	(98,164)
Cash flows from capital and related financing activities:					
Tap in fees	3,069	4,328	-	7,397	-
Acquisition of capital assets	(140,753)	-	(1,221)	(141,974)	-
Net cash used for capital and related financing activities	(137,684)	4,328	(1,221)	(134,577)	-
Cash flows from investing activities:					
Investment income	-	-	4,717	4,717	-
Net cash provided by investing activities	-	-	4,717	4,717	-
Net increase (decrease) in cash and cash equivalents	154,828	(173,071)	(67,901)	(86,144)	(98,164)
Cash and cash equivalents at beginning of year	811,328	428,476	275,149	1,514,953	175,224
Cash and cash equivalents at end of year	\$ 966,156	\$ 255,405	\$ 207,248	\$ 1,428,809	\$ 77,060
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 37,999	\$ (375,132)	\$ (168,709)	\$ (505,842)	\$ 68,352
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	212,810	238,530	83,763	535,103	-
Change in assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable	(109,055)	(44,790)	-	(153,845)	18,002
Materials and supplies inventory	(76)	-	3,621	3,545	-
Prepaid items	(72)	(72)	(76)	(220)	(25,310)
Increase (decrease) in liabilities:					
Accounts payable	(303,053)	(81,122)	(4,746)	(388,921)	-
Refundable deposits	(319)	(154)	-	(473)	-
Claims payable	-	-	-	-	(159,208)
Unearned revenue	-	-	1,744	1,744	-
Accrued wages and benefits	671	679	1,127	2,477	-
Compensated absences	9,284	9,284	6,811	25,379	-
Due to other governments	444,323	75,378	5,068	524,769	-
Net cash provided by (used for) operating activities	\$ 292,512	\$ (177,399)	\$ (71,397)	\$ 43,716	\$ (98,164)
Non-cash capital and related financing activities:					
Capital contributions received from contractors	\$ 129,113	\$ 191,327	\$ -	\$ 320,440	\$ -
Capital contributions received from governmental funds	-	7,746	54,482	62,228	-
Total non-cash capital and related financing activities	\$ 129,113	\$ 199,073	\$ 54,482	\$ 382,668	\$ -

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio  
Statement of Fiduciary Assets and Liabilities  
December 31, 2006

	<u>Agency</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 948,340
Cash and cash equivalents in segregated accounts	160,787
Investments	<u>5,086,008</u>
Total assets	<u>\$ 6,195,135</u>
<u>Liabilities:</u>	
Intergovernmental payable	54,032
Undistributed monies	393,868
Due to others	<u>5,747,235</u>
Total liabilities	<u>\$ 6,195,135</u>

See accompanying notes to the basic financial statements.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

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

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

The City is associated with the Tri-Cities North Regional Wastewater Authority (Tri-Cities), and the Northern Area Water Authority (NAWA), which are defined as joint ventures. A joint venture is a legal entity or other organization that is a result of a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. These organizations are presented in Note 13.

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, 2006

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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 14.

**B. Basis of Presentation**

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

Government-wide Financial Statements

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

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements

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

### **C. Fund Accounting**

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

#### Governmental Funds

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

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

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

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

#### Proprietary Funds

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

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

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

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

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

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

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2006

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Fiduciary Funds

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

**D. Measurement Focus**

Government-wide Financial Statements

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

Fund Financial Statements

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

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

**E. Basis of Accounting**

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

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2006

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Revenues - Exchange and Non-exchange Transactions

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 4). Revenue from grants, entitlements, shared revenues and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of December 31, 2006, but which were levied to finance year 2007 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

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

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2006

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**F. Cash and Cash Equivalents**

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 cash equivalents" on the financial statements.

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

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

During the year, the City invested in STAROhio, an investment pool managed by the State Treasurer's Office. STAROhio, which allows governments within the State to pool their funds for investment purposes, is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2006.

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 2006 amounted to \$1,169,648 which includes \$453,491 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 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, 2006

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**I. Interfund Balances**

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

**J. Prepaids**

Payments made to vendors for services that will benefit periods beyond December 31, 2006 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure or expense is reported in the year in which services are consumed.

**K. Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five hundred 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. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City’s historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

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

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

**L. Compensated Absences**

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

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

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

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

**M. Accrued Liabilities and Long-Term Obligations**

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

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

**N. Fund Balance Reserves**

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

**O. Net Assets**

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

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2006

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

**P. Operating Revenues and Expenses**

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

**Q. Contributions of Capital**

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

**R. Bond Premiums/Issuance Costs/Accounting Loss**

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

**S. Interfund Activity**

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

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**T. Estimates**

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

## **U. Budgetary Process**

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

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

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

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

## **NOTE 2 - 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).

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2006

5. The change in fair value of investments is not included on the budget operating statement. This amount is included as revenue on the GAAP basis operating statement.
6. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statements.
7. The City's portion of the activity of the Municipal Court is not included on the budgetary statement. This activity is included on the GAAP basis operating statement.

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

Net Change in Fund Balance	
	<u>General</u>
GAAP Basis	\$ 3,970,491
Revenue accruals	(450,344)
Expenditure accruals	(98,141)
Advances	(145,000)
Unrecorded cash - 2005	(1,722)
Unrecorded cash - 2006	7,919
Change in fair value of investments - 2005	(147,198)
Change in fair value of investments - 2006	(70,147)
Non-budgeted activity	(112,044)
Encumbrances (Budget Basis)	
outstanding at year end	<u>(1,400,377)</u>
Budget Basis	<u>\$ 1,553,437</u>

**NOTE 3 - 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.

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2006

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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.
8. Obligations of corporate entities having debt rating of Aa or better by Standard & Poors Corporation or Moody's rating service.

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

*Deposits:* At year-end, the carrying amount of the City's deposits was \$4,549,376 and the bank balance was \$5,132,181. Of the bank balance, \$1,326,028 was covered by federal deposit insurance. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", \$3,806,153 of the City's bank balance was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the City's name.

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

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1-5	6-10
Federal Farm Credit Bank	\$ 245,158	\$ -	\$ 245,158	\$ -
Federal Home Loan Bank	7,693,152	-	7,446,902	246,250
Federal Home Loan Bank Step	7,950,755	-	5,974,820	1,975,935
Federal Home Loan Mortgage Corp MTN Step	844,533	-	496,545	347,988
Federal Home Loan Mortgage Corp. Step	605,962	-	605,962	-
Federal Home Loan Mortgage Corp.	499,780	-	499,780	-
Federal National Mortgage Ass.	1,250,287	-	509,662	740,625
Federal National Mortgage Ass. Step	872,723	-	872,723	-
Freddie Mac Bond	991,938	-	991,938	-
GE Interest Plus	1,339,160	1,339,160	-	-
Repurchase Agreement	2,840,000	2,840,000	-	-
STAR Ohio	223,553	223,553	-	-
	<u>\$ 25,357,001</u>	<u>\$ 4,402,713</u>	<u>\$ 17,643,490</u>	<u>\$ 3,310,798</u>

*Interest Rate Risk* – The City’s investment policy states that the maximum maturity for any investment is limited to a final stated maturity of seven years, an expected call of seven years, or an expected average life of seven years, where the average life is estimated by nationally recognized firms independent of the dealer selling the security to the City. The City holds various agency securities which are callable in fiscal year 2007. 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 US government agencies have an AAA credit rating. The City’s investment in STAR Ohio has an AAAM credit rating. The City’s investment in a repurchase agreement is exposed to credit risk due to the underlying securities are held by the investment’s counterparty or its trust department or agent, not in the City’s name.

*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:

City of Vandalia, Ohio  
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<u>Investment</u>	<u>Percent</u>
Federal Home Loan Bank Bonds	30%
Federal Home Loan Bank Step	31%
Federal National Mortgage Ass. Bonds	5%
GE Interest Plus	5%
Repurchase Agreements	11%

**NOTE 4 - RECEIVABLES**

Receivables at December 31, 2006, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements, shared revenues, special assessments, accrued interest on investments, accounts (billings for ambulance service and utility service), interfund loans and notes receivable. 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 \$2,118 and \$12,761, respectively, in the capital improvement fund and \$15,980 and \$43,509, respectively, for the other governmental funds. As of December 31, 2006, 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 2006 for real and public utility property taxes represents collections of the 2005 taxes. Property tax payments received during 2006 for tangible personal property (other than public utility property) is for 2006 taxes.

2006 real property taxes are levied after October 1, 2006, on the assessed value as of January 1, 2006, the lien date. Assessed values are established by State law at 35% of appraised market value. 2006 real property taxes are collected in and intended to finance 2007.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35% of true value. 2006 public utility property taxes became a lien December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

2006 tangible personal property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are 25% of true value for capital assets and 23% of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2006 is 18.75%. This will be reduced to 12.5% for 2007, 6.25% for 2008 and 0% for 2009.

The full tax rate for all City operations for the year ended December 31, 2006, was \$4.14 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2006 property tax receipts were based are as follows:

City of Vandalia, Ohio  
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<u>Property Category</u>	<u>Assessed Value</u>	<u>Percent</u>
<u>Real Property</u>		
Residential and agricultural	\$ 229,874,800	55.43%
Commercial and industrial	117,905,450	28.43
Public utilities	42,820	0.01
<u>Tangible Personal Property</u>		
General	59,956,143	14.46
Public utilities	<u>6,942,390</u>	<u>1.67</u>
Total	<u>\$ 414,721,603</u>	<u>100%</u>

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

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

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Vandalia. The County Auditor periodically remits to the City its portion of the taxes collected. Accrued property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2006, and for which there is an enforceable legal claim. In the general fund, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2006 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue.

Income Taxes

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

Employers within the City withhold income tax on employee compensation and remit at least quarterly. Corporations and other individual taxpayers pay estimated taxes quarterly and file an annual declaration.

In 2006, all income tax proceeds were allocated to the general fund.

Due from Other Governments

A summary of due from other governments follows:

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	<u>Amounts</u>
<b><u>Governmental Activities</u></b>	
Local Government and Local Government	
Revenue Assistance	\$ 322,245
Homestead and Rollback	61,788
Gasoline and Excise Tax	194,093
Motor Vehicle License Fees	435,540
Permissive Motor Vehicle License Tax	24,324
Other Reimbursements	1,414
Liquor Permits	1,571
Municipal Court Salary Reimbursement	59,385
ODADAS	3,950
Immobilization Fees	<u>770</u>
Total	<u>\$ 1,105,080</u>

**Notes Receivable**

The City sold a tract of land in April of 1987 to interested developers. The terms and conditions of the sale were such that the City would specify usage of the property and also carry a mortgage note on the property for the developer.

Mortgage note receivable - final payment	
of \$6,290, including interest	
at 8.75%, due April 17, 2007	<u>\$ 6,027</u>

**NOTE 5 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. In 1988, the City joined the Miami Valley Risk Management Association, Inc. (MVRMA) a risk sharing insurance pool. The pool consists of twenty municipalities who pool risk for property, crime, liability, boiler and machinery and public official liability. The City pays an annual premium to MVRMA for this coverage. The deductible per occurrence for all types of claims is \$2,500. The self-insured retention is \$1,000,000 for liability and \$250,000 for property.

Coverage is purchased on City vehicles for a combined single limit liability of \$7,000,000. The City purchases general liability insurance coverage with a \$7,000,000 per occurrence. Other policies held by the City include law enforcement, public officials, boiler & machinery, property, flood, and earthquake. There were no settled claims from these risks that have exceeded commercial insurance coverage for the past three years.

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

The City has elected to provide employee healthcare benefits for its employees through a self-insured program. The City maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides medical, dental, vision and prescription drug coverage with a \$100 deductible for single and \$200 deductible for families who use providers within the City's preferred provider organization, DirectCare America. Deductibles are higher, and vary for out of network claims. A third party administrator, Underwriters Safety & Claims, processes and pays the claims. The City is paying self-insurance claims and administrative costs from its hospital care internal service fund. An excess coverage insurance (stop loss) policy covers claims in excess of \$30,000 per employee, per year. During 2006, a total of \$1,503,631 was paid in benefits and administrative costs. The liability for unpaid claims cost of \$109,356, reported in the hospital care internal service fund at December 31, 2006, is based on the requirements of Governmental Accounting Standards Board Statement No. 30. Statement No. 30 requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The claims liability was determined by reviewing invoices for claims paid in January through March 2007, which were incurred in 2006 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:

	Balance at <u>beginning of year</u>	Current <u>year claims</u>	Claim <u>payments</u>	Balance at <u>end of year</u>
2005 \$	206,633	1,616,538	1,554,607	268,564
2006 \$	268,564	1,172,124	1,331,332	109,356

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2006, was as follows:

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	<u>Balance</u> <u>12/31/2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2006</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 4,772,053	\$ -	\$ -	\$ 4,772,053
Construction in progress	<u>-</u>	<u>513,557</u>	<u>-</u>	<u>513,557</u>
Total capital assets, not being depreciated	<u>4,772,053</u>	<u>513,557</u>	<u>-</u>	<u>5,285,610</u>
Capital assets, being depreciated				
Buildings and improvements	25,646,077	154,629	-	25,800,706
Equipment	8,029,356	431,463	(106,413)	8,354,406
Vehicles	3,472,405	339,515	(197,241)	3,614,679
Infrastructure	<u>29,811,391</u>	<u>1,311,951</u>	<u>-</u>	<u>31,123,342</u>
Total capital assets, being depreciated	<u>66,959,229</u>	<u>2,237,558</u>	<u>(303,654)</u>	<u>68,893,133</u>
Less: accumulated depreciation				
Buildings and improvements	(5,269,030)	(574,821)	-	(5,843,851)
Equipment	(3,899,361)	(474,754)	51,139	(4,322,976)
Vehicles	(2,513,638)	(248,949)	125,291	(2,637,296)
Infrastructure	<u>(16,317,778)</u>	<u>(789,639)</u>	<u>-</u>	<u>(17,107,417)</u>
Total accumulated depreciation	<u>(27,999,807)</u>	<u>(2,088,163)</u>	<u>176,430</u>	<u>(29,911,540)</u>
Total capital assets, being depreciated, net	<u>38,959,422</u>	<u>149,395</u>	<u>(127,224)</u>	<u>38,981,593</u>
Governmental activities capital assets, net	<u>\$ 43,731,475</u>	<u>\$ 662,952</u>	<u>\$ (127,224)</u>	<u>\$ 44,267,203</u>

Depreciation expense was charged to governmental functions as follows:

