

**CITY OF VANDALIA  
MONTGOMERY COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2018**



CITY OF VANDALIA  
MONTGOMERY COUNTY  
DECEMBER 31, 2018

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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, Montgomery County, (the City) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 19, 2019, wherein we noted the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

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

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

***Compliance and Other Matters***

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

June 19, 2019

# City of Vandalia, Ohio



Comprehensive Annual Financial Report  
For the year ended  
December 31, 2018





CITY OF VANDALIA  
Montgomery County, Ohio

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Comprehensive Annual Financial Report

Year Ended December 31, 2018

Issued by:  
Director of Finance



City of Vandalia, Ohio  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2018

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## INTRODUCTORY SECTION





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June 19, 2019

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

The Comprehensive Annual Financial Report (CAFR) of the City of Vandalia, Ohio for the year ended December 31, 2018 is hereby submitted for your review. I am pleased to report that this is the twenty ninth CAFR the City has prepared.

Ohio law requires that every general-purpose local government prepare their financial statements in accordance with generally accepted accounting principles (GAAP) and to have an annual audit. The preparation of this CAFR represents the commitment of Vandalia to adhere to nationally recognized standards of excellence in financial reporting.

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

The Ohio Auditor of State, have issued an unmodified ("clean") opinion on the City of Vandalia's financial statements for the year ended December 31, 2018. The auditors' report is located at the front of the financial section of this report.

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

### Profile of the City

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

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

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

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

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

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

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

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

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

## Relevant Financial Policies

It is the mission of the City to develop, maintain and implement financial accounting policies and procedures and protect and optimize the financial resources of the City. The City provides a sound accounting system for safeguarding the City's assets through recording and reporting of financial transactions according to mandated laws and guidelines of the Federal law, Ohio Revised Codes, GAAP, and the City's Codified Ordinances. The department goals are to develop sound fiscal policies, provide solid financial management for the City, maintain reserves and fiscal integrity, and protect the assets of the citizens of Vandalia.

The City's past financial stability is largely due to implementing and managing a series of policy decisions. These policies which promote growth of the City and economy through controlled delivery of services remain in place today.

Recognizing the deterioration of the national and state economies and the unprecedented decline in available City resources, the City implemented a 2% income tax effective January 1, 2006.

The City's investment policy is to invest public funds in a manner which will ensure the preservation of capital while providing the highest investment return with the maximum security, meeting the daily cash flow needs of the City, and conforming to all State and local statutes governing the investment of public funds.

## Local Economy

2018 was another positive year of development in the City of Vandalia. A new building went under construction and a number of other projects contributed to growing employment numbers and a positive economic outlook heading into 2019.

One of our most notable developments in 2018 was the start of construction on a new physician's office for Premier Health Network. This project is anticipated to create 50 jobs over the next 5 years, retaining 15 and will serve as Class A medical office space on once vacant land. Adding this facility will make health and specialty care more accessible to Vandalia residents. We look forward to the project completion in November of this year.

AxoGen, a biomedical manufacturing company specializing in peripheral nerve repair, purchased 913 Industrial Park Drive to house their operation in August of 2018. The company is fast-growing and plans to bring 228 new jobs to the City of Vandalia. Renovations in the building are expected to begin in the 3<sup>rd</sup> quarter of 2019.

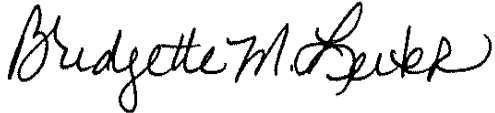
On Poe Avenue, LeGrand/C2G completed renovations at 6500 Poe Avenue. The company received an economic development grant through Montgomery County and funding from the Vandalia Development Corp. to support the project. LeGrand is leasing approximately 30,000 square feet of office space in the building to house 125 full-time employees. The company made the decision to relocate from Moraine to the City of Vandalia in 2016. We were pleased to welcome LeGrand to the City.

## 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, 2017. This was the twenty eighth year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report was made possible by the efforts of the Finance Department staff. My sincere appreciation is extended to all members of the City of Vandalia staff, whose efforts have made this report possible. I am especially grateful to Assistant City Manager Amber Holloway for his economic development input for this report. I would also like to express appreciation to W. Michael Lennon, CPA, and Lorrie Miller for their time spent in preparing this report. This report contains an expanded Statistical Section and a significant amount of work from members of all city departments was necessary to complete the tables. I am extremely grateful for those individuals who gathered the data to complete those statistical tables. Finally, credit must also be given to the City Manager, Mayor and to City Council for their support in maintaining the highest standards of professionalism in the management of the City of Vandalia's finances.



Bridgette M. Leiter  
Director of Finance



Government Finance Officers Association

**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, 2017**

*Christopher P. Morill*

Executive Director/CEO

City of Vandalia  
Montgomery County, Ohio  
List of Principal Officials  
December 31, 2018

Elected Officials

***Mayor***

Arlene Setzer

***Vice Mayor***

Richard Herbst

***Council Members***

Bob Ahlers

Dave Gerhard

Mike Blakesly

Candice Farst

David Lewis

Appointed Officials

***City Manager***

Jon Crusey

***Director of Finance***

Bridgette Leiter

***City Attorney***

Gerald McDonald

***Assistant City Manager***

Amber Holloway

***Chief of Police***

Kurt Althouse

***Fire Chief***

Chad Follick

***Parks and Recreation Director***

Steve Clark

***Director of Public Service***

Rob Cron



# CITY OF VANDALIA ORGANIZATIONAL RESPONSIBILITIES





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## FINANCIAL SECTION





One First National Plaza  
130 West Second Street, Suite 2040  
Dayton, Ohio 45402-1502  
(937) 285-6677 or (800) 443-9274  
WestRegion@ohioauditor.gov

## INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vandalia, Montgomery County, Ohio (the City), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### **Opinion**

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, Montgomery County, Ohio, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 22 to the financial statements, during 2018, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

#### *Supplementary and Other Information*

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2019, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive, flowing style.

Keith Faber  
Auditor of State  
Columbus, Ohio

June 19, 2019



City of Vandalia, Ohio  
Management's Discussion and Analysis  
For The Year Ended December 31, 2018  
(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, 2018. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the transmittal letter, basic financial statements and notes to enhance their understanding of the City's financial performance.

**Financial Highlights**

- The City's total net position decreased \$405,956 during 2018. The net position of the governmental activities decreased \$363,431, while the net position of business-type activities decreased by \$42,525.
- General revenues, for governmental activities, accounted for \$17,766,630, or 69.5% of total governmental activities revenue. Program specific revenues accounted for \$7,799,933 or 30.5% of total governmental activities revenue.
- Governmental activities net capital assets decreased \$1,517,830, due to current year depreciation expenses exceeding current year additions.
- The City had \$25,844,831 in expenses related to governmental activities; \$7,799,933 of these expenses was offset by program specific charges for services, grants, contributions, or interest. General revenues (primarily taxes) of \$17,766,630 were not sufficient to offset these program expenses.
- The general fund, the City's largest major governmental fund, had revenues of \$20,989,090 in 2018, or 85.1% of total governmental funds. Expenditures of the general fund were \$17,809,340 or 78.3% of total governmental funds. The general fund balance increased \$1,025,165 or 6.4% in 2018.
- Business-type operations reflected an operating income of \$253,527 during 2018, and the business-type unrestricted net position was \$13,102,596.

**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.

City of Vandalia, Ohio  
Management's Discussion and Analysis  
For The Year Ended December 31, 2018  
(Unaudited)

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

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

#### ***Statement of Net Position and Statement of Activities***

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

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

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

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



City of Vandalia, Ohio  
Management's Discussion and Analysis  
For The Year Ended December 31, 2018  
(Unaudited)

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

### ***Fund Financial Statements***

The analysis of the City's major funds begins on page 14. 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, police, fire and street capital improvements, general obligation bond retirement, water, sewer and golf.

### ***Governmental Funds***

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

### ***Proprietary Funds***

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

### ***Fiduciary Funds***

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

## **Government-Wide Financial Analysis**

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

City of Vandalia, Ohio  
Management's Discussion and Analysis  
For The Year Ended December 31, 2018  
(Unaudited)

Table 1 below provides a summary of the City's net position for 2018 compared to 2017:

**Table 1**  
**Net Position**

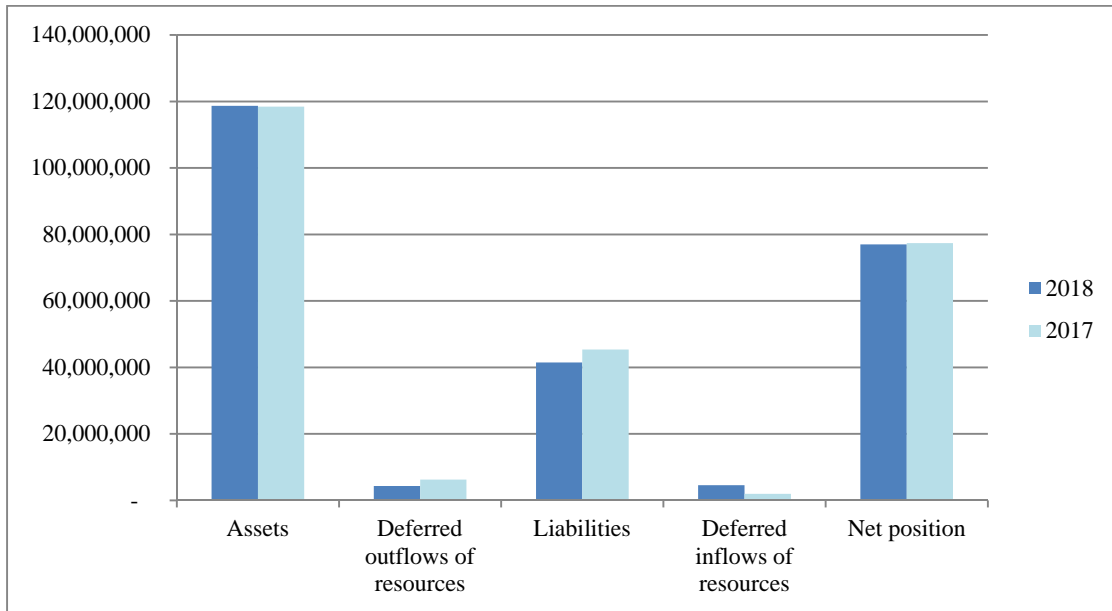
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2018</u>	Restated <u>2017</u>	<u>2018</u>	Restated <u>2017</u>	<u>2018</u>	Restated <u>2017</u>
<u>Assets</u>						
Current and other assets	\$ 30,241,086	\$ 28,562,571	\$ 6,097,051	\$ 5,439,597	\$ 36,338,137	\$ 34,002,168
Capital assets	54,942,415	56,460,245	18,253,538	18,721,165	73,195,953	75,181,410
Investment in joint venture	-	-	9,165,638	9,249,089	9,165,638	9,249,089
Total assets	<u>85,183,501</u>	<u>85,022,816</u>	<u>33,516,227</u>	<u>33,409,851</u>	<u>118,699,728</u>	<u>118,432,667</u>
<u>Deferred outflows of resources</u>						
Pension	2,918,818	5,619,089	227,963	539,735	3,146,781	6,158,824
OPEB	<u>1,139,634</u>	<u>80,453</u>	<u>47,449</u>	<u>8,439</u>	<u>1,187,083</u>	<u>88,892</u>
Total deferred outflows of resources	<u>4,058,452</u>	<u>5,699,542</u>	<u>275,412</u>	<u>548,174</u>	<u>4,333,864</u>	<u>6,247,716</u>
<u>Liabilities</u>						
Other liabilities	5,964,843	6,823,711	266,866	279,056	6,231,709	7,102,767
Long-term liabilities:						
Due within one year	1,462,313	1,458,246	134,698	146,462	1,597,011	1,604,708
Due in more than one year:						
Net pension liability	15,794,254	19,584,608	964,284	1,402,850	16,758,538	20,987,458
Net OPEB liability	12,710,441	11,273,332	644,778	604,671	13,355,219	11,878,003
Other amounts	<u>3,319,672</u>	<u>3,613,678</u>	<u>213,139</u>	<u>170,110</u>	<u>3,532,811</u>	<u>3,783,788</u>
Total liabilities	<u>39,251,523</u>	<u>42,753,575</u>	<u>2,223,765</u>	<u>2,603,149</u>	<u>41,475,288</u>	<u>45,356,724</u>
<u>Deferred inflows of resources</u>						
Property taxes	1,128,915	1,227,475	-	-	1,128,915	1,227,475
Payments in lieu of taxes	51,265	95,505	-	-	51,265	95,505
Pension	2,496,813	567,449	246,652	42,513	2,743,465	609,962
OPEB	<u>598,514</u>	<u>-</u>	<u>51,384</u>	<u>-</u>	<u>649,898</u>	<u>-</u>
Total deferred inflows of resources	<u>4,275,507</u>	<u>1,890,429</u>	<u>298,036</u>	<u>42,513</u>	<u>4,573,543</u>	<u>1,932,942</u>
<u>Net position</u>						
Net investment in capital assets	49,032,022	49,337,872	18,116,128	18,654,104	67,148,150	67,991,976
Restricted	4,055,358	3,695,303	-	-	4,055,358	3,695,303
Unrestricted	<u>(7,372,457)</u>	<u>(6,954,821)</u>	<u>13,153,710</u>	<u>12,658,259</u>	<u>5,781,253</u>	<u>5,703,438</u>
Total net position	<u>\$ 45,714,923</u>	<u>\$ 46,078,354</u>	<u>\$ 31,269,838</u>	<u>\$ 31,312,363</u>	<u>\$ 76,984,761</u>	<u>\$ 77,390,717</u>

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As displayed in Table 1, total net position of the City as a whole, decreased \$405,956 from 2017 to 2018. This was due to changes in the net pension and OPEB liabilities and the related deferred outflows and inflows of resources from the prior year.

Total net position of the City’s governmental activities decreased by \$363,431, and the unrestricted net position decreased \$417,636 from 2017 to 2018. The decrease in governmental net position as mentioned above is due to changes in the net pension and net OPEB liabilities.

The net position of the City’s business type activities decreased by \$42,525. Two of the three enterprise funds reported operating income during 2018. Overall, program expenses decreased \$160,962 from the prior year and had a decrease of \$650,446 in charges for services during 2018. The City strives to control operation expenses for business-type activities in order to maintain stability in charges for services rates.



For 2018, the City adopted GASB Statement 75, “Accounting and Financial Reporting for Postemployment Benefits other than Pensions,” which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). Users of this financial statement will gain a clearer understanding of the City’s actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

The City’s statement of activities prepared on an accrual basis of accounting includes an annual pension expense and annual OPEB expense equal to its proportionate share of each plan’s change in net pension liability and net OPEB liability not accounted for as deferred inflows/outflows.

Table 2 shows the changes in net position for the year ended December 31, 2018, and revenue and expense comparisons to 2017.

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**Table 2**  
**Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	Total
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 6,508,881	\$ 6,331,026	\$ 4,471,089	\$ 5,121,535	\$ 10,979,970	\$ 11,452,561
Operating grants, contributions, and interest	1,268,969	1,028,220	-	-	1,268,969	1,028,220
Capital grants and contributions	22,083	131,649	-	116,890	22,083	248,539
General revenues:						
Property taxes	1,332,753	1,289,362	-	-	1,332,753	1,289,362
Income taxes	15,237,654	13,897,814	-	-	15,237,654	13,897,814
Grants and entitlements	720,412	615,526	-	-	720,412	615,526
Payment in lieu of taxes	75,798	104,572	-	-	75,798	104,572
Investment earnings	351,588	273,681	-	-	351,588	273,681
Other	48,425	7,405	-	-	48,425	7,405
Total revenues	<u>25,566,563</u>	<u>23,679,255</u>	<u>4,471,089</u>	<u>5,238,425</u>	<u>30,037,652</u>	<u>28,917,680</u>
<b>Program Expenses</b>						
Governmental Activities:						
General government						
Legislative and executive	3,604,011	3,552,107	-	-	3,604,011	3,552,107
Judicial system	2,188,721	2,286,252	-	-	2,188,721	2,286,252
Public safety						
Police	6,435,546	5,916,257	-	-	6,435,546	5,916,257
Fire	2,871,886	2,654,948	-	-	2,871,886	2,654,948
Public works						
Engineer	1,105,531	1,266,346	-	-	1,105,531	1,266,346
Streets	3,920,749	3,307,653	-	-	3,920,749	3,307,653
Refuse	1,003,461	1,042,976	-	-	1,003,461	1,042,976
Recreation	4,494,143	4,527,113	-	-	4,494,143	4,527,113
Interest and fiscal charges	220,783	231,297	-	-	220,783	231,297
Business-Type Activities:						
Water	-	-	1,904,562	1,942,016	1,904,562	1,942,016
Sewer	-	-	1,567,017	1,703,795	1,567,017	1,703,795
Golf	-	-	1,127,198	1,113,928	1,127,198	1,113,928
Total program expenses	<u>25,844,831</u>	<u>24,784,949</u>	<u>4,598,777</u>	<u>4,759,739</u>	<u>30,443,608</u>	<u>29,544,688</u>
Increase (decrease) in net position						
before transfers	(278,268)	(1,105,694)	(127,688)	478,686	(405,956)	(627,008)
Transfers	<u>(85,163)</u>	<u>(240,660)</u>	<u>85,163</u>	<u>240,660</u>	<u>-</u>	<u>-</u>
Change in net position	(363,431)	(1,346,354)	(42,525)	719,346	(405,956)	(627,008)
Net position, beginning of year	46,078,354	58,617,587	31,312,363	31,189,249	77,390,717	89,806,836
Restatement	<u>-</u>	<u>(11,192,879)</u>	<u>-</u>	<u>(596,232)</u>	<u>-</u>	<u>(11,789,111)</u>
Net position, end of year	<u>\$ 45,714,923</u>	<u>\$ 46,078,354</u>	<u>\$ 31,269,838</u>	<u>\$ 31,312,363</u>	<u>\$ 76,984,761</u>	<u>\$ 77,390,717</u>

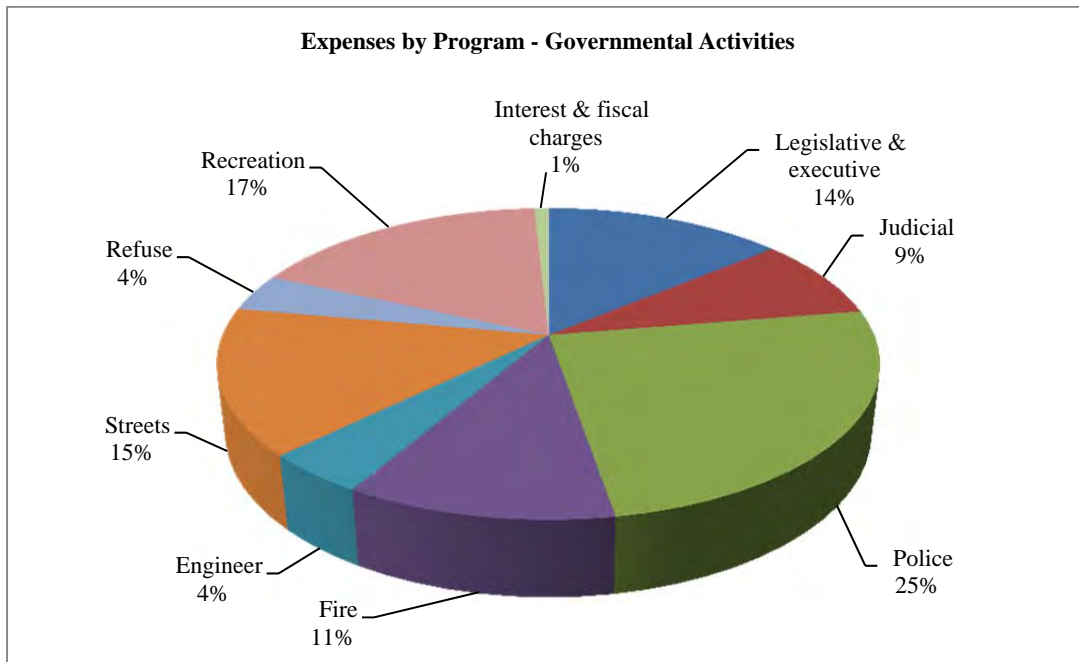
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***Governmental Activities***

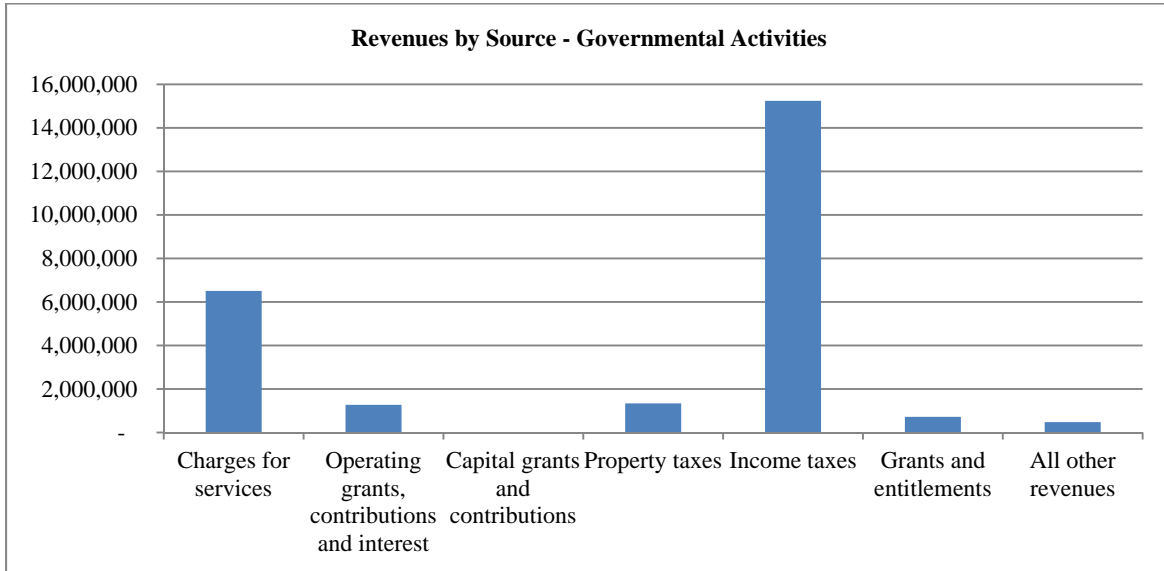
The City 2% income tax effective January 1, 2006, is the largest source of revenue for the City of Vandalia. The above table reflects that income tax receipts increased from the prior year.

Charges for services increased \$177,855 and income tax revenues increased \$1,339,840 during 2018. Governmental activities program expenses increased \$1,059,882 during 2018 with increases and decreases in several areas. Expenses related to income tax collection for the municipality of Brookville also continue to be reflected in the general government program expenses.



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 \$6,508,881 represent 25.5% of revenue. Revenues provided by sources other than city residents in the form of operating and capital grants comprise another \$1,291,052, or 5%, and unrestricted grants and entitlements accounted for \$720,412, which is another 2.8%. The remaining revenues are primarily generated locally through property taxes, \$1,332,753 or 5.2% and income taxes, \$15,237,654 at 59.6%. City Council relies on these taxes to furnish the quality of life to businesses and citizens to which they and previous councils have always been committed.

***Business-Type Activities***

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

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

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

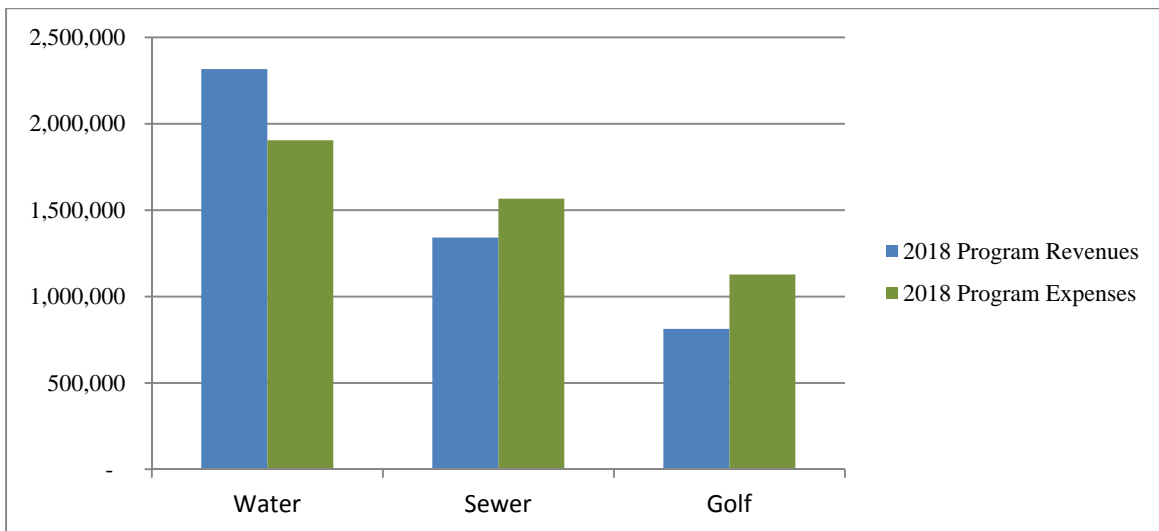
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*Sewer* - The City closed their wastewater treatment facility in 1985. Vandalia then contracted with the Miami Conservancy District for wastewater treatment services. In 1996, the Conservancy District decided they no longer wanted to furnish this service. A joint venture was formed between the Cities of Vandalia, Huber Heights and Tipp City to take over the Conservancy District operation. The joint venture now furnishes waste water treatment services to each city. Each city owns and maintains the infrastructure necessary to furnish service to their citizens. All capital repairs and upkeep of the treatment plant are the responsibility of the joint venture. The joint venture in turn will set costs of service for the cities, based on flow, to maintain the plant. The City of Vandalia will in turn, charge its citizens accordingly. Any capital outlay needed to maintain Vandalia's sewer infrastructure was provided by user fees. Due to the need for current and future capital improvements, maintenance and up keep of enterprise infrastructure, Council decided to implement a 9% sewer rate increase for 2008 and 2009. For 2018, there was no change in the current charge to member cities which is not more than \$1.25 per thousand gallons of usage.