General government	
Legislative and executive	\$ 168,209
Judicial system	91,017
Public safety	
Police	204,443
Fire	187,541
Public works	
Engineer	19,391
Streets	891,190
Refuse	113
Recreation	<u>526,259</u>
Total depreciation expense	<u>\$ 2,088,163</u>

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	<u>Balance</u> <u>12/31/2005</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2006</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated				
Land	\$ 126,837	\$ 40,532	\$ -	\$ 167,369
Capital assets, being depreciated				
Buildings and improvements	2,761,171	-	-	2,761,171
Equipment	968,554	73,274	(41,513)	1,000,315
Vehicles	464,176	90,396	(31,767)	522,805
Infrastructure	<u>23,603,119</u>	<u>320,440</u>	<u>-</u>	<u>23,923,559</u>
Total capital assets, being depreciated	<u>27,797,020</u>	<u>484,110</u>	<u>(73,280)</u>	<u>28,207,850</u>
Less: accumulated depreciation				
Buildings and improvements	(1,142,470)	(53,958)	-	(1,196,428)
Equipment	(482,329)	(57,975)	32,171	(508,133)
Vehicles	(319,485)	(55,520)	31,767	(343,238)
Infrastructure	<u>(8,418,590)</u>	<u>(367,650)</u>	<u>-</u>	<u>(8,786,240)</u>
Total accumulated depreciation	<u>(10,362,874)</u>	<u>(535,103)</u>	<u>63,938</u>	<u>(10,834,039)</u>
Total capital assets, being depreciated, net	<u>17,434,146</u>	<u>(50,993)</u>	<u>(9,342)</u>	<u>17,373,811</u>
Business-type activities capital assets, net	<u>\$ 17,560,983</u>	<u>\$ (10,461)</u>	<u>\$ (9,342)</u>	<u>\$ 17,541,180</u>

**NOTE 7 - 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  
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**NOTE 8 - LONG-TERM DEBT**

A schedule of changes in bonds and other long-term obligations of the City during 2006 follows:

	Amount Outstanding <u>12/31/2005</u>	<u>Increases</u>	<u>Decreases</u>	Amount Outstanding <u>12/31/2006</u>	Amount Due in <u>One Year</u>
<b>Governmental activities</b>					
<u>Unvoted general obligation bonds</u>					
1996 Various purpose improvement bonds, 5.75% - 5.85%	\$ 430,000	\$ -	\$ (430,000)	\$ -	\$ -
2004 Various purpose refunding bonds, 2.0% - 5.25%	10,610,000	-	(100,000)	10,510,000	540,000
Premium on refunding bonds	437,450	-	(27,341)	410,109	-
Accounting loss	(819,456)	-	51,216	(768,240)	-
Total unvoted general obligation bonds	<u>10,657,994</u>	<u>-</u>	<u>(506,125)</u>	<u>10,151,869</u>	<u>540,000</u>
Other long-term obligations:					
Capital lease	-	944,855	(38,521)	906,334	79,479
Compensated absences	<u>1,109,035</u>	<u>632,833</u>	<u>(534,423)</u>	<u>1,207,445</u>	<u>566,779</u>
Total governmental activities long-term liabilities	<u>\$ 11,767,029</u>	<u>\$ 1,577,688</u>	<u>\$ (1,079,069)</u>	<u>\$ 12,265,648</u>	<u>\$ 1,186,258</u>
<b>Business-type activities</b>					
Compensated absences	<u>\$ 86,277</u>	<u>\$ 73,705</u>	<u>\$ (48,326)</u>	<u>\$ 111,656</u>	<u>\$ 62,855</u>

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

Compensated absences will be paid from the general fund, street, stormwater, baseball 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, 2006, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$33,205,342 and the unvoted legal debt margin was \$12,468,945. 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, 2006, are as follows:

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Year ending December 31,	General obligation bonds		Total
	Principal	Interest	
2007	\$ 540,000	\$ 459,888	\$ 999,888
2008	550,000	446,928	996,928
2009	570,000	432,478	1,002,478
2010	585,000	414,978	999,978
2011	605,000	396,696	1,001,696
2012-2016	3,355,000	1,627,512	4,982,512
2017-2021	4,305,000	701,140	5,006,140
Total	<u>\$ 10,510,000</u>	<u>\$ 4,479,620</u>	<u>\$ 14,989,620</u>

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

**NOTE 9 – CAPITALIZED LEASE**

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

Governmental activities capital assets consisting of equipment have been capitalized in the amount of \$194,906. 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, 2006:

<u>Year</u>	<u>Lease Payments</u>
2007	\$ 116,631
2008	116,631
2009	116,631
2010	116,631
2011	116,631
2012-2016	<u>524,838</u>
Total minimum lease payments	1,107,993
Less: amount representing interest	<u>(201,659)</u>
Total	<u>\$ 906,334</u>

City of Vandalia, Ohio  
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**NOTE 10 – SHORT TERM OBLIGATIONS**

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

	<u>Balance</u>		<u>Increase</u>		<u>Decreases</u>		<u>Balance</u>
	<u>12/31/2005</u>						<u>12/31/2006</u>
Capital Projects Fund:							
Capital Improvement	\$ -		\$ 2,628,100		\$ -		\$ 2,628,100

In August of 2006, the City issued \$2,628,100 in bond anticipation notes to finance the purchase of land. The bond anticipation notes were issued to encourage economic development and jobs in a redevelopment area. Revenues for payment of interest and principal on the bond will result from proceeds from a new note to be issued in 2007. The general obligation debt service fund will retire the debt.

**NOTE 11 - 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, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6701 or 800-222-7377.

Member and employer contributions rates were consistent across all three plans (TP, MD and CP). For the year ended December 31, 2006, City employees were required to contribute 9% of their annual covered salary. The City's contribution rate for 2006 was 13.70%, of which 9.2% was used to fund the pension benefits. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional plan for the years ended December 31, 2006, 2005, and 2004 were \$640,664, \$610,810, and \$542,937 respectively; 90.94% has been contributed for 2006 and 100% for 2005 and 2004.

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

Plan members are required to contribute 10% of their annual covered salary to fund pension obligations while the City is required to contribute 19.5% for police officers and 24% for firefighters, of which 11.75% for police officers and 16.25% 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, 2006, 2005, and 2004 were \$332,148, \$331,356, and \$318,039 respectively, equal to the required contributions for each year. The full amount has been contributed for 2005 and 2004. 68% has been contributed for 2006 with the remainder being reported as a liability.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

Ohio Public Employees Retirement System

In addition to the pension benefits described in Note 11, 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 11.

OPERS provides retirement, disability, and survivor benefits as well as postretirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit for members of both the TP and CO plans. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care coverage. Health care coverage for disability recipients and qualified survivor recipients is available.

The Ohio Revised Code provides statutory authority for employer contributions. The 2006 local government employer contribution rate was 13.70% of covered payroll; 4.5% of covered payroll was the portion that was used to fund health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.

The assumptions and calculations below are based on OPERS' latest actuarial review performed as of December 31, 2005. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor. The investment assumption rate for was 6.5%. An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4% base increase, were assumed to range from .50% to 6.3%.

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Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5% to 6% for the next 9 years. In subsequent years (10 and beyond) health care costs were assumed to increase at 4.00% (the projected wage inflation rate).

OPEBs are advanced-funded on an actuarial determined basis. The number of active contributing participants in the TP and CP was 369,214 for 2006. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$313,368. The actual contribution and the actuarially required contribution amounts are the same.

OPERS's net assets available for payment of benefits at December 31, 2005, (the latest available information) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increases as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

#### Ohio Police and Firemen's Disability and Pension Fund

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll, of which 7.75% of covered payroll was applied to the postemployment health care program during 2006. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2006 that were used to fund postemployment benefits were \$159,845 for police and \$42,829 for firefighters. The OP&F's total health care expense for the year ended December 31, 2005, (the latest information available) was \$108,039,449, which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 13,922 for police and 10,537 for firefighters.

**NOTE 13 - JOINT VENTURES**

**Tri-Cities North Regional Wastewater Authority**

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

The Tri-Cities North Regional Wastewater Authority (Tri-Cities) is a joint venture among the cities of Vandalia, Huber Heights and Tipp City. Tri-Cities is governed by a management board consisting of the city managers of the three cities. The board has complete authority over all aspects of the operation. Tri-Cities supplies all participating residents of the member cities with sewer services. Each city owns the sewage lines located in its city and bills its residents for usage. Continued existence of Tri-Cities is dependent on the City's continued participation and the City does have an equity interest. The percentage of equity interest for each City is based on annual usage and is adjusted each year accordingly. The City's equity interest is \$6,877,869 which represents 27.20% 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 \$892,437 for services provided in 2006. Tri-Cities had four OWDA Loans outstanding at December 31, 2006, in the amounts of \$1,396,817, \$4,576,909, \$1,476,094, and \$1,070,534 for a total of \$8,520,354. 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, when construction is completed, will supply the participating residents of the member cities with water services. Each city will own the water lines located in its city and bill its residents for usage. Continued existence of NAWA is dependent on the City's continued participation and the City will have an equity interest in NAWA. Once the plant is operational, each cities equity interest will be determined based on the amount of water pumped. The percentage of equity interest for each City is currently 50%. During 2006, construction of the facility continued; however, at year-end, NAWA's net assets were insignificant; therefore, the City of Vandalia did not reflect an equity interest in NAWA as of December 31, 2006. Increased financial activity is expected in 2007, when operations are anticipated to commence. NAWA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City.

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2006

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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, 2006, NAWA has borrowed a total of \$21,946,359 against the water treatment plant construction loan. The City of Vandalia made no significant contributions to NAWA in 2006, and there is no equity interest to report at this time. 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 14 - JOINTLY GOVERNED ORGANIZATION**

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

The ED/GE Advisory Committee, made up of alternating member entities' representatives, decides which proposed projects will be granted each year. Sales tax revenues, set aside by Montgomery County, are used to fund the projects. Members annually contribute to or receive benefits based on an elaborate zero-based formula designed to distribute growth in contributing communities to those communities experiencing less economic growth. The City has agreed to be a member for ten years, ending December 31, 2010. Members in default of paying contributions will be liable for the contribution, any interest accrued, and penalties. The member will not be entitled to any allocations from ED/GE. The City did not have contributions to ED/GE during 2006. Financial information may be obtained by writing to Linda Gum, Administrative Assistant, 451 West Third Street, Dayton, Ohio, 45402.

**NOTE 15 - CONTRACTUAL COMMITMENTS**

As of December 31, 2006, the City had contractual commitments as follows:

<u>Company</u>	<u>Project</u>	<u>Amount</u>	<u>Expended</u>	<u>12/31/06</u>
Butler Township Board of Trustees	Refunds and reimbursements	\$ 420,000	\$ -	\$ 420,000
Various	Incentive/development expense	650,000	150,063	499,937
Various	Street resurfacing and construction	661,904	133,229	528,675
RB Jergens Contractors	Street construction	800,000	268,941	531,059
	Totals	\$ 2,531,904	\$ 552,233	\$ 1,979,671

**NOTE 16 - 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.

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2006

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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, 2006, the audits of these programs have not been completed. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

**NOTE 17 - INTERFUND BALANCES AND TRANSFERS**

Interfund transfers for the year ended December 31, 2006, consisted of the following:

	<u>Transfer From</u>
<u>Transfer to</u>	<u>General</u>
Capital improvement fund	\$ 549,865
Nonmajor governmental funds	<u>2,145,151</u>
Total	<u>\$ 2,695,016</u>

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

The \$551,761 interfund loan from the general fund was made to the Brownschool road improvements capital projects fund (\$6,761), the North Dixie widening Issue II capital project fund (\$145,000) and the golf fund (\$400,000). The interfund loan to the capital projects funds were a result of the time lag between the dates that the reimbursable expenditures occurred and the revenue to re-pay the funds was available. The interfund loan to the golf fund was a result of a projected deficit in net assets from operation costs exceeding revenue for the year.

The interfund loan is expected to be repaid as a new fee schedule for the golf fund fee is implemented. The loans to the Brownschool road improvement capital projects fund and the North Dixie widening Issue II capital project fund are expected to be repaid during 2007.

Also, during the year the governmental funds transferred \$62,228 to the business-type funds for the acquisition of equipment.

**NOTE 18 - ACCOUNTABILITY**

The following funds had a deficit fund balance or deficit net assets as of December 31, 2006:

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2006

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<u>Fund</u>	Deficit fund balance/ <u>net assets</u>
<u>Capital Project Fund:</u>	
Road Improvements Brownschool	\$ 6,761
North Dixie Widening	268,941
 <u>Debt Service Fund:</u>	
General obligation bond retirement	\$ 42,203
 <u>Internal Service Fund:</u>	
Hospital Care	\$ 6,948

The fund balance deficit for the Road Improvements Brownschool will be eliminated when expenditures are reimbursed with grant revenue and the interfund loan payable is then repaid. The deficit in the North Dixie Widening capital project fund and the General obligation bond retirement debt service fund are largely the result of the recognition of liabilities in accordance with general accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. The Hospital Care deficit will be eliminated when charges for medical benefits are reimbursed from other funds of the City.

**NOTE 19 – CHANGE IN ACCOUNTING PRINCIPLES**

For the year ended December 31, 2006, the City implemented GASB Statement No. 44 “Economic Condition Reporting: The Statistical Section (An amendment of NCGA Statement 1)”, GASB Statement No 46, “Net Assets Restricted by Enabling Legislation”, and GASB Statement No. 47, “Accounting for Termination Benefits”. The implementation of these new standards did not require a restatement of balances.



## Combining Financial Statements and Individual Fund Schedules

## Combining Statements – Nonmajor Governmental Funds

### NONMAJOR SPECIAL REVENUE FUNDS

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

#### Street

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

#### State Highway

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

#### Permissive Motor Vehicle Tax

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

#### Law Enforcement

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

#### Drug Law Enforcement

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

#### OMVI Education and Enforcement

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

#### OMVI Indigent

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

#### Computer Legal Research

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

#### Baseball Recreation

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

#### Soccer Recreation

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

Combining Statements – Nonmajor Governmental Funds (Continued)

NONMAJOR SPECIAL REVENUE FUNDS (Continued)

Stormwater

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

Chuck Gabbard Memorial

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

Magistrate

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

NONMAJOR DEBT SERVICE FUNDS

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

General Obligation Bond Retirement

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

Street Special Assessment Bond Retirement

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

NONMAJOR CAPITAL PROJECTS FUNDS

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

Road Improvements Brownschool

To account for the expenditures of Issue II grant funds.