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

Overall, the City's business-type activities generated over \$4.4 million in program revenues during 2018, program expenses were about \$4.6 million. Operating expenses in the business-type activities had a slight decrease from the prior year due to the close monitoring of expenses. Charges for services showed an increase in two of the three business type activities during 2018.



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As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from \$57,271,233 to \$46,078,354 for governmental activities and from \$31,908,595 to \$31,312,363 for business-type activities. See Note 22 to the basic financial statements for further discussion on the implementation of GASB 75.

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$88,892 computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of \$1,046,163.

As a result of implementing the accounting standards for pension and OPEB, the City is reporting a net pension liability, net OPEB liability, related deferred inflows of resources and an increase in expenses for the year which have a negative effect on net position. In addition, the City is reporting deferred outflows of resources related to pension and OPEB, which have a positive impact on net position. The increase in pension and OPEB expense is the difference between the contractually required contributions and the pension and OPEB expense resulting from the change in the liability that is not reported as deferred inflows or outflows. These amounts can be found in the reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities. To further explain the impact of these accounting standards on the City's net position, additional information is presented below.

	2018	2017	2018	2017
	Governmental	Governmental	Business-Type	Business-Type
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>
Deferred outflows - pension	\$ 2,918,818	\$ 5,619,089	\$ 227,963	\$ 539,735
Deferred outflows - OPEB	1,139,634	80,453	47,449	8,439
Deferred inflows - pension	(2,496,813)	(567,449)	(246,652)	(42,513)
Deferred inflows - OPEB	(598,514)	-	(51,384)	-
Net pension liability	(15,794,254)	(19,584,608)	(964,284)	(1,402,850)
Net OPEB liability	<u>(12,710,441)</u>	<u>(11,273,332)</u>	<u>(644,778)</u>	<u>(604,671)</u>
Impact of GASB 68 and 75 on net position	<u>\$ (27,541,570)</u>	<u>\$ (25,725,847)</u>	<u>\$ (1,631,686)</u>	<u>\$ (1,501,860)</u>

**Financial Analysis of the Government's Funds**

Information about the City's major governmental funds begins on page 22. These funds are reported using the modified accrual basis of accounting. Governmental funds reported revenues of \$24 million and expenditures of \$22.7 million. The general fund net change in fund balance from 2017 to 2018 was an increase of \$1,025,165. Within the general fund, revenues exceeded expenditures by \$3,179,750. The total revenues of the general fund increased from 2017 by \$1,100,700 and expenditures increased from 2017 by \$282,743. The increase in revenues is due to an increase in municipal income tax and property and other taxes for 2018. The increase in expenditures is not due to any one single event. Transfers to other funds such as the capital improvement fund, the general obligation debt service fund and the golf



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fund equaled \$2 million. The funds transferred were used for capital assets, improvements, repairs, and debt.

The capital improvement fund balance increased by \$211,495 due to a decrease in capital related expenditures. Fund balance at December 31, 2018, was \$829,605. The police, fire and street capital improvements fund balance increased \$237,797 from 2017 to an ending fund balance of \$795,700. This increase is due to an increase in municipal income taxes. The general obligation bond retirement fund balance increased \$877,768 from 2017 to an ending deficit fund balance of \$2,741,890. This increase is due to a decrease in the bond anticipation note payable. All other governmental funds fund balance decreased by \$400,378 during 2018. This is due a decrease in revenues and an increase in expenditures for 2018.

The City has implemented a series of rate increases in the enterprise funds to help alleviate future fund losses. If unrestricted net position is not sufficient to sustain the losses, the City will provide transfers and advances from the general fund as necessary to cover negative balances. Charges for services for water and sewer services have historically been established to ensure that on a cash basis, fees are adequate to cover operations. In the past, Council has not set fees with the intention of funding capital improvements, however, beginning in 2004, capital items are now charged to the enterprise funds. Therefore, during 2004, Council passed ordinances to implement new fee structures for water and sewer rates. Of the water and sewer funds, both funds showed an increase in cash during 2018.

The golf activity's operating loss of \$309,109 is attributable to continually increasing costs for contractual services related to repair and maintenance of the facility with only small increases in fees charged. The Golf course is intended to be operated as a business-type activity. However, historically; Council has not set fees adequate to cover all operating expenses. Even though this operation periodically receives governmental support, it is reflected as a business-type activity.

***General fund budgeting highlights***

The City's budget is adopted on a fund basis. Before the budget is adopted council reviews the detailed work papers of each function within the general fund, and then adopts the budget on a fund basis. During 2018, 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 29. Within each departmental function, a department head may make small line item adjustments within their budget, as long as the total operation and maintenance amount does not exceed their original budget allowance.

Original general fund budgeted revenues and other financing sources increased \$4,469, from \$23,655,212 to the final budgeted amount of \$23,659,681 for the fiscal year end December 31, 2018. Municipal income taxes final budget was consistent with actual income tax revenue for the prior year. At the end of the year, actual municipal income revenues were less than the final budget by \$337,049.

Original general fund expenditures and other financing uses increased \$248,950, from \$25,243,371 to the final budgeted amount of \$25,492,321. This increase was due to an increase in legislative and executive appropriations. Actual expenditures were \$1,473,649 below final budget expenditures for 2018 due to the close monitoring of expenditures.

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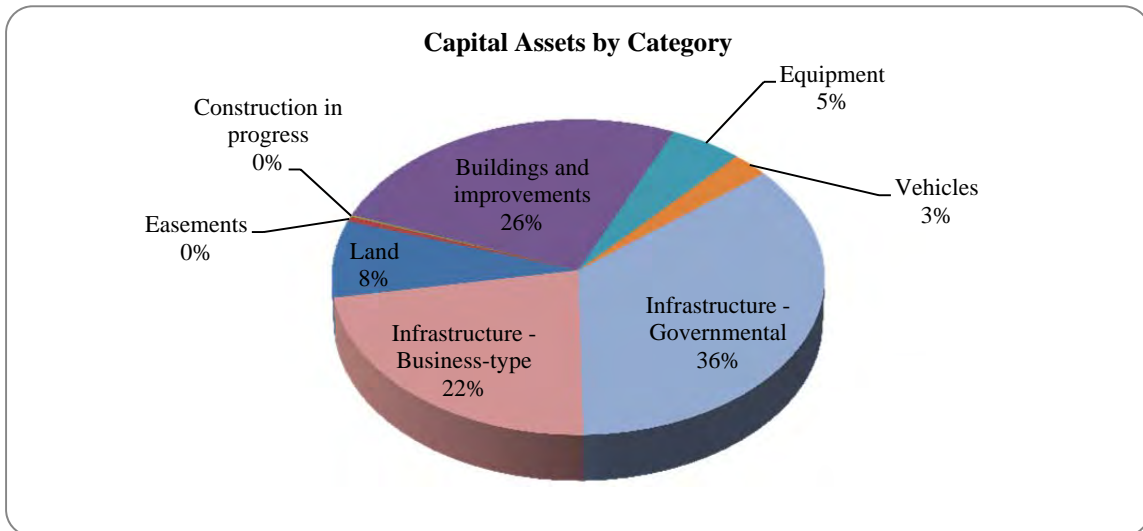
**Capital Assets and Debt Administration**

**Capital Assets**

(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	\$ 5,609,469	\$ 5,609,469	\$ 167,369	\$ 167,369	\$ 5,776,838	\$ 5,776,838
Easements	376,999	376,999	500	500	377,499	377,499
Construction in progress	111,608	720,114	2,662	220,376	114,270	940,490
Buildings and improvements	17,721,380	18,292,815	1,177,652	1,222,203	18,899,032	19,515,018
Equipment	3,214,304	2,570,093	415,214	420,816	3,629,518	2,990,909
Vehicles	1,853,410	1,920,826	-	-	1,853,410	1,920,826
Infrastructure	<u>26,055,245</u>	<u>26,969,929</u>	<u>16,490,141</u>	<u>16,689,901</u>	<u>42,545,386</u>	<u>43,659,830</u>
Total	<u>\$ 54,942,415</u>	<u>\$ 56,460,245</u>	<u>\$ 18,253,538</u>	<u>\$ 18,721,165</u>	<u>\$ 73,195,953</u>	<u>\$ 75,181,410</u>

Capital assets, net of depreciation, in governmental activities decreased from the prior year. This is due to current year depreciation expense exceeding current year additions. Capital assets, net of depreciation, for the business-type activities also decreased during 2018 for the same reason. See Note 7 of the notes to the basic financial statements for more detailed information on capital assets.



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(Unaudited)

**Debt**

At December 31, 2018, the City of Vandalia had \$7,457,251 in bonds, notes, loans and capital leases.

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Unvoted general obligation bonds						
Various purpose limited tax	\$ 1,816,999	\$ 2,144,682	\$ -	\$ -	\$ 1,816,999	\$ 2,144,682
State infrastructure bank loan	1,214,609	1,130,750	-	-	1,214,609	1,130,750
OPWC loan	28,406	35,508	137,410	67,061	165,816	102,569
Capital leases	24,379	120,433	10,448	51,614	34,827	172,047
	<u>\$ 3,084,393</u>	<u>\$ 3,431,373</u>	<u>\$ 147,858</u>	<u>\$ 118,675</u>	<u>\$ 3,232,251</u>	<u>\$ 3,550,048</u>

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

The City has short term note obligations being reported in the capital improvement capital projects fund, and the general obligation bond retirement debt service fund in the amounts of \$1,399,000, and \$2,826,000, respectively. Revenues for payment of interest and principal on the bond anticipation notes will result from proceeds from new notes to be issued in 2019. The general obligation debt service fund will retire the debt.

The City's overall legal debt margin was \$35,159,822 at December 31, 2018. See Note 9, 10 and 11 of the notes to the basic financial statements for more detailed information on debt of the City.

**Contacting the City's Financial Management**

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

City of Vandalia, Ohio  
Statement of Net Position  
December 31, 2018

	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in pooled cash and investments	\$ 22,109,653	\$ 5,617,841	\$ 27,727,494
Cash and cash equivalents with fiscal agent	456,760	-	456,760
Receivables:			
Income tax	2,962,879	-	2,962,879
Property and other taxes	1,213,754	-	1,213,754
Accounts	623,547	354,116	977,663
Revenue in lieu of taxes receivable	51,265	-	51,265
Accrued interest	92,346	-	92,346
Due from other governments	1,105,040	-	1,105,040
Materials and supplies inventory	137,025	12,792	149,817
Inventory held for resale	-	11,136	11,136
Prepaid items	42,885	-	42,885
Restricted: equity in pooled cash and cash equivalents	-	50,052	50,052
Investment in joint venture	-	9,165,638	9,165,638
Internal balances	(51,114)	51,114	-
Land held for resale	1,497,046	-	1,497,046
Nondepreciable capital assets	6,098,076	170,531	6,268,607
Depreciable capital assets, net	48,844,339	18,083,007	66,927,346
Total assets	<u>85,183,501</u>	<u>33,516,227</u>	<u>118,699,728</u>
<u>Deferred outflows of resources:</u>			
Pension	2,918,818	227,963	3,146,781
OPEB	1,139,634	47,449	1,187,083
Total deferred outflows of resources	<u>4,058,452</u>	<u>275,412</u>	<u>4,333,864</u>
<u>Liabilities:</u>			
Accounts payable	433,410	21,850	455,260
Contracts payable	102,616	-	102,616
Accrued wages and benefits	192,639	13,068	205,707
Matured compensated absences payable	99,777	5,288	105,065
Due to other governments	172,445	10,453	182,898
Due to related parties	-	165,078	165,078
Unearned revenue	2,536	1,077	3,613
Income tax refunds payable	395,116	-	395,116
Bond anticipation notes payable	4,225,000	-	4,225,000
Accrued interest payable	57,069	-	57,069
Claims payable	284,235	-	284,235
Refundable deposits	-	50,052	50,052
Long-term liabilities:			
Due within one year	1,462,313	134,698	1,597,011
Due in more than one year:			
Net pension liability	15,794,254	964,284	16,758,538
Net OPEB liability	12,710,441	644,778	13,355,219
Other amounts due in more than one year	3,319,672	213,139	3,532,811
Total liabilities	<u>39,251,523</u>	<u>2,223,765</u>	<u>41,475,288</u>

(Continued)

City of Vandalia, Ohio  
Statement of Net Position  
December 31, 2018  
(Continued)

	Governmental Activities	Business-Type Activities	Total
<u>Deferred inflows of resources:</u>			
Property taxes	1,128,915	-	1,128,915
Payments in lieu of taxes	51,265	-	51,265
Pension	2,496,813	246,652	2,743,465
OPEB	598,514	51,384	649,898
Total deferred inflows or resources	<u>4,275,507</u>	<u>298,036</u>	<u>4,573,543</u>
<u>Net position:</u>			
Net investment in capital assets	49,032,022	18,116,128	67,148,150
Restricted for capital projects	1,864,013	-	1,864,013
Restricted for streets and highways	1,682,718	-	1,682,718
Restricted for other purposes	508,627	-	508,627
Unrestricted	(7,372,457)	13,153,710	5,781,253
Total net position	<u>\$ 45,714,923</u>	<u>\$ 31,269,838</u>	<u>\$ 76,984,761</u>

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio  
Statement of Activities  
For the Year Ended December 31, 2018

	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	\$ 3,604,011	\$ 1,251,510	\$ -	\$ -
Judicial system	2,188,721	1,505,069	-	-
Public safety				
Police	6,435,546	48,946	-	-
Fire	2,871,886	551,939	-	12,083
Public works				
Engineer	1,105,531	488,646	-	-
Streets	3,920,749	99,489	1,253,439	10,000
Refuse	1,003,461	1,016,965	-	-
Recreation	4,494,143	1,546,317	15,530	-
Interest and fiscal charges	220,783	-	-	-
Total governmental activities	<u>25,844,831</u>	<u>6,508,881</u>	<u>1,268,969</u>	<u>22,083</u>
<u>Business-Type Activities:</u>				
Water	1,904,562	2,317,000	-	-
Sewer	1,567,017	1,341,381	-	-
Golf	1,127,198	812,708	-	-
Total business-type activities	<u>4,598,777</u>	<u>4,471,089</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 30,443,608</u>	<u>\$ 10,979,970</u>	<u>\$ 1,268,969</u>	<u>\$ 22,083</u>

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

Change in net position

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

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (2,352,501)	\$ -	\$ (2,352,501)
(683,652)	-	(683,652)
(6,386,600)	-	(6,386,600)
(2,307,864)	-	(2,307,864)
(616,885)	-	(616,885)
(2,557,821)	-	(2,557,821)
13,504	-	13,504
(2,932,296)	-	(2,932,296)
(220,783)	-	(220,783)
(18,044,898)	-	(18,044,898)
-	412,438	412,438
-	(225,636)	(225,636)
-	(314,490)	(314,490)
-	(127,688)	(127,688)
\$ (18,044,898)	\$ (127,688)	\$ (18,172,586)
1,332,753	-	1,332,753
15,237,654	-	15,237,654
720,412	-	720,412
75,798	-	75,798
351,588	-	351,588
48,425	-	48,425
(85,163)	85,163	-
17,681,467	85,163	17,766,630
(363,431)	(42,525)	(405,956)
46,078,354	31,312,363	77,390,717
\$ 45,714,923	\$ 31,269,838	\$ 76,984,761

City of Vandalia, Ohio  
Balance Sheet  
Governmental Funds  
December 31, 2018

	General	Capital Improvement	Police, Fire and Street Capital Improvements	General Obligation Bond Retirement
<b>Assets:</b>				
Equity in pooled cash and investments	\$ 15,995,642	\$ 912,576	\$ 814,764	\$ 109,728
Cash and cash equivalents with fiscal agent	456,760	-	-	-
<b>Receivables:</b>				
Income tax	2,962,879	-	-	-
Property and other taxes	1,213,754	-	-	-
Accounts	463,120	-	-	-
Revenue in lieu of taxes	-	-	-	-
Accrued interest	92,346	-	-	-
<b>Restricted assets:</b>				
Equity in pooled cash and cash equivalents	46,792	-	-	-
Due from other governments	299,564	-	-	-
Materials and supplies inventory	12,000	-	-	-
Interfund loan receivable	230,000	-	-	-
Land held for resale	-	1,497,046	-	-
<b>Total assets</b>	<b>\$ 21,772,857</b>	<b>\$ 2,409,622</b>	<b>\$ 814,764</b>	<b>\$ 109,728</b>
<b>Liabilities:</b>				
Accounts payable	\$ 325,996	\$ 59,934	\$ 12,317	\$ -
Contracts payable	-	101,280	-	-
Interfund payable	-	-	-	-
Accrued wages and benefits	183,427	-	2,424	-
Matured compensated absences payable	98,670	-	-	-
Due to other governments	160,202	-	4,323	-
Unearned revenue	2,536	-	-	-
Income tax refunds payable	395,116	-	-	-
Accrued interest payable	-	19,803	-	25,618
Bond anticipation notes payable	-	1,399,000	-	2,826,000
<b>Total liabilities</b>	<b>1,165,947</b>	<b>1,580,017</b>	<b>19,064</b>	<b>2,851,618</b>
<b>Deferred inflows of resources:</b>				
Property taxes	1,128,915	-	-	-
Payments in lieu of taxes	-	-	-	-
Unavailable revenue - delinquent property taxes	61,686	-	-	-
Unavailable revenue - other	2,312,378	-	-	-
<b>Total deferred inflows of resources</b>	<b>3,502,979</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>				
Nonspendable	58,792	-	-	-
Restricted	-	829,605	795,700	-
Committed	696,807	-	-	-
Assigned	1,099,521	-	-	-
Unassigned	15,248,811	-	-	(2,741,890)
<b>Total fund balances</b>	<b>17,103,931</b>	<b>829,605</b>	<b>795,700</b>	<b>(2,741,890)</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 21,772,857</b>	<b>\$ 2,409,622</b>	<b>\$ 814,764</b>	<b>\$ 109,728</b>

See accompanying notes to the basic financial statements.



Other Governmental Funds		Total Governmental Funds
3,615,094	\$	21,447,804
-		456,760
-		2,962,879
-		1,213,754
56,377		519,497
51,265		51,265
-		92,346
-		46,792
805,476		1,105,040
125,025		137,025
-		230,000
-		1,497,046
<u>\$ 4,653,237</u>	<u>\$</u>	<u>29,760,208</u>
\$ 34,910	\$	433,157
1,336		102,616
230,000		230,000
6,788		192,639
1,107		99,777
7,920		172,445
-		2,536
-		395,116
-		45,421
-		4,225,000
<u>282,061</u>		<u>5,898,707</u>
-		1,128,915
51,265		51,265
-		61,686
790,802		3,103,180
<u>842,067</u>		<u>4,345,046</u>
125,025		183,817
1,652,340		3,277,645
1,751,744		2,448,551
-		1,099,521
-		12,506,921
<u>3,529,109</u>		<u>19,516,455</u>
<u>\$ 4,653,237</u>	<u>\$</u>	<u>29,760,208</u>



City of Vandalia, Ohio  
Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
December 31, 2018

Total governmental fund balances		\$ 19,516,455
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in funds.		54,942,415
An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		477,504
The internal balance represents the portion of the internal service fund's assets and liabilities that are allocated to the proprietary funds.		(51,114)
Other long-term assets are not available to pay for current-period expenditures and therefore are offset by deferred inflows of resources in the funds:		
Property and other taxes	\$ 61,686	
Income taxes	1,728,783	
Licenses and permits	100	
Fines and forfeitures	3,817	
Intergovernmental	968,108	
Charges for services	370,715	
Other	31,657	
Total	3,164,866	3,164,866
The net pension and OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in the funds:		
Deferred outflows - pension	\$ 2,918,818	
Deferred inflows - pension	(2,496,813)	
Net pension liability	(15,794,254)	
Deferred outflows - OPEB	1,139,634	
Deferred inflows - OPEB	(598,514)	
Net OPEB liability	(12,710,441)	
Total	(27,541,570)	(27,541,570)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(11,648)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	\$ (1,810,000)	
Premium on bonds	(6,999)	
State infrastructure bank loan	(1,214,609)	
OPWC loan	(28,406)	
Capital lease payable	(24,379)	
Compensated absences	(1,697,592)	
Total	(4,781,985)	(4,781,985)
Net position of governmental activities		\$ 45,714,923

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, 2018

	General	Capital Improvement	Police, Fire and Street Capital Improvements	General Obligation Bond Retirement
<b>Revenues:</b>				
Municipal income tax	\$ 12,805,408	\$ -	\$ 1,865,861	\$ -
Property and other taxes	1,333,297	-	-	-
Charges for services	3,368,343	-	-	-
Licenses and permits	388,711	-	-	-
Fines and forfeitures	1,232,808	-	-	-
Intergovernmental	1,141,728	-	60,534	-
Special assessments	-	9,971	-	-
Interest	351,588	-	-	-
Payments in lieu of taxes	-	-	-	-
Other	367,207	36,639	12,240	-
<b>Total revenue</b>	<b>20,989,090</b>	<b>46,610</b>	<b>1,938,635</b>	<b>-</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General government</b>				
Legislative and executive	3,055,772	22,429	-	-
Judicial system	1,747,070	-	-	-
<b>Public safety</b>				
Police	4,940,214	-	273,901	-
Fire	2,291,221	11,000	105,306	-
<b>Public works</b>				
Engineer	787,988	4,513	-	-
Streets	517,721	74,434	214,532	-
Refuse	1,003,461	-	-	-
Recreation	3,458,873	268,306	-	-
Capital outlay	7,020	438,251	576,098	-
<b>Debt service:</b>				
Principal retirement	-	34,305	360,784	-
Interest and fiscal charges	-	51,433	113,959	58,877
<b>Total expenditures</b>	<b>17,809,340</b>	<b>904,671</b>	<b>1,644,580</b>	<b>58,877</b>
<b>Excess of revenues over (under) expenditures</b>	<b>3,179,750</b>	<b>(858,061)</b>	<b>294,055</b>	<b>(58,877)</b>
<b>Other financing sources (uses):</b>				
Issuance of loans	-	-	-	-
Transfers - in	-	1,069,556	-	936,645
Transfers - out	(2,154,585)	-	(56,258)	-
<b>Total other financing sources (uses)</b>	<b>(2,154,585)</b>	<b>1,069,556</b>	<b>(56,258)</b>	<b>936,645</b>
<b>Net change in fund balance</b>	<b>1,025,165</b>	<b>211,495</b>	<b>237,797</b>	<b>877,768</b>
<b>Fund balances at beginning of year</b>	<b>16,078,766</b>	<b>618,110</b>	<b>557,903</b>	<b>(3,619,658)</b>
<b>Fund balances at end of year</b>	<b>\$ 17,103,931</b>	<b>\$ 829,605</b>	<b>\$ 795,700</b>	<b>\$ (2,741,890)</b>

See accompanying notes to the basic financial statements.