Recreation Center

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

Justice Center/Municipal Building

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

North Dixie Widening

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

Combining Statements – Nonmajor Governmental Funds (Continued)

NONMAJOR CAPITAL PROJECTS FUNDS (Continued)

Police, Fire and Street Capital Improvements

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

TIF Capital Projects

To account for the expenditures used for land and building improvements, street construction (including curbs and gutters), and water and sewer lines in conjunction with a tax increment financing contract with any business that desires to locate in the City of Vandalia or expand their present building for the purpose of economic development including the creation of new jobs.

City of Vandalia, Ohio  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents	\$ 1,958,279	\$ 227,573	\$ 295,724	\$ 2,481,576
Receivables:				
Accounts	84,193	-	-	84,193
Special assessments	-	47,464	-	47,464
Due from other governments	657,907	-	-	657,907
Materials and supplies inventory	80,539	-	-	80,539
Prepaid items	149	-	19	168
Total assets	\$ 2,781,067	\$ 275,037	\$ 295,743	\$ 3,351,847
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 28,846	\$ 58,316	\$ -	\$ 87,162
Contracts payable	-	-	124,929	124,929
Accrued wages	6,652	-	614	7,266
Matured compensated absences payable	1,520	-	-	1,520
Interfund payable	-	-	151,761	151,761
Due to other governments	17,918	-	822	18,740
Deferred revenue	669,139	47,464	-	716,603
Total liabilities	724,075	105,780	278,126	1,107,981
Fund balances:				
Reserved for encumbrances	9,595	-	705,794	715,389
Reserved for inventory	80,539	-	-	80,539
Unreserved, undesignated,				
Reported in:				
Special revenue funds	1,966,858	-	-	1,966,858
Debt service fund	-	169,257	-	169,257
Capital projects fund	-	-	(688,177)	(688,177)
Total fund balances	2,056,992	169,257	17,617	2,243,866
Total liabilities and fund balances	\$ 2,781,067	\$ 275,037	\$ 295,743	\$ 3,351,847

City of Vandalia, Ohio  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Charges for services	\$ 411,672	\$ -	\$ -	\$ 411,672
Fines and forfeitures	170,805	-	-	170,805
Intergovernmental	989,598	-	-	989,598
Special assessments	-	54,376	-	54,376
Other	20,626	-	-	20,626
Total revenue	<u>1,592,701</u>	<u>54,376</u>	<u>-</u>	<u>1,647,077</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government</b>				
Legislative and executive	104,437	-	-	104,437
Judicial system	46,424	-	-	46,424
<b>Public safety</b>				
Police	-	-	71,861	71,861
Fire	-	-	8,000	8,000
<b>Public works</b>				
Engineer	227,463	-	193,667	421,130
Streets	642,439	936	43,886	687,261
Recreation	147,820	-	-	147,820
Capital outlay	12,433	-	1,017,759	1,030,192
<b>Debt service:</b>				
Principal retirement	-	568,521	-	568,521
Interest and fiscal charges	-	503,396	-	503,396
Issuance costs	-	10,000	-	10,000
Total expenditures	<u>1,181,016</u>	<u>1,082,853</u>	<u>1,335,173</u>	<u>3,599,042</u>
Excess of revenues over (under) expenditures	<u>411,685</u>	<u>(1,028,477)</u>	<u>(1,335,173)</u>	<u>(1,951,965)</u>
<b>Other financing sources (uses):</b>				
Transfers - in	<u>-</u>	<u>786,144</u>	<u>1,359,007</u>	<u>2,145,151</u>
Net change in fund balance	411,685	(242,333)	23,834	193,186
Fund balances at beginning of year	1,645,307	411,590	(6,217)	2,050,680
Fund balances at end of year	<u>\$ 2,056,992</u>	<u>\$ 169,257</u>	<u>\$ 17,617</u>	<u>\$ 2,243,866</u>

City of Vandalia, Ohio  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2006

	Street Fund	State Highway Fund	Permissive Motor Vehicle Tax Fund	Law Enforcement Fund	Drug Law Enforcement Fund	OMVI Education and Enforcement Fund
<b>Assets:</b>						
Equity in pooled cash and cash equivalents	\$ 741,934	\$ 239,197	\$ 165,390	\$ 92	\$ 3,604	\$ 2,547
<b>Receivables:</b>						
Accounts	17,049	-	-	-	-	-
Due from other governments	582,410	47,223	24,324	-	-	-
Materials and supplies inventory	80,539	-	-	-	-	-
Prepaid items	109	-	-	-	-	-
<b>Total assets</b>	<b><u>\$ 1,422,041</u></b>	<b><u>\$ 286,420</u></b>	<b><u>\$ 189,714</u></b>	<b><u>\$ 92</u></b>	<b><u>\$ 3,604</u></b>	<b><u>\$ 2,547</u></b>
<b>Liabilities and fund balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 6,230	\$ 10,860	\$ 218	\$ -	\$ -	\$ -
Accrued wages	4,685	-	-	-	-	-
Matured compensated absences payable	1,380	-	-	-	-	-
Due to other governments	11,911	-	-	-	-	-
Deferred revenue	535,445	42,032	21,051	-	-	-
<b>Total liabilities</b>	<b><u>559,651</u></b>	<b><u>52,892</u></b>	<b><u>21,269</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>Fund balances:</b>						
Reserved for encumbrances	1,940	100	206	-	-	-
Reserved for inventory	80,539	-	-	-	-	-
Unreserved, undesignated, Reported in:						
Special revenue funds	779,911	233,428	168,239	92	3,604	2,547
<b>Total fund balances</b>	<b><u>862,390</u></b>	<b><u>233,528</u></b>	<b><u>168,445</u></b>	<b><u>92</u></b>	<b><u>3,604</u></b>	<b><u>2,547</u></b>
<b>Total liabilities and fund balances</b>	<b><u>\$ 1,422,041</u></b>	<b><u>\$ 286,420</u></b>	<b><u>\$ 189,714</u></b>	<b><u>\$ 92</u></b>	<b><u>\$ 3,604</u></b>	<b><u>\$ 2,547</u></b>

OMVI Indigent Fund	Computer Legal Research Fund	Baseball Recreation Fund	Soccer Recreation Fund	Stormwater Fund	Chuck Gabbard Memorial Fund	Magistrate Fund	Total Nonmajor Special Revenue Funds
\$ 302,335	\$ 152,540	\$ 36,867	\$ 46,954	\$ 264,561	\$ 2,258	\$ -	\$ 1,958,279
-	-	-	483	66,661	-	-	84,193
3,950	-	-	-	-	-	-	657,907
-	-	-	-	-	-	-	80,539
-	11	-	-	29	-	-	149
<u>\$ 306,285</u>	<u>\$ 152,551</u>	<u>\$ 36,867</u>	<u>\$ 47,437</u>	<u>\$ 331,251</u>	<u>\$ 2,258</u>	<u>\$ -</u>	<u>\$ 2,781,067</u>
\$ -	\$ 6,325	\$ 118	\$ 77	\$ 5,018	\$ -	\$ -	\$ 28,846
-	790	13	-	1,164	-	-	6,652
-	-	-	-	140	-	-	1,520
-	1,547	1,050	628	2,782	-	-	17,918
3,950	-	-	-	66,661	-	-	669,139
<u>3,950</u>	<u>8,662</u>	<u>1,181</u>	<u>705</u>	<u>75,765</u>	<u>-</u>	<u>-</u>	<u>724,075</u>
-	1,232	415	105	5,597	-	-	9,595
-	-	-	-	-	-	-	80,539
302,335	142,657	35,271	46,627	249,889	2,258	-	1,966,858
302,335	143,889	35,686	46,732	255,486	2,258	-	2,056,992
<u>\$ 306,285</u>	<u>\$ 152,551</u>	<u>\$ 36,867</u>	<u>\$ 47,437</u>	<u>\$ 331,251</u>	<u>\$ 2,258</u>	<u>\$ -</u>	<u>\$ 2,781,067</u>

City of Vandalia, Ohio  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2006

	Street Fund	State Highway Fund	Permissive Motor Vehicle Tax Fund	Law Enforcement Fund	Drug Law Enforcement Fund	OMVI Education and Enforcement Fund
Revenues:						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	72	-	1,330
Intergovernmental	865,325	70,163	44,416	-	-	-
Other	12,806	-	-	-	-	-
Total revenue	<u>878,131</u>	<u>70,163</u>	<u>44,416</u>	<u>72</u>	<u>-</u>	<u>1,330</u>
Expenditures:						
Current:						
General government						
Legislative and executive	-	-	-	-	-	-
Judicial system	-	-	-	-	-	-
Public works						
Engineer	-	-	-	-	-	-
Streets	577,467	30,588	34,384	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Total expenditures	<u>577,467</u>	<u>30,588</u>	<u>34,384</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	300,664	39,575	10,032	72	-	1,330
Fund balances at beginning of year	561,726	193,953	158,413	20	3,604	1,217
Fund balances at end of year	<u>\$ 862,390</u>	<u>\$ 233,528</u>	<u>\$ 168,445</u>	<u>\$ 92</u>	<u>\$ 3,604</u>	<u>\$ 2,547</u>

OMVI Indigent Fund	Computer Legal Research Fund	Baseball Recreation Fund	Soccer Recreation Fund	Stormwater Fund	Chuck Gabbard Memorial Fund	Magistrate Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ 99,522	\$ 42,759	\$ 269,391	\$ -	\$ -	\$ 411,672
6,489	162,184	-	-	-	-	730	170,805
9,694	-	-	-	-	-	-	989,598
-	-	4,346	1,183	143	2,148	-	20,626
<u>16,183</u>	<u>162,184</u>	<u>103,868</u>	<u>43,942</u>	<u>269,534</u>	<u>2,148</u>	<u>730</u>	<u>1,592,701</u>
-	104,437	-	-	-	-	-	104,437
-	-	-	-	-	-	46,424	46,424
-	-	-	-	227,463	-	-	227,463
-	-	-	-	-	-	-	642,439
-	-	105,905	41,915	-	-	-	147,820
-	12,433	-	-	-	-	-	12,433
<u>-</u>	<u>116,870</u>	<u>105,905</u>	<u>41,915</u>	<u>227,463</u>	<u>-</u>	<u>46,424</u>	<u>1,181,016</u>
16,183	45,314	(2,037)	2,027	42,071	2,148	(45,694)	411,685
286,152	98,575	37,723	44,705	213,415	110	45,694	1,645,307
<u>\$ 302,335</u>	<u>\$ 143,889</u>	<u>\$ 35,686</u>	<u>\$ 46,732</u>	<u>\$ 255,486</u>	<u>\$ 2,258</u>	<u>\$ -</u>	<u>\$ 2,056,992</u>

City of Vandalia, Ohio  
Combining Balance Sheet  
Nonmajor Debt Service Funds  
December 31, 2006

	<u>General Obligation Bond Retirement Fund</u>	<u>Street Special Assessment Bond Retirement Fund</u>	<u>Total Nonmajor Debt Service Funds</u>
<u>Assets:</u>			
Equity in pooled cash and cash equivalents	\$ 16,113	\$ 211,460	\$ 227,573
Receivables:			
Special assessments	-	47,464	47,464
Total assets	<u>\$ 16,113</u>	<u>\$ 258,924</u>	<u>\$ 275,037</u>
Liabilities and fund balances			
Liabilities:			
Accounts payable	\$ 58,316	\$ -	\$ 58,316
Deferred revenue	<u>-</u>	<u>47,464</u>	<u>47,464</u>
Total liabilities	<u>58,316</u>	<u>47,464</u>	<u>105,780</u>
Fund balances:			
Unreserved, undesignated,			
Reported in:			
Debt service fund	<u>(42,203)</u>	<u>211,460</u>	<u>169,257</u>
Total liabilities and fund balances	<u>\$ 16,113</u>	<u>\$ 258,924</u>	<u>\$ 275,037</u>

City of Vandalia, Ohio  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Debt Service Funds  
For the Year Ended December 31, 2006

	General Obligation Bond Retirement Fund	Street Special Assessment Bond Retirement Fund	Total Nonmajor Debt Service Funds
Revenues:			
Special assessments	\$ -	\$ 54,376	\$ 54,376
Expenditures:			
Current:			
Public works			
Streets	-	936	936
Debt service:			
Principal retirement	568,521	-	568,521
Interest and fiscal charges	503,396	-	503,396
Issuance costs	10,000	-	10,000
Total expenditures	<u>1,081,917</u>	<u>936</u>	<u>1,082,853</u>
Excess of revenues over (under) expenditures	<u>(1,081,917)</u>	<u>53,440</u>	<u>(1,028,477)</u>
Other financing sources (uses):			
Transfers - in	<u>786,144</u>	<u>-</u>	<u>786,144</u>
Net change in fund balance	(295,773)	53,440	(242,333)
Fund balances at beginning of year	253,570	158,020	411,590
Fund balances (deficits) at end of year	<u>\$ (42,203)</u>	<u>\$ 211,460</u>	<u>\$ 169,257</u>

City of Vandalia, Ohio  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2006

	<u>Road Improvements Brownschool Fund</u>	<u>Recreation Center Fund</u>	<u>Justice Center/ Municipal Building Fund</u>	<u>North Dixie Widening Fund</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents	\$ -	\$ 1	\$ 543	\$ 988
Prepaid items	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 543</u>	<u>\$ 988</u>
 <b>Liabilities and fund balances</b>				
<b>Liabilities:</b>				
Contracts payable	\$ -	\$ -	\$ -	\$ 124,929
Accrued wages	-	-	-	-
Interfund payable	6,761	-	-	145,000
Due to other governments	-	-	-	-
Total liabilities	<u>6,761</u>	<u>-</u>	<u>-</u>	<u>269,929</u>
 <b>Fund balances:</b>				
Reserved for encumbrances	-	-	-	531,059
Unreserved, undesignated, Reported in:				
Capital projects fund	<u>(6,761)</u>	<u>1</u>	<u>543</u>	<u>(800,000)</u>
Total fund balances	<u>(6,761)</u>	<u>1</u>	<u>543</u>	<u>(268,941)</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 543</u>	<u>\$ 988</u>

Police, Fire and Street Capital Improvements Fund	TIF Capital Projects Fund	Total Nonmajor Capital Projects Funds
\$ 294,192	\$ -	\$ 295,724
19	-	19
<u>\$ 294,211</u>	<u>\$ -</u>	<u>\$ 295,743</u>
\$ -	\$ -	\$ 124,929
614	-	614
-	-	151,761
822	-	822
<u>1,436</u>	<u>-</u>	<u>278,126</u>
174,735	-	705,794
<u>118,040</u>	<u>-</u>	<u>(688,177)</u>
<u>292,775</u>	<u>-</u>	<u>17,617</u>
<u>\$ 294,211</u>	<u>\$ -</u>	<u>\$ 295,743</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, 2006

	Road Improvements Brownschool Fund	Recreation Center Fund	Justice Center/ Municipal Building Fund	North Dixie Widening Fund
Revenues:				
Total revenue	\$ -	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Public safety				
Police	-	-	-	-
Fire	-	-	-	-
Public works				
Engineer	-	-	-	-
Streets	-	-	-	-
Capital outlay	-	-	-	268,941
Total expenditures	-	-	-	268,941
Excess of revenues over (under) expenditures	-	-	-	(268,941)
Other financing sources (uses):				
Transfers - in	-	-	-	-
Net change in fund balance	-	-	-	(268,941)
Fund balances (deficits) at beginning of year	(6,761)	1	543	-
Fund balances (deficits) at end of year	\$ (6,761)	\$ 1	\$ 543	\$ (268,941)

Police, Fire and Street Capital Improvements Fund	TIF Capital Projects Fund	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ -
71,861	-	71,861
8,000	-	8,000
-	193,667	193,667
43,886	-	43,886
748,818	-	1,017,759
<u>872,565</u>	<u>193,667</u>	<u>1,335,173</u>
<u>(872,565)</u>	<u>(193,667)</u>	<u>(1,335,173)</u>
<u>1,165,340</u>	<u>193,667</u>	<u>1,359,007</u>
292,775	-	23,834
-	-	(6,217)
<u>\$ 292,775</u>	<u>\$ -</u>	<u>\$ 17,617</u>

City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Year Ended December 31, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Municipal income tax	\$ 11,770,000	\$ 11,770,000	\$ 12,112,566	\$ 342,566
Property and other taxes	1,837,391	1,837,391	1,900,519	63,128
Charges for services	2,713,307	2,713,307	2,805,870	92,563
Licenses and permits	175,500	175,500	129,627	(45,873)
Fines and forfeitures	978,800	978,800	1,196,638	217,838
Intergovernmental	1,245,500	1,442,428	1,847,916	405,488
Interest	530,000	530,000	929,828	399,828
Other	96,500	97,400	92,487	(4,913)
Total revenues	<u>19,346,998</u>	<u>19,544,826</u>	<u>21,015,451</u>	<u>1,470,625</u>
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Personal services	1,683,248	1,683,247	1,554,947	128,300
Operations and maintenance	2,569,318	2,735,318	2,605,860	129,458
Capital outlay	5,675	5,675	375	5,300
Total legislative and executive	<u>4,258,241</u>	<u>4,424,240</u>	<u>4,161,182</u>	<u>263,058</u>
Judicial system				
Personal services	1,540,331	1,540,331	1,508,650	31,681
Operations and maintenance	548,547	548,547	427,970	120,577
Total judicial system	<u>2,088,878</u>	<u>2,088,878</u>	<u>1,936,620</u>	<u>152,258</u>
Total general government	<u>6,347,119</u>	<u>6,513,118</u>	<u>6,097,802</u>	<u>415,316</u>
Public safety				
Police				
Personal services	3,855,288	3,924,288	3,634,103	290,185
Operations and maintenance	489,203	489,203	432,846	56,357
Total police	<u>4,344,491</u>	<u>4,413,491</u>	<u>4,066,949</u>	<u>346,542</u>
Fire				
Personal services	1,310,850	1,310,850	1,245,987	64,863
Operations and maintenance	250,554	250,554	242,020	8,534
Total fire	<u>1,561,404</u>	<u>1,561,404</u>	<u>1,488,007</u>	<u>73,397</u>
Total public safety	<u>5,905,895</u>	<u>5,974,895</u>	<u>5,554,956</u>	<u>419,939</u>
Public works				
Engineer				
Personal services	708,324	708,324	678,815	29,509
Operations and maintenance	143,422	143,422	134,398	9,024
Total engineer	<u>851,746</u>	<u>851,746</u>	<u>813,213</u>	<u>38,533</u>

City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Year Ended December 31, 2006  
(Continued)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Streets				
Service department				
Personal services	142,439	142,439	128,905	13,534
Operations and maintenance	4,267	4,267	3,821	446
Street lighting				
Operations and maintenance	203,340	203,340	179,153	24,187
Street maintenance				
Personal services	371,836	371,836	313,194	58,642
Operations and maintenance	6,271	6,271	4,053	2,218
Total streets	<u>728,153</u>	<u>728,153</u>	<u>629,126</u>	<u>99,027</u>
Refuse				-
Operations and maintenance	789,565	789,565	796,239	(6,674)
Total public works	<u>2,369,464</u>	<u>2,369,464</u>	<u>2,238,578</u>	<u>130,886</u>
Recreation				
Parks				
Personal services	2,167,552	2,167,552	1,986,384	181,168
Operations and maintenance	781,964	782,864	686,241	96,623
Total recreation	<u>2,949,516</u>	<u>2,950,416</u>	<u>2,672,625</u>	<u>277,791</u>
Capital outlay	217,287	257,215	58,637	198,578
Total expenditures	<u>17,789,281</u>	<u>18,065,108</u>	<u>16,622,598</u>	<u>1,442,510</u>
Excess of revenues over (under) expenditures	<u>1,557,717</u>	<u>1,479,718</u>	<u>4,392,853</u>	<u>2,913,135</u>
Other financing sources (uses):				
Sale of capital assets	1,000	1,000	800	(200)
Advances - out	-	(145,000)	(145,000)	-
Transfers - out	(2,706,009)	(2,899,877)	(2,695,216)	204,661
Total other financing sources (uses)	<u>(2,705,009)</u>	<u>(3,043,877)</u>	<u>(2,839,416)</u>	<u>204,461</u>
Net change in fund balance	(1,147,292)	(1,564,159)	1,553,437	3,117,596
Fund balance at beginning of year	12,678,950	12,678,950	12,678,950	-
Prior year encumbrances appropriated	1,743,048	1,743,048	1,743,048	-
Fund balance at end of year	<u>\$ 13,274,706</u>	<u>\$ 12,857,839</u>	<u>\$ 15,975,435</u>	<u>\$ 3,117,596</u>

City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
Capital Improvement Fund  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Intergovernmental	\$ 130,000	\$ 130,000	\$ 26,713	\$ (103,287)
Special assessments	31,000	31,000	20,066	(10,934)
Other	-	-	919	919
Total revenues	<u>161,000</u>	<u>161,000</u>	<u>47,698</u>	<u>(113,302)</u>
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Operations and maintenance	<u>158,970</u>	<u>158,970</u>	<u>60,159</u>	<u>98,811</u>
Public works				
Streets				
Street maintenance				
Operations and maintenance	<u>203</u>	<u>203</u>	<u>206</u>	<u>(3)</u>
Recreation				
Operations and maintenance	<u>9,400</u>	<u>9,400</u>	<u>7,125</u>	<u>2,275</u>
Capital outlay	<u>1,765,790</u>	<u>4,400,790</u>	<u>4,365,834</u>	<u>34,956</u>
Total expenditures	<u>1,934,363</u>	<u>4,569,363</u>	<u>4,433,324</u>	<u>136,039</u>
Excess of revenues over (under) expenditures	<u>(1,773,363)</u>	<u>(4,408,363)</u>	<u>(4,385,626)</u>	<u>22,737</u>
Other financing sources (uses):				
Repayment of notes receivable	12,678	12,678	12,678	-
Bond anticipation notes issued	-	2,635,000	2,628,100	(6,900)
Transfers - in	<u>549,865</u>	<u>549,865</u>	<u>549,865</u>	<u>-</u>
Total other financing sources (uses)	<u>562,543</u>	<u>3,197,543</u>	<u>3,190,643</u>	<u>(6,900)</u>
Net change in fund balance	(1,210,820)	(1,210,820)	(1,194,983)	15,837
Fund balance at beginning of year	1,353,856	1,353,856	1,353,856	-
Prior year encumbrances appropriated	<u>704,763</u>	<u>704,763</u>	<u>704,763</u>	<u>-</u>
Fund balance at end of year	<u>\$ 847,799</u>	<u>\$ 847,799</u>	<u>\$ 863,636</u>	<u>\$ 15,837</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, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Intergovernmental	\$ 708,750	\$ 708,750	\$ 861,194	\$ 152,444
Other	5,500	5,500	12,806	7,306
Total revenues	<u>714,250</u>	<u>714,250</u>	<u>874,000</u>	<u>159,750</u>
<u>Expenditures:</u>				
Current:				
Public works				
Streets				
Street maintenance				
Personal services	482,276	482,276	455,502	26,774
Operations and maintenance	161,391	161,391	150,919	10,472
Total expenditures	<u>643,667</u>	<u>643,667</u>	<u>606,421</u>	<u>37,246</u>
Net change in fund balance	70,583	70,583	267,579	196,996
Fund balance at beginning of year	452,637	452,637	452,637	-
Prior year encumbrances appropriated	15,330	15,330	15,330	-
Fund balance at end of year	<u>\$ 538,550</u>	<u>\$ 538,550</u>	<u>\$ 735,546</u>	<u>\$ 196,996</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Intergovernmental	\$ 57,750	\$ 57,750	\$ 69,827	\$ 12,077
<u>Expenditures:</u>				
Current:				
Public works				
Streets				
Street maintenance				
Operations and maintenance	38,669	38,669	31,812	6,857
Net change in fund balance	19,081	19,081	38,015	18,934
Fund balance at beginning of year	185,039	185,039	185,039	-
Prior year encumbrances appropriated	5,808	5,808	5,808	-
Fund balance at end of year	<u>\$ 209,928</u>	<u>\$ 209,928</u>	<u>\$ 228,862</u>	<u>\$ 18,934</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, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Intergovernmental	\$ 43,000	\$ 43,000	\$ 44,562	\$ 1,562
Other	-	-	4,655	4,655
Total revenues	<u>43,000</u>	<u>43,000</u>	<u>49,217</u>	<u>6,217</u>
<u>Expenditures:</u>				
Current:				
Streets				
Street maintenance				
Operations and maintenance	14,500	14,500	13,909	591
Capital outlay	<u>20,500</u>	<u>20,500</u>	<u>20,681</u>	<u>(181)</u>
Total expenditures	<u>35,000</u>	<u>35,000</u>	<u>34,590</u>	<u>410</u>
Net change in fund balance	8,000	8,000	14,627	6,627
Fund balance at beginning of year	149,990	149,990	149,990	-
Prior year encumbrances appropriated	<u>349</u>	<u>349</u>	<u>349</u>	<u>-</u>
Fund balance at end of year	<u>\$ 158,339</u>	<u>\$ 158,339</u>	<u>\$ 164,966</u>	<u>\$ 6,627</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, 2006

	<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	\$ 72	\$ (928)
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Operations and maintenance	1,000	1,000	-	1,000
Net change in fund balance	-	-	72	72
Fund balance at beginning of year	20	20	20	-
Fund balance at end of year	<u>\$ 20</u>	<u>\$ 20</u>	<u>\$ 92</u>	<u>\$ 72</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, 2006

	<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	\$ -	\$ (200)
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Operations and maintenance	110	110	-	110
Net change in fund balance	90	90	-	(90)
Fund balance at beginning of year	3,604	3,604	3,604	-
Prior year encumbrances appropriated	2	2	2	-
Fund balance at end of year	<u>\$ 3,696</u>	<u>\$ 3,696</u>	<u>\$ 3,606</u>	<u>\$ (90)</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Fines and forfeitures	\$ 1,500	\$ 1,500	\$ 1,316	\$ (184)
<u>Expenditures:</u>				
Current:				
Public safety				
Police				
Operations and maintenance	500	500	-	500
Net change in fund balance	1,000	1,000	1,316	316
Fund balance at beginning of year	1,108	1,108	1,108	-
Fund balance at end of year	<u>\$ 2,108</u>	<u>\$ 2,108</u>	<u>\$ 2,424</u>	<u>\$ 316</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, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Fines and forfeitures	\$ 5,000	\$ 5,000	\$ 6,469	\$ 1,469
Intergovernmental	7,000	7,000	9,694	2,694
Total revenues	<u>12,000</u>	<u>12,000</u>	<u>16,163</u>	<u>4,163</u>
<u>Expenditures:</u>				
Current:				
Public safety				
Police				
Operations and maintenance	<u>12,000</u>	<u>12,000</u>	<u>-</u>	<u>12,000</u>
Net change in fund balance	-	-	16,163	16,163
Fund balance at beginning of year	<u>285,872</u>	<u>285,872</u>	<u>285,872</u>	<u>-</u>
Fund balance at end of year	<u>\$ 285,872</u>	<u>\$ 285,872</u>	<u>\$ 302,035</u>	<u>\$ 16,163</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, 2006

	<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	\$ 150,000	\$ 150,000	\$ 160,684	\$ 10,684
Other	500	500	-	(500)
Total revenues	<u>150,500</u>	<u>150,500</u>	<u>160,684</u>	<u>10,184</u>
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Personal services	41,432	51,432	53,285	(1,853)
Operations and maintenance	64,006	64,006	59,329	4,677
Capital outlay	13,600	13,600	494	13,106
Total general government	<u>119,038</u>	<u>129,038</u>	<u>113,108</u>	<u>15,930</u>
Capital outlay	-	-	13,003	(13,003)
Total expenditures	<u>119,038</u>	<u>129,038</u>	<u>126,111</u>	<u>2,927</u>
Net change in fund balance	31,462	21,462	34,573	13,111
Fund balance at beginning of year	96,856	96,856	96,856	-
Prior year encumbrances appropriated	1,113	1,113	1,113	-
Fund balance at end of year	<u>\$ 129,431</u>	<u>\$ 119,431</u>	<u>\$ 132,542</u>	<u>\$ 13,111</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, 2006