Other Governmental Funds	Total Governmental Funds
\$ -	\$ 14,671,269
-	1,333,297
289,047	3,657,390
-	388,711
310,297	1,543,105
960,699	2,162,961
-	9,971
16,948	368,536
88,971	88,971
35,080	451,166
<u>1,701,042</u>	<u>24,675,377</u>
184,363	3,262,564
121,657	1,868,727
51,301	5,265,416
-	2,407,527
171,059	963,560
1,137,932	1,944,619
-	1,003,461
-	3,727,179
476,807	1,498,176
189,502	584,591
8,735	233,004
<u>2,341,356</u>	<u>22,758,824</u>
<u>(640,314)</u>	<u>1,916,553</u>
240,294	240,294
-	2,006,201
<u>(358)</u>	<u>(2,211,201)</u>
<u>239,936</u>	<u>35,294</u>
(400,378)	1,951,847
<u>3,929,487</u>	<u>17,564,608</u>
<u>\$ 3,529,109</u>	<u>\$ 19,516,455</u>

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, 2018

Net change in fund balances - Total governmental funds		\$ 1,951,847
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.		
In the current period, these amounts are:		
Capital outlay	\$ 1,498,176	
Capital contributions from enterprise fund	119,837	
Depreciation expense	<u>(2,823,458)</u>	
Excess of capital asset additions and contributions over depreciation expense		(1,205,445)
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.		
		(312,385)
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	\$ (544)	
Income taxes	566,385	
Payments in lieu of taxes	(13,173)	
Fines and forfeitures	26	
Intergovernmental	255,145	
Special assessments	(4,862)	
Charges for services	57,192	
Licenses and permits	100	
Other	<u>30,917</u>	
Net change in deferred inflows of resources during the year		891,186
Contractually required contributions are reported as expenditures in the governmental funds however, the statement of activities reports these amounts as deferred outflows.		
Pension		1,536,922
OPEB		17,240
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension		(2,376,203)
OPEB		(993,682)
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	\$ (57,041)	
Decrease in accrued interest	<u>9,538</u>	
Total additional expenditures		(47,503)
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.		
		(172,388)
Repayment of bond and loan principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position.		
		488,537
Payment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		96,054
Loans are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities.		
		(240,294)
The amortization of bond premium is reflected as an expense in the statement of activities.		
		2,683
Change in net position of governmental activities		<u>\$ (363,431)</u>

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Municipal income tax	\$ 15,900,000	\$ 15,900,000	\$ 15,562,951	\$ (337,049)
Property and other taxes	1,282,240	1,282,240	1,341,727	59,487
Charges for services	3,343,431	3,343,431	3,353,983	10,552
Licenses and permits	394,000	394,000	387,627	(6,373)
Fines and forfeitures	1,155,050	1,155,050	1,231,982	76,932
Intergovernmental	1,273,741	1,278,210	1,100,663	(177,547)
Interest	250,000	250,000	448,460	198,460
Other	55,750	55,750	371,465	315,715
Total revenues	<u>23,654,212</u>	<u>23,658,681</u>	<u>23,798,858</u>	<u>140,177</u>
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive	4,896,374	4,969,864	4,591,941	377,923
Judicial system	1,822,918	1,883,018	1,750,871	132,147
Public safety				
Police	5,171,291	5,171,641	4,863,823	307,818
Fire	2,481,447	2,481,449	2,274,245	207,204
Public works				
Engineer	1,083,201	1,083,201	907,197	176,004
Streets	548,301	548,301	513,997	34,304
Refuse	1,181,588	1,181,588	1,168,788	12,800
Recreation	3,847,751	3,847,759	3,522,364	325,395
Total expenditures	<u>21,032,871</u>	<u>21,166,821</u>	<u>19,593,226</u>	<u>1,573,595</u>
Excess of revenues over expenditures	<u>2,621,341</u>	<u>2,491,860</u>	<u>4,205,632</u>	<u>1,713,772</u>
Other financing sources (uses):				
Sale of capital assets	1,000	1,000	-	(1,000)
Advances - out	-	-	(230,000)	(230,000)
Transfers - out	(4,210,500)	(4,325,500)	(4,195,446)	130,054
Total other financing sources (uses)	<u>(4,209,500)</u>	<u>(4,324,500)</u>	<u>(4,425,446)</u>	<u>(100,946)</u>
Net change in fund balance	(1,588,159)	(1,832,640)	(219,814)	1,612,826
Fund balance at beginning of year	13,738,813	13,738,813	13,738,813	-
Prior year encumbrances appropriated	974,244	974,244	974,244	-
Fund balance at end of year	<u>\$ 13,124,898</u>	<u>\$ 12,880,417</u>	<u>\$ 14,493,243</u>	<u>\$ 1,612,826</u>

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio  
Statement of Fund Net Position  
Proprietary Funds  
December 31, 2018

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Golf	Total	Internal Service
<u>Assets:</u>					
Current assets:					
Equity in pooled cash and investments	\$ 2,390,232	\$ 2,861,226	\$ 366,383	\$ 5,617,841	\$ 615,057
Receivables:					
Accounts	200,048	153,492	576	354,116	104,050
Materials and supplies inventory	6,342	-	6,450	12,792	-
Inventory held for resale	-	-	11,136	11,136	-
Prepaid items	-	-	-	-	42,885
Restricted: equity in pooled cash and cash equivalents	33,536	16,516	-	50,052	-
Total current assets	2,630,158	3,031,234	384,545	6,045,937	761,992
Noncurrent assets:					
Investment in joint venture	1,390,851	7,774,787	-	9,165,638	-
Capital assets:					
Land and easements	58,424	500	108,945	167,869	-
Construction in progress	1,554	1,108	-	2,662	-
Depreciable capital assets, net	8,372,760	8,749,738	960,509	18,083,007	-
Total noncurrent assets	9,823,589	16,526,133	1,069,454	27,419,176	-
Total assets	12,453,747	19,557,367	1,453,999	33,465,113	761,992
<u>Deferred outflows of resources:</u>					
Pension	72,712	68,782	86,469	227,963	-
OPEB	15,134	14,317	17,998	47,449	-
Total deferred outflows of resources	87,846	83,099	104,467	275,412	-
<u>Liabilities:</u>					
Current liabilities:					
Accounts payable	1,923	7,130	12,797	21,850	253
Accrued wages and benefits	3,927	3,871	5,270	13,068	-
Matured compensated absences payable	1,318	1,318	2,652	5,288	-
Due to other governments	2,795	2,792	4,866	10,453	-
Due to related parties	83,015	82,063	-	165,078	-
Unearned revenue	-	-	1,077	1,077	-
Capital leases payable	5,224	5,224	-	10,448	-
Compensated absences payable	29,113	29,113	35,860	94,086	-
Claims payable	-	-	-	-	284,235
OPWC loans payable	24,861	5,303	-	30,164	-
Refundable deposits	33,536	16,516	-	50,052	-
Total current liabilities	185,712	153,330	62,522	401,564	284,488
Long-term liabilities:					
Compensated absences payable	43,934	43,934	18,025	105,893	-
OPWC loans payable, net of current portion	91,334	15,912	-	107,246	-
Net pension liability	307,573	290,948	365,763	964,284	-
Net OPEB liability	205,662	194,545	244,571	644,778	-
Total long-term liabilities	648,503	545,339	628,359	1,822,201	-
Total liabilities	834,215	698,669	690,881	2,223,765	284,488

(Continued)



City of Vandalia, Ohio  
Statement of Fund Net Position  
Proprietary Funds  
December 31, 2018  
(Continued)

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service
	Water	Sewer	Golf	Total	
<u>Deferred inflows of resources:</u>					
Pension	78,673	74,422	93,557	246,652	-
OPEB	16,389	15,504	19,491	51,384	-
Total deferred inflows of resources	<u>95,062</u>	<u>89,926</u>	<u>113,048</u>	<u>298,036</u>	<u>-</u>
<u>Net position:</u>					
Net investment in capital assets	8,316,543	8,730,131	1,069,454	18,116,128	-
Unrestricted	3,295,773	10,121,740	(314,917)	13,102,596	477,504
Total net position	<u>\$ 11,612,316</u>	<u>\$ 18,851,871</u>	<u>\$ 754,537</u>	<u>31,218,724</u>	<u>\$ 477,504</u>

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

51,114
<u>Net position of business-type activities</u>
<u>\$ 31,269,838</u>

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio  
Statement of Revenues, Expenses and Changes in Fund Net Position  
Proprietary Funds  
For the Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service
	Water	Sewer	Golf	Total	
<u>Operating revenues:</u>					
Charges for services	\$ 2,291,519	\$ 1,640,563	\$ 805,138	\$ 4,737,220	\$ 2,112,665
Tap-in fees	3,950	17,900	-	21,850	-
Other	60,844	7,925	7,570	76,339	262,846
Total operating revenue	<u>2,356,313</u>	<u>1,666,388</u>	<u>812,708</u>	<u>4,835,409</u>	<u>2,375,511</u>
<u>Operating expenses:</u>					
Personal services	370,986	354,540	562,450	1,287,976	-
Contractual services	1,254,565	914,445	288,271	2,457,281	513,847
Supplies and materials	40,015	28,590	160,851	229,456	-
Claims	-	-	-	-	2,049,737
Depreciation	230,756	263,685	64,794	559,235	-
Other	2,483	-	45,451	47,934	-
Total operating expenses	<u>1,898,805</u>	<u>1,561,260</u>	<u>1,121,817</u>	<u>4,581,882</u>	<u>2,563,584</u>
Operating income (loss)	<u>457,508</u>	<u>105,128</u>	<u>(309,109)</u>	<u>253,527</u>	<u>(188,073)</u>
<u>Nonoperating revenue (expenses):</u>					
Investment in joint venture	(39,313)	(325,007)	-	(364,320)	-
Loss on sale of capital assets	(110,837)	(9,000)	(416)	(120,253)	-
Interest and fiscal charges	(397)	(397)	-	(794)	-
Total nonoperating revenue (expense)	<u>(150,547)</u>	<u>(334,404)</u>	<u>(416)</u>	<u>(485,367)</u>	<u>-</u>
Income (loss) before transfers	<u>306,961</u>	<u>(229,276)</u>	<u>(309,525)</u>	<u>(231,840)</u>	<u>(188,073)</u>
Transfers in	<u>-</u>	<u>-</u>	<u>205,000</u>	<u>205,000</u>	<u>-</u>
Change in net position	<u>306,961</u>	<u>(229,276)</u>	<u>(104,525)</u>	<u>(26,840)</u>	<u>(188,073)</u>
Net position at beginning of year, restated	<u>11,305,355</u>	<u>19,081,147</u>	<u>859,062</u>		<u>665,577</u>
Net position at end of year	<u>\$ 11,612,316</u>	<u>\$ 18,851,871</u>	<u>\$ 754,537</u>		<u>\$ 477,504</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. (15,685)

Change in net position of business-type activities \$ (42,525)

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds				Governmental
	Water	Sewer	Golf	Total	Internal Service
Cash flows from operating activities:					
Cash received from customers	\$ 2,339,633	\$ 1,652,710	\$ 811,447	\$ 4,803,790	\$ -
Cash received from interfund services provided	-	-	-	-	2,306,400
Cash payments for employee services and benefits	(334,643)	(319,041)	(498,512)	(1,152,196)	-
Cash payments to suppliers for goods and services	(1,326,624)	(929,217)	(490,616)	(2,746,457)	(514,902)
Cash payments for claims	-	-	-	-	(1,950,337)
Utility deposits received	3,794	1,868	-	5,662	-
Utility deposits returned	(6,959)	(3,428)	-	(10,387)	-
Net cash provided by (used) for operating activities	675,201	402,892	(177,681)	900,412	(158,839)
Cash flows from noncapital financing activities:					
Transfers from other funds	-	-	205,000	205,000	-
Net cash provided by noncapital financing activities	-	-	205,000	205,000	-
Cash flows from capital and related financing activities:					
Grants	29,522	-	-	29,522	-
OPWC loan	83,761	-	-	83,761	-
Interest paid on capital lease	(397)	(397)	-	(794)	-
Principal payment on capital lease	(20,583)	(20,583)	-	(41,166)	-
Principal payment on OPWC loan	(8,109)	(5,303)	-	(13,412)	-
Acquisition of capital assets	(155,469)	(10,108)	(46,284)	(211,861)	-
Net cash used for capital and related financing activities	(71,275)	(36,391)	(46,284)	(153,950)	-
Cash flows from investing activities:					
Investment in joint venture	(280,869)	-	-	(280,869)	-
Net cash used for investing activities	(280,869)	-	-	(280,869)	-
Net increase (decrease) in cash and cash equivalents	323,057	366,501	(18,965)	670,593	(158,839)
Cash and cash equivalents at beginning of year	2,100,711	2,511,241	385,348	4,997,300	773,896
Cash and cash equivalents at end of year	\$ 2,423,768	\$ 2,877,742	\$ 366,383	\$ 5,667,893	\$ 615,057
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 457,508	\$ 105,128	\$ (309,109)	\$ 253,527	\$ (188,073)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	230,756	263,685	64,794	559,235	-
Change in assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable	(16,680)	(13,678)	(576)	(30,934)	(69,111)
Materials and supplies inventory	1,551	-	(3,035)	(1,484)	-
Prepaid items	-	-	-	-	(1,051)
Due from other governments	100	92	158	350	-
Decrease in deferred outflows of resources - pension	99,445	94,069	118,258	311,772	-
(Increase) in deferred outflows of resources - OPEB	(12,442)	(11,771)	(14,797)	(39,010)	-

(Continued)

City of Vandalia, Ohio  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds				Governmental
	Water	Sewer	Golf	Total	Activities Internal Service
Increase (decrease) in liabilities:					
Accounts payable	(1,724)	2,983	6,875	8,134	(4)
Contracts payable	-	-	-	-	-
Refundable deposits	(3,165)	(1,560)	-	(4,725)	-
Claims payable	-	-	-	-	99,400
Unearned revenue	-	-	(685)	(685)	-
Accrued wages and benefits	66	1,120	1,498	2,684	-
Compensated absences	(4,708)	(4,708)	12,602	3,186	-
Due to related parties	(29,388)	10,835	-	(18,553)	-
Due to other governments	(525)	(177)	553	(149)	-
Net pension liability	(139,888)	(132,326)	(166,352)	(438,566)	-
Net OPEB liability	12,793	12,101	15,213	40,107	-
Increase in deferred inflows of resources - pension	65,113	61,595	77,431	204,139	-
Increase in deferred inflows of resources - OPEB	16,389	15,504	19,491	51,384	-
Net cash provided by (used for) operating activities	\$ 675,201	\$ 402,892	\$ (177,681)	\$ 900,412	\$ (158,839)

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio  
Statement of Fiduciary Assets and Liabilities  
December 31, 2018

	Agency
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 6,197,356
Cash and cash equivalents in segregated accounts	101,226
Investments	747,147
Receivables:	
Accounts	3,982
Total assets	\$ 7,049,711
 <u>Liabilities:</u>	
Due to other governments	\$ 45,409
Due to employees	5,749
Undistributed monies	162,454
Due to others	6,836,099
Total liabilities	\$ 7,049,711

See accompanying notes to the basic financial statements.

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

The financial statements of the City of Vandalia have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the City's accounting policies are described below.

**A. Reporting Entity**

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

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

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

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

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

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2018

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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 15.

## **B. Basis of Presentation**

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

### Government-wide Financial Statements

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

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

### Fund Financial Statements

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

## **C. Fund Accounting**

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

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2018

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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.

Police, Fire and Street Capital Improvements - To account for the .25% increase in income taxes restricted for capital purchases for the police, fire and street departments and a portion of the police department's personnel costs.

General Obligation Bond Retirement Fund - To account for transfers from the general fund property tax revenue restricted to pay for general obligation bond debt.

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

Proprietary Funds

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

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

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

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

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

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



City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2018

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Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

The City's agency funds account for building permit fees collected on behalf of the State, municipal court collections that are distributed to various local governments, the collection of income taxes for other subdivisions, performance bonds pledged by contractors, the activities of the Northern Area Water Authority and Tri-Cities North Regional Wastewater Authority and collection and distribution of employee health care expenses.

**D. Measurement Focus**

Government-wide Financial Statements

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

Fund Financial Statements

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

**E. Basis of Accounting**

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

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2018

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Revenues - Exchange and Nonexchange 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.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 5). Revenue from grants, entitlements, shared revenues and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for pension and other postemployment benefits (OPEB). The deferred outflows of resources related to pension and OPEB are explained in Notes 12 and 13.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenues. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance year 2019 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported on the governmental funds balance sheet, and represents receivables/revenues which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, franchise taxes, intergovernmental grants, special assessments, and charges for services. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. (See Notes 12 and 13)

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2018

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Expenses/Expenditures

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

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

**F. Equity in Pooled Cash and Investments**

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

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 fiduciary assets and liabilities 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.

The City has invested in an external investment pool; the Dayton Foundation. This is presented on the statement of net position as “cash and cash equivalents with fiscal agent”.

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 the State Treasury Asset Reserve of Ohio (STAR Ohio) investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by the City. The City measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For 2018, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice is appreciated 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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 2018 amounted to \$351,588, which includes \$132,883 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.

Inventories of the general fund, the street special revenue fund and the water fund primarily consist of expendable supplies held for consumption. Inventories of the golf fund consist of expendable supplies held for consumption, purchased food and supplies held for resale.

### **H. Restricted Assets**

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

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

### **I. Interfund Balances**

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

### **J. Prepaids**

Payments made to vendors for services that will benefit periods beyond December 31, 2018 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure or expense is reported in the year in which services are consumed.

### **K. Capital Assets**

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

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2018

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All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of five thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. 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, easements, and construction and progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

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

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

**L. Pension and other postemployment benefits (OPEB) liabilities**

For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

The current accounting standard requires Cities to report their proportionate share of the net pension/OPEB liability using the earning approach to pension and OPEB accounting instead of the funding approach as previously used. The funding approach limited pension and postemployment costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension/OPEB liability. Under the new standards, the net pension/OPEB liability equals the City's proportionate share of each plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

Pension and OPEB obligations, whether funded or unfunded, are part of the employment exchange. The employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. The unfunded portion of this benefit of exchange is a liability of the City. However, the City is not responsible for key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension/OPEB benefits with the employer. Benefit provisions and both employer and employee contribution rates are determined by State statute. The employee and employer enter the employment exchange with the knowledge that the exchange is limited by law. The pension system is responsible for the administration of the pension and OPEB plans.

City of Vandalia, Ohio  
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There is no repayment schedule for the net pension/OPEB liability. The City has no control over the changes in the benefits, contributions rates, and return on investments affecting the balance of the liabilities. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not identify the responsible party for the unfunded portion. Due to the unique nature of how the pension/OPEB liability is satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

#### **M. 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.

#### **N. 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, compensated absences and the net pension/OPEB liability 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. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

#### **O. Fund Balance**

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

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
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**Nonspendable** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans, as well as property acquired for resale, unless the proceeds from the collection of these loans or from the sale of these properties is restricted, committed, or assigned.

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

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

**Assigned** Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by City Council. The finance director is authorized to assign fund balance using encumbrances for planned purchases, provided such amounts have been lawfully appropriated. City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

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

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

**P. Net Position**

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

Net position restricted for other purposes include police services, court activities and educational programs as restricted by the City. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net positions are available. None of the restricted net position for the City was restricted by enabling legislation.

**Q. 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 goods or service that is the primary activity of the fund. Revenues and expenses that do not meet these definitions are reported as nonoperating.

**R. Bond Premiums/Issuance Costs**

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

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

**S. Interfund Activity**

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

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



## **T. Estimates**

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

## **U. Budgetary Process**

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

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).

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2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Advances in and advances out (“repayment of advances”) are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. The change in fair value of investments is not included on the budget operating statement. This amount is included as revenue on the GAAP basis operating statement.
6. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statements.
7. The City’s portion of the activity of the Municipal Court is not included on the budgetary statement. This activity is included on the GAAP basis operating statement.
8. The revenues, expenditures and other financing sources and uses of the general fund include activity that is budgeted within special revenue funds (GAAP basis). However, on the budgetary basis, the activity of the special revenue funds is excluded resulting in perspective differences.

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

Net Change in Fund Balance	
	<u>General</u>
GAAP Basis	\$ 1,025,165
Revenue accruals	2,867,634
Expenditure accruals	(2,733,918)
Change in fair value of investments - 2017	65,609
Change in fair value of investments - 2018	(123,475)
Perspective differences from funds budgeted as special revenue funds:	
Other financing sources	(175,000)
Expenditures	190,999
Encumbrances (Budget Basis) outstanding at year end	<u>(1,336,828)</u>
Budget Basis	<u>\$ (219,814)</u>

City of Vandalia, Ohio  
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**NOTE 3 – FUND BALANCE**

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

Fund Balances	<u>General</u>	<u>Capital Improvement</u>	<u>Police, Fire and Street Capital Improvements</u>	<u>General Obligation Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Nonspendable</u>						
Materials and supplies inventory	\$ 12,000	\$ -	\$ -	\$ -	\$ 125,025	\$ 137,025
Unclaimed monies	<u>46,792</u>	-	-	-	-	<u>46,792</u>
Total nonspendable	<u>58,792</u>	-	-	-	<u>125,025</u>	<u>183,817</u>
<u>Restricted for</u>						
Streets and highways	-	-	-	-	884,901	884,901
Court activities	-	-	-	-	310,394	310,394
Police services	-	-	-	-	212,603	212,603
Capital improvements	-	<u>829,605</u>	<u>795,700</u>	-	<u>244,442</u>	<u>1,869,747</u>
Total restricted	<u>-</u>	<u>829,605</u>	<u>795,700</u>	<u>-</u>	<u>1,652,340</u>	<u>3,277,645</u>
<u>Committed</u>						
Employee retirements	240,047	-	-	-	-	240,047
Capital improvements	-	-	-	-	1,250,000	1,250,000
Cultural arts	456,760	-	-	-	-	456,760
Stormwater system	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>501,744</u>	<u>501,744</u>
Total committed	<u>696,807</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,751,744</u>	<u>2,448,551</u>
<u>Assigned</u>						
Various purchases on order*	1,061,375	-	-	-	-	1,061,375
Next year's budget	<u>38,146</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,146</u>
Total assigned	<u>1,099,521</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,099,521</u>
Unassigned (deficit)	<u>15,248,811</u>	<u>-</u>	<u>-</u>	<u>(2,741,890)</u>	<u>-</u>	<u>12,506,921</u>
Total fund balances	<u>\$17,103,931</u>	<u>\$ 829,605</u>	<u>\$ 795,700</u>	<u>\$(2,741,890)</u>	<u>\$ 3,529,109</u>	<u>\$ 19,516,455</u>

\*Purchases on order consist primarily of materials and supplies and contractual services.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

The investment and deposit of City monies are governed by the provisions of the Charter and Codified Ordinances of the City and the Ohio Revised Code. In accordance with these provisions, investments purchased for the portfolio may be safe kept 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.

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

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

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

1. Obligations of the United States including U.S. treasury securities and government agency securities guaranteed by the United States.
2. United States government agency securities and the securities issued by instrumentalities of the U.S. including, but not limited to, obligations of the Federal National Mortgage Association (FNMA), the Federal Home Loan Mortgage Corporation (FHLMC), the Farm Credit Bank, the Federal Home Loan Bank, the Government National Mortgage Association (GNMA), and the Small Business Administration (SBA).
3. State Treasury Asset Reserve of Ohio (STAR Ohio).
4. Obligations of the State of Ohio and obligations of political subdivisions of the State of Ohio.
5. Deposits of any Ohio financial institution subject to collateralization of public funds defined by the Ohio Revised Code.
6. Bankers Acceptances and Deposits of the top fifty banks in the United States based upon asset size or Ohio based financial institutions with at least \$2 billion in total assets.
7. Prime Commercial Paper issued with a credit rating of P-1 by Standard & Poors Corporation or A-1 by Moody's rating service.
8. Obligations of corporate entities having debt rating of Aa or better by Standard & Poors Corporation or Moody's rating service.

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*Custodial Credit Risk* is the risk that in the event of bank failure, the government's deposits may not be returned to it. The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. If the institution participates in the Ohio Pooled Collateral System (OPCS), the total market value of the securities pledged can be one hundred two percent or lower if permitted by the Treasurer of State.

*Cash on hand* At year-end, the City had \$9,770 in un-deposited cash on hand which is included as part of "equity in pooled cash and investments."

*Deposits:* At year-end, the carrying amount of the City's deposits was \$8,229,202, and \$1,820,433 of the City's total bank balance of \$9,131,830 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized.

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

Investment Type	Fair Value	Percentage of Investments	Investment Maturities (in years)		
			< 1 year	< 2 years	3-5 years
Federal Home Loan Mortgage Corporation Bonds	\$ 3,278,163	12.12%	\$ -	\$ 1,182,667	\$ 2,095,496
Federal Home Loan Bank Bonds	1,468,853	5.43%	-	768,940	699,913
Federal Farm Credit Bank Bonds	702,373	2.60%	-	-	702,373
Federal National Mortgage Association Bonds	2,282,227	8.44%	-	-	2,282,227
Commerical paper	3,393,220	12.55%	3,393,220	-	-
Negotiable certificates of deposit	3,874,359	14.33%	1,930,313	1,706,178	237,868
Dayton Foundation	456,760	1.69%	456,760	-	-
STAR Ohio	8,239,892	30.47%	8,239,892	-	-
Investments recorded in agency fund:					
Federal Home Loan Mortgage Corporation Bonds	249,078	0.92%	-	-	249,078
Federal National Mortgage Association Bonds	498,070	1.84%	-	-	498,070
MS Active Assets Government Trust	1,821,944	6.74%	1,821,944	-	-
STAR Ohio	776,124	2.87%	776,124	-	-
Total investments recorded in agency fund	<u>3,345,216</u>	<u>12.37%</u>	<u>2,598,068</u>	<u>-</u>	<u>747,148</u>
Total investments	<u>\$ 27,041,063</u>	<u>100.00%</u>	<u>\$ 16,618,253</u>	<u>\$ 3,657,785</u>	<u>\$ 6,765,025</u>

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The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The preceding table identifies the City's recurring fair value measurement as of December 31, 2018. As previously discussed Star Ohio is reported at its net asset value. All other investments of the City are valued using Level 2 inputs using valuations techniques that incorporate market data for similar investments, broker quotes and inactive transactions prices.

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

*Interest Rate Risk* – The City's investment policy states that the maximum maturity for any investment is limited to a final stated maturity of seven years, an expected call of seven years, or an expected average life of seven years, where the average life is estimated by nationally recognized firms independent of the dealer selling the security to the City. The City holds various agency securities of which some are callable in fiscal year 2019.

*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 mortgage securities have an AA+ credit rating. The City's investments in commercial papers have an A-1 credit rating. The City's investment in STAR Ohio has an AAAM credit rating.

*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. More than 5% of the City's investments are in FHLMC, FHLB, FNMA bonds and commercial paper. The table above is the City's allocation as of December 31, 2018.

#### **NOTE 5 – RECEIVABLES**

Receivables at December 31, 2018, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements, shared revenues, accrued interest on investments and accounts (billings for ambulance service and utility service). No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

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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 2018 for real and public utility property taxes represents collections of the 2017 taxes. Property tax payments received during 2018 for tangible personal property (other than public utility property) is for 2018 taxes.

2018 real property taxes are levied after October 1, 2018, on the assessed value as of January 1, 2018, the lien date. Assessed values are established by State law at 35% of appraised market value. 2018 real property taxes are collected in and intended to finance 2019.

Public utility property currently is assessed at varying percentages of true value; public utility real property is assessed at 35% of true value. 2018 public utility property taxes became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2018, was \$4.14 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2017 property tax receipts were based are as follows:

<u>Property Category</u>	<u>Assessed Value</u>
<u>Real Property</u>	
Residential and agricultural	\$ 232,222,050
Commercial and industrial	111,097,610
Public utilities	38,580
<u>Personal Property</u>	
Public utilities	<u>8,088,620</u>
Total	<u>\$ 351,446,860</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.

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, 2018, and for which there is an enforceable legal claim. In the general fund, the entire receivable has been offset by deferred inflow of resources since the current taxes were not levied to finance 2018 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been recorded as a deferred inflow of resources.

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Income Taxes

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

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

All income tax proceeds are being receipted into the general fund. The general fund is transferring .25% of the income tax proceeds to the Police, Fire and Street Capital Improvements fund. The transfer of income tax was reclassified as income tax revenue during the year.

Due from Other Governments

A summary of due from other governments follows:

	<u>Amounts</u>
<b><u>Governmental Activities</u></b>	
Local Government and Local Government	
Revenue Assistance	\$ 78,940
Homestead and Rollback	79,247
Gasoline and Excise Tax	293,981
Motor Vehicle License Fees	502,225
Permissive Motor Vehicle License Tax	3,154
Other	147,493
Total	<u>\$ 1,105,040</u>

**NOTE 6 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. In 1988, the City joined the Miami Valley Risk Management Association, Inc. (MVRMA) a risk sharing insurance pool. This pool covers all property, crime, liability, boiler and machinery, and public official liability.

The City pays an annual premium to MVRMA that is intended to cover administrative expenses and any claims covered by the pool. MVRMA has the ability to require member cities to make supplemental payments in the event reserves are not adequate to cover claims. An actuarial opinion issued as of December 31, 2018, indicates reserves in excess of anticipated claims. There were no settled claims from these risks that have exceeded commercial insurance coverage for the past three years and there has been no significant reduction in coverages from last year.



City of Vandalia, Ohio  
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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, providing a traditional plan with a preferred provider organization (PPO) as well as a high deductible plan with Health Saving Account (HSA). The City contracts with Medical Mutual of Ohio for network discounts; deductibles are higher and vary for out-of-network claims. A third party administrator, Underwriters Services Corp, 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 \$50,000 per employee, per year.

During 2018, a total of \$2,563,584 was paid in benefits and administrative costs. The liability for unpaid claims cost of \$284,235, reported in the hospital care internal service fund at December 31, 2018, is based on the requirements of Governmental Accounting Standards Board Statement No. 30 and will be processed and paid in 2019. 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 2019, which were incurred in 2018 or before.

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

		<u>Balance at</u> <u>beginning of year</u>	<u>Current</u> <u>year claims</u>	<u>Claim</u> <u>payments</u>	<u>Balance at</u> <u>end of year</u>
2017	\$	110,466	1,829,319	1,754,950	184,835
2018	\$	184,835	2,049,737	1,950,337	284,235

City of Vandalia, Ohio  
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**NOTE 7 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2018, was as follows:

	<u>Balance</u> <u>12/31/2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2018</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 5,609,469	\$ -	\$ -	\$ 5,609,469
Easements	376,999	-	-	376,999
Construction in progress	<u>720,114</u>	<u>161,710</u>	<u>(770,216)</u>	<u>111,608</u>
Total capital assets, not being depreciated	<u>6,706,582</u>	<u>161,710</u>	<u>(770,216)</u>	<u>6,098,076</u>
Capital assets, being depreciated				
Buildings and improvements	31,436,869	96,877	-	31,533,746
Equipment	6,573,699	964,499	-	7,538,198
Vehicles	5,875,785	410,741	(151,908)	6,134,618
Infrastructure				
Storm sewers, bridges and culverts	12,546,155	-	-	12,546,155
Streets, sidewalks and curbs	38,225,627	436,857	-	38,662,484
Traffic signals	2,481,077	-	-	2,481,077
Street lighting	<u>1,776,705</u>	<u>15,448</u>	<u>-</u>	<u>1,792,153</u>
Total capital assets, being depreciated	<u>98,915,917</u>	<u>1,924,422</u>	<u>(151,908)</u>	<u>100,688,431</u>
Less: accumulated depreciation				
Buildings and improvements	(13,144,054)	(668,312)	-	(13,812,366)
Equipment	(4,003,606)	(320,288)	-	(4,323,894)
Vehicles	(3,954,959)	(467,869)	141,620	(4,281,208)
Infrastructure				
Storm sewers, bridges and culverts	(5,965,327)	(225,371)	-	(6,190,698)
Streets, sidewalks and curbs	(20,506,257)	(941,299)	-	(21,447,556)
Traffic signals	(1,133,463)	(110,970)	-	(1,244,433)
Street lighting	<u>(454,588)</u>	<u>(89,349)</u>	<u>-</u>	<u>(543,937)</u>
Total accumulated depreciation	<u>(49,162,254)</u>	<u>(2,823,458)</u>	<u>141,620</u>	<u>(51,844,092)</u>
Total capital assets, being depreciated, net	<u>49,753,663</u>	<u>(899,036)</u>	<u>(10,288)</u>	<u>48,844,339</u>
Governmental activities capital assets, net	<u>\$ 56,460,245</u>	<u>\$ (737,326)</u>	<u>\$ (780,504)</u>	<u>\$ 54,942,415</u>

City of Vandalia, Ohio  
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Depreciation expense was charged to governmental functions as follows:

General government	
Legislative and executive	\$ 138,231
Judicial system	82,036
Public safety	
Police	267,723
Fire	301,957
Public works	
Engineer	12,320
Streets	1,568,916
Recreation	<u>452,275</u>
Total depreciation expense	<u><u>\$ 2,823,458</u></u>

	Balance <u>12/31/2017</u>	Increases	Decreases	Balance <u>12/31/2018</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated				
Land	\$ 167,369	\$ -	\$ -	\$ 167,369
Easements	500	-	-	500
Construction in progress	<u>220,376</u>	<u>147,577</u>	<u>(365,291)</u>	<u>2,662</u>
Total assets not being depreciated	<u>388,245</u>	<u>147,577</u>	<u>(365,291)</u>	<u>170,531</u>
Capital assets, being depreciated				
Buildings and improvements	2,998,254	-	(2,747)	2,995,507
Equipment	1,059,120	64,284	(35,988)	1,087,416
Vehicles	348,618	-	-	348,618
Infrastructure				
Water lines	12,968,318	365,291	(101,837)	13,231,772
Sewer lines	16,782,598	-	-	16,782,598
Golf cart paths and sprinkler systems	<u>307,477</u>	<u>-</u>	<u>-</u>	<u>307,477</u>
Total capital assets, being depreciated	<u>34,464,385</u>	<u>429,575</u>	<u>(140,572)</u>	<u>34,753,388</u>
Less: accumulated depreciation				
Buildings and improvements	(1,776,051)	(44,434)	2,630	(1,817,855)
Equipment	(638,304)	(51,587)	17,689	(672,202)
Vehicles	(348,618)	-	-	(348,618)
Infrastructure				
Water lines	(5,359,247)	(202,441)	-	(5,561,688)
Sewer lines	(7,853,495)	(255,745)	-	(8,109,240)
Golf cart paths and sprinkler systems	<u>(155,750)</u>	<u>(5,028)</u>	<u>-</u>	<u>(160,778)</u>
Total accumulated depreciation	<u>(16,131,465)</u>	<u>(559,235)</u>	<u>20,319</u>	<u>(16,670,381)</u>
Total capital assets, being depreciated, net	<u>18,332,920</u>	<u>(129,660)</u>	<u>(120,253)</u>	<u>18,083,007</u>
Business-type activities capital assets, net	<u>\$ 18,721,165</u>	<u>\$ 17,917</u>	<u>\$ (485,544)</u>	<u>\$ 18,253,538</u>

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2018

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During the year several assets were acquired in the water and sewer funds and subsequently transferred to governmental activities. The water fund transferred \$9,000 in equipment and \$101,837 in infrastructure and the sewer fund transferred \$9,000 in equipment. These assets are being depreciated in the governmental activities.

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

Water	\$ 230,756
Sewer	263,685
Golf	<u>64,794</u>
Total depreciation expense	<u>\$ 559,235</u>

**NOTE 8 - COMPENSATED ABSENCES**

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

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

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

**NOTE 9 - LONG-TERM DEBT**

A schedule of changes in bonds and other long-term obligations of the City during 2018 follows:

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
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	Restated Amount Outstanding <u>12/31/2017</u>	<u>Increases</u>	<u>Decreases</u>	Amount Outstanding <u>12/31/2018</u>	Amount Due in <u>One Year</u>
<b>Governmental activities</b>					
<u>Unvoted general obligation bonds</u>					
2009 Various purpose limited tax					
bonds, 2.0% - 4.1%	\$ 2,135,000	\$ -	\$ (325,000)	\$ 1,810,000	\$ 335,000
Premium on bonds	<u>9,682</u>	<u>-</u>	<u>(2,683)</u>	<u>6,999</u>	<u>-</u>
Total unvoted general obligation bonds	<u>2,144,682</u>	<u>-</u>	<u>(327,683)</u>	<u>1,816,999</u>	<u>335,000</u>
Loans:					
2014 State infrastructure bank loan	1,130,750	240,294	(156,435)	1,214,609	206,304
2017 OPWC loan	<u>35,508</u>	<u>-</u>	<u>(7,102)</u>	<u>28,406</u>	<u>7,102</u>
Total loans	<u>1,166,258</u>	<u>240,294</u>	<u>(163,537)</u>	<u>1,243,015</u>	<u>213,406</u>
Other long-term obligations:					
Capital lease	120,433	-	(96,054)	24,379	24,379
Compensated absences	<u>1,640,551</u>	<u>976,184</u>	<u>(919,143)</u>	<u>1,697,592</u>	<u>889,528</u>
Total other long-term obligations	<u>1,760,984</u>	<u>976,184</u>	<u>(1,015,197)</u>	<u>1,721,971</u>	<u>913,907</u>
Net pension liability:					
OPERS	10,690,682	-	(3,342,176)	7,348,506	-
OP&F	<u>8,893,926</u>	<u>-</u>	<u>(448,178)</u>	<u>8,445,748</u>	<u>-</u>
Total net pension liability	<u>19,584,608</u>	<u>-</u>	<u>(3,790,354)</u>	<u>15,794,254</u>	<u>-</u>
Net OPEB liability:					
OPERS	4,608,013	305,632	-	4,913,645	-
OP&F	<u>6,665,319</u>	<u>1,131,477</u>	<u>-</u>	<u>7,796,796</u>	<u>-</u>
Total net OPEB liability	<u>11,273,332</u>	<u>1,437,109</u>	<u>-</u>	<u>12,710,441</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 35,929,864</u>	<u>\$ 2,653,587</u>	<u>\$ (5,296,771)</u>	<u>\$ 33,286,680</u>	<u>\$ 1,462,313</u>

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2018

	Restated Amount Outstanding <u>12/31/2017</u>	<u>Increases</u>	<u>Decreases</u>	Amount Outstanding <u>12/31/2018</u>	Amount Due in <u>One Year</u>
<b>Business-type activities</b>					
Loans:					
2017 OPWC loan	\$ 67,061	\$ -	\$ (13,412)	\$ 53,649	\$ 13,412
2018 OPWC loan	-	83,761	-	83,761	16,752
Total loans	<u>67,061</u>	<u>83,761</u>	<u>(13,412)</u>	<u>137,410</u>	<u>30,164</u>
Other long-term obligations:					
Capital lease	51,614	-	(41,166)	10,448	10,448
Compensated absences	197,897	93,966	(91,884)	199,979	94,086
Total other long-term obligations	<u>249,511</u>	<u>93,966</u>	<u>(133,050)</u>	<u>210,427</u>	<u>104,534</u>
Net pension liability - OPERS	1,402,850	-	(438,566)	964,284	-
Net OPEB liability - OPERS	604,671	40,107	-	644,778	-
Total net pension/OPEB liability	<u>2,007,521</u>	<u>40,107</u>	<u>(438,566)</u>	<u>1,609,062</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>\$ 2,324,093</u>	<u>\$ 217,834</u>	<u>\$ (585,028)</u>	<u>\$ 1,956,899</u>	<u>\$ 134,698</u>

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

During 2014, the City entered into a State Infrastructure Bank (SIB) direct loan with the Ohio Department of Transportation (ODOT) in the amount of \$1,652,215 of which \$308,334 was received in 2014, \$866,421 during 2015, \$161,775 during 2016 and \$75,391 during 2017, respectively. The remaining amount of \$240,294 was received during 2018.

During 2017, the City entered into a loan agreement with the Ohio Public Works Commission (OPWC). The loan is for a street project, water lines and sanitary sewers. The loan will be repaid in annual installments of \$20,514, maturing in 2022. Principal is paid out of the stormwater special revenue fund, the police, fire and street capital improvements capital projects fund, and the water and sewer funds.

During 2018, the City entered into a loan agreement with the Ohio Public Works Commission (OPWC). The loan is for a water project. The loan will be repaid in annual installments of \$16,752, maturing in 2023. Principal is paid out of the water fund.

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

The City pays net pension/OPEB liability obligations from the fund benefitting from employee services.

Capital lease obligations will be paid from the street fund, stormwater fund, the capital improvement fund, the water fund and the sewer fund.

City of Vandalia, Ohio  
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Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2018, are as follows:

Year ending December 31,	General Obligation Bonds		
	Principal	Interest	Total
2019	\$ 335,000	\$ 72,978	\$ 407,978
2020	345,000	59,577	404,577
2021	365,000	45,777	410,777
2022	375,000	31,178	406,178
2023	390,000	15,990	405,990
Total	<u>\$ 1,810,000</u>	<u>\$ 225,500</u>	<u>\$ 2,035,500</u>

Year ending December 31,	Governmental Activities			
	Principal	Interest	Total	OPWC Loan Principal
2019	\$ 206,304	\$ 34,903	\$ 241,207	\$ 7,102
2020	212,539	28,667	241,206	7,102
2021	218,963	22,243	241,206	7,102
2022	225,582	15,625	241,207	7,100
2023	232,400	8,806	241,206	
2024	118,821	1,782	120,603	-
Total	<u>\$ 1,214,609</u>	<u>\$ 112,026</u>	<u>\$ 1,326,635</u>	<u>\$ 28,406</u>

Business-type Activities	
Year ending December 31,	OPWC Loan Principal
2019	\$ 30,164
2020	30,164
2021	30,164
2022	30,165
2023	16,753
Total	<u>\$ 137,410</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>12/31/2017</u>		<u>Increase</u>		<u>Decreases</u>		<u>Balance</u> <u>12/31/2018</u>
Capital projects fund:							
Capital improvement, 3.5%	\$ -		\$ 1,399,000		\$ -		\$ 1,399,000
Capital improvement, 2.25%	1,514,000		-		(1,514,000)		-
Debt service fund:							
Various purpose, 2.75%	-		2,826,000		-		2,826,000
Various purpose, 2.00%	<u>3,691,000</u>		<u>-</u>		<u>(3,691,000)</u>		<u>-</u>
Total governmental activities	<u>\$ 5,205,000</u>		<u>\$ 4,225,000</u>		<u>\$ (5,205,000)</u>		<u>\$ 4,225,000</u>

In August of 2018, the City paid off \$1,514,000 in bond anticipation notes and issued \$1,399,000 in bond anticipation notes. The bond anticipation notes were issued to encourage economic development and jobs in a redevelopment area and to purchase land. Revenues for payment of interest and principal on the bond will result from proceeds from a new note to be issued in 2019.

In September of 2018, the City paid off \$3,691,000 in bond anticipation notes and issued \$2,826,000 in bond anticipation notes. The bond anticipation notes were issued for a current refunding of the 2004 Refunding Various Purpose bonds during 2014 and for a new fire truck. The general obligation bond retirement debt service fund will retire these debts.

**NOTE 11 – CAPITALIZED LEASE**

During 2014, the City entered into a capital lease. From the lease proceeds, governmental activities and business-type activities acquired four vehicles and a front loader for the public works department. These assets were capitalized and reported as additions to capital assets in the amount of \$461,016 in the governmental activities and \$197,578 in the business-type activities. These capital assets are being depreciated over their estimated useful lives.

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. 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.

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, 2018:

<u>Year</u>	<u>Lease Payments</u> <u>Governmental</u> <u>Activities</u>	<u>Lease Payments</u> <u>Business-type</u> <u>Activities</u>
2019	\$ <u>24,478</u>	\$ <u>10,490</u>
Total minimum lease payments	24,478	10,490
Less: amount representing interest	<u>(99)</u>	<u>(42)</u>
Total	<u>\$ 24,379</u>	<u>\$ 10,448</u>



**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

Net pension liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the City's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in due to other governments on both the accrual and modified accrual bases of accounting.

City of Vandalia, Ohio  
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Ohio Public Employees Retirement System

Plan Description – City employees, other than full-time police and firefighters, participate 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. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; the following disclosure focuses on the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after <u>January 7, 2013</u>	20 years of service credit prior to January 7, 2013 or eligible to retire <u>ten years after January 7, 2013</u>	Members not in other Groups and members hired on or after <u>January 7, 2013</u>
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and service requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and service requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and service requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2018

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When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>State and Local</u>
<b>2018 Statutory maximum contribution rates</b>	
Employer	14.00%
Employee	10.00%
 <b>2018 Actual contribution rates</b>	
Employer:	
Pension	14.00%
Post-employment health care benefits	<u>0.00%</u>
Total employer	<u>14.00%</u>
 Employee	 <u>10.00%</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$963,279 for 2018. Of this amount, \$97,036 is reported as due to other governments.

City of Vandalia, Ohio  
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Ohio Police and Fire Pension Fund

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 Street East Town, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit. (See OP&F CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan (DROP) provisions and reduced and unreduced benefits.)

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

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	<u>Police</u>	<u>Firefighters</u>
<b>2018 Statutory maximum contribution rates</b>		
Employer	19.50%	24.00%
Employee	12.25%	12.25%
 <b>2018 Actual contribution rates</b>		
Employer:		
Pension	19.00%	23.50%
Post-employment health care benefits	<u>0.50%</u>	<u>0.50%</u>
 Total employer	 <u>19.50%</u>	 <u>24.00%</u>
 Employee	 12.25%	 12.25%

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$685,383 for 2018. Of this amount \$78,781 is reported as due to other governments.

***Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the net pension liability - prior measurement date	0.053256%	0.140418%	
Proportion of the net pension liability - current measurement date	<u>0.052988%</u>	<u>0.137610%</u>	
Change in proportionate share	<u>-0.000268%</u>	<u>-0.002808%</u>	
 Proportionate share of the net pension liability	 \$ 8,312,790	 \$ 8,445,748	 \$ 16,758,538
Pension expense	\$ 1,630,037	\$ 935,251	\$ 2,565,288

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At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F	Total
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 8,489	\$ 128,170	\$ 136,659
Changes of assumptions	993,434	368,026	1,361,460
City contributions subsequent to the measurement date	963,279	685,383	1,648,662
Total deferred outflows of resources	\$ 1,965,202	\$ 1,181,579	\$ 3,146,781
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 163,819	\$ 15,279	\$ 179,098
Net difference between projected and actual earnings on pension plan investments	1,784,646	292,158	\$2,076,804
Changes in proportion and differences between City contributions and proportionate share of contributions	177,847	309,716	487,563
Total deferred inflows of resources	\$ 2,126,312	\$ 617,153	\$ 2,743,465

\$1,648,662 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Year ending December 31:			
2019	\$ 592,164	\$ 138,337	\$ 730,501
2020	(197,353)	61,526	(135,827)
2021	(785,864)	(241,080)	(1,026,944)
2022	(733,336)	(162,545)	(895,881)
2023	-	66,357	66,357
Thereafter	-	16,448	16,448
Total	\$ (1,124,389)	\$ (120,957)	\$ (1,245,346)

***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

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Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	3.25 percent
Future salary increases, including inflation	3.25 percent to 10.75 percent
COLA or Ad Hoc COLA	3 percent, simple
Investment rate of return	7.5 percent
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82% for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

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<u>Asset class</u>	<u>Target allocation</u>	<u>Weighted average long-term expected real rate of return (arithmetic)</u>
Fixed income	23.00%	2.20%
Domestic equities	19.00%	6.37%
Real estate	10.00%	5.26%
Private equity	10.00%	8.97%
International equities	20.00%	7.88%
Other investments	<u>18.00%</u>	<u>5.26%</u>
 Total	 <u>100.00%</u>	 <u>5.66%</u>

**Discount Rate** The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.5 percent) or one-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease <u>(6.50%)</u>	discount rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
City's proportionate share of the net pension liability	\$ 14,761,397	\$ 8,312,790	\$ 2,936,595

**Actuarial Assumptions – OP&F**

OP&F’s total pension liability as of December 31, 2017 is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2017, are presented below:



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Valuation date	January 1, 2017
Actuarial cost method	Entry age normal
Investment rate of return	8.00 percent
Projected salary increases	3.75 percent to 10.5 percent
Payroll increases	3.25 percent
Inflation assumptions	2.75 percent
Cost of living adjustments	2.20 percent and 3.00 percent

For the January 1, 2017, valuation, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68 - 77	105%	87%
78 and up	115%	120%

For the January 1, 2017, valuation, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35%	35%
60 - 69	60%	45%
70 - 79	75%	70%
80 and up	100%	90%

The most recent experience study was completed December 31, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017 are summarized below:

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Asset class	Target Allocation	Long-term expected real rate of return
Cash and cash equivalents	0.00%	0.00%
Domestic equity	16.00%	5.21%
Non-US equity	16.00%	5.40%
Core fixed income *	20.00%	2.37%
Global inflation protected securities <sup>†</sup>	20.00%	2.33%
High yield	15.00%	4.48%
Real estate	12.00%	5.65%
Private markets	8.00%	7.99%
Real Assets	5.00%	6.87%
Master limited partnerships	<u>8.00%</u>	7.36%
 Total	 <u>120.00%</u>	

Note: Assumptions are geometric

\* Levered 2x.

OP&F's Board of Trustees has incorporated the "risk parity" concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** The total pension liability was calculated using the discount rate of 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current discount rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$ 11,708,028	\$ 8,445,748	\$ 5,785,069

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

Net OPEB liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability represents the City’s proportionate share of each OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan’s fiduciary net position. The net OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the City’s obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which OPEB are financed; however, the City does receive the benefit of employees’ services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required OPEB contribution outstanding at the end of the year is included in due to other governments on both the accrual and modified accrual bases of accounting.

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

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In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2018.

#### Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

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OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is 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. The report may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

**Funding Policy** – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2018, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contractually required contribution to OP&F was \$17,240 for 2018. Of this amount, \$2,000 is reported as due to other governments.

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***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the net OPEB liability - current measurement date	0.051186%	0.137610%	
Proportion of the net OPEB liability - prior measurement date	<u>0.051609%</u>	<u>0.140418%</u>	
Change in proportionate share	<u>-0.000423%</u>	<u>-0.002808%</u>	
Proportionate share of the net OPEB liability	\$ 5,558,423	\$ 7,796,796	\$ 13,355,219
OPEB expense	\$ 452,412	\$ 593,751	\$ 1,046,163

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 4,330	\$ -	\$ 4,330
Changes of assumptions	404,712	760,801	1,165,513
City contributions subsequent to the measurement date	-	17,240	17,240
Total deferred outflows of resources	<u>\$ 409,042</u>	<u>\$ 778,041</u>	<u>\$ 1,187,083</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ -	\$ 39,324	\$ 39,324
Net difference between projected and actual earnings on OPEB plan investments	414,065	51,322	465,387
Changes in proportion and differences between City contributions and proportionate share of contributions	<u>28,905</u>	<u>116,282</u>	<u>145,187</u>
Total deferred inflows of resources	<u>\$ 442,970</u>	<u>\$ 206,928</u>	<u>\$ 649,898</u>

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\$17,240 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Year ending December 31:			
2019	\$ 92,048	\$ 75,649	\$ 167,697
2020	92,048	75,649	167,697
2021	(114,507)	75,649	(38,858)
2022	(103,517)	75,651	(27,866)
2023	-	88,480	88,480
Thereafter	-	162,795	162,795
Total	\$ (33,928)	\$ 553,873	\$ 519,945

***Actuarial Assumptions - OPERS***

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage inflation	3.25 percent
Projected salary increases, including inflation	3.25 to 10.75 percent including wage inflation
Single discount rate:	
Current measurement date	3.85 percent
Prior measurement date	4.23 percent
Investment rate of return	6.50 percent
Municipal bond rate	3.31 percent
Health care cost trend rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial cost method	Individual Entry Age

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Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

<u>Asset class</u>	<u>Target allocation</u>	<u>Weighted average long-term expected real rate of return (arithmetic)</u>
Fixed income	34.00%	1.88%
Domestic equities	21.00%	6.37%
Real estate investment trust	6.00%	5.91%
International equities	22.00%	7.88%
Other investments	<u>17.00%</u>	<u>5.39%</u>
Total	<u>100.00%</u>	<u>4.98%</u>



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**Discount Rate** A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate**

The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease <u>(2.85%)</u>	Current discount rate <u>(3.85%)</u>	1% Increase <u>(4.85%)</u>
City's proportionate share of the net OPEB liability	\$ 7,384,604	\$ 5,558,423	\$ 4,081,060

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate** Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

City of Vandalia, Ohio  
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	<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rate Assumption</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability	\$ 5,318,225	\$ 5,558,423	\$ 5,806,540

***Actuarial Assumptions – OP&F***

OP&F's total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial cost method	Entry age normal
Investment rate of return	8.0 percent
Projected salary increases	3.75 percent to 10.5 percent
Payroll growth	Inflation rate of 2.75 percent plus percent
Single discount rate:	
Current measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of living adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

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Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68 - 77	105%	87%
78 and up	115%	120%

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35%	35%
60 - 69	60%	45%
70 - 79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017, are summarized below:

<u>Asset class</u>	<u>Target Allocation</u>	<u>Long-term expected real rate of return</u>
Cash and cash equivalents	0.00%	0.00%
Domestic equity	16.00%	5.21%
Non-US equity	16.00%	5.40%
Core fixed income *	20.00%	2.37%
Global inflation protected securities	20.00%	2.33%
High yield	15.00%	4.48%
Real estate	12.00%	5.65%
Private markets	8.00%	7.99%
Real Assets	5.00%	6.87%
Master limited partnerships	<u>8.00%</u>	7.36%
Total	<u>120.00%</u>	

Note: Assumptions are geometric  
\* Levered 2x.

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OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** The total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.24 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

	1% Decrease	Current discount rate	1% Increase
	<u>(2.24%)</u>	<u>(3.24%)</u>	<u>(4.24%)</u>
City's proportionate share of the net OPEB liability	\$ 9,746,088	\$ 7,796,796	\$ 6,296,900

**Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate** Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

	<u>Non-Medicare</u>	<u>Non-AARP</u>	<u>AARP</u>	<u>Rx Drug</u>	<u>Medicare Part B</u>
2017	-0.47%	-2.50%	4.50%	-0.47%	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and Later	4.50%	4.50%	4.50%	4.50%	5.00%

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current healthcare cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2018

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	<u>1% Decrease</u>	<u>Current rates</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability	\$ 6,056,691	\$ 7,796,796	\$ 10,141,867

***Changes between Measurement Date and Report Date***

In March 2018, the OP&F Board of Trustees approved the implementation date and framework for a new health care model. Beginning January 1, 2019, the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. The impact to the City's net OPEB liability is not known.