	<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	\$ 114,728	\$ 114,728	\$ 99,522	\$ (15,206)
Other	4,900	4,900	4,346	(554)
Total revenues	<u>119,628</u>	<u>119,628</u>	<u>103,868</u>	<u>(15,760)</u>
<u>Expenditures:</u>				
Current:				
Recreation				
Personal services	36,246	36,246	32,303	3,943
Operations and maintenance	82,633	82,633	74,054	8,579
Capital outlay	800	800	-	800
Total expenditures	<u>119,679</u>	<u>119,679</u>	<u>106,357</u>	<u>13,322</u>
Net change in fund balance	(51)	(51)	(2,489)	(2,438)
Fund balance at beginning of year	38,827	38,827	38,827	-
Prior year encumbrances appropriated	114	114	114	-
Fund balance at end of year	<u>\$ 38,890</u>	<u>\$ 38,890</u>	<u>\$ 36,452</u>	<u>\$ (2,438)</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, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Charges for services	\$ 52,400	\$ 52,400	\$ 42,759	\$ (9,641)
Other	2,060	2,060	700	(1,360)
Total revenues	54,460	54,460	43,459	(11,001)
<u>Expenditures:</u>				
Current:				
Recreation				
Parks				
Personal services	21,768	21,768	15,890	5,878
Operations and maintenance	31,985	31,985	26,078	5,907
Capital outlay	800	800	-	800
Total expenditures	54,553	54,553	41,968	12,585
Net change in fund balance	(93)	(93)	1,491	1,584
Fund balance at beginning of year	44,664	44,664	44,664	-
Prior year encumbrances appropriated	695	695	695	-
Fund balance at end of year	\$ 45,266	\$ 45,266	\$ 46,850	\$ 1,584

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, 2006

	<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	\$ 264,200	\$ 264,200	\$ 269,391	\$ 5,191
Other	-	-	143	143
Total revenues	<u>264,200</u>	<u>264,200</u>	<u>269,534</u>	<u>5,334</u>
<u>Expenditures:</u>				
Current:				
Public works				
Engineer				
Personal services	128,849	128,849	110,662	18,187
Operations and maintenance	134,055	134,055	130,197	3,858
Capital outlay	<u>3,500</u>	<u>3,500</u>	<u>-</u>	<u>3,500</u>
Total expenditures	<u>266,404</u>	<u>266,404</u>	<u>240,859</u>	<u>25,545</u>
Net change in fund balance	(2,204)	(2,204)	28,675	30,879
Fund balance at beginning of year	221,202	221,202	221,202	-
Prior year encumbrances appropriated	<u>4,069</u>	<u>4,069</u>	<u>4,069</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 223,067</u></u>	<u><u>\$ 223,067</u></u>	<u><u>\$ 253,946</u></u>	<u><u>\$ 30,879</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, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Other	\$ -	\$ -	\$ 2,148	\$ 2,148
<u>Expenditures:</u>				
Total expenditures	-	-	-	-
Net change in fund balance	-	-	2,148	2,148
Fund balance at beginning of year	110	110	110	-
Fund balance at end of year	<u>\$ 110</u>	<u>\$ 110</u>	<u>\$ 2,258</u>	<u>\$ 2,148</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, 2006

	<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	\$ 68,000	\$ 68,000	\$ 5,944	\$ (62,056)
<u>Expenditures:</u>				
Current:				
General government				
Judicial system				
Personal services	79,488	79,488	46,935	32,553
Net change in fund balance	(11,488)	(11,488)	(40,991)	(29,503)
Fund balance at beginning of year	40,991	40,991	40,991	-
Fund balance at end of year	<u>\$ 29,503</u>	<u>\$ 29,503</u>	<u>\$ -</u>	<u>\$ (29,503)</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, 2006

	<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	519,142	530,142	530,000	142
Interest and fiscal charges	477,858	483,858	483,602	256
Bond issuance costs	-	10,000	10,000	-
Total expenditures	<u>997,000</u>	<u>1,024,000</u>	<u>1,023,602</u>	<u>398</u>
Excess of revenues over (under) expenditures	<u>(997,000)</u>	<u>(1,024,000)</u>	<u>(1,023,602)</u>	<u>398</u>
Other financing sources (uses):				
Transfers - in	<u>786,144</u>	<u>786,144</u>	<u>786,144</u>	<u>-</u>
Net change in fund balance	(210,856)	(237,856)	(237,458)	398
Fund balance at beginning of year	<u>253,570</u>	<u>253,570</u>	<u>253,570</u>	<u>-</u>
Fund balance at end of year	<u>\$ 42,714</u>	<u>\$ 15,714</u>	<u>\$ 16,112</u>	<u>\$ 398</u>

City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
Street Special Assessment Bond Retirement Fund  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Special assessments	\$ 52,000	\$ 52,000	\$ 54,376	\$ 2,376
<u>Expenditures:</u>				
Current:				
Public works				
Streets				
Street maintenance				
Operations and maintenance	-	938	938	-
Net change in fund balance	52,000	51,062	53,438	2,376
Fund balance at beginning of year	158,020	158,020	158,020	-
Fund balance at end of year	<u>\$ 210,020</u>	<u>\$ 209,082</u>	<u>\$ 211,458</u>	<u>\$ 2,376</u>

City of Vandalia, Ohio  
 Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Road Improvements Brownschool Fund  
 For the Year Ended December 31, 2006

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

City of Vandalia, Ohio  
 Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Recreation Center Fund  
 For the Year Ended December 31, 2006

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

City of Vandalia, Ohio  
 Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Justice Center/Municipal Building Fund  
 For the Year Ended December 31, 2006

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

City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
North Dixie Widening Fund  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Intergovernmental	\$ 800,000	\$ 800,000	\$ -	\$ (800,000)
<u>Expenditures:</u>				
Capital outlay	800,000	800,000	800,000	-
Excess of revenues over (under) expenditures	-	-	(800,000)	(800,000)
Other financing sources (uses):				
Advances - in	-	145,000	145,000	-
Net change in fund balance	-	145,000	(655,000)	(800,000)
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ 145,000</u>	<u>\$ (655,000)</u>	<u>\$ (800,000)</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, 2006

	<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	75,832	75,832	43,615	32,217
Capital outlay	1,285,929	1,285,929	1,002,269	283,660
Total expenditures	1,361,761	1,361,761	1,045,884	315,877
Excess of revenues over (under) expenditures	(1,361,761)	(1,361,761)	(1,045,884)	315,877
Other financing sources (uses):				
Transfers - in	1,370,000	1,370,000	1,165,340	(204,660)
Net change in fund balance	8,239	8,239	119,456	111,217
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ 8,239	\$ 8,239	\$ 119,456	\$ 111,217

City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
TIF Capital Projects Fund  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Capital outlay	193,500	193,668	193,667	1
Excess of revenues over (under) expenditures	(193,500)	(193,668)	(193,667)	1
<u>Other financing sources (uses):</u>				
Transfers - in	193,500	193,668	193,667	(1)
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Equity - Budget (Non-GAAP Basis) and Actual  
Water Fund  
For the Year Ended December 31, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Charges for services	\$ 2,299,570	\$ 2,299,570	\$ 2,132,349	\$ (167,221)
Tap-in fees	12,000	12,000	10,100	(1,900)
Utility deposits received	-	-	1,920	1,920
Other	20,000	20,000	17,838	(2,162)
Total revenues	2,331,570	2,331,570	2,162,207	(169,363)
<u>Expenses:</u>				
Current:				
Personal services	308,532	308,532	272,325	36,207
Contractual services	1,603,975	1,603,975	1,561,041	42,934
Materials and supplies	50,412	50,412	46,427	3,985
Capital outlay	140,000	164,000	183,965	(19,965)
Utility deposits returned	-	-	2,237	(2,237)
Other	185	185	115	70
Total expenses	2,103,104	2,127,104	2,066,110	60,994
Change in fund equity	228,466	204,466	96,097	(108,369)
Fund equity at beginning of year	780,859	780,859	780,859	-
Prior year encumbrances appropriated	30,468	30,468	30,468	-
Fund equity at end of year	\$ 1,039,793	\$ 1,015,793	\$ 907,424	\$ (108,369)

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, 2006

	<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	\$ 1,183,730	\$ 1,183,730	\$ 1,054,809	\$ (128,921)
Tap-in fees	15,000	15,000	10,650	(4,350)
Utility deposits received	-	-	945	945
Other	-	-	435	435
Total revenues	<u>1,198,730</u>	<u>1,198,730</u>	<u>1,066,839</u>	<u>(131,891)</u>
<u>Expenses:</u>				
Current:				
Personal services	308,532	308,532	269,066	39,466
Contractual services	999,488	999,488	938,995	60,493
Materials and supplies	32,593	32,593	38,319	(5,726)
Capital outlay	91	91	132	(41)
Utility deposits returned	238	238	1,134	(896)
Other	-	-	50	(50)
Total expenses	<u>1,340,942</u>	<u>1,340,942</u>	<u>1,247,696</u>	<u>93,246</u>
Change in fund equity	(142,212)	(142,212)	(180,857)	(38,645)
Fund equity at beginning of year	419,372	419,372	419,372	-
Prior year encumbrances appropriated	<u>9,105</u>	<u>9,105</u>	<u>9,105</u>	<u>-</u>
Fund equity at end of year	<u>\$ 286,265</u>	<u>\$ 286,265</u>	<u>\$ 247,620</u>	<u>\$ (38,645)</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, 2006

	<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	\$ 1,061,683	\$ 1,061,683	\$ 985,850	\$ (75,833)
Interest	2,000	2,000	4,717	2,717
Sale of capital assets	56	56	-	(56)
Other	9,905	9,905	7,476	(2,429)
Total revenues	<u>1,073,644</u>	<u>1,073,644</u>	<u>998,043</u>	<u>(75,601)</u>
<u>Expenses:</u>				
Current:				
Personal services	564,770	564,770	471,125	93,645
Contractual services	399,210	399,210	367,001	32,209
Materials and supplies	194,749	195,395	224,824	(29,429)
Capital outlay	609	609	-	609
Other	28,815	28,815	43,854	(15,039)
Total expenses	<u>1,188,153</u>	<u>1,188,799</u>	<u>1,106,804</u>	<u>81,995</u>
Excess of revenue over (under) expenses before transfers	<u>(114,509)</u>	<u>(115,155)</u>	<u>(108,761)</u>	<u>6,394</u>
Transfers - in	-	800,992	800,991	(1)
Transfers - out	<u>-</u>	<u>(800,992)</u>	<u>(800,991)</u>	<u>1</u>
Change in fund equity	(114,509)	(115,155)	(108,761)	6,394
Fund equity at beginning of year	243,316	243,316	243,316	-
Prior year encumbrances appropriated	<u>31,829</u>	<u>31,829</u>	<u>31,829</u>	<u>-</u>
Fund equity at end of year	<u>\$ 160,636</u>	<u>\$ 159,990</u>	<u>\$ 166,384</u>	<u>\$ 6,394</u>

City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Equity - Budget (Non-GAAP Basis) and Actual  
Hospital Care Fund  
For the Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Charges for services	\$ 2,106,431	\$ 2,106,431	\$ 1,506,725	\$ (599,706)
Other	90,000	90,000	83,250	(6,750)
Total revenues	<u>2,196,431</u>	<u>2,196,431</u>	<u>1,589,975</u>	<u>(606,456)</u>
<u>Expenses:</u>				
Current:				
Contractual services	412,362	412,362	357,296	55,066
Claims	<u>1,815,789</u>	<u>1,815,789</u>	<u>1,331,332</u>	<u>484,457</u>
Total expenses	<u>2,228,151</u>	<u>2,228,151</u>	<u>1,688,628</u>	<u>539,523</u>
Change in fund equity	(31,720)	(31,720)	(98,653)	(66,933)
Fund equity at beginning of year	131,486	131,486	131,486	-
Prior year encumbrances appropriated	<u>43,740</u>	<u>43,740</u>	<u>43,740</u>	<u>-</u>
Fund equity at end of year	<u>\$ 143,506</u>	<u>\$ 143,506</u>	<u>\$ 76,573</u>	<u>\$ (66,933)</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.

City of Vandalia, Ohio  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2006

	Balance January 1, 2006	Additions	Deletions	Balance December 31, 2006
<b>Building Standards</b>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 115	\$ 1,929	\$ 1,728	\$ 316
Total assets	<u>\$ 115</u>	<u>\$ 1,929</u>	<u>\$ 1,728</u>	<u>\$ 316</u>
<u>Liabilities:</u>				
Due to other governments	\$ 115	\$ 1,929	\$ 1,728	\$ 316
Total liabilities	<u>\$ 115</u>	<u>\$ 1,929</u>	<u>\$ 1,728</u>	<u>\$ 316</u>

	Balance January 1, 2006	Additions	Deletions	Balance December 31, 2006
<b>Northern Area Water Authority</b>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 69,558	\$ 11,858,954	\$ 11,267,285	\$ 661,227
Total assets	<u>\$ 69,558</u>	<u>\$ 11,858,954</u>	<u>\$ 11,267,285</u>	<u>\$ 661,227</u>
<u>Liabilities:</u>				
Due to others	\$ 69,558	\$ 11,858,954	\$ 11,267,285	\$ 661,227
Total liabilities	<u>\$ 69,558</u>	<u>\$ 11,858,954</u>	<u>\$ 11,267,285</u>	<u>\$ 661,227</u>

	Balance January 1, 2006	Additions	Deletions	Balance December 31, 2006
<b>Municipal Court</b>				
<u>Assets:</u>				
Cash and cash equivalents in segregated accounts	\$ 113,685	\$ 1,474,923	\$ 1,427,821	\$ 160,787
Total assets	<u>\$ 113,685</u>	<u>\$ 1,474,923</u>	<u>\$ 1,427,821</u>	<u>\$ 160,787</u>
<u>Liabilities:</u>				
Due to other governments	\$ 41,782	\$ 1,439,755	\$ 1,427,821	\$ 53,716
Undistributed monies	71,903	35,168	-	107,071
Total liabilities	<u>\$ 113,685</u>	<u>\$ 1,474,923</u>	<u>\$ 1,427,821</u>	<u>\$ 160,787</u>

City of Vandalia, Ohio  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2006

	Balance January 1, 2006	Additions	Deletions	Balance December 31, 2006
<b>Multi-District Tax fund</b>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 292,190	\$ 7,874,281	\$ 7,900,404	\$ 266,067
Total assets	<u>\$ 292,190</u>	<u>\$ 7,874,281</u>	<u>\$ 7,900,404</u>	<u>\$ 266,067</u>
<u>Liabilities:</u>				
Undistributed monies	\$ 292,190	\$ 7,874,281	\$ 7,900,404	\$ 266,067
Total liabilities	<u>\$ 292,190</u>	<u>\$ 7,874,281</u>	<u>\$ 7,900,404</u>	<u>\$ 266,067</u>
	Balance January 1, 2006	Additions	Deletions	Balance December 31, 2006
<b>Performance Bond</b>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 20,730	\$ -	\$ -	\$ 20,730
Total assets	<u>\$ 20,730</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,730</u>
<u>Liabilities:</u>				
Undistributed monies	\$ 20,730	\$ -	\$ -	\$ 20,730
Total liabilities	<u>\$ 20,730</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,730</u>
	Balance January 1, 2006	Additions	Deletions	Balance December 31, 2006
<b>Tri-Cities North Regional Wastewater Authority</b>				
<u>Assets:</u>				
Investments	\$ 4,565,813	\$ 5,151,599	\$ 4,631,404	\$ 5,086,008
Total assets	<u>\$ 4,565,813</u>	<u>\$ 5,151,599</u>	<u>\$ 4,631,404</u>	<u>\$ 5,086,008</u>
<u>Liabilities:</u>				
Due to others	\$ 4,565,813	\$ 5,151,599	\$ 4,631,404	\$ 5,086,008
Total liabilities	<u>\$ 4,565,813</u>	<u>\$ 5,151,599</u>	<u>\$ 4,631,404</u>	<u>\$ 5,086,008</u>
	Balance January 1, 2006	Additions	Deletions	Balance December 31, 2006
<b>Totals</b>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 382,593	\$ 19,735,164	\$ 19,169,417	\$ 948,340
Cash and cash equivalents in segregated accounts	113,685	1,474,923	1,427,821	160,787
Investments	4,565,813	5,151,599	4,631,404	5,086,008
Total assets	<u>\$ 5,062,091</u>	<u>\$ 26,361,686</u>	<u>\$ 25,228,642</u>	<u>\$ 6,195,135</u>
<u>Liabilities:</u>				
Due to other governments	\$ 41,897	\$ 1,441,684	\$ 1,429,549	\$ 54,032
Undistributed monies	384,823	7,909,449	7,900,404	393,868
Due to others	4,635,371	17,010,553	15,898,689	5,747,235
Total liabilities	<u>\$ 5,062,091</u>	<u>\$ 26,361,686</u>	<u>\$ 25,228,642</u>	<u>\$ 6,195,135</u>

# Statistical Section





## Statistical Section

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

<b><u>Contents</u></b>	<b><u>Page(s)</u></b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial position has changed over time.	<b>S2 - S5</b>
<b>Revenue Capacity</b> 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).	<b>S6 - S12</b>
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	<b>S13 - S17</b>
<b>Economic and Demographic Information</b> These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	<b>S18 - S20</b>
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	<b>S21 - S24</b>

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

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b><u>Governmental Activities</u></b>							
Invested in capital assets, net of related debt	\$27,314,977	\$28,147,689	\$32,026,709	\$31,647,933	\$32,543,285	\$33,073,481	\$32,617,097
Restricted	5,952,800	5,843,044	6,203,695	4,570,563	4,543,818	4,668,371	5,164,000
Unrestricted	<u>14,729,309</u>	<u>13,084,543</u>	<u>13,069,246</u>	<u>12,961,542</u>	<u>14,439,093</u>	<u>15,932,867</u>	<u>21,393,154</u>
Total governmental activities net assets	<u>\$47,997,086</u>	<u>\$47,075,276</u>	<u>\$51,299,650</u>	<u>\$49,180,038</u>	<u>\$51,526,196</u>	<u>\$53,674,719</u>	<u>\$59,174,251</u>
<b><u>Business-Type Activities</u></b>							
Invested in capital assets, net of related debt	\$15,746,955	\$15,753,975	\$15,831,497	\$17,235,721	\$16,904,597	\$17,560,983	\$17,541,180
Unrestricted	<u>8,068,088</u>	<u>8,141,509</u>	<u>8,202,422</u>	<u>8,231,386</u>	<u>8,146,092</u>	<u>7,861,688</u>	<u>7,999,421</u>
Total business-type activities net assets	<u>\$23,815,043</u>	<u>\$23,895,484</u>	<u>\$24,033,919</u>	<u>\$25,467,107</u>	<u>\$25,050,689</u>	<u>\$25,422,671</u>	<u>\$25,540,601</u>
<b><u>Primary Government</u></b>							
Invested in capital assets, net of related debt	\$43,061,932	\$43,901,664	\$47,858,206	\$48,883,654	\$49,447,882	\$50,634,464	\$50,158,277
Restricted	5,952,800	5,843,044	6,203,695	4,570,563	4,543,818	4,668,371	5,164,000
Unrestricted	<u>22,797,397</u>	<u>21,226,052</u>	<u>21,271,668</u>	<u>21,192,928</u>	<u>22,585,185</u>	<u>23,794,555</u>	<u>29,392,575</u>
Total primary government net assets	<u>\$71,812,129</u>	<u>\$70,970,760</u>	<u>\$75,333,569</u>	<u>\$74,647,145</u>	<u>\$76,576,885</u>	<u>\$79,097,390</u>	<u>\$84,714,852</u>

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

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

<b>Expenses</b>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Governmental Activities:</b>							
General government	\$ 4,179,646	\$ 5,198,302	\$ 4,413,764	\$ 4,929,186	\$ 4,944,560	\$ 5,366,477	\$ 5,460,150
Public safety	5,279,340	5,503,635	5,798,869	5,703,204	5,698,591	6,058,752	6,178,967
Public works	4,539,841	4,106,870	3,781,644	4,223,002	3,877,206	4,432,060	4,240,372
Recreation	2,250,409	3,857,728	3,423,447	3,351,472	3,278,059	3,294,702	3,427,824
Interest and fiscal charges	728,745	710,608	692,184	680,882	505,688	540,735	580,291
Total governmental activities expenses	<u>16,977,981</u>	<u>19,377,143</u>	<u>18,109,908</u>	<u>18,887,746</u>	<u>18,304,104</u>	<u>19,692,726</u>	<u>19,887,604</u>
<b>Business-Type Activities:</b>							
Water	1,914,077	1,912,460	1,673,614	1,573,771	1,663,004	1,801,203	2,227,291
Sewer	1,333,967	1,406,115	1,375,130	863,893	1,594,333	1,464,646	1,478,904
Golf	1,181,096	1,198,058	1,229,441	1,157,810	1,144,596	1,145,444	1,165,894
Total business-type activities	<u>4,429,140</u>	<u>4,516,633</u>	<u>4,278,185</u>	<u>3,595,474</u>	<u>4,401,933</u>	<u>4,411,293</u>	<u>4,872,089</u>
Total primary government expenses	<u>\$21,407,121</u>	<u>\$23,893,776</u>	<u>\$22,388,093</u>	<u>\$22,483,220</u>	<u>\$22,706,037</u>	<u>\$24,104,019</u>	<u>\$24,759,693</u>
<b>Program Revenues</b>							
<b>Governmental Activities:</b>							
<b>Charges for services:</b>							
General government	\$ 1,652,474	\$ 1,857,747	\$ 1,704,471	\$ 2,069,469	\$ 1,879,701	\$ 2,111,964	\$ 1,748,666
Public safety	19,391	24,419	36,878	226,100	517,433	502,942	708,379
Public works	315,962	223,600	327,226	239,882	885,430	1,331,202	1,186,775
Recreation	356,764	835,767	1,140,282	1,204,578	1,262,996	1,298,854	1,347,174
Operating grants, contributions and interest	557,648	616,273	611,107	759,212	801,455	1,626,415	1,165,543
Capital grants and contributions	474,229	979,153	353,732	395,429	819,364	1,745,069	952,359
Total governmental activities program revenues	<u>3,376,468</u>	<u>4,536,959</u>	<u>4,173,696</u>	<u>4,894,670</u>	<u>6,166,379</u>	<u>8,616,446</u>	<u>7,108,896</u>
<b>Business-Type Activities:</b>							
Charges for services	3,689,095	3,450,158	3,506,405	3,553,870	3,505,448	3,608,204	4,570,308
Capital grants and contributions	217,655	617,208	344,929	4,022	9,481	813,061	327,837
Total business-type activities program revenues	<u>3,906,750</u>	<u>4,067,366</u>	<u>3,851,334</u>	<u>3,557,892</u>	<u>3,514,929</u>	<u>4,421,265</u>	<u>4,898,145</u>
Total primary government program revenues	<u>\$ 7,283,218</u>	<u>\$ 8,604,325</u>	<u>\$ 8,025,030</u>	<u>\$ 8,452,562</u>	<u>\$ 9,681,308</u>	<u>\$13,037,711</u>	<u>\$12,007,041</u>
<b>Net (expense)/revenue</b>							
Governmental activities	\$13,601,513	\$14,840,184	\$13,936,212	\$13,993,076	\$12,137,725	\$11,076,280	\$12,778,708
Business-type activities	522,390	449,267	426,851	37,582	887,004	(9,972)	(26,056)
Total primary government net expense	<u>\$14,123,903</u>	<u>\$15,289,451</u>	<u>\$14,363,063</u>	<u>\$14,030,658</u>	<u>\$13,024,729</u>	<u>\$11,066,308</u>	<u>\$12,752,652</u>
<b>General Revenues and Other Changes in Net Assets</b>							
<b>Governmental Activities:</b>							
Property taxes levied for:							
General purposes	\$ 1,616,490	\$ 1,570,281	\$ 1,660,698	\$ 1,783,553	\$ 1,703,923	\$ 1,652,459	\$ 2,008,091
Income tax levied for:							
General purposes	9,532,283	7,730,756	8,383,939	8,393,096	10,420,056	10,419,773	13,205,994
Capital projects	1,588,713	2,576,918	2,794,646	1,518,509	-	-	-
Grants and entitlements not restricted to specific programs	942,438	997,696	911,245	837,051	984,588	925,581	1,820,314
Investment earnings	1,988,257	1,450,330	830,994	336,949	509,985	354,301	1,146,670
Other	93,482	17,250	85,390	124,683	67,812	32,800	159,399
Total governmental activities	<u>15,761,663</u>	<u>14,343,231</u>	<u>14,666,912</u>	<u>12,993,841</u>	<u>13,686,364</u>	<u>13,384,914</u>	<u>18,340,468</u>
<b>Business-Type Activities:</b>							
Investment in joint venture	41,465	157,716	434,258	93,368	374,117	171,124	-
Investment earnings	4,292	5,244	5,819	2,660	1,688	2,187	4,717
Other	30,086	39,404	50,198	45,567	48,549	28,588	24,929
Total business-type activities	<u>75,843</u>	<u>202,364</u>	<u>490,275</u>	<u>141,595</u>	<u>424,354</u>	<u>201,899</u>	<u>29,646</u>
Total primary government	<u>\$15,837,506</u>	<u>\$14,545,595</u>	<u>\$15,157,187</u>	<u>\$13,135,436</u>	<u>\$14,110,718</u>	<u>\$13,586,813</u>	<u>\$18,370,114</u>
<b>Change in net assets</b>							
Governmental activities	\$ 1,993,549	\$ (876,796)	\$ 657,304	\$ (2,328,410)	\$ 1,504,411	\$ 2,148,523	\$ 5,499,532
Business-type activities	(279,946)	132,940	136,820	1,433,188	(418,422)	371,982	117,930
Total primary government	<u>\$ 1,713,603</u>	<u>\$ (743,856)</u>	<u>\$ 794,124</u>	<u>\$ (895,222)</u>	<u>\$ 1,085,989</u>	<u>\$ 2,520,505</u>	<u>\$ 5,617,462</u>

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

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund							
Reserved	\$ 2,693,572	\$ 2,017,083	\$ 1,691,270	\$ 2,147,547	\$ 2,202,106	\$ 1,867,705	\$ 1,850,259
Unreserved	<u>10,558,106</u>	<u>10,235,607</u>	<u>9,888,293</u>	<u>9,236,874</u>	<u>10,791,865</u>	<u>13,008,780</u>	<u>16,996,717</u>
Total general fund	<u>\$13,251,678</u>	<u>\$12,252,690</u>	<u>\$11,579,563</u>	<u>\$11,384,421</u>	<u>\$12,993,971</u>	<u>\$14,876,485</u>	<u>\$18,846,976</u>
All Other Governmental Funds							
Reserved	\$ 5,302,774	\$ 3,595,346	\$ 3,039,436	\$ 2,202,060	\$ 902,290	\$ 738,185	\$ 4,477,554
Unreserved, reported in:							
Special revenue funds	1,052,151	1,058,436	1,012,272	991,055	1,251,527	1,578,658	1,966,858
Capital projects funds	(1,153,756)	529,497	1,481,985	703,548	1,568,078	1,390,763	(2,060,044)
Debt service funds	<u>107,510</u>	<u>125,954</u>	<u>140,772</u>	<u>155,114</u>	<u>186,958</u>	<u>411,590</u>	<u>169,257</u>
Total all other governmental funds	<u>\$ 5,308,679</u>	<u>\$ 5,309,233</u>	<u>\$ 5,674,465</u>	<u>\$ 4,051,777</u>	<u>\$ 3,908,853</u>	<u>\$ 4,119,196</u>	<u>\$ 4,553,625</u>