**NOTE 14 - JOINT VENTURES**

Tri-Cities North Regional Wastewater Authority

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

The Tri-Cities North Regional Wastewater Authority (Tri-Cities) is a joint venture among the cities of Vandalia, Huber Heights and Tipp City. Tri-Cities is governed by a management board consisting of the city managers of the three cities. The board has complete authority over all aspects of the operation. Tri-Cities supplies all participating residents of the member cities with sewer services. Each city owns the sewage lines located in its city and bills its residents for usage. Continued existence of Tri-Cities is dependent on the City's continued participation and the City does have an equity interest. The percentage of equity interest for each City is based on annual usage and is adjusted each year accordingly. The City's equity interest is \$7,774,788 which represents 25.46% 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 \$844,856 for services provided in 2018. Tri-Cities had four OWDA Loans outstanding at December 31, 2018, in the amounts of \$315,285, \$1,187,787, \$4,719,252 and \$2,408,010 for a total of \$8,630,334. Complete financial statements can be obtained from the Tri-Cities North Regional Wastewater Authority, c/o City of Vandalia, 333 J.E. Bohanan Drive, Vandalia, Ohio 45377.

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2018

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Northern Area Water Authority

The City of Dayton has provided water services to the City of Vandalia since 1971. In recent years, the City of Vandalia has felt it necessary to have an alternate source of water supply and to have more control over the rate structure of water services. Also in recent years, the City of Tipp City has learned that they must build a new water treatment plant to meet Environmental Protection Agency requirements.

Seeing a common issue between the two cities, the City of Vandalia and the City of Tipp City, in March of 2002, created a joint venture to plan, finance, construct, own and operate a joint water utility system. The purpose of the water utility system will be to provide safe, high quality, reliable, reasonably priced and environmentally sound water production, treatment and distribution services to the citizens, taxpayers and consumers in the cities of Vandalia and Tipp City.

The Northern Area Water Authority (NAWA) is a joint venture among the cities of Vandalia and Tipp City. NAWA is governed by a management board consisting of the city managers of the two cities. The board has complete authority over all aspects of the operation. NAWA supply the participating residents of the member cities with water services. Each city will own the water lines located in its city and bill its residents for usage. Continued existence of NAWA is dependent on the City's continued participation and the City will have an equity interest in NAWA. During 2018, the City's equity interest is \$1,390,851 which represents 50% of the total equity of NAWA as of December 31, 2018.

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, 2018, NAWA has two outstanding loans with OWDA in the amount of \$18,248,679 and \$490,075 for the water treatment plant construction. The City of Vandalia paid \$1,366,461 for services provided in 2018. Complete financial statements can be obtained from the Northern Area Water Authority, c/o City of Vandalia, 333 J.E. Bohanan Drive, Vandalia, Ohio 45377.

**NOTE 15 - JOINTLY GOVERNED ORGANIZATION**

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

The ED/GE Advisory Committee, made up of alternating member entities' representatives, decides which proposed projects will be granted each year. Sales tax revenues, set aside by Montgomery County, are used to fund the projects. Members annually contribute to or receive benefits based on an elaborate zero-based formula designed to distribute growth in contributing communities to those communities experiencing less economic growth. The City has agreed to be a member for ten years, ending December 31, 2019. Members in default of paying contributions will be liable for the contribution, any interest accrued, and penalties. The member will not be entitled to any allocations from ED/GE. The City has did not make any contributions to ED/GE during 2018. Financial information may be obtained by writing to Linda Gum, Administrative Assistant, 451 West Third Street, Dayton, Ohio, 45402.

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2018

**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.

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, 2018, 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 RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund transfers and Due to/from other funds for the year ended December 31, 2018, consisted of the following:

<u>Transfer to</u>	<u>Transfer from</u> General	Police, Fire and Street Capital Improvements	Other Governmental Funds	<u>Total</u>
<u>Governmental activities:</u>				
Capital improvement fund	\$ 1,069,556	\$ -	\$ -	\$1,069,556
General obligation bond retirement fund	<u>880,029</u>	<u>56,258</u>	<u>358</u>	<u>936,645</u>
	<u>1,949,585</u>	<u>56,258</u>	<u>358</u>	<u>2,006,201</u>
<u>Business-Type activities:</u>				
Golf fund	<u>205,000</u>	-	-	<u>205,000</u>
Total	<u>\$ 2,154,585</u>	<u>\$ 56,258</u>	<u>\$ 358</u>	<u>\$2,211,201</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.

Interfund balances at December 31, 2018 consisted of the following:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 230,000	\$ -
Other governmental funds	<u>-</u>	<u>230,000</u>
Totals	<u>\$ 230,000</u>	<u>\$ 230,000</u>

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2018

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All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of December 31, 2018, all interfund loans outstanding are anticipated to be repaid by 2019.

**NOTE 18 – OPERATING LEASE**

On October 15, 2015, the City entered into an operating lease to lease computers and software. The lease agreement began on January 11, 2016 and is in effect until December 11, 2018 with an option to purchase the equipment anytime during the life of the lease. Total payments for the use of this equipment are \$136,085, payable in monthly installments on the eleventh day of each month.

The final payments made during 2018 totaled \$45,365, \$44,543 for the principal portion of the lease and \$822 in interest.

**NOTE 19 – ACCOUNTABILITY**

At December 31, 2018, the following funds had a deficit fund balance:

<u>Fund</u>	Deficit <u>fund balance</u>
General obligation bond retirement fund	\$ 2,741,890

It is unusual for the general obligation bond retirement debt service fund a major fund to report a deficit. The reason for the deficit in this case is that the City issued a refunding bond anticipation note (BAN), which does not qualify for treatment as a long-term liability. Accordingly, the BAN is reported as a fund liability in the general obligation bond retirement fund balance sheet (rather than an inflow on the statement of revenues, expenditures, and changes in fund balances). The deficit may continue into future years until they are either refinanced with a long-term obligation or fully repaid.

The fund balance deficits are largely the result of the recognition of liabilities in accordance with generally 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.

**NOTE 20 – COMMITMENTS**

At December 31, 2018, the City has a construction commitment for an infrastructure project totaling \$882,000. This commitment is in the stormwater fund for \$53,700, the police, fire and street capital improvements fund for \$221,962, the OPWC fund for \$226,200, the water fund for \$220,796 and the sewer fund for \$159,342.



City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2018

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**NOTE 21 – TAX ABATEMENTS**

**Real estate tax abatements**

Pursuant to Ohio Revised Code Chapter 5709, the City has established five Community Reinvestment Areas (CRAs). The City of Vandalia authorizes incentives through passage of public ordinances, based upon each business investment criteria, and through a contractual application process with each business, including proof that the improvements have been made. The abatement equals an agreed upon percentage of the additional property tax resulting from the increase in assessed value as a result of the improvements. The amount of the abatement is deducted from the recipient’s property tax bill. The establishment of the CRAs gave the City the ability to maintain and expand businesses located in the City and created new jobs by abating or reducing assessed valuation of properties, resulting in abated taxes, from new or improved business real estate.

**Income tax abatements**

The City created an incentive program for the purpose of creating and preserving jobs and employment opportunities and improves the economic welfare of the City. Pursuant to the City’s home rule powers as a charter community in accordance with Article XVIII, Section 3 & 8 of the Ohio Constitution, the City provides an incentive to the company based upon the company’s gross annual payroll, the amount of income tax generated annually and the number of jobs created or retained by the business. The abatement is administered as an incentive payment based upon the company’s payroll taxes. The cap and time period of each incentive varies for each agreement.

Under the real estate tax abatement agreements, the City property taxes were reduced by \$47,973 during 2018 and the City made incentive payments in the amount of \$331,863 for the income tax abatement programs.

**NOTE 22 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION**

For 2018, the City implemented the Governmental Accounting Standards Board (GASB) Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits other than Pensions.” GASB 75 established standards for measuring and recognizing postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported December 31, 2017:

	Governmental <u>Activities</u>	Business -Type <u>Activities</u>	<u>Total</u>
Net position December 31, 2017	\$ 57,271,233	\$ 31,908,595	\$ 89,179,828
Adjustments:			
Net OPEB liability	(11,273,332)	(604,671)	(11,878,003)
Deferred outflow - payments subsequent to measurement date	<u>80,453</u>	<u>8,439</u>	<u>88,892</u>
Restated net position January 1, 2018	<u>\$ 46,078,354</u>	<u>\$ 31,312,363</u>	<u>\$ 77,390,717</u>

City of Vandalia, Ohio  
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	<u>Water</u>	<u>Sewer</u>	<u>Golf</u>	<u>Total Enterprise</u>
Net position December 31, 2017	\$ 11,495,532	\$ 19,261,045	\$ 1,085,219	\$ 31,841,796
Adjustments:				
Net OPEB liability	(192,869)	(182,444)	(229,358)	(604,671)
Deferred outflow - payments subsequent to measurement date	<u>2,692</u>	<u>2,546</u>	<u>3,201</u>	<u>8,439</u>
Restated net position January 1, 2018	<u>\$ 11,305,355</u>	<u>\$ 19,081,147</u>	<u>\$ 859,062</u>	<u>\$ 31,245,564</u>
Net position reported for business-type activities in the statement of net position is different because they include a proportionate share of the balance of the internal service fund.				<u>66,799</u>
Net position of business-type activities				<u>\$ 31,312,363</u>

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

**Required Supplementary Information**

City of Vandalia, Ohio  
 Required Supplementary Information  
 Schedule of City's Proportionate Share of the Net Pension Liability  
 Last Five Years (1)

	2018	2017	2016	2015
<b>Ohio Public Employees Retirement System (OPERS) - Traditional Plan</b>				
City's proportion of the net pension liability	0.052988%	0.053256%	0.056614%	0.056832%
City's proportionate share of the net pension liability	\$ 8,312,790	\$ 12,093,532	\$ 9,806,258	\$ 6,854,574
City's covered payroll	\$ 7,056,223	\$ 7,434,433	\$ 6,801,825	\$ 7,034,450
City's proportionate share of the net pension liability as a percentage of its covered payroll	117.81%	162.67%	144.17%	97.44%
Plan fiduciary net position as a percentage of total pension liability	84.66%	77.25%	81.08%	86.45%

	2018	2017	2016	2015
<b>Ohio Police and Fire Pension Fund</b>				
City's proportion of the net pension liability	0.137610%	0.140418%	0.142926%	0.146112%
City's proportionate share of the net pension liability	\$ 8,445,748	\$ 8,893,926	\$ 9,194,517	\$ 7,569,221
City's covered payroll	\$ 3,229,381	\$ 3,476,364	\$ 3,089,263	\$ 3,017,685
City's proportionate share of the net pension liability as a percentage of its covered payroll	261.53%	255.84%	297.63%	250.83%
Plan fiduciary net position as a percentage of total pension liability	70.91%	68.36%	66.77%	71.71%

(1) Information prior to 2014 is not available and the amounts presented are as of the City's measurement date which is the prior year end.

(2) Restated during 2015.

2014

0.056832%

\$ 6,699,752

\$ 7,245,408

92.47%

86.36%

2014

0.146112%

\$ 7,116,122

\$ 2,383,101

298.61%

73.00% (2)

City of Vandalia, Ohio  
Required Supplementary Information  
Schedule of City Contributions - Pension  
Last Six Years (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Ohio Public Employees Retirement System (OPERS) - Traditional Plan</b>					
Contractually required contribution	\$ 963,279	\$ 917,309	\$ 892,132	\$ 816,219	\$ 844,134
Contributions in relation to contractually required contribution	<u>(963,279)</u>	<u>(917,309)</u>	<u>(892,132)</u>	<u>(816,219)</u>	<u>(844,134)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered payroll	\$ 6,880,564	\$ 7,056,223	\$ 7,434,433	\$ 6,801,825	\$ 7,034,450
Contributions as a percentage of covered payroll	14.00%	13.00%	12.00%	12.00%	12.00%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Ohio Police and Fire Pension Fund - Police</b>					
Contractually required contribution	\$ 527,414	\$ 508,278	\$ 540,214	\$ 492,573	\$ 471,293
Contributions in relation to contractually required contribution	<u>(527,414)</u>	<u>(508,278)</u>	<u>(540,214)</u>	<u>(492,573)</u>	<u>(471,293)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered payroll	\$ 2,775,863	\$ 2,675,147	\$ 2,843,232	\$ 2,592,489	\$ 2,480,489
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%	19.00%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Ohio Police and Fire Pension Fund - Fire</b>					
Contractually required contribution	\$ 157,969	\$ 130,245	\$ 148,786	\$ 116,742	\$ 126,241
Contributions in relation to contractually required contribution	<u>(157,969)</u>	<u>(130,245)</u>	<u>(148,786)</u>	<u>(116,742)</u>	<u>(126,241)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered payroll	\$ 672,209	\$ 554,234	\$ 633,132	\$ 496,774	\$ 537,196
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%	23.50%

(1) Information prior to 2013 is not available.

2013

\$ 941,903

(941,903)

\$ -

\$ 7,245,408

13.00%

2013

\$ 311,773

(311,773)

\$ -

\$ 1,982,028

15.73%

2013

\$ 81,137

(81,137)

\$ -

\$ 401,073

20.23%





City of Vandalia, Ohio  
 Required Supplementary Information  
 Schedule of City's Proportionate Share of the Net OPEB Liability  
 Last Two Years (1)

	<u>2018</u>	<u>2017 (2)</u>
<b>Ohio Public Employees Retirement System (OPERS)</b>		
City's proportion of the net OPEB liability	0.051186%	0.051609%
City's proportionate share of the net OPEB liability	\$ 5,558,423	\$ 5,212,684
City's covered payroll	\$ 7,274,500	\$ 7,664,350
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	76.41%	68.01%
Plan fiduciary net position as a percentage of total OPEB liability	54.14%	54.05%
	<u>2018</u>	<u>2017 (2)</u>
<b>Ohio Police and Fire OPEB Fund</b>		
City's proportion of the net OPEB liability	0.137610%	0.140418%
City's proportionate share of the net OPEB liability	\$ 7,796,796	\$ 6,665,319
City's covered payroll	\$ 3,229,400	\$ 3,476,400
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	241.43%	191.73%
Plan fiduciary net position as a percentage of total OPEB liability	14.13%	15.96%

(1) Information prior to 2017 is not available and the amounts presented are as of the City's measurement date which is the prior year end.

(2) Restated during 2018.

City of Vandalia, Ohio  
Required Supplementary Information  
Schedule of City Contributions - OPEB  
Last Six Years (1)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Ohio Public Employees Retirement System (OPERS)</b>					
Contractually required contribution	\$ -	\$ 72,745	\$ 153,287	\$ 140,244	\$ 145,040
Contributions in relation to contractually required contribution	<u>-</u>	<u>(72,745)</u>	<u>(153,287)</u>	<u>(140,244)</u>	<u>(145,040)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered payroll	\$ -	\$ 7,274,500	\$ 7,664,350	\$ 7,012,200	\$ 7,252,000
Contributions as a percentage of covered payroll	0.00%	1.00%	2.00%	2.00%	2.00%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Ohio Police and Fire Pension Fund - Police</b>					
Contractually required contribution	\$ 13,879	\$ 13,376	\$ 14,216	\$ 12,962	\$ 12,402
Contributions in relation to contractually required contribution	<u>(13,879)</u>	<u>(13,376)</u>	<u>(14,216)</u>	<u>(12,962)</u>	<u>(12,402)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered payroll	\$ 2,775,800	\$ 2,675,200	\$ 2,843,200	\$ 2,592,400	\$ 2,480,400
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%	0.50%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Ohio Police and Fire Pension Fund - Fire</b>					
Contractually required contribution	\$ 3,361	\$ 2,771	\$ 3,166	\$ 2,484	\$ 2,686
Contributions in relation to contractually required contribution	<u>(3,361)</u>	<u>(2,771)</u>	<u>(3,166)</u>	<u>(2,484)</u>	<u>(2,686)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered payroll	\$ 672,200	\$ 554,200	\$ 633,200	\$ 496,800	\$ 537,200
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%	0.50%

(1) Information prior to 2013 is not available.

2013

\$ 74,695

(74,695)

\$ -

\$ 7,469,500

1.00%

2013

\$ 74,723

(74,723)

\$ -

\$ 1,982,042

3.77%

2013

\$ 15,121

(15,121)

\$ -

\$ 401,088

3.77%

City of Vandalia, Ohio  
Notes to Required Supplementary Information  
For the Year Ended December 31, 2018

**Net Pension Liability**

**Ohio Public Employees Retirement System - Traditional Plan**

Changes in benefit terms: There were no significant changes in benefit terms during 2018.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for 2018. See the notes to the basic financials for the methods and assumptions in this calculation.

**Ohio Police and Fire Pension Fund**

Changes in benefit terms: There were no significant changes in benefit terms during 2018.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for 2018. See the notes to the basic financials for the methods and assumptions in this calculation.

**Net OPEB Liability**

**Ohio Public Employees Retirement System (OPERS)**

Changes in benefit terms: There were no significant changes in benefit terms during 2018.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for 2018. See the notes to the basic financials for the methods and assumptions in this calculation.

**Ohio Police and Fire Pension Fund**

Changes in benefit terms: There were no significant changes in benefit terms during 2018.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for 2018. See the notes to the basic financials for the methods and assumptions in this calculation.

**Combining Statements for Nonmajor Governmental Funds**

## Combining Statements and Individual Fund Schedules

### NONMAJOR SPECIAL REVENUE FUNDS

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

#### Street

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

#### State Highway

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

#### Permissive Motor Vehicle Tax

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

#### Law Enforcement

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

#### Drug Law Enforcement

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

#### OMVI Education and Enforcement

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

#### OMVI Indigent

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

#### Computer Legal Research

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

#### Indigent Drivers Interlock and Alcohol Monitoring (IAM)

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

Combining Statements – Nonmajor Governmental Funds (Continued)

NONMAJOR SPECIAL REVENUE FUNDS (Continued)

Police Continuous Professional Training

To account for monies received from the Ohio Attorney General for the reimbursement of police continuing professional training hours.

Stormwater

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

Magistrate

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

## NONMAJOR CAPITAL PROJECTS FUNDS

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

### Tax Increment Financing (TIF)

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

### Dixie Drive Phase 3 Widening Project

To account for the receipt and dispersal of all resources restricted for the Dixie Drive Phase 3 widening project.

### Stonequarry Crossings Tax Increment Financing (TIF)

To account for payments in lieu of taxes restricted for the commercial tax increment financing district in the Stonequarry Crossings development. . The monies will be used for the future capital projects and debt payments that will benefit the district.

### Community Development Block Grant

To account for the receipt and dispersal of all restricted federal grant monies under the Community Development Block Grant.

### Fire Equipment

To account for the receipt and dispersal of all resources restricted for a new fire truck.

### OPWC

To account for the receipt and dispersal of all restricted grant monies under the Ohio Public Works Commission.

### Facilities Improvement & Maintenance Reserve

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





City of Vandalia, Ohio  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2018

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and investments	\$ 1,890,652	\$ 1,724,442	\$ 3,615,094
Receivables:			
Accounts	56,377	-	56,377
Revenue in lieu of taxes	-	51,265	51,265
Due from other governments	805,476	-	805,476
Materials and supplies inventory	125,025	-	125,025
Total assets	\$ 2,877,530	\$ 1,775,707	\$ 4,653,237
Liabilities:			
Accounts payable	\$ 34,910	\$ -	\$ 34,910
Contracts payable	1,336	-	1,336
Interfund payable	-	230,000	230,000
Accrued wages and benefits	6,788	-	6,788
Matured compensated absences payable	1,107	-	1,107
Due to other governments	7,920	-	7,920
Total liabilities	52,061	230,000	282,061
Deferred inflows of resources:			
Payments in lieu of taxes	-	51,265	51,265
Unavailable revenue - other	790,802	-	790,802
Total deferred inflows of resources	790,802	51,265	842,067
Fund balances:			
Nonspendable	125,025	-	125,025
Restricted	1,407,898	244,442	1,652,340
Committed	501,744	1,250,000	1,751,744
Total fund balances	2,034,667	1,494,442	3,529,109
Total liabilities, deferred inflows of resources and fund balances	\$ 2,877,530	\$ 1,775,707	\$ 4,653,237

City of Vandalia, Ohio  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2018

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Charges for services	\$ 289,047	\$ -	\$ 289,047
Fines and forfeitures	310,297	-	310,297
Intergovernmental	950,651	10,048	960,699
Interest	16,948	-	16,948
Payments in lieu of taxes	-	88,971	88,971
Other	35,080	-	35,080
Total revenue	<u>1,602,023</u>	<u>99,019</u>	<u>1,701,042</u>
Expenditures:			
Current:			
General government			
Legislative and executive	148,183	36,180	184,363
Judicial system	121,657	-	121,657
Public safety			
Police	51,301	-	51,301
Public works			
Engineer	171,059	-	171,059
Streets	887,638	250,294	1,137,932
Capital outlay	476,807	-	476,807
Debt service:			
Principal retirement	62,570	126,932	189,502
Interest and fiscal charges	1,192	7,543	8,735
Total expenditures	<u>1,920,407</u>	<u>420,949</u>	<u>2,341,356</u>
Excess of revenues under expenditures	<u>(318,384)</u>	<u>(321,930)</u>	<u>(640,314)</u>
Other financing sources (uses):			
Issuance of loans	-	240,294	240,294
Transfers - out	-	(358)	(358)
Total other financing sources (uses)	<u>-</u>	<u>239,936</u>	<u>239,936</u>
Net change in fund balance	(318,384)	(81,994)	(400,378)
Fund balances at beginning of year	<u>2,353,051</u>	<u>1,576,436</u>	<u>3,929,487</u>
Fund balances at end of year	<u>\$ 2,034,667</u>	<u>\$ 1,494,442</u>	<u>\$ 3,529,109</u>

City of Vandalia, Ohio  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2018

	Street Fund	State Highway Fund	Permissive Motor Vehicle Tax Fund	Law Enforcement Fund	Drug Law Enforcement Fund
<b>Assets:</b>					
Equity in pooled cash and investments	\$ 750,582	\$ 41,945	\$ 55,052	\$ 31,480	\$ 2,174
<b>Receivables:</b>					
Accounts	26,343	-	-	-	-
Due from other governments	736,490	59,715	3,154	-	-
Materials and supplies inventory	125,025	-	-	-	-
<b>Total assets</b>	<b>\$ 1,638,440</b>	<b>\$ 101,660</b>	<b>\$ 58,206</b>	<b>\$ 31,480</b>	<b>\$ 2,174</b>
<b>Liabilities:</b>					
Accounts payable	\$ 15,545	\$ 7,519	\$ -	\$ -	\$ -
Contracts payable	668	-	-	-	-
Accrued wages and benefits	3,556	-	-	-	-
Matured compensated absences payable	751	-	-	-	-
Due to other governments	4,122	-	-	-	-
<b>Total liabilities</b>	<b>24,642</b>	<b>7,519</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Deferred inflows of resources:</b>					
Unavailable revenue - other	701,478	54,741	-	-	-
<b>Fund balances:</b>					
Nonspendable	125,025	-	-	-	-
Restricted	787,295	39,400	58,206	31,480	2,174
Committed	-	-	-	-	-
<b>Total fund balances</b>	<b>912,320</b>	<b>39,400</b>	<b>58,206</b>	<b>31,480</b>	<b>2,174</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 1,638,440</b>	<b>\$ 101,660</b>	<b>\$ 58,206</b>	<b>\$ 31,480</b>	<b>\$ 2,174</b>

OMVI Education and Enforcement Fund	OMVI Indigent Fund	Computer Legal Research Fund	Indigent Drivers IAM Fund	Police Continuous Professional Training Fund	Stormwater Fund	Magistrate Fund	Total Nonmajor Special Revenue Funds
\$ 7,502	\$ 152,746	\$ 153,070	\$ 148,643	\$ 20,111	\$ 508,712	\$ 18,635	\$ 1,890,652
-	-	-	-	-	30,034	-	56,377
1,553	3,817	-	747	-	-	-	805,476
-	-	-	-	-	-	-	125,025
<u>\$ 9,055</u>	<u>\$ 156,563</u>	<u>\$ 153,070</u>	<u>\$ 149,390</u>	<u>\$ 20,111</u>	<u>\$ 538,746</u>	<u>\$ 18,635</u>	<u>\$ 2,877,530</u>
\$ 586	\$ -	\$ 7,008	\$ 651	\$ 1,645	\$ 1,956	\$ -	\$ 34,910
-	-	-	-	-	668	-	1,336
-	-	791	-	-	1,563	878	6,788
-	-	-	-	-	356	-	1,107
-	-	650	-	-	2,425	723	7,920
<u>586</u>	<u>-</u>	<u>8,449</u>	<u>651</u>	<u>1,645</u>	<u>6,968</u>	<u>1,601</u>	<u>52,061</u>
<u>732</u>	<u>3,817</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,034</u>	<u>-</u>	<u>790,802</u>
-	-	-	-	-	-	-	125,025
7,737	152,746	144,621	148,739	18,466	-	17,034	1,407,898
-	-	-	-	-	501,744	-	501,744
<u>7,737</u>	<u>152,746</u>	<u>144,621</u>	<u>148,739</u>	<u>18,466</u>	<u>501,744</u>	<u>17,034</u>	<u>2,034,667</u>
<u>\$ 9,055</u>	<u>\$ 156,563</u>	<u>\$ 153,070</u>	<u>\$ 149,390</u>	<u>\$ 20,111</u>	<u>\$ 538,746</u>	<u>\$ 18,635</u>	<u>\$ 2,877,530</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, 2018

	Street Fund	State Highway Fund	Permissive Motor Vehicle Tax Fund	Law Enforcement Fund	Drug Law Enforcement Fund
Revenues:					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	5,743	256
Intergovernmental	839,783	68,090	42,778	-	-
Interest	15,421	562	965	-	-
Other	30,144	-	-	-	-
Total revenue	<u>885,348</u>	<u>68,652</u>	<u>43,743</u>	<u>5,743</u>	<u>256</u>
Expenditures:					
Current:					
General government					
Legislative and executive	-	-	-	-	-
Judicial system	-	-	-	-	-
Public safety					
Police	-	-	-	-	-
Public works					
Engineer	-	-	-	-	-
Streets	742,470	90,987	54,181	-	-
Capital outlay	305,568	-	-	-	-
Debt service:					
Principal retirement	48,027	-	-	-	-
Interest and fiscal charges	927	-	-	-	-
Total expenditures	<u>1,096,992</u>	<u>90,987</u>	<u>54,181</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(211,644)	(22,335)	(10,438)	5,743	256
Fund balances at beginning of year	<u>1,123,964</u>	<u>61,735</u>	<u>68,644</u>	<u>25,737</u>	<u>1,918</u>
Fund balances at end of year	<u>\$ 912,320</u>	<u>\$ 39,400</u>	<u>\$ 58,206</u>	<u>\$ 31,480</u>	<u>\$ 2,174</u>

OMVI Education and Enforcement Fund	OMVI Indigent Fund	Computer Legal Research Fund	Indigent Drivers IAM Fund	Police Continuous Professional Training Fund	Stormwater Fund	Magistrate Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 289,047	\$ -	\$ 289,047
515	25,675	136,088	19,858	-	-	122,162	310,297
-	-	-	-	-	-	-	950,651
-	-	-	-	-	-	-	16,948
821	-	1,378	-	-	1,417	1,320	35,080
<u>1,336</u>	<u>25,675</u>	<u>137,466</u>	<u>19,858</u>	<u>-</u>	<u>290,464</u>	<u>123,482</u>	<u>1,602,023</u>
-	-	148,183	-	-	-	-	148,183
-	-	-	-	-	-	121,657	121,657
1,287	36,721	-	10,819	2,474	-	-	51,301
-	-	-	-	-	171,059	-	171,059
-	-	-	-	-	-	-	887,638
-	-	-	-	-	171,239	-	476,807
-	-	-	-	-	14,543	-	62,570
-	-	-	-	-	265	-	1,192
<u>1,287</u>	<u>36,721</u>	<u>148,183</u>	<u>10,819</u>	<u>2,474</u>	<u>357,106</u>	<u>121,657</u>	<u>1,920,407</u>
49	(11,046)	(10,717)	9,039	(2,474)	(66,642)	1,825	(318,384)
<u>7,688</u>	<u>163,792</u>	<u>155,338</u>	<u>139,700</u>	<u>20,940</u>	<u>568,386</u>	<u>15,209</u>	<u>2,353,051</u>
<u>\$ 7,737</u>	<u>\$ 152,746</u>	<u>\$ 144,621</u>	<u>\$ 148,739</u>	<u>\$ 18,466</u>	<u>\$ 501,744</u>	<u>\$ 17,034</u>	<u>\$ 2,034,667</u>

City of Vandalia, Ohio  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2018

	TIF Fund	Dixie Drive Phase 3 Widening Project Fund	Stonequarry Crossings TIF Fund	Community Development Block Grant Fund	Fire Equipment Fund
<b>Assets:</b>					
Equity in pooled cash and investments	\$ 242,124	\$ -	\$ 2,318	\$ -	\$ -
<b>Receivables:</b>					
Revenue in lieu of taxes	51,265	-	-	-	-
Total assets	<u>\$ 293,389</u>	<u>\$ -</u>	<u>\$ 2,318</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Liabilities:</b>					
Interfund payable	\$ -	\$ -	\$ -	-	\$ -
<b>Deferred inflows of resources:</b>					
Payments in lieu of taxes	51,265	-	-	-	-
<b>Fund balances:</b>					
Restricted	242,124	-	2,318	-	-
Committed	-	-	-	-	-
Total fund balances	<u>242,124</u>	<u>-</u>	<u>2,318</u>	<u>-</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 293,389</u>	<u>\$ -</u>	<u>\$ 2,318</u>	<u>\$ -</u>	<u>\$ -</u>



OPWC Fund	Facilities Improvement & Maintenance Reserve Fund	Total Nonmajor Capital Projects Funds
\$ 230,000	\$ 1,250,000	\$ 1,724,442
-	-	51,265
<u>\$ 230,000</u>	<u>\$ 1,250,000</u>	<u>\$ 1,775,707</u>
<u>\$ 230,000</u>	<u>\$ -</u>	<u>\$ 230,000</u>
-	-	51,265
-	-	244,442
-	1,250,000	1,250,000
-	1,250,000	1,494,442
<u>\$ 230,000</u>	<u>\$ 1,250,000</u>	<u>\$ 1,775,707</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, 2018

	TIF Fund	Dixie Drive Phase 3 Widening Project Fund	Stonequarry Crossings TIF Fund	Community Development Block Grant Fund	Fire Equipment Fund
<b>Revenues:</b>					
Intergovernmental	\$ 48	\$ -	\$ -	\$ 10,000	\$ -
Payments in lieu of taxes	71,924	-	17,047	-	-
Total revenue	<u>71,972</u>	<u>-</u>	<u>17,047</u>	<u>10,000</u>	<u>-</u>
<b>Expenditures:</b>					
<b>Current:</b>					
General government					
Legislative and executive	21,431	-	14,749	-	-
Public works					
Streets	-	240,294	-	10,000	-
Debt service:					
Principal retirement	-	126,932	-	-	-
Interest and fiscal charges	-	7,543	-	-	-
Total expenditures	<u>21,431</u>	<u>374,769</u>	<u>14,749</u>	<u>10,000</u>	<u>-</u>
Excess of revenues over (under) expenditures	<u>50,541</u>	<u>(374,769)</u>	<u>2,298</u>	<u>-</u>	<u>-</u>
<b>Other financing sources (uses):</b>					
Issuance of loans	-	240,294	-	-	-
Transfers - out	-	-	-	-	(358)
Total other financing sources (uses)	<u>-</u>	<u>240,294</u>	<u>-</u>	<u>-</u>	<u>(358)</u>
Net change in fund balance	50,541	(134,475)	2,298	-	(358)
Fund balances at beginning of year	191,583	134,475	20	-	358
Fund balances at end of year	<u>\$ 242,124</u>	<u>\$ -</u>	<u>\$ 2,318</u>	<u>\$ -</u>	<u>\$ -</u>

OPWC Fund	Facilities Improvement & Maintenance Reserve Fund	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ 10,048
-	-	88,971
-	-	99,019
-	-	36,180
-	-	250,294
-	-	126,932
-	-	7,543
-	-	420,949
-	-	(321,930)
-	-	240,294
-	-	(358)
-	-	239,936
-	-	(81,994)
-	1,250,000	1,576,436
<u>\$ -</u>	<u>\$ 1,250,000</u>	<u>\$ 1,494,442</u>

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

## MAJOR GENERAL FUND

The general fund is the operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the charter of the City and the general laws of Ohio.

### Funds being reported as part of the general fund

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

#### Employee Retirement Benefits Reserve

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

City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Municipal income tax	\$ 15,900,000	\$ 15,900,000	\$ 15,562,951	\$ (337,049)
Property and other taxes	1,282,240	1,282,240	1,341,727	59,487
Charges for services	3,343,431	3,343,431	3,353,983	10,552
Licenses and permits	394,000	394,000	387,627	(6,373)
Fines and forfeitures	1,155,050	1,155,050	1,231,982	76,932
Intergovernmental	1,273,741	1,278,210	1,100,663	(177,547)
Interest	250,000	250,000	448,460	198,460
Other	55,750	55,750	371,465	315,715
Total revenues	<u>23,654,212</u>	<u>23,658,681</u>	<u>23,798,858</u>	<u>140,177</u>
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Personal services	1,781,922	1,781,914	1,670,568	111,346
Operations and maintenance	3,114,452	3,187,950	2,921,373	266,577
Total legislative and executive	<u>4,896,374</u>	<u>4,969,864</u>	<u>4,591,941</u>	<u>377,923</u>
Judicial system				
Personal services	1,636,289	1,639,789	1,584,358	55,431
Operations and maintenance	186,629	243,229	166,513	76,716
Total judicial system	<u>1,822,918</u>	<u>1,883,018</u>	<u>1,750,871</u>	<u>132,147</u>
Total general government	<u>6,719,292</u>	<u>6,852,882</u>	<u>6,342,812</u>	<u>510,070</u>
Public safety				
Police				
Personal services	4,706,302	4,706,302	4,445,332	260,970
Operations and maintenance	464,989	465,339	418,491	46,848
Total police	<u>5,171,291</u>	<u>5,171,641</u>	<u>4,863,823</u>	<u>307,818</u>
Fire				
Personal services	2,144,354	2,144,354	1,947,938	196,416
Operations and maintenance	337,093	337,095	326,307	10,788
Total fire	<u>2,481,447</u>	<u>2,481,449</u>	<u>2,274,245</u>	<u>207,204</u>
Total public safety	<u>7,652,738</u>	<u>7,653,090</u>	<u>7,138,068</u>	<u>515,022</u>
Public works				
Engineer				
Personal services	775,266	775,266	622,531	152,735
Operations and maintenance	307,935	307,935	284,666	23,269
Total engineer	<u>1,083,201</u>	<u>1,083,201</u>	<u>907,197</u>	<u>176,004</u>

(Continued)

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, 2018  
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Street lighting				
Operations and maintenance	180,986	180,986	179,269	1,717
Street maintenance				
Personal services	354,998	354,998	324,994	30,004
Operations and maintenance	12,317	12,317	9,734	2,583
Total streets	<u>548,301</u>	<u>548,301</u>	<u>513,997</u>	<u>34,304</u>
Refuse				
Operations and maintenance	1,181,588	1,181,588	1,168,788	12,800
Total public works	<u>2,813,090</u>	<u>2,813,090</u>	<u>2,589,982</u>	<u>223,108</u>
Recreation				
Parks				
Personal services	2,707,944	2,707,948	2,501,160	206,788
Operations and maintenance	1,139,807	1,139,811	1,021,204	118,607
Total recreation	<u>3,847,751</u>	<u>3,847,759</u>	<u>3,522,364</u>	<u>325,395</u>
Total expenditures	<u>21,032,871</u>	<u>21,166,821</u>	<u>19,593,226</u>	<u>1,573,595</u>
Excess of revenues over expenditures	<u>2,621,341</u>	<u>2,491,860</u>	<u>4,205,632</u>	<u>1,713,772</u>
Other financing sources (uses):				
Sale of capital assets	1,000	1,000	-	(1,000)
Advances - out	-	-	(230,000)	(230,000)
Transfers - out	(4,210,500)	(4,325,500)	(4,195,446)	130,054
Total other financing sources (uses)	<u>(4,209,500)</u>	<u>(4,324,500)</u>	<u>(4,425,446)</u>	<u>(100,946)</u>
Net change in fund balance	(1,588,159)	(1,832,640)	(219,814)	1,612,826
Fund balance at beginning of year	13,738,813	13,738,813	13,738,813	-
Prior year encumbrances appropriated	974,244	974,244	974,244	-
Fund balance at end of year	<u>\$ 13,124,898</u>	<u>\$ 12,880,417</u>	<u>\$ 14,493,243</u>	<u>\$ 1,612,826</u>

City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
Employee Retirement Benefits Reserve Fund (1)  
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Personal services	35,000	-	-	-
Public safety				
Police				
Personal services	95,500	86,000	81,661	4,339
Fire				
Personal services	30,000	48,500	48,269	231
Total public safety	125,500	134,500	129,930	4,570
Public works				
Streets				
Street maintenance				
Personal services	43,000	43,000	4,687	38,313
Recreation				
Parks				
Personal services	46,500	75,000	56,382	18,618
Total expenditures	250,000	252,500	190,999	61,501
Excess of revenues under expenditures	(250,000)	(252,500)	(190,999)	61,501
Other financing sources:				
Transfers - in	175,000	175,000	175,000	-
Net change in fund balance	(75,000)	(77,500)	(15,999)	61,501
Fund balance at beginning of year	256,046	256,046	256,046	-
Fund balance at end of year	\$ 181,046	\$ 178,546	\$ 240,047	\$ 61,501

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



City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
Capital Improvement Fund  
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Special assessments	\$ 10,100	\$ 10,100	\$ 9,971	\$ (129)
Other	23,000	23,000	14,607	(8,393)
Total revenues	<u>33,100</u>	<u>33,100</u>	<u>24,578</u>	<u>(8,522)</u>
<b>Expenditures:</b>				
Capital outlay	1,254,745	1,338,445	1,269,116	69,329
Debt service:				
Principal retirement	34,350	34,350	34,305	45
Interest and fiscal charges	675	675	662	13
Total expenditures	<u>1,289,770</u>	<u>1,373,470</u>	<u>1,304,083</u>	<u>69,387</u>
Excess of revenues under expenditures	<u>(1,256,670)</u>	<u>(1,340,370)</u>	<u>(1,279,505)</u>	<u>60,865</u>
<b>Other financing sources:</b>				
Sale of capital assets	-	-	22,032	22,032
Transfers - in	910,000	910,000	910,000	-
Total other financing sources	<u>910,000</u>	<u>910,000</u>	<u>932,032</u>	<u>22,032</u>
Net change in fund balance	(346,670)	(430,370)	(347,473)	82,897
Fund balance at beginning of year	354,532	354,532	354,532	-
Prior year encumbrances appropriated	<u>341,335</u>	<u>341,335</u>	<u>341,335</u>	<u>-</u>
Fund balance at end of year	<u>\$ 349,197</u>	<u>\$ 265,497</u>	<u>\$ 348,394</u>	<u>\$ 82,897</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, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Intergovernmental	\$ 1,000,800	\$ 1,000,800	\$ 60,534	\$ (940,266)
Other	-	-	12,240	12,240
Total revenues	<u>\$ 1,000,800</u>	<u>\$ 1,000,800</u>	<u>\$ 72,774</u>	<u>\$ (928,026)</u>
<b>Expenditures:</b>				
Current:				
Public safety				
Police				
Personal services	224,506	224,506	222,727	1,779
Capital outlay	433,906	433,906	403,089	30,817
Total police	<u>658,412</u>	<u>658,412</u>	<u>625,816</u>	<u>32,596</u>
Fire				
Capital outlay	140,659	152,759	146,213	6,546
Total public safety	<u>799,071</u>	<u>811,171</u>	<u>772,029</u>	<u>39,142</u>
Public works				
Streets				
Capital outlay	1,757,486	1,843,836	907,379	936,457
Debt service:				
Principal retirement	419,031	409,031	408,426	605
Interest and fiscal charges	126,512	126,512	126,512	-
Total expenditures	<u>3,102,100</u>	<u>3,190,550</u>	<u>2,214,346</u>	<u>976,204</u>
Excess of revenues under expenditures	<u>(2,101,300)</u>	<u>(2,189,750)</u>	<u>(2,141,572)</u>	<u>48,178</u>
Other financing sources:				
Transfers - in	1,987,500	1,987,500	1,865,861	(121,639)
Net change in fund balance	(113,800)	(202,250)	(275,711)	(73,461)
Fund balance at beginning of year	616,485	616,485	616,485	-
Prior year encumbrances appropriated	185,263	185,263	185,263	-
Fund balance at end of year	<u>\$ 687,948</u>	<u>\$ 599,498</u>	<u>\$ 526,037</u>	<u>\$ (73,461)</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Debt service:				
Principal retirement	5,157,000	5,272,000	5,157,000	115,000
Interest and fiscal charges	120,000	120,000	98,969	21,031
Bond issuance costs	50,000	50,000	28,976	21,024
Total expenditures	5,327,000	5,442,000	5,284,945	157,055
Excess of revenues under expenditures	(5,327,000)	(5,442,000)	(5,284,945)	157,055
Other financing sources:				
Bond anticipation notes issued	4,340,000	4,340,000	4,225,000	(115,000)
Premium on notes issued	50,000	50,000	35,026	(14,974)
Transfers - in	933,000	1,048,000	1,039,585	(8,415)
Total other financing sources	5,323,000	5,438,000	5,299,611	(138,389)
Net change in fund balance	(4,000)	(4,000)	14,666	18,666
Fund balance at beginning of year	95,062	95,062	95,062	-
Fund balance at end of year	\$ 91,062	\$ 91,062	\$ 109,728	\$ 18,666

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$ 990,000	\$ 990,000	\$ 841,441	\$ (148,559)
Interest	-	-	15,421	15,421
Other	21,000	21,000	30,144	9,144
Total revenues	<u>1,011,000</u>	<u>1,011,000</u>	<u>887,006</u>	<u>(123,994)</u>
<u>Expenditures:</u>				
Current:				
Public works				
Streets				
Street maintenance				
Personal services	579,759	579,759	507,575	72,184
Operations and maintenance	243,653	291,239	255,767	35,472
Capital outlay	351,975	348,389	346,051	2,338
Total streets	<u>1,175,387</u>	<u>1,219,387</u>	<u>1,109,393</u>	<u>109,994</u>
Debt service:				
Principal retirement	48,050	48,048	48,027	21
Interest and fiscal charges	925	927	927	-
Total expenditures	<u>1,224,362</u>	<u>1,268,362</u>	<u>1,158,347</u>	<u>110,015</u>
Net change in fund balance	(213,362)	(257,362)	(271,341)	(13,979)
Fund balance at beginning of year	943,353	943,353	943,353	-
Prior year encumbrances appropriated	43,037	43,037	43,037	-
Fund balance at end of year	<u>\$ 773,028</u>	<u>\$ 729,028</u>	<u>\$ 715,049</u>	<u>\$ (13,979)</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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$ 81,000	\$ 81,000	\$ 68,225	\$ (12,775)
Interest	-	-	562	562
Total revenues	<u>81,000</u>	<u>81,000</u>	<u>68,787</u>	<u>(12,213)</u>
<u>Expenditures:</u>				
Current:				
Public works				
Streets				
Street maintenance				
Operations and maintenance	<u>127,670</u>	<u>129,170</u>	<u>95,429</u>	<u>33,741</u>
Net change in fund balance	(46,670)	(48,170)	(26,642)	21,528
Fund balance at beginning of year	44,269	44,269	44,269	-
Prior year encumbrances appropriated	<u>12,470</u>	<u>12,470</u>	<u>12,470</u>	<u>-</u>
Fund balance at end of year	<u>\$ 10,069</u>	<u>\$ 8,569</u>	<u>\$ 30,097</u>	<u>\$ 21,528</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, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Intergovernmental	\$ 47,000	\$ 47,000	\$ 43,015	\$ (3,985)
Interest	-	-	965	965
Total revenues	47,000	47,000	43,980	(3,020)
<u>Expenditures:</u>				
Current:				
Streets				
Street maintenance				
Operations and maintenance	20,006	17,506	15,853	1,653
Capital outlay	35,000	40,000	40,000	-
Total expenditures	55,006	57,506	55,853	1,653
Net change in fund balance	(8,006)	(10,506)	(11,873)	(1,367)
Fund balance at beginning of year	57,747	57,747	57,747	-
Prior year encumbrances appropriated	7,506	7,506	7,506	-
Fund balance at end of year	\$ 57,247	\$ 54,747	\$ 53,380	\$ (1,367)

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, 2018

	<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	\$ 500	\$ 500	\$ 5,743	\$ 5,243
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Operations and maintenance	9,569	9,569	9,069	500
Net change in fund balance	(9,069)	(9,069)	(3,326)	5,743
Fund balance at beginning of year	16,668	16,668	16,668	-
Prior year encumbrances appropriated	9,069	9,069	9,069	-
Fund balance at end of year	<u>\$ 16,668</u>	<u>\$ 16,668</u>	<u>\$ 22,411</u>	<u>\$ 5,743</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, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Fines and forfeitures	\$ 100	\$ 100	\$ 241	\$ 141
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Operations and maintenance	1,000	1,000	-	1,000
Net change in fund balance	(900)	(900)	241	1,141
Fund balance at beginning of year	1,908	1,908	1,908	-
Fund balance at end of year	\$ 1,008	\$ 1,008	\$ 2,149	\$ 1,141



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, 2018

	<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	\$ 1,000	\$ 1,000	\$ 505	\$ (495)
<u>Expenditures:</u>				
Current:				
Public safety				
Police				
Personal services	-	2,500	701	1,799
Operations and maintenance	1,000	1,000	545	455
Total expenditures	<u>1,000</u>	<u>3,500</u>	<u>1,246</u>	<u>2,254</u>
Net change in fund balance	-	(2,500)	(741)	1,759
Fund balance at beginning of year	<u>7,673</u>	<u>7,673</u>	<u>7,673</u>	<u>-</u>
Fund balance at end of year	<u>\$ 7,673</u>	<u>\$ 5,173</u>	<u>\$ 6,932</u>	<u>\$ 1,759</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, 2018

	<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	\$ 20,000	\$ 20,000	\$ 25,790	\$ 5,790
<u>Expenditures:</u>				
Current:				
Public safety				
Police				
Operations and maintenance	71,422	71,422	38,143	33,279
Net change in fund balance	(51,422)	(51,422)	(12,353)	39,069
Fund balance at beginning of year	161,163	161,163	161,163	-
Prior year encumbrances appropriated	1,422	1,422	1,422	-
Fund balance at end of year	<u>\$ 111,163</u>	<u>\$ 111,163</u>	<u>\$ 150,232</u>	<u>\$ 39,069</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, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Fines and forfeitures	\$ 140,000	\$ 140,000	\$ 135,794	\$ (4,206)
Other	-	-	1,378	1,378
Total revenues	140,000	140,000	137,172	(2,828)
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Personal services	78,403	78,403	66,997	11,406
Operations and maintenance	115,186	114,990	84,495	30,495
Capital outlay	3,500	3,696	3,696	-
Total expenditures	197,089	197,089	155,188	41,901
Net change in fund balance	(57,089)	(57,089)	(18,016)	39,073
Fund balance at beginning of year	141,015	141,015	141,015	-
Prior year encumbrances appropriated	6,436	6,436	6,436	-
Fund balance at end of year	\$ 90,362	\$ 90,362	\$ 129,435	\$ 39,073

City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
Indigent Drivers IAM Fund  
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Fines and forfeitures	\$ 20,000	\$ 20,000	\$ 19,497	\$ (503)
<u>Expenditures:</u>				
Current:				
Public safety				
Police				
Operations and maintenance	100,090	100,090	10,701	89,389
Net change in fund balance	(80,090)	(80,090)	8,796	88,886
Fund balance at beginning of year	138,638	138,638	138,638	-
Prior year encumbrances appropriated	90	90	90	-
Fund balance at end of year	<u>\$ 58,638</u>	<u>\$ 58,638</u>	<u>\$ 147,524</u>	<u>\$ 88,886</u>

City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
Police Continuous Professional Training Fund  
For the Year Ended December 31, 2018

	<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				
Operations and maintenance	20,940	20,940	2,819	18,121
Net change in fund balance	(20,940)	(20,940)	(2,819)	18,121
Fund balance at beginning of year	20,940	20,940	20,940	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,121</u>	<u>\$ 18,121</u>

City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
Stormwater Fund  
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Charges for services	\$ 287,000	\$ 287,000	\$ 289,047	\$ 2,047
Other	1,000	1,000	1,417	417
Total revenues	288,000	288,000	290,464	2,464
<u>Expenditures:</u>				
Current:				
Public works				
Engineer				
Personal services	149,980	149,980	140,899	9,081
Operations and maintenance	54,997	56,397	36,301	20,096
Capital outlay	221,700	229,400	225,277	4,123
Total engineer	426,677	435,777	402,477	33,300
Debt service:				
Principal retirement	15,375	15,375	14,543	832
Interest and fiscal charges	265	265	265	-
Total expenditures	442,317	451,417	417,285	34,132
Net change in fund balance	(154,317)	(163,417)	(126,821)	36,596
Fund balance at beginning of year	566,339	566,339	566,339	-
Prior year encumbrances appropriated	5,301	5,301	5,301	-
Fund balance at end of year	\$ 417,323	\$ 408,223	\$ 444,819	\$ 36,596

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, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Fines and forfeitures	\$ 120,000	\$ 120,000	\$ 121,789	\$ 1,789
Other	-	-	1,320	1,320
Total revenues	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 123,109</u>	<u>\$ 3,109</u>
<u>Expenditures:</u>				
Current:				
General government				
Judicial system				
Personal services	113,545	113,545	122,453	(8,908)
Net change in fund balance	6,455	6,455	656	(5,799)
Fund balance at beginning of year	9,344	9,344	9,344	-
Fund balance at end of year	<u>\$ 15,799</u>	<u>\$ 15,799</u>	<u>\$ 10,000</u>	<u>\$ (5,799)</u>

City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
TIF Fund  
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ -	\$ 48	\$ 48
Payments in lieu of taxes	71,450	71,450	71,924	474
Total revenues	<u>71,450</u>	<u>71,450</u>	<u>71,972</u>	<u>522</u>
<u>Expenditures:</u>				
Capital outlay	<u>26,500</u>	<u>26,500</u>	<u>21,431</u>	<u>5,069</u>
Net change in fund balance	44,950	44,950	50,541	5,591
Fund balance at beginning of year	<u>191,583</u>	<u>191,583</u>	<u>191,583</u>	<u>-</u>
Fund balance at end of year	<u>\$ 236,533</u>	<u>\$ 236,533</u>	<u>\$ 242,124</u>	<u>\$ 5,591</u>



City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
Dixie Drive Phase 3 Widening Project Fund  
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Capital outlay	-	-	240,294	(240,294)
Debt service:				
Principal retirement	83,362	126,932	126,932	-
Interest and fiscal charges	-	7,543	7,543	-
Total expenditures	83,362	134,475	374,769	(240,294)
Excess of revenues under expenditures	(83,362)	(134,475)	(374,769)	(240,294)
<u>Other financing sources:</u>				
Loan proceeds	-	-	240,294	240,294
Net change in fund balance	(83,362)	(134,475)	(134,475)	-
Fund balance at beginning of year	134,475	134,475	134,475	-
Fund balance at end of year	\$ 51,113	\$ -	\$ -	\$ -