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

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b><u>REVENUES</u></b>										
Municipal income taxes	\$ 9,962,903	\$ 10,723,977	\$ 12,376,161	\$ 10,976,105	\$ 10,790,799	\$ 10,498,954	\$ 10,317,499	\$ 10,523,250	\$ 10,735,700	\$ 12,579,757
Property and other taxes	1,358,819	1,370,172	1,305,833	1,578,741	1,569,367	1,591,471	1,706,415	1,743,925	1,708,422	1,972,798
Charges for services	914,056	1,117,933	1,117,377	897,984	1,348,586	1,683,675	2,267,691	3,192,514	3,077,102	3,210,035
Fines, licenses and permits	1,228,048	1,325,518	1,407,656	1,289,389	1,359,842	1,299,836	1,242,665	1,256,743	1,558,334	1,520,154
Intergovernmental revenues	1,510,214	1,353,906	1,719,517	2,224,364	2,561,638	1,877,336	2,002,376	2,465,614	3,282,145	2,842,184
Special assessments	120,141	108,150	97,675	100,477	105,860	100,811	102,173	110,424	77,444	74,442
Investment income	1,709,082	1,930,919	843,007	2,348,920	1,359,176	897,874	286,065	527,580	420,327	1,170,927
Other	124,723	284,637	418,589	260,462	187,257	230,488	193,587	120,113	82,088	113,944
<b>Total revenues</b>	<b>16,927,986</b>	<b>18,215,212</b>	<b>19,285,815</b>	<b>19,676,442</b>	<b>19,282,525</b>	<b>18,180,445</b>	<b>18,118,471</b>	<b>19,940,163</b>	<b>20,941,562</b>	<b>23,484,241</b>
<b><u>EXPENDITURES</u></b>										
General government	3,239,530	3,499,855	3,874,869	3,780,674	4,243,972	4,121,211	4,392,538	4,729,410	5,070,770	5,229,572
Public safety	3,396,875	3,812,313	4,259,345	4,565,050	4,935,661	5,162,545	5,080,363	5,173,529	5,446,724	5,673,085
Public works	2,165,887	2,625,223	2,392,848	2,510,443	2,540,289	2,659,067	2,756,101	2,786,256	3,025,121	3,292,098
Recreation	1,556,808	1,679,587	1,778,889	1,888,832	2,906,617	2,845,522	2,796,496	2,695,435	2,792,382	2,864,729
Capital outlay	2,626,812	5,028,926	10,328,971	11,477,748	4,180,822	2,640,846	3,754,872	2,073,833	1,334,942	1,883,575
Debt service:										
Principal retirement	240,000	340,000	355,000	370,000	385,000	461,971	476,971	626,971	555,000	568,521
Interest and fiscal charges	867,512	761,932	746,720	730,221	712,558	693,835	682,627	515,910	509,321	503,396
Bond issuance costs	-	-	-	-	-	-	-	179,118	-	10,000
<b>Total expenditures</b>	<b>14,093,424</b>	<b>17,747,836</b>	<b>23,736,642</b>	<b>25,322,968</b>	<b>19,904,919</b>	<b>18,584,997</b>	<b>19,939,968</b>	<b>18,780,462</b>	<b>18,734,260</b>	<b>20,024,976</b>
Excess of revenues over (under) expenditures	2,834,562	467,376	(4,450,827)	(5,646,526)	(622,394)	(404,552)	(1,821,497)	1,159,701	2,207,302	3,459,265
<b><u>OTHER FINANCING SOURCES (USES)</u></b>										
Proceeds of loans	-	-	-	-	-	185,913	-	-	-	-
Inception of capital lease	-	-	-	-	-	-	-	-	-	944,855
Premium on refunding bonds issued	-	-	-	-	-	-	-	464,791	-	-
Issuance of refunding bonds	-	-	-	-	-	-	-	10,840,000	-	-
Sale of capital assets	1,334	-	-	-	-	-	3,617	-	15,120	800
Payment to refunded bond escrow agent	-	-	-	-	-	-	-	(11,125,672)	-	-
Transfers in	3,792,869	3,618,737	3,895,333	5,337,405	3,728,143	3,727,308	2,556,431	2,020,451	1,787,573	2,695,016
Transfer out	(3,896,415)	(3,730,049)	(3,906,757)	(5,504,006)	(4,107,986)	(3,800,704)	(2,559,171)	(2,020,451)	(1,787,573)	(2,695,016)
<b>Total other financing sources (uses)</b>	<b>(102,212)</b>	<b>(111,312)</b>	<b>(11,424)</b>	<b>(166,601)</b>	<b>(379,843)</b>	<b>112,517</b>	<b>877</b>	<b>179,119</b>	<b>15,120</b>	<b>945,655</b>
<b>Net change in fund balance</b>	<b>\$ 2,732,350</b>	<b>\$ 356,064</b>	<b>\$ (4,462,251)</b>	<b>\$ (5,813,127)</b>	<b>\$ (1,002,237)</b>	<b>\$ (292,035)</b>	<b>\$ (1,820,620)</b>	<b>\$ 1,338,820</b>	<b>\$ 2,222,422</b>	<b>\$ 4,404,920</b>
Debt service as a percentage of noncapital expenditures	9.7%	8.7%	8.2%	7.9%	7.0%	7.2%	7.2%	7.9%	6.1%	6.0%

S-5

(1) Modified accrual basis of accounting.

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

9-5

Collection Year	Real Property (1)			Public Utility (2)		Tangible Personal Property (3)		Total	
	Assessed Value	Commercial/ Industrial/PU	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value
2006	\$ 347,780,250	\$ 42,820	\$ 993,780,200	\$ 6,942,390	\$ 17,829,320	\$ 59,956,143	\$ 260,678,883	\$ 414,721,603	\$ 1,272,288,402
2005	322,144,700	46,520	920,546,343	7,338,730	8,339,466	77,595,931	323,316,379	407,125,881	1,252,202,188
2004	316,589,440	46,120	904,673,029	7,696,010	8,745,466	71,493,745	285,974,980	395,825,315	1,199,393,474
2003	310,368,570	45,290	886,896,743	9,896,969	11,246,556	80,095,291	320,381,164	400,406,120	1,218,524,463
2002	278,549,920	22,580	795,921,429	9,482,673	10,775,765	78,703,666	314,814,664	366,758,839	1,121,511,857
2001	271,345,240	24,020	775,340,743	9,838,940	11,180,614	77,220,506	308,882,024	358,428,706	1,095,403,380
2000	268,174,540	31,880	766,304,057	10,736,100	12,200,114	72,418,708	289,674,832	351,361,228	1,068,179,003
1999	244,489,040	35,230	698,640,771	11,615,690	13,199,648	69,545,468	278,181,872	325,685,428	990,022,291
1998	236,717,850	32,020	676,428,200	13,106,070	14,893,261	72,507,652	290,030,608	322,363,592	981,352,069
1997	234,178,950	28,590	669,164,400	13,022,160	14,797,909	69,937,991	279,751,964	317,167,691	963,714,273

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 1997 - 2005, for 2006 half at 88% the other half at 25% of true value.

(3) Tangible personal property is assessed at 25% for 1997 - 2004, 24% for 2005 and 23% for 2006.

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

<u>Year</u>	<u>Current Tax Levy</u>	<u>(1) Current Tax Collections</u>	<u>Deliquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Outstanding Delinquent Taxes to Current Tax Levy</u>	<u>Total Direct Tax Rate</u>
2006	\$ 1,716,947	\$ 1,641,715	\$ 54,295	\$ 1,696,010	98.78%	\$ 77,144	4.49%	\$ 73.97
2005	1,685,501	1,656,709	91,698	1,748,407	103.73%	51,822	3.07%	73.97
2004	1,683,046	1,645,698	46,849	1,692,547	100.56%	108,110	6.42%	75.07
2003	1,657,681	1,595,477	58,972	1,654,449	99.81%	152,595	9.21%	68.58
2002	1,518,377	1,487,482	53,079	1,540,561	101.46%	93,628	6.17%	68.88
2001	1,492,775	1,446,584	55,263	1,501,847	100.61%	83,471	5.59%	69.08
2000	1,463,393	1,307,451	44,532	1,351,983	92.39%	67,252	4.60%	68.68
1999	1,357,402	1,226,054	44,594	1,270,648	93.61%	56,603	4.17%	69.48
1998	1,334,585	1,185,274	65,367	1,250,641	93.71%	49,077	3.68%	69.48
1997	1,313,074	1,172,885	58,456	1,231,341	93.78%	57,923	4.41%	69.94

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		
2006	1.54	2.30	0.30	4.14	18.24	47.76	2.58	1.25	73.97	
2005	1.54	2.30	0.30	4.14	18.24	47.76	2.58	1.25	73.97	
2004	1.54	2.30	0.30	4.14	18.24	48.86	2.58	1.25	75.07	
2003	1.54	2.30	0.30	4.14	17.24	44.36	2.58	0.26	68.58	
2002	1.54	2.30	0.30	4.14	17.24	44.66	2.58	0.26	68.88	
2001	1.54	2.30	0.30	4.14	17.24	44.86	2.58	0.26	69.08	
2000	1.54	2.30	0.30	4.14	16.64	45.06	2.58	0.26	68.68	
1999	1.54	2.30	0.30	4.14	16.64	45.86	2.58	0.26	69.48	
1998	1.54	2.30	0.30	4.14	16.64	45.86	2.58	0.26	69.48	
1997	1.54	2.30	0.30	4.14	16.64	45.86	2.58	0.72	69.94	

Source: Montgomery County Auditor

CITY OF VANDALIA, OHIO  
Schedules of Principal Taxpayers - Real Property  
2006 and 2004

	2004			2006		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<b>Taxpayer</b>						
Dayton Power & Light Co.	\$ 4,547,570	2	1.15%	\$ 4,732,760	1	1.20%
Delphi Automotive System	4,697,770	1	1.19%	4,657,770	2	1.18%
The Iams Company	2,431,470	4	0.61%	3,038,100	3	0.77%
B-W Limited Partnership	2,526,590	3	0.64%	2,311,430	4	0.58%
Shoppes at Northwoods	1,867,310	6	0.47%	2,044,630	5	0.52%
Ohio Bell Telephone Co.	1,934,730	5	0.49%	1,255,810	6	0.32%
Mid-States Development Co.	1,465,140	7	0.37%	1,658,110	7	0.42%
Timberlake Limited Partners	1,451,520	8	0.37%	1,596,670	8	0.40%
ABMD, LTD	-		0.00%	1,488,920	9	0.38%
Thieman, Ted H.	1,195,620	10	0.30%	1,243,410	10	0.31%
Mazer, Marshall	1,418,020	9	0.36%			0.00%
	-		0.00%	-		0.00%
	-		0.00%	-		0.00%
	-		0.00%	-		0.00%
Total of above	<u>\$ 23,535,740</u>		<u>5.95%</u>	<u>\$ 24,027,610</u>		<u>5.79%</u>
Total City	<u>\$ 395,825,315</u>			<u>\$ 414,721,603</u>		

Source: Montgomery County Auditor

CITY OF VANDALIA, OHIO  
Schedules of Principal Taxpayers - Personal Property  
2006 and 2004

	2004			2006		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<b>Taxpayer</b>						
Delphi Automotive System	\$ 10,441,070	1	2.64%	\$ 5,183,810	1	1.25%
Smith Industries Aerospace	5,109,140	3	1.29%	4,890,030	2	1.18%
Eurand America Inc.	5,284,570	2	1.34%	3,503,490	3	0.84%
Beau Townsend Ford Inc.	2,915,230	5	0.74%	2,587,660	4	0.62%
Encon, Inc.	2,649,700	6	0.67%	2,536,430	5	0.61%
Saia-Burgess Inc.	2,203,430	9	0.56%	2,042,200	6	0.49%
A-F Leis Co. Inc.	-		0.00%	2,014,040	7	0.49%
Eftec North America LLC	2,222,440	8	0.56%	1,781,470	8	0.43%
Smedley Chevrolet Sales Inc.	2,026,960	10	0.51%	1,603,800	9	0.39%
Frank Z Imports Inc.	2,364,880	7	0.60%	1,600,390	10	0.39%
Proctor & Gamble Co.	3,378,930	4	0.85%	-		0.00%
Total of above	<u>\$ 38,596,350</u>		<u>9.75%</u>	<u>\$ 27,743,320</u>		<u>6.69%</u>
Total City	<u>\$ 395,825,315</u>			<u>\$ 414,721,603</u>		

Source: Montgomery County Auditor

CITY OF VANDALIA, OHIO  
 Schedules of Principal Taxpayers - Public Utility  
 2006 and 2004

	2004			2006		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<b><u>Taxpayer</u></b>						
Dayton Power	\$ 4,547,570	1	1.15%	\$ 4,732,760	1	1.14%
Ohio Bell Telephone Co.	<u>1,934,730</u>	2	<u>0.49%</u>	<u>1,255,810</u>	2	<u>0.30%</u>
Total of above	<u>\$ 6,482,300</u>		<u>1.64%</u>	<u>\$ 5,988,570</u>		<u>1.44%</u>
Total City	<u>\$ 395,825,315</u>			<u>\$ 414,721,603</u>		

Source: Montgomery County Auditor

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>
2006	2.00%	\$12,460,878	\$9,361,866	75.13%	\$1,911,160	15.34%	\$1,187,852	9.53%
2005	1.75	11,120,405	8,803,549	79.17	1,132,354	10.18	1,184,502	10.65
2004	1.75	10,640,156	8,690,411	81.68	840,464	7.90	1,109,282	10.43
2003	1.75	11,095,428	8,774,067	79.08	1,228,389	11.07	1,092,973	9.85
2002	1.75	11,183,713	8,869,803	79.31	1,246,984	11.15	1,066,926	9.54
2001	1.75	11,290,965	8,975,817	79.50	1,248,267	11.06	1,066,881	9.45
2000	1.75	11,691,298	9,499,024	81.25	1,163,713	9.95	1,028,560	8.80
1999	1.75	12,593,067	10,011,067	79.50	1,536,144	12.20	1,045,856	8.31
1998	1.75	11,105,190	8,682,897	78.19	1,452,823	13.08	969,470	8.73
1997	1.75	10,218,942	8,189,207	80.14	1,158,723	11.34	871,012	8.52

Source: City income tax records.

CITY OF VANDALIA, OHIO  
Ratios of Outstanding Debt by Type  
Last Nine Years (2)

Fiscal Year	Governmental Activities (1)					Total Primary Government	Percentage of Personal Income
	General Obligation Bonds	Special Assessment Debt	Loan Payable	Bond Anticipation Notes	Capital Leases		
2006	\$ 10,510,000	\$ -	\$ -	\$ 2,628,100	\$ 906,334	\$ 14,044,434	3.97%
2005	11,040,000	-	-	-	-	11,040,000	3.12%
2004	11,552,872	42,128	-	-	-	11,595,000	3.28%
2003	11,490,746	84,254	61,971	-	-	11,636,971	3.29%
2002	11,863,618	126,382	123,942	-	-	12,113,942	3.43%
2001	12,221,490	168,510	-	-	-	12,390,000	3.51%
2000	12,564,362	210,638	-	-	-	12,775,000	3.62%
1999	12,892,234	252,766	-	-	-	13,145,000	n/a
1998	13,205,106	294,894	-	-	-	13,500,000	n/a

(1) Details regarding the City's outstanding debt can be found in Note 8 in the current financial statements.  
(2) Will be reported for the last ten years when there are enough years of information available.

CITY OF VANDALIA, OHIO  
Ratios of General Bonded Debt Outstanding  
Last Nine Years (2)

Fiscal Year	Governmental Activities (1)		
	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2006	\$ 10,510,000	2.53%	\$ 720
2005	11,040,000	2.71%	756
2004	11,552,872	2.92%	791
2003	11,490,746	2.87%	787
2002	11,863,618	3.23%	812
2001	12,221,490	3.41%	837
2000	12,564,362	3.58%	860
1999	12,892,234	3.96%	935
1998	13,205,106	4.10%	958

(1) Details regarding the City's outstanding debt can be found in Note 8 in the current financial statements.

(2) Will be reported for the last ten years when there are enough years of information available.