City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
Stonequarry Crossings TIF Fund  
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Payments in lieu of taxes	\$ 34,500	\$ 79,500	\$ 17,047	\$ (62,453)
<u>Expenditures:</u>				
Capital outlay	11,500	11,500	14,749	(3,249)
Debt service:				
Principal retirement	23,000	68,000	-	68,000
Total expenditures	34,500	79,500	14,749	64,751
Net change in fund balance	-	-	2,298	2,298
Fund balance at beginning of year	20	20	20	-
Fund balance at end of year	<u>\$ 20</u>	<u>\$ 20</u>	<u>\$ 2,318</u>	<u>\$ 2,298</u>

City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
Community Development Block Grant Fund  
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Intergovernmental	\$ 10,000	\$ 10,000	\$ 10,000	\$ -
<u>Expenditures:</u>				
Capital outlay	10,000	10,000	10,000	-
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  
Fire Equipment Fund  
For the Year Ended December 31, 2018

	<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	358	358	358	-
Net change in fund balance	(358)	(358)	(358)	-
Fund balance at beginning of year	358	358	358	-
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  
OPWC Fund  
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Intergovernmental	\$ 105,900	\$ 226,200	\$ -	\$ (226,200)
<u>Expenditures:</u>				
Capital outlay	211,800	226,200	226,200	-
Excess of revenues under expenditures	(105,900)	-	(226,200)	(226,200)
Other financing sources:				
Issuance of OPWC loans	105,900	-	-	-
Advances - in	-	-	230,000	230,000
Total other financing sources	105,900	-	230,000	230,000
Net change in fund balance	-	-	3,800	3,800
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,800</u>	<u>\$ 3,800</u>

City of Vandalia, Ohio  
 Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Facilities Improvement & Maintenance Reserve Fund  
 For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Total expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	1,250,000	1,250,000	1,250,000	-
Fund balance at end of year	<u>\$ 1,250,000</u>	<u>\$ 1,250,000</u>	<u>\$ 1,250,000</u>	<u>\$ -</u>

City of Vandalia, Ohio  
Schedule of Revenues, Expenses and Changes  
In Net Position - Budget (Non-GAAP Basis) and Actual  
Water Fund  
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Charges for services	\$ 2,152,000	\$ 2,152,000	\$ 2,274,891	\$ 122,891
Tap-in fees	10,000	10,000	3,950	(6,050)
Utility deposits received	-	-	3,794	3,794
Other	53,000	53,000	60,792	7,792
Total revenues	2,215,000	2,215,000	2,343,427	128,427
<b>Expenses:</b>				
Personal services	387,185	387,186	334,643	52,543
Contractual services	1,752,299	1,749,789	1,735,721	14,068
Materials and supplies	41,527	41,433	39,357	2,076
Capital outlay	639,624	653,048	618,337	34,711
Utility deposits returned	-	-	6,959	(6,959)
Other	1,000	2,529	2,483	46
Total expenses	2,821,635	2,833,985	2,737,500	96,485
Operating loss	(606,635)	(618,985)	(394,073)	224,912
<b>Nonoperating revenues (expenses):</b>				
Intergovernmental	106,900	98,000	29,522	(68,478)
Issuance of OPWC loans	106,900	106,900	83,761	(23,139)
Principal retirement	(28,845)	(28,843)	(28,692)	151
Interest	(395)	(397)	(397)	-
Total nonoperating revenues (expenses)	184,560	175,660	84,194	(91,466)
Change in net position	(422,075)	(443,325)	(309,879)	133,446
Net position at beginning of year	1,798,561	1,798,561	1,798,561	-
Prior year encumbrances appropriated	302,150	302,150	302,150	-
Net position at end of year	\$ 1,678,636	\$ 1,657,386	\$ 1,790,832	\$ 133,446

City of Vandalia, Ohio  
Schedule of Revenues, Expenses and Changes  
In Net Position - Budget (Non-GAAP Basis) and Actual  
Sewer Fund  
For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Charges for services	\$ 1,601,700	\$ 1,601,700	\$ 1,627,607	\$ 25,907
Tap-in fees	10,000	10,000	17,900	7,900
Utility deposits received	-	-	1,868	1,868
Other	60,000	60,000	7,203	(52,797)
Total revenues	<u>1,671,700</u>	<u>1,671,700</u>	<u>1,654,578</u>	<u>(17,122)</u>
<u>Expenses:</u>				
Personal services	372,176	372,176	319,041	53,135
Contractual services	1,034,458	1,012,908	986,685	26,223
Materials and supplies	32,957	36,434	29,168	7,266
Capital outlay	325,000	353,523	353,523	-
Utility deposits returned	200	200	3,428	(3,228)
Total expenses	<u>1,764,791</u>	<u>1,775,241</u>	<u>1,691,845</u>	<u>83,396</u>
Operating loss	<u>(93,091)</u>	<u>(103,541)</u>	<u>(37,267)</u>	<u>66,274</u>
<u>Nonoperating revenues (expenses):</u>				
Intergovernmental	39,250	33,750	-	(33,750)
Issuance of OPWC loans	39,250	39,250	-	(39,250)
Principal retirement	(25,745)	(25,743)	(25,886)	(143)
Interest	(395)	(397)	(397)	-
Total nonoperating revenues (expenses)	<u>52,360</u>	<u>46,860</u>	<u>(26,283)</u>	<u>(73,143)</u>
Change in net position	(40,731)	(56,681)	(63,550)	(6,869)
Net position at beginning of year	2,428,556	2,428,556	2,428,556	-
Prior year encumbrances appropriated	<u>82,685</u>	<u>82,685</u>	<u>82,685</u>	<u>-</u>
Net position at end of year	<u>\$ 2,470,510</u>	<u>\$ 2,454,560</u>	<u>\$ 2,447,691</u>	<u>\$ (6,869)</u>



City of Vandalia, Ohio  
Schedule of Revenues, Expenses and Changes  
In Net Position - Budget (Non-GAAP Basis) and Actual  
Golf Fund  
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Charges for services	\$ 915,200	\$ 915,200	\$ 804,453	\$ (110,747)
Other	-	-	6,994	6,994
Total revenues	<u>915,200</u>	<u>915,200</u>	<u>811,447</u>	<u>(103,753)</u>
<b>Expenses:</b>				
Personal services	552,520	552,521	498,512	54,009
Contractual services	177,737	174,585	148,407	26,178
Materials and supplies	202,412	203,412	179,641	23,771
Capital outlay	245,850	271,866	258,279	13,587
Other	54,971	57,106	47,418	9,688
Total expenses	<u>1,233,490</u>	<u>1,259,490</u>	<u>1,132,257</u>	<u>127,233</u>
Operating loss	<u>(318,290)</u>	<u>(344,290)</u>	<u>(320,810)</u>	<u>23,480</u>
Nonoperating revenues:				
Intergovernmental	<u>6,500</u>	<u>6,500</u>	<u>-</u>	<u>(6,500)</u>
Loss before transfers	<u>(311,790)</u>	<u>(337,790)</u>	<u>(320,810)</u>	<u>16,980</u>
Other financing sources:				
Transfers - in	<u>205,000</u>	<u>205,000</u>	<u>205,000</u>	<u>-</u>
Change in net position	(106,790)	(132,790)	(115,810)	16,980
Net position at beginning of year	346,548	346,548	346,548	-
Prior year encumbrances appropriated	<u>38,800</u>	<u>38,800</u>	<u>38,800</u>	<u>-</u>
Net position at end of year	<u>\$ 278,558</u>	<u>\$ 252,558</u>	<u>\$ 269,538</u>	<u>\$ 16,980</u>

City of Vandalia, Ohio  
Schedule of Revenues, Expenses and Changes  
In Net Position - Budget (Non-GAAP Basis) and Actual  
Hospital Care Fund  
For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Charges for services	\$ 2,600,911	\$ 2,600,911	\$ 2,112,665	\$ (488,246)
Other	350,000	350,000	193,735	(156,265)
Total revenues	<u>2,950,911</u>	<u>2,950,911</u>	<u>2,306,400</u>	<u>(644,511)</u>
<u>Expenses:</u>				
Contractual services	521,177	521,177	515,251	5,926
Claims	2,539,206	2,539,206	2,167,024	372,182
Total expenses	<u>3,060,383</u>	<u>3,060,383</u>	<u>2,682,275</u>	<u>378,108</u>
Change in net position	(109,472)	(109,472)	(375,875)	(266,403)
Net position at beginning of year	668,513	668,513	668,513	-
Prior year encumbrances appropriated	<u>105,383</u>	<u>105,383</u>	<u>105,383</u>	<u>-</u>
Net position at end of year	<u>\$ 664,424</u>	<u>\$ 664,424</u>	<u>\$ 398,021</u>	<u>\$ (266,403)</u>

## Combining Statement – 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 City of Brookville.

#### Butler Township JEDD Tax Collection

Established to account for the flow through of income tax monies that belong to the Vandalia-Butler Township Joint Economic Development District.

#### Butler Township JEDZ Tax Collection

Established to account for the flow through of income tax monies that belong to the Butler Township Miller Lane Hotel District Joint Economic Development Zone and the Butler Township Miller Lane Business District Joint Economic Development Zone.

#### Performance Bond

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

#### Tri-Cities North Regional Wastewater Authority

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

#### Employee Flex Account

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

City of Vandalia, Ohio  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2018

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
<b>Building Standards</b>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 798	\$ 4,557	\$ 4,038	\$ 1,317
Total assets	<u>\$ 798</u>	<u>\$ 4,557</u>	<u>\$ 4,038</u>	<u>\$ 1,317</u>
<u>Liabilities:</u>				
Due to other governments	\$ 798	\$ 4,557	\$ 4,038	\$ 1,317
Total liabilities	<u>\$ 798</u>	<u>\$ 4,557</u>	<u>\$ 4,038</u>	<u>\$ 1,317</u>

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
<b>Northern Area Water Authority</b>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 2,885,481	\$ 3,815,882	\$ 3,973,939	\$ 2,727,424
Total assets	<u>\$ 2,885,481</u>	<u>\$ 3,815,882</u>	<u>\$ 3,973,939</u>	<u>\$ 2,727,424</u>
<u>Liabilities:</u>				
Due to others	\$ 2,885,481	\$ 3,815,882	\$ 3,973,939	\$ 2,727,424
Total liabilities	<u>\$ 2,885,481</u>	<u>\$ 3,815,882</u>	<u>\$ 3,973,939</u>	<u>\$ 2,727,424</u>

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
<b>Municipal Court</b>				
<u>Assets:</u>				
Cash and cash equivalents in segregated accounts	\$ 105,265	\$ 1,516,607	\$ 1,520,646	\$ 101,226
Total assets	<u>\$ 105,265</u>	<u>\$ 1,516,607</u>	<u>\$ 1,520,646</u>	<u>\$ 101,226</u>
<u>Liabilities:</u>				
Due to other governments	\$ 46,240	\$ 605,480	\$ 607,628	\$ 44,092
Undistributed monies	59,025	911,127	913,018	57,134
Total liabilities	<u>\$ 105,265</u>	<u>\$ 1,516,607</u>	<u>\$ 1,520,646</u>	<u>\$ 101,226</u>

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
<b>Multi-District Tax fund</b>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 23,010	\$ 3,856,437	\$ 3,869,349	\$ 10,098
Total assets	<u>\$ 23,010</u>	<u>\$ 3,856,437</u>	<u>\$ 3,869,349</u>	<u>\$ 10,098</u>
<u>Liabilities:</u>				
Undistributed monies	\$ 23,010	\$ 3,856,437	\$ 3,869,349	\$ 10,098
Total liabilities	<u>\$ 23,010</u>	<u>\$ 3,856,437</u>	<u>\$ 3,869,349</u>	<u>\$ 10,098</u>

City of Vandalia, Ohio  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2018

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
<b>Butler Township JEDD Tax Collection</b>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 17,718	\$ 173,891	\$ 172,560	\$ 19,049
Total assets	<u>\$ 17,718</u>	<u>\$ 173,891</u>	<u>\$ 172,560</u>	<u>\$ 19,049</u>
<u>Liabilities:</u>				
Undistributed monies	\$ 17,718	\$ 173,891	\$ 172,560	\$ 19,049
Total liabilities	<u>\$ 17,718</u>	<u>\$ 173,891</u>	<u>\$ 172,560</u>	<u>\$ 19,049</u>

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
<b>Butler Township JEDZ Tax Collection</b>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 49,495	\$ 610,818	\$ 600,113	\$ 60,200
Receivables:				
Accounts	-	3,982	-	3,982
Total assets	<u>\$ 49,495</u>	<u>\$ 614,800</u>	<u>\$ 600,113</u>	<u>\$ 64,182</u>
<u>Liabilities:</u>				
Undistributed monies	\$ 49,495	\$ 614,800	\$ 600,113	\$ 64,182
Total liabilities	<u>\$ 49,495</u>	<u>\$ 614,800</u>	<u>\$ 600,113</u>	<u>\$ 64,182</u>

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
<b>Performance Bond</b>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 14,720	-	\$ 2,729	\$ 11,991
Total assets	<u>\$ 14,720</u>	<u>\$ -</u>	<u>\$ 2,729</u>	<u>\$ 11,991</u>
<u>Liabilities:</u>				
Undistributed monies	\$ 14,720	-	\$ 2,729	\$ 11,991
Total liabilities	<u>\$ 14,720</u>	<u>\$ -</u>	<u>\$ 2,729</u>	<u>\$ 11,991</u>

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
<b>Tri-Cities North Regional Wastewater Authority</b>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 3,319,944	\$ 5,827,187	\$ 5,785,603	\$ 3,361,528
Investments	747,660	747,147	747,660	747,147
Total assets	<u>\$ 4,067,604</u>	<u>\$ 6,574,334</u>	<u>\$ 6,533,263</u>	<u>\$ 4,108,675</u>
<u>Liabilities:</u>				
Due to others	\$ 4,067,604	\$ 6,574,334	\$ 6,533,263	\$ 4,108,675
Total liabilities	<u>\$ 4,067,604</u>	<u>\$ 6,574,334</u>	<u>\$ 6,533,263</u>	<u>\$ 4,108,675</u>

City of Vandalia, Ohio  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2018

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
<b>Employee Flex Account</b>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 6,169	\$ 56,000	\$ 56,420	\$ 5,749
Total assets	<u>\$ 6,169</u>	<u>\$ 56,000</u>	<u>\$ 56,420</u>	<u>\$ 5,749</u>
<u>Liabilities:</u>				
Due to employees	\$ 6,169	\$ 56,000	\$ 56,420	\$ 5,749
Total liabilities	<u>\$ 6,169</u>	<u>\$ 56,000</u>	<u>\$ 56,420</u>	<u>\$ 5,749</u>
	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
<b>Totals</b>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 6,317,335	\$ 14,344,772	\$ 14,464,751	\$ 6,197,356
Cash and cash equivalents in segregated accounts	105,265	1,516,607	1,520,646	101,226
Investments	747,660	747,147	747,660	747,147
Receivables:				
Accounts	-	3,982	-	3,982
Total assets	<u>\$ 7,170,260</u>	<u>\$ 16,612,508</u>	<u>\$ 16,733,057</u>	<u>\$ 7,049,711</u>
<u>Liabilities:</u>				
Due to other governments	\$ 47,038	\$ 610,037	\$ 611,666	\$ 45,409
Due to employees	6,169	56,000	56,420	5,749
Undistributed monies	163,968	5,556,255	5,557,769	162,454
Due to others	6,953,085	10,390,216	10,507,202	6,836,099
Total liabilities	<u>\$ 7,170,260</u>	<u>\$ 16,612,508</u>	<u>\$ 16,733,057</u>	<u>\$ 7,049,711</u>

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## 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 - S8</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>S9 - S14</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>S15 - S19</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>S20 - S21</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>S22 - S29</b>

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

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

	<u>2009</u>	<u>2010</u>	Restated <u>2011</u>	<u>2012</u>	<u>2013</u>
<b><u>Governmental Activities</u></b>					
Net investment in capital assets	\$ 39,122,829	\$ 42,469,073	\$ 42,488,927	\$ 42,909,665	\$ 43,255,312
Restricted	5,991,019	5,776,138	2,032,828	3,006,345	3,047,614
Unrestricted	<u>14,113,877</u>	<u>12,187,964</u>	<u>15,743,855</u>	<u>15,722,617</u>	<u>15,697,621</u>
Total governmental activities net position	<u>\$ 59,227,725</u>	<u>\$ 60,433,175</u>	<u>\$ 60,265,610</u>	<u>\$ 61,638,627</u>	<u>\$ 62,000,547</u>
<b><u>Business-Type Activities</u></b>					
Net investment in capital assets	\$ 18,217,454	\$ 18,100,914	\$ 18,332,521	\$ 18,007,758	\$ 19,044,671
Unrestricted	<u>9,169,165</u>	<u>10,846,059</u>	<u>10,898,051</u>	<u>11,833,535</u>	<u>12,516,865</u>
Total business-type activities net position	<u>\$ 27,386,619</u>	<u>\$ 28,946,973</u>	<u>\$ 29,230,572</u>	<u>\$ 29,841,293</u>	<u>\$ 31,561,536</u>
<b><u>Primary Government</u></b>					
Net investment in capital assets	\$ 57,340,283	\$ 60,569,987	\$ 60,821,448	\$ 60,917,423	\$ 62,299,983
Restricted	5,991,019	5,776,138	2,032,828	3,006,345	3,047,614
Unrestricted	<u>23,283,042</u>	<u>23,034,023</u>	<u>26,641,906</u>	<u>27,556,152</u>	<u>28,214,486</u>
Total primary government net position	<u>\$ 86,614,344</u>	<u>\$ 89,380,148</u>	<u>\$ 89,496,182</u>	<u>\$ 91,479,920</u>	<u>\$ 93,562,083</u>

(1) The City implemented GASB 68 during 2015 and as a result 2014 was restated.

(2) The City implemented GASB 75 during 2018 and as a result 2017 was restated.

Restated (1)		Restated (2)		
2014	2015	2016	2017	2018
\$ 45,004,853	\$ 47,900,553	\$ 48,804,352	\$ 49,337,872	\$ 49,032,022
3,895,737	3,929,597	3,939,012	3,695,303	4,055,358
<u>3,669,638</u>	<u>4,639,893</u>	<u>5,874,223</u>	<u>(6,954,821)</u>	<u>(7,372,457)</u>
<u>\$ 52,570,228</u>	<u>\$ 56,470,043</u>	<u>\$ 58,617,587</u>	<u>\$ 46,078,354</u>	<u>\$ 45,714,923</u>
\$ 18,585,891	\$ 18,584,910	\$ 18,740,110	\$ 18,654,104	\$ 18,116,128
11,992,590	12,516,989	12,449,139	12,658,259	13,153,710
<u>\$ 30,578,481</u>	<u>\$ 31,101,899</u>	<u>\$ 31,189,249</u>	<u>\$ 31,312,363</u>	<u>\$ 31,269,838</u>
\$ 63,590,744	\$ 66,485,463	\$ 67,544,462	\$ 67,991,976	\$ 67,148,150
3,895,737	3,929,597	3,939,012	3,695,303	4,055,358
<u>15,662,228</u>	<u>17,156,882</u>	<u>18,323,362</u>	<u>5,703,438</u>	<u>5,781,253</u>
<u>\$ 83,148,709</u>	<u>\$ 87,571,942</u>	<u>\$ 89,806,836</u>	<u>\$ 77,390,717</u>	<u>\$ 76,984,761</u>

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

<b>Expenses</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Governmental Activities:</b>					
General government	\$ 7,686,032	\$ 5,582,027	\$ 5,726,617	\$ 5,782,863	\$ 5,475,675
Public safety	6,605,685	6,531,788	6,911,373	6,811,934	7,174,259
Public works	5,881,207	5,030,029	5,328,780	6,294,260	5,098,906
Recreation	4,099,980	3,984,048	3,958,580	3,847,357	3,788,977
Interest and fiscal charges	758,879	736,084	661,538	601,289	560,923
<b>Total governmental activities expenses</b>	<b>25,031,783</b>	<b>21,863,976</b>	<b>22,586,888</b>	<b>23,337,703</b>	<b>22,098,740</b>
<b>Business-Type Activities:</b>					
Water	2,530,623	1,912,399	2,057,812	2,059,071	1,909,167
Sewer	1,699,742	450,852	1,741,089	1,512,536	1,552,360
Golf	1,057,710	1,087,328	965,069	1,042,176	1,097,625
<b>Total business-type activities</b>	<b>5,288,075</b>	<b>3,450,579</b>	<b>4,763,970</b>	<b>4,613,783</b>	<b>4,559,152</b>
<b>Total primary government expenses</b>	<b>\$ 30,319,858</b>	<b>\$ 25,314,555</b>	<b>\$ 27,350,858</b>	<b>\$ 27,951,486</b>	<b>\$ 26,657,892</b>
<b>Program Revenues</b>					
<b>Governmental Activities:</b>					
<b>Charges for services:</b>					
General government	\$ 1,821,605	\$ 1,871,967	\$ 1,871,826	\$ 1,577,135	\$ 2,459,074
Public safety	629,222	663,224	326,695	649,206	569,979
Public works	1,245,630	1,333,534	1,706,801	1,400,408	1,474,377
Recreation	1,468,749	1,481,966	1,479,628	1,446,534	1,395,800
Operating grants, contributions and interest	1,324,350	727,898	1,272,681	1,106,688	1,227,177
Capital grants and contributions	2,078,995	2,501,327	818,757	2,004,768	45,000
<b>Total governmental activities program revenues</b>	<b>8,568,551</b>	<b>8,579,916</b>	<b>7,476,388</b>	<b>8,184,739</b>	<b>7,171,407</b>
<b>Business-Type Activities:</b>					
<b>Charges for services:</b>					
Water	2,056,963	2,182,747	2,128,858	2,226,641	2,190,856
Sewer	1,254,928	1,300,559	1,378,273	1,584,806	1,933,954
Golf	935,518	930,933	863,896	973,947	888,023
Operating grants, contributions and interest	-	-	-	130,340	-
Capital grants and contributions	412,108	108,770	1,052	2,828	1,290,959
<b>Total business-type activities program revenues</b>	<b>4,659,517</b>	<b>4,523,009</b>	<b>4,372,079</b>	<b>4,918,562</b>	<b>6,303,792</b>
<b>Total primary government program revenues</b>	<b>\$ 13,228,068</b>	<b>\$ 13,102,925</b>	<b>\$ 11,848,467</b>	<b>\$ 13,103,301</b>	<b>\$ 13,475,199</b>
<b>Net (expense)/revenue</b>					
Governmental activities	\$ (16,463,232)	\$ (13,284,060)	\$ (15,110,500)	\$ (15,152,964)	\$ (14,927,333)
Business-type activities	(628,558)	1,072,430	(391,891)	304,779	1,744,640
<b>Total primary government net expense</b>	<b>\$ (17,091,790)</b>	<b>\$ (12,211,630)</b>	<b>\$ (15,502,391)</b>	<b>\$ (14,848,185)</b>	<b>\$ (13,182,693)</b>
<b>General Revenues and Other Changes in Net Position</b>					
<b>Governmental Activities:</b>					
<b>Property taxes levied for:</b>					
General purposes	\$ 1,670,726	\$ 1,989,379	\$ 1,548,086	\$ 1,505,738	\$ 1,221,094
<b>Income tax levied for:</b>					
General purposes	9,222,083	10,889,271	11,709,263	13,025,898	12,709,385
<b>Grants and entitlements not restricted to specific programs</b>	<b>1,931,238</b>	<b>1,539,008</b>	<b>1,764,465</b>	<b>1,556,563</b>	<b>1,098,778</b>
Payment in lieu of taxes	16,857	108,512	107,720	43,957	84,136
Investment earnings	622,173	254,451	492,580	208,984	20,362
Gain on the sale of capital assets	-	-	11,040	124,555	-
Other	114,904	131,464	59,415	82,334	131,101
<b>Total governmental activities</b>	<b>13,577,981</b>	<b>14,912,085</b>	<b>15,692,569</b>	<b>16,548,029</b>	<b>15,264,856</b>
<b>Business-Type Activities:</b>					
Investment earnings	483	287	-	-	-
Other	270,472	65,062	56,523	283,894	-
<b>Total business-type activities</b>	<b>270,955</b>	<b>65,349</b>	<b>56,523</b>	<b>283,894</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 13,848,936</b>	<b>\$ 14,977,434</b>	<b>\$ 15,749,092</b>	<b>\$ 16,831,923</b>	<b>\$ 15,264,856</b>
<b>Change in net position</b>					
Governmental activities	\$ (3,078,107)	\$ 1,205,450	\$ (36,898)	\$ 1,373,017	\$ 361,920
Business-type activities	(164,747)	1,560,354	283,599	610,721	1,720,243
<b>Total primary government</b>	<b>\$ (3,242,854)</b>	<b>\$ 2,765,804</b>	<b>\$ 246,701</b>	<b>\$ 1,983,738</b>	<b>\$ 2,082,163</b>