CITY OF VANDALIA, OHIO  
 Direct and Overlapping Governmental Activities Debt  
 December 31, 2006

<b>Governmental Unit</b>	<u>Debt Outstanding</u>	<u>Percentage applicable to City (1)</u>	<u>Amount applicable to City</u>
Vandalia-Butler City School District	\$ 500,000	56.62%	\$ 283,122
Montgomery County	46,399,375	3.87%	<u>1,795,308</u>
Subtotal, overlapping debt			2,078,430
<b>City of Vandalia governmental activities direct debt</b>			<u>13,138,100</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 15,216,530</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.

CITY OF VANDALIA, OHIO  
 Legal Debt Margin Information  
 Last Eight Years (1)

Legal Debt Margin Calculation for Year Ending December 31, 2006	<u>Unvoted</u>	<u>Overall</u>
Total assessed valuation	\$ 414,721,603	414,721,603
Debt limitation - 5.5% of assessed valuation	<u>22,809,688</u>	
Debt limitation - 10.5% of assessed valuation		<u>43,545,768</u>
Debt applicable to limitation:		
Gross indebtedness	13,138,100	13,138,100
Exempt debt:		
Bond anticipation notes	(2,628,100)	(2,628,100)
Amount available in debt service fund	<u>(169,257)</u>	<u>(169,257)</u>
Total debt applicable to limitation	<u>10,340,743</u>	<u>10,340,426</u>
Legal debt margin	<u>\$ 12,468,945</u>	<u>33,205,342</u>

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

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

CITY OF VANDALIA, OHIO  
 Schedule of Ratio of Annual Debt Service Expenditures for General Bonded Debt  
 to Total General Governmental Expenditures  
 Last Eight Years (1)

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

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

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

CITY OF VANDALIA, OHIO  
 Schedule of Principal Employers  
 Last Two Years

<u>Employer</u>	<u>Industry</u>	<u>2006</u>		<u>2005</u>			
		<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Delphi Automotive System	Automotive Manufacturing & Engineering	1,149	1	3.42%	1,557	1	4.79%
Smiths Aerospace	Aerospace Engineering & Manufacturing	455	2	1.35%	466	2	1.43%
Vandalia - Butler Schools	Schools	409	3	1.22%	396	3	1.22%
Johnson Controls	Electronics Manufacturing	339	4	1.01%	365	4	1.12%
City of Vandalia	Local Government	336	5	1.00%	325	6	1.00%
Leis Medical	Medical Device Design & Manufacturing	312	6	0.93%	346	5	1.06%
P&G Pet Care (formerly Iams)	Headquarters - Cat & Dog Food	267	7	0.79%	282	7	0.87%
Cintas Corporation	Work Uniforms & Custom Corporate Apparel	235	8	0.70%	229	8	0.70%
Mazer Corporation	Headquarters - Services to Educational Publishers	210	9	0.63%	215	9	0.66%
Evenflo	Headquarters - Juvenile Products Manufacturer	185	10	0.55%	209	10	0.64%
		<u>3,897</u>		<u>11.60%</u>	<u>4,390</u>		<u>13.51%</u>

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

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)	Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	Montgomery County Unemployment Rate (3)	Average Sales Price of Residential Property (4)	Total Assessed Property Value (4)
2006	14,603	\$353,377,997	\$24,199	\$44,463	38.1	2,215	3,434	5.9%	\$154,180	\$414,721,603
2005	14,603	353,377,997	24,199	44,463	38.1	2,215	3,382	5.5%	162,350	407,125,881
2004	14,603	353,377,997	24,199	44,463	38.1	2,215	3,460	5.8%	148,250	395,825,315
2003	14,603	353,377,997	24,199	44,463	38.1	2,215	3,471	6.3%	138,290	400,406,120
2002	14,603	353,377,997	24,199	44,463	38.1	2,215	3,466	4.7%	136,680	366,758,839
2001	14,603	353,377,997	24,199	44,463	38.1	2,215	3,531	4.3%	127,980	358,428,706
2000	14,603	353,377,997	24,199	44,463	38.1	2,215	3,550	3.8%	129,210	351,361,228
1999	13,790	n/a	n/a	n/a	n/a	n/a	3,560	3.8%	118,950	325,685,428
1998	13,790	n/a	n/a	n/a	n/a	n/a	3,564	4.1%	n/a	322,363,592
1997	13,790	n/a	n/a	n/a	n/a	n/a	3,640	4.0%	n/a	317,167,691

- (1) Source: U. S. Census
  - (a) Years 2000 through 2006 - 2000 Federal Census
  - (b) Years 1997 through 1999 - 1990 Federal Census
- (2) Source: Ohio Department of Education
- (3) Source: Ohio Department of Job and Family Services
- (4) Source: Montgomery County Auditor
- (5) Computation of per capita personal income multiplied by population

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

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

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

(1) Information prior to 2002 is not available

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

Function/Program	2006	2005	2004	2003	2002
<b>General Government</b>					
<i>Council and Clerk</i>					
Number of Ordinances Passed	33	31	36	20	25
Number of Resolutions Passed	33	34	32	35	30
Number of Planning Commission docket items	5	18	7	5	6
Zoning Board of Appeals docket items	9	10	26	16	32
<i>Finance Department</i>					
Number of payroll checks issued	9,563	9,076	9,247	9,526	9,814
Number of checks/ vouchers issued	5,549	4,840	5,188	5,163	5,214
Amount of checks written (\$000 omitted)	\$36,745	\$32,813	\$44,360	\$31,698	\$24,991
Interest earnings for fiscal year (cash basis)	\$934,545	\$532,194	\$525,379	\$399,166	\$890,570
Number of Budget Adjustments issued	4	3	3	2	2
Agency Ratings - Moody's Financial Services	Aa3	Aa3	Aa3	Aa3	Aa3
Health Insurance Costs vs General Fund Expenditures %	11.09%	12.71%	13.73%	12.36%	13.06%
General Fund Receipts (cash basis, \$000 omitted)	\$21,006	\$19,247	\$17,649	\$16,523	\$16,891
General Fund Expenditures (cash basis, \$000 omitted)	\$15,220	\$14,892	\$14,714	\$14,164	\$13,741
General Fund Cash Balances (\$000 omitted)	\$17,325	\$14,379	\$11,669	\$10,406	\$11,044
<i>Income Tax Department</i>					
Number of Individual/Business Returns	19,222	19,574	19,788	18,809	10,932
Number of business withholding accounts	2,766	2,772	3,004	1,607	1,634
Amount of Penalties and Interest Collected	\$ 107,933	\$ 162,053	n/a	n/a	n/a
Annual number of withholding forms processed	19,962	19,983	24,525	19,704	9,867
Annual number of balance due statements forms processed	7,150	8,399	8,171	5,952	5,059
Annual number of estimated payment forms processed	4,391	4,172	3,924	3,498	1,880
Annual number of reconciliations of withholdings processed	4,133	4,560	3,998	2,793	1,741
<i>Engineer Contracted Services</i>					
Dollar amount of Construction overseen by Engineer	\$2,065,000	\$335,000	\$1,098,225	\$1,890,000	n/a
<i>Municipal Court</i>					
Number of Civil Cases	1,960	2,122	15,850	17,009	20,915
Number of Criminal/Traffic cases	17,394	15,964	2,051	1,962	1,820
<i>Vital Statistics</i>					
Certificates Issued					
Number of Births	46,943	43,768	42,240	44,806	48,435
Number of Deaths	32,503	33,652	33,567	35,686	38,136
Burial Permits Issued	4,771	4,997	4,843	5,058	5,209
<i>Civil Service</i>					
Number of police entry tests administered	1	1	0	1	1
Number of fire entry tests administered	1	1	0	0	0
Number of police promotional tests administered	0	1	0	0	1
Number of hires of Police Officers from certified lists	0	2	5	0	4
Number of hires of Fire/Medics from certified lists	0	1	1	0	0
Number of promotions from police certified lists	0	1	0	0	1
<i>Building Department Indicators</i>					
Construction Permits Issued	201	200	255	228	240
Estimated Value of Construction	\$13,179,670	\$42,337,669	\$22,233,669	\$10,705,485	\$11,703,784
Number of permits issued	934	1,055	1,044	977	967
Amount of Revenue generated from permits	\$145,285	\$255,270	\$173,055	\$89,298	\$85,948
Revenue generated from above 1,2,3,4	\$145,285	\$255,270	\$173,055	\$89,298	\$85,948

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

Function/Program	2006	2005	2004	2003	2002
<b>Security of Persons &amp; Property</b>					
<i>Police</i>					
Total Calls for Services	13,429	13,432	13,475	14,103	14,546
Number of traffic citations issued	1,798	2,362	1,962	1,876	1,817
Number of parking citations issued	58	85	55	87	87
Number of criminal arrests	831	745	672	713	898
Number of accident reports completed	297	306	354	340	356
Part 1 Offenses (major offenses)	528	466	470	562	661
Reserve officers hours worked	869	850	886	1,237	1,003
DUI Arrests	97	132	93	83	80
Prisoners Processed - Temporary Holdings	151	104	115	171	171
Property damage accidents	227	246	275	272	292
Fatalities from Motor Vehicle Accidents	1	0	0	1	1
Gasoline costs of fleet	\$63,195	\$59,802	\$41,797	\$33,294	\$29,774
DARE youth program	259	285	336	261	n/a
Community Diversion Program Youths (Be Proud)	0	0	0	7	n/a
Volunteer Service Program	136	0	0	0	0
<i>Fire</i>					
EMS Calls	1,868	1,625	1,578	826	786
Ambulance Billing Collections (net)	\$470,575	\$451,964	\$478,874	\$195,040	\$0
Fire Calls	605	583	550	310	275
Fires with Loss	2	4	7	13	8
Fires with Losses exceeding \$10K	1	2	0	3	4
Fire Losses \$	\$17,500	\$37,525	\$47,850	\$148,800	\$2,137,350
Fire Safety Inspections	106	91	82	78	57
Number of times Mutual Aid given to Fire and EMS	176	163	120	115	160
Number of times Mutual Aid received for Fire and EMS	100	105	146	92	99
<b>Public Health and Welfare</b>					
Cemetery burials	23	27	20	17	18
Cemetery cremations	4	5	3	2	6
Cemetery sale of lots	41	48	53	22	38
Cemetery receipts	\$25,771	\$24,673	\$22,950	\$14,062	\$18,487
<b>Leisure Time Activities</b>					
<i>Recreation</i>					
Recreation Swimming pool receipts	\$42,539	\$50,764	\$42,080	\$48,757	\$53,222
Recreation Mens & Womens Leagues receipts	11,844	12,226	11,164	11,160	13,239
Recreation Programs	86,537	86,877	72,524	82,760	79,808
Youth Soccer League	12,476	12,596	7,609	8,108	7,147
Youth Baseball League	22,151	19,412	10,352	10,183	9,697
Facilities rentals	70,303	46,985	46,586	35,261	31,599
Total Recreation Department receipts	<u>\$245,850</u>	<u>\$228,860</u>	<u>\$190,315</u>	<u>\$196,229</u>	<u>\$194,712</u>
<b>Community Development</b>					
Grant amounts received due to Economic Development Dept.	\$183,955	\$551,948	\$26,596	\$22,791	\$0
<b>Basic Utility Services</b>					
Refuse disposal per year (in tons) January through December	7,294	6,863	4,865	2,642	3,815
Refuse disposal costs per year January through December	\$705,000	\$611,000	\$611,000	\$570,000	\$625,000
Annual recycling tonnage (excluding leaf, and compost items)	788	n/a	932	796	796

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

Function/Program	2006	2005	2004	2003	2002
<b>Transportation</b>					
Street Improvements - asphalt overlay (linear feet)	21,041	0	1,800	9,125	16,480
Rejuvenating Spray on Streets (Miles)	0.00	0.00	0.34	0.00	0.00
Crackseal Coating Program (Miles)	0.00	0.00	0.00	0.00	10.30
Street Repair (Concrete, asphalt, crack sealing) (hours)	3,130.00	4,926.00	3,047.00	3,801.00	2,275.00
Mowing (hours)	506.00	408.00	660.00	1,341.00	1,206.00
Paint Striping (hours)	825.00	612.00	722.00	1,180.00	1,394.00
Street Sweeper (hours)	915.75	766.00	1,048.00	1,369.00	1,082.00
Snow & Ice Removal regular hours	186.00	579.00	781.50	1,038.00	431.00
Sewer and Sanitary calls for service (hours)	575.00	466.00	428.00	220.00	667.00
Fire hydrants (hours)	320.00	216.00	660.00	390.00	92.00
Catch basin (hours)	3,711.00	4,029.00	1,240.00	846.00	1,337.00
Water and Water calls for service (hours)	2,852.00	2,660.00	3,125.00	3,023.00	1,704.00
Leaf collection (hours)	1,300.00	1,222.00	1,521.00	1,472.00	1,544.00
Holiday lights setup (hours)	152.00	254.00	222.00	342.00	188.00
Burial services (hours)	714.00	486.00	498.75	458.00	610.00
Equipment repair/body shop (hours)	1,153.25	1,392.00	1,428.50	1,853.00	1,544.00
Sign department (hours)	1,386.00	1,171.00	1,455.00	1,609.50	1,642.00
Building maintenance (hours)	451.00	428.00	616.00	1,331.50	1,248.00
Other (hours)	4,478.00	3,556.00	4,268.50	4,457.00	4,137.50
<b>Water Department</b>					
Water Rates per 1st 300 Cu ft of water used (2,250 gallons)	\$ 11.71	\$ 11.10	\$ 9.57	\$ 9.26	\$ 8.97
Avg. number of water accounts billed monthly (Cu. Ft.)	1,979	1,954	1,897	1,831	1,812
Total Water Collections Annually (Including P&I)	\$2,130,132	\$1,489,814	\$1,410,603	\$1,359,046	\$1,407,216
<b>Wastewater Department</b>					
Wastewater Rates per 1st 300 Cu ft of water used	\$2.92	\$2.78	\$2.65	\$2.65	\$2.65
Total flow of wastewater treatment plant (Millions of Gallons)	3,507	3,422	3,230	3,663	3,370
Average daily flow (Millions of gallons per day)	10	9	9	10	9
Tons of dry sludge removed	842.50	823.24	945.14	677.56	846.73

(1) Information prior to 2002 is not available

CITY OF VANDALIA, OHIO  
 Capital Assets Statistics by Function/Program  
 Last Eight Years (1)

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

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



**Mary Taylor, CPA**  
Auditor of State

**CITY OF VANDALIA  
MONTGOMERY COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
SEPTEMBER 25, 2007**