	2014	2015	2016	2017	2018
\$	5,520,951	\$ 5,130,767	\$ 4,836,921	\$ 5,838,359	\$ 5,792,732
	7,124,303	7,236,385	7,841,876	8,571,205	9,307,432
	4,736,869	4,900,560	4,890,378	5,616,975	6,029,741
	4,147,571	4,008,981	3,793,318	4,527,113	4,494,143
	569,379	209,376	235,861	231,297	220,783
	<u>22,099,073</u>	<u>21,486,069</u>	<u>21,598,354</u>	<u>24,784,949</u>	<u>25,844,831</u>
	2,072,336	2,151,550	2,010,094	1,942,016	1,904,562
	1,814,270	1,694,090	1,944,231	1,703,795	1,567,017
	1,019,002	1,035,124	1,064,705	1,113,928	1,127,198
	4,905,608	4,880,764	5,019,030	4,759,739	4,598,777
\$	<u>27,004,681</u>	<u>\$ 26,366,833</u>	<u>\$ 26,617,384</u>	<u>\$ 29,544,688</u>	<u>\$ 30,443,608</u>
\$	2,435,013	\$ 2,579,526	\$ 2,712,465	\$ 2,819,251	\$ 2,756,579
	569,797	489,852	593,124	483,193	600,885
	1,424,524	1,544,620	1,452,055	1,580,269	1,605,100
	1,446,891	1,476,639	1,510,517	1,448,313	1,546,317
	1,177,845	1,458,405	1,184,517	1,028,220	1,268,969
	1,623,771	2,399,492	151,524	131,649	22,083
	<u>8,677,841</u>	<u>9,948,534</u>	<u>7,604,202</u>	<u>7,490,895</u>	<u>7,799,933</u>
	2,218,971	2,149,396	2,174,722	2,329,366	2,317,000
	1,691,533	1,823,665	1,892,558	1,932,540	1,341,381
	885,919	880,378	907,446	859,629	812,708
	-	-	-	-	-
	2,960	369,115	121,799	116,890	-
	<u>4,799,383</u>	<u>5,222,554</u>	<u>5,096,525</u>	<u>5,238,425</u>	<u>4,471,089</u>
\$	<u>13,477,224</u>	<u>\$ 15,171,088</u>	<u>\$ 12,700,727</u>	<u>\$ 12,729,320</u>	<u>\$ 12,271,022</u>
\$	(13,421,232)	\$ (11,537,535)	\$ (13,994,152)	\$ (17,294,054)	\$ (18,044,898)
	(106,225)	341,790	77,495	478,686	(127,688)
\$	<u>(13,527,457)</u>	<u>\$ (11,195,745)</u>	<u>\$ (13,916,657)</u>	<u>\$ (16,815,368)</u>	<u>\$ (18,172,586)</u>
\$	1,283,417	\$ 1,272,611	\$ 1,275,653	\$ 1,289,362	\$ 1,332,753
	13,021,106	13,682,940	14,247,899	13,897,814	15,237,654
	761,023	408,435	345,958	615,526	720,412
	196,368	105,453	115,268	104,572	75,798
	215,329	129,436	119,752	273,681	351,588
	-	-	7,906	-	-
	11,046	20,103	39,115	7,405	48,425
	<u>15,488,289</u>	<u>15,618,978</u>	<u>16,151,551</u>	<u>16,188,360</u>	<u>17,766,630</u>
	-	-	-	-	-
	-	-	-	-	-
	-	-	-	-	-
\$	<u>15,488,289</u>	<u>\$ 15,618,978</u>	<u>\$ 16,151,551</u>	<u>\$ 16,188,360</u>	<u>\$ 17,766,630</u>
\$	2,264,635	\$ 3,899,815	\$ 2,147,544	\$ (1,346,354)	\$ (363,431)
	(303,803)	523,418	87,350	719,346	(42,525)
\$	<u>1,960,832</u>	<u>\$ 4,423,233</u>	<u>\$ 2,234,894</u>	<u>\$ (627,008)</u>	<u>\$ (405,956)</u>

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

	<u>2009</u>	Restated <u>2010 (1)</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
<b>General Fund</b>					
Nonspendable	\$ -	\$ 42,721	\$ 42,034	\$ 50,022	\$ 39,372
Committed	-	380,484	360,215	442,531	542,531
Assigned	-	1,832,419	2,287,384	1,348,736	1,549,018
Unassigned	-	10,266,922	10,756,154	11,307,767	10,402,258
Reserved	1,304,239	-	-	-	-
Unreserved, designated	915,000	-	-	-	-
Unreserved	11,813,674	-	-	-	-
<b>Total general fund</b>	<u>\$ 14,032,913</u>	<u>\$ 12,522,546</u>	<u>\$ 13,445,787</u>	<u>\$ 13,149,056</u>	<u>\$ 12,533,179</u>
<b>All Other Governmental Funds</b>					
Nonspendable	\$ -	\$ 3,763,299	\$ 3,340,482	\$ 2,849,291	\$ 95,238
Restricted	-	1,661,587	1,788,921	1,937,880	2,822,178
Committed	-	3,165,623	2,536,378	2,073,419	2,012,467
Assigned	-	-	-	-	-
Unassigned	-	(3,195,166)	(3,755,190)	(2,074,380)	-
Reserved	8,079,431	-	-	-	-
Unreserved, reported in:					
Special revenue funds	1,445,453	-	-	-	-
Capital projects funds	(1,453,242)	-	-	-	-
Debt service funds	243,154	-	-	-	-
<b>Total all other governmental funds</b>	<u>\$ 8,314,796</u>	<u>\$ 5,395,343</u>	<u>\$ 3,910,591</u>	<u>\$ 4,786,210</u>	<u>\$ 4,929,883</u>

(1) Prior year amounts have not been restated for the implementation of GASB Statement 54.

(2) The large change in fund balance during 2014 is due to the issuance of \$5,710,000 in refunding bond anticipation notes.

<u>2014 (2)</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 34,636	\$ 27,552	\$ 61,808	\$ 58,110	\$ 58,792
642,531	281,103	793,528	778,590	696,807
683,527	708,434	593,417	1,289,226	1,099,521
11,068,945	12,284,198	13,978,050	13,952,840	15,248,811
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 12,429,639</u>	<u>\$ 13,301,287</u>	<u>\$ 15,426,803</u>	<u>\$ 16,078,766</u>	<u>\$ 17,103,931</u>
\$ 115,829	\$ 115,167	\$ 94,393	\$ 93,705	\$ 125,025
3,207,520	3,495,329	3,515,142	3,193,409	3,277,645
2,057,468	2,083,166	2,160,426	1,818,386	1,751,744
-	-	-	-	-
(5,675,573)	(5,070,761)	(4,251,864)	(3,619,658)	(2,741,890)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ (294,756)</u>	<u>\$ 622,901</u>	<u>\$ 1,518,097</u>	<u>\$ 1,485,842</u>	<u>\$ 2,412,524</u>

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<b><u>REVENUES</u></b>										
Municipal income taxes	\$ 9,377,445	\$ 11,031,533	\$ 11,811,152	\$ 12,554,400	\$ 12,667,627	\$ 13,019,647	\$ 13,873,876	\$ 14,553,185	\$ 13,714,997	\$ 14,671,269
Property and other taxes	1,674,192	1,973,483	1,614,735	1,533,779	1,232,843	1,281,724	1,276,849	1,275,898	1,295,864	1,333,297
Charges for services	3,544,147	3,647,220	3,685,674	3,485,052	3,463,040	3,669,349	3,750,556	3,592,620	3,638,049	3,657,390
Fines, licenses and permits	1,580,539	1,689,318	1,560,665	1,639,877	1,828,789	1,796,072	1,866,756	1,911,822	1,968,089	1,931,816
Intergovernmental revenues	3,891,817	5,034,523	3,669,156	3,544,825	2,712,119	3,562,887	3,817,380	2,284,559	2,097,904	2,162,961
Special assessments	17,950	9,606	7,862	10,231	7,757	6,018	24,246	10,088	28,095	9,971
Investment income	622,173	254,537	492,580	208,984	20,362	215,329	129,436	119,752	282,336	368,536
Payments in lieu of taxes	16,856	108,512	107,720	43,956	84,136	196,368	105,453	106,688	99,979	88,971
Other	39,536	132,485	76,244	103,708	545,020	309,685	164,552	282,277	377,171	451,166
Total revenues	<u>20,764,655</u>	<u>23,881,217</u>	<u>23,025,788</u>	<u>23,124,812</u>	<u>22,561,693</u>	<u>24,057,079</u>	<u>25,009,104</u>	<u>24,136,889</u>	<u>23,502,484</u>	<u>24,675,377</u>
<b><u>EXPENDITURES</u></b>										
General government	7,381,632	5,374,258	5,410,595	5,496,187	5,276,604	5,252,837	4,894,718	4,527,753	4,981,109	5,131,291
Public safety	6,105,910	6,096,542	6,308,866	6,187,676	6,822,655	6,832,743	6,813,125	6,952,097	7,408,236	7,672,943
Public works	4,877,949	4,069,538	3,745,331	4,884,241	3,844,621	3,433,779	3,419,534	3,386,391	3,670,307	3,911,640
Recreation	3,558,865	3,486,776	3,500,732	3,349,081	3,389,173	3,731,450	3,623,674	3,280,416	3,581,667	3,727,179
Capital outlay	4,477,252	7,279,564	3,042,512	1,190,438	2,135,887	3,589,683	4,407,748	2,263,170	2,694,434	1,498,176
Debt service:										
Principal retirement	1,011,352	935,008	963,819	997,791	1,021,931	6,847,216	520,306	563,031	545,311	584,591
Interest and fiscal charges	635,638	669,351	615,444	580,937	543,026	359,838	201,615	238,849	237,742	233,004
Bond issuance costs	97,735	-	-	-	-	-	5,500	2,750	-	-
Current refunding	-	-	-	-	-	149,300	-	-	-	-
Total expenditures	<u>28,146,333</u>	<u>27,911,037</u>	<u>23,587,299</u>	<u>22,686,351</u>	<u>23,033,897</u>	<u>30,196,846</u>	<u>23,886,220</u>	<u>21,214,457</u>	<u>23,118,806</u>	<u>22,758,824</u>
Excess of revenues over (under) expenditures	<u>(7,381,678)</u>	<u>(4,029,820)</u>	<u>(561,511)</u>	<u>438,461</u>	<u>(472,204)</u>	<u>(6,139,767)</u>	<u>1,122,884</u>	<u>2,922,432</u>	<u>383,678</u>	<u>1,916,553</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>										
Proceeds of loans	-	-	-	-	-	308,334	866,421	161,775	110,899	240,294
Proceeds of bonds	4,755,000	-	-	-	-	-	-	-	-	-
Inception of capital lease	-	-	-	-	-	461,016	-	-	-	-
Premium on bonds issued	50,304	-	-	-	-	-	-	-	-	-
Sale of capital assets	55,093	-	-	140,427	-	42,238	-	24,889	485,131	-
Transfers in	6,841,691	4,253,092	2,561,151	3,855,648	4,047,930	3,456,840	3,338,920	1,793,157	2,718,775	2,006,201
Transfer out	(6,841,691)	(4,653,092)	(2,561,151)	(3,855,648)	(4,047,930)	(3,456,840)	(3,538,920)	(1,881,541)	(3,078,775)	(2,211,201)
Total other financing sources (uses)	<u>4,860,397</u>	<u>(400,000)</u>	<u>-</u>	<u>140,427</u>	<u>-</u>	<u>811,588</u>	<u>666,421</u>	<u>98,280</u>	<u>236,030</u>	<u>35,294</u>
Net change in fund balance	<u>\$ (2,521,281)</u>	<u>\$ (4,429,820)</u>	<u>\$ (561,511)</u>	<u>\$ 578,888</u>	<u>\$ (472,204)</u>	<u>\$ (5,328,179)</u>	<u>\$ 1,789,305</u>	<u>\$ 3,020,712</u>	<u>\$ 619,708</u>	<u>\$ 1,951,847</u>
Debt service as a percentage of noncapital expenditures	7.0%	7.8%	7.7%	7.3%	7.5%	27.1%	3.7%	4.2%	3.8%	3.8%

(1) Modified accrual basis of accounting.



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

Collection Year	Real Property (1)			Public Utility (2)		Tangible Personal Property (3)		Total		Weighted Average Tax Rate	Total City Direct Rate
	Assessed Value	Commercial/Industrial/PU	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2018	\$ 343,319,660	\$ 38,580	\$ 981,023,543	\$ 8,088,620	\$ 20,773,047	\$ -	\$ -	\$ 351,446,860	\$ 1,001,796,590	35.98%	\$ 4.14
2017	328,119,460	38,830	937,595,114	7,829,300	20,107,066	-	-	335,987,590	957,702,180	35.98%	4.14
2016	323,668,040	40,210	924,880,714	7,364,480	18,913,324	-	-	331,072,730	943,794,038	35.98%	4.14
2015	326,292,560	39,830	932,378,257	7,254,310	18,630,387	-	-	333,586,700	951,008,644	35.98%	4.14
2014	335,503,500	39,180	958,693,371	7,037,090	18,072,527	-	-	342,579,770	976,765,898	35.98%	4.14
2013	332,400,670	37,770	949,824,114	6,375,710	16,373,983	-	-	338,814,150	966,198,097	35.90%	4.14
2012	334,185,190	45,420	954,944,600	5,995,890	15,398,536	-	-	340,226,500	970,343,136	35.84%	4.14
2011	358,924,870	40,320	1,025,614,829	5,873,700	15,084,730	-	-	364,838,890	1,040,699,558	35.77%	4.14
2010	361,083,290	37,350	1,031,773,257	5,638,060	14,479,563	116,150	2,323,000	366,874,850	1,048,575,820	35.77%	4.14
2009	362,557,370	32,220	1,035,970,257	5,715,530	14,678,520	696,660	6,966,600	369,001,780	1,057,615,377	35.57%	4.14

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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 half of 2009-2018, the other half at 25% of true value.
- (3) Tangible personal property is assessed at 0% for 2009-2018.

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

<u>Year</u>	<u>Current Tax Levy</u>	<u>Current Tax Collections (1)</u>	<u>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>
2018	\$ 1,454,990	\$ 1,414,516	\$ 42,743	\$ 1,457,259	97.22%	\$ 26,968	1.85%	\$ 96.05
2017	1,390,989	1,354,172	30,666	1,384,838	97.35%	27,446	1.97%	95.37
2016	1,370,641	1,346,397	35,325	1,381,722	98.23%	33,702	2.46%	95.45
2015	1,381,049	1,332,247	44,994	1,377,241	99.72%	33,976	2.46%	94.53
2014	1,418,280	1,357,528	10,260	1,367,788	96.44%	37,865	2.67%	93.50
2013	1,402,691	1,367,332	32,882	1,400,214	99.82%	33,275	2.37%	86.54
2012	1,408,538	1,363,912	42,503	1,406,415	99.85%	30,429	2.16%	84.92
2011	1,510,433	1,454,051	44,039	1,498,090	99.18%	39,136	2.59%	84.02
2010	1,518,862	1,459,807	48,781	1,508,588	99.32%	88,379	5.82%	83.13
2009	1,527,667	1,461,956	44,273	1,506,229	98.60%	107,679	7.05%	82.60

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		
2018	\$ 1.54	\$ 2.30	\$ 0.30	\$ 4.14	\$ 22.94	\$ 61.65	\$ 4.01	\$ 3.31	\$ 96.05	
2017	1.54	2.30	0.30	4.14	22.94	62.40	2.58	3.31	95.37	
2016	1.54	2.30	0.30	4.14	22.94	62.48	2.58	3.31	95.45	
2015	1.54	2.30	0.30	4.14	21.94	62.56	2.58	3.31	94.53	
2014	1.54	2.30	0.30	4.14	20.94	62.53	2.58	3.31	93.50	
2013	1.54	2.30	0.30	4.14	20.94	55.57	2.58	3.31	86.54	
2012	1.54	2.30	0.30	4.14	20.94	55.51	2.58	1.75	84.92	
2011	1.54	2.30	0.30	4.14	20.94	54.61	2.58	1.75	84.02	
2010	1.54	2.30	0.30	4.14	20.94	53.72	2.58	1.75	83.13	
2009	1.54	2.30	0.30	4.14	20.94	53.69	2.58	1.25	82.60	

Source: Montgomery County Auditor

CITY OF VANDALIA, OHIO  
Schedules of Principal Taxpayers - Real Property  
2018 and 2009

	2009			2018		
	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>						
MO Northwoods LLC	\$ 2,129,490	5	0.59%	\$ 2,496,310	1	0.73%
Anchor PH Vandalia LLC	-		0.00%	2,467,500	2	0.72%
Sand Lake Plaza LLC	2,310,910	4	0.64%	2,281,150	3	0.66%
Realty Income Properties 6 LLC	-		0.00%	2,084,950	4	0.61%
Garrett-Ryan LLC	1,511,720	8	0.42%	1,936,960	5	0.56%
DDC Hotels Inc	-		0.00%	1,824,740	6	0.53%
Floriday LLC	-		0.00%	1,770,840	7	0.52%
Certa Vandalia LLC	-		0.00%	1,612,800	8	0.47%
3920 Space Drive Building	1,718,380	7	0.47%	1,551,620	9	0.45%
Eurand America Inc.	-		0.00%	1,543,920	10	0.45%
Dayton Power & Light Co.	5,306,820	1	1.46%	-		0.00%
Delphi Automotive System	3,791,260	2	1.05%	-		0.00%
The Iams Company	3,003,390	3	0.83%	-		0.00%
Timberlake Limited Partners	1,941,950	6	0.54%	-		0.00%
7124 Poe Ave LLC	1,494,850	9	0.41%	-		0.00%
AMBD, LTD.	1,454,820	10	0.40%	-		0.00%
Total of above	<u>\$ 24,663,590</u>		<u>6.81%</u>	<u>\$ 19,570,790</u>		<u>5.71%</u>
Total City	<u>\$ 362,589,590</u>			<u>\$ 343,358,240</u>		

Source: Montgomery County Auditor.

CITY OF VANDALIA, OHIO  
Schedules of Principal Taxpayers - Public Utility  
2018 and 2009

	2009			2018		
	Taxable Assessed Value (1)	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	\$ 5,306,820	1	92.85%	\$ 7,269,530	1	89.87%
Vectren Energy Delivery of Ohio	-		0.00%	818,170	2	10.12%
Buckeye Power Inc.	-		0.00%	920	3	0.01%
Ohio Bell Telephone Co.	<u>365,410</u>	2	<u>6.39%</u>	-		<u>0.00%</u>
Total of above	<u>\$ 5,672,230</u>		<u>99.24%</u>	<u>\$ 8,088,620</u>		<u>100.00%</u>
Total City	<u>\$ 5,715,530</u>			<u>\$ 8,088,620</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>
2018	2.00%	\$ 15,563,249	\$ 12,227,785	78.57%	\$ 1,961,737	12.60%	\$ 1,373,727	8.83%
2017	2.00	14,471,223	11,571,527	79.96	1,545,989	10.68	1,353,708	9.35
2016	2.00	15,434,555	11,575,620	75.00	2,291,415	14.85	1,567,520	10.16
2015	2.00	14,449,582	10,791,743	74.69	2,226,693	15.41	1,431,146	9.90
2014	2.00	13,873,413	10,518,990	75.82	1,953,374	14.08	1,401,049	10.10
2013	2.00	13,234,807	10,015,750	75.68	1,826,881	13.80	1,392,176	10.52
2012	2.00	12,947,429	9,590,711	74.07	1,978,254	15.28	1,378,464	10.65
2011	2.00	12,086,039	9,108,148	75.36	1,594,969	13.20	1,382,922	11.44
2010	2.00	11,174,601	8,741,078	78.22	1,185,925	10.61	1,247,598	11.16
2009	2.00	11,422,710	9,110,018	79.75	1,047,443	9.17	1,265,248	11.08

Source: City income tax records.

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

Fiscal Year	Governmental Activities (1)				Business-Type Activities		Total Primary Government	Percentage of Personal Income	Total Debt Per Capita
	General Obligation Bonds	OPWC Loans	Loan Payable	Capital Leases	OPWC Loans	Capital Leases			
2018	\$ 1,816,999	\$ 28,406	\$ 1,214,609	\$ 24,379	\$ 137,410	\$ 10,448	\$ 3,232,251	0.78%	\$ 212
2017	2,144,682	35,508	1,130,750	120,433	67,061	51,614	3,550,048	0.85%	233
2016	2,457,755	-	1,196,910	214,193	-	91,797	3,960,655	0.95%	260
2015	2,761,205	-	1,149,528	362,831	-	131,020	4,404,584	1.06%	289
2014	3,060,025	-	308,334	562,910	-	169,306	4,100,575	0.99%	269
2013	9,644,015	-	-	274,110	-	-	9,918,125	2.39%	651
2012	10,543,316	-	-	376,041	-	-	10,919,357	2.63%	716
2011	11,420,417	-	-	473,832	-	-	11,894,249	2.86%	780
2010	12,265,384	-	-	567,651	-	-	12,833,035	3.09%	842
2009	13,083,289	-	-	657,659	-	-	13,740,948	3.89%	941

(1) Details regarding the City's outstanding debt can be found in Note 9 & 11 in the current financial statements.

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

Fiscal Year	Governmental Activities (1)		
	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2018	\$ 1,816,999	0.55%	\$ 119
2017	2,144,682	0.65%	\$ 141
2016	2,457,755	0.74%	161
2015	2,761,205	0.83%	181
2014	3,060,025	0.89%	201
2013	9,644,015	2.85%	633
2012	10,543,316	3.10%	692
2011	11,420,417	3.13%	749
2010	12,265,384	3.34%	804
2009	13,083,289	3.55%	896

(1) Details regarding the City's outstanding debt can be found in Note 9 & 11 in the current financial statements.



CITY OF VANDALIA, OHIO  
 Direct and Overlapping Governmental Activities Debt  
 December 31, 2018

<b>Governmental Unit</b>	<u>Debt Outstanding (2)</u>	<u>Percentage applicable to City (1)</u>	<u>Amount applicable to City</u>
Vandalia-Butler City School District	\$ 53,357,066	56.93%	\$ 30,376,178
Montgomery County	24,283,252	3.68%	<u>893,624</u>
Subtotal, overlapping debt			31,269,801
<b>City of Vandalia governmental activities direct debt</b>			<u>3,084,393</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 34,354,194</u></u>

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

(2) All debt reported as of December 31, 2018, except for Vandalia-Butler School District which is reported as of June 30, 2018.

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

Legal Debt Margin Calculation for Year Ending December 31, 2018	<u>Unvoted</u>	<u>Overall</u>	
Total assessed valuation	\$ 351,446,860	\$ 351,446,860	
Debt limitation - 5.5% of assessed valuation	<u>19,329,577</u>		
Debt limitation - 10.5% of assessed valuation		<u>36,901,920</u>	
Debt applicable to limitation:			
Gross indebtedness	7,457,251	7,457,251	8,755,048
Exempt debt:			
Bond anticipation notes	(4,225,000)	(4,225,000)	
State infrastructure bank loan	(1,214,609)	(1,214,609)	
OPWC loans	(165,816)	(165,816)	
Amount available in debt service fund	<u>(109,728)</u>	<u>(109,728)</u>	
Total debt applicable to limitation	<u>1,742,098</u>	<u>1,742,098</u>	
Legal debt margin	<u>\$ 17,587,479</u>	<u>\$ 35,159,822</u>	

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 38,745,187	\$ 38,521,859	\$ 38,308,083	\$ 35,723,783	\$ 35,575,486	\$ 35,970,876	\$ 35,026,604	\$ 34,762,637	\$ 35,278,697	\$ 36,901,920
Total net debt applicable to limit	13,006,846	12,155,698	11,279,512	10,627,927	9,695,024	9,450,099	3,185,511	2,681,210	2,221,667	1,742,098
Legal debt margin	\$ 25,738,341	\$ 26,366,161	\$ 27,028,571	\$ 25,095,856	\$ 25,880,462	\$ 26,520,777	\$ 31,841,093	\$ 32,081,427	\$ 33,057,030	\$ 35,159,822
Total net debt applicable to limit as a percentage of debt limit	33.57%	31.56%	29.44%	29.75%	27.25%	26.27%	9.09%	7.71%	6.30%	4.72%

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>GENERAL BONDED DEBT</u>										
Debt service	1,409,691	1,408,129	1,409,648	1,414,384	1,406,946	1,245,640	409,615	405,765	406,015	410,165
General governmental expenditures	28,146,333	27,911,037	23,587,299	22,686,351	23,033,897	30,196,846	23,886,220	21,214,457	23,118,806	22,758,824
Ratio of debt service to general governmental expenditures	5.01%	5.05%	5.98%	6.23%	6.11%	4.13%	1.71%	1.91%	1.76%	1.80%

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

CITY OF VANDALIA, OHIO  
Schedule of Principal Employers  
2018 and 2009

<u>Employer (1)</u>	<u>Industry</u>	<u>2018</u>			<u>2009</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>
Staffmark Investment LLC (formerly CBS Personnel)	Employment Agency	568	1	1.19%	-	-	0.00%
GE Aviation (formerly Smiths Aerospace)	Aerospace Engineering & Manufacturing	556	2	1.17%	422	4	0.78%
Vandalia - Butler Schools	Schools	554	3	1.16%	684	2	1.26%
All Service Plastic Molding	Injection Molding	538	4	1.13%	-	-	0.00%
City of Vandalia	Local Government	476	5	1.00%	542	3	1.00%
SAIA Burgess, Inc. (formerly Johnson Controls)	Electronics Manufacturing	333	6	0.70%	270	6	0.50%
Beau Townsend Ford/Nissan	Car Dealership	315	7	0.66%	-	-	0.00%
Dayton Freight Lines, Inc.	Trucking Company	296	8	0.62%	-	-	0.00%
Kroger Limited Partnership	Grocery Retail	280	9	0.59%	-	-	0.00%
Adare Pharmaceuticals Inc. (formerly Aptalis Pharmatech)	Specialty Pharmaceutical Company	228	10	0.48%	-	-	0.00%
Delphi Automotive System)	Automotive Manufacturing & Engineering	-	-	0.00%	1,166	1	2.15%
Coorstek Medical LLC (formerly IMDS Holding Corp)	Medical Device Design & Manufacturing	-	-	0.00%	279	5	0.51%
P&G Pet Care (formerly Iams)	Headquarters - Cat & Dog Food	-	-	0.00%	233	7	0.43%
Eurand	Pharmaceutical and biopharmaceutical products	-	-	0.00%	181	8	0.33%
Cintas Corporation	Work uniforms and custom corporation apparel	-	-	0.00%	130	9	0.24%
Ineteva Products LLC	Transportation Equipment Manufacturing	-	-	0.00%	127	10	0.23%
		<u>4,144</u>		<u>8.70%</u>	<u>4,034</u>		<u>7.44%</u>

Source: City Income Tax Department W2 Audit Listing.

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

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

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)	Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	City of Vandalia Unemployment Rate (3)	Average Sales Price of Residential Property (4)	Total Assessed Property Value (4)
2018	15,246	\$ 415,514,484	\$ 27,254	\$ 49,539	41.3	3,095	2,912	4.5%	\$ 158,630	\$ 351,446,860
2017	15,246	415,514,484	27,254	49,539	41.3	3,095	3,065	4.4%	155,762	335,987,590
2016	15,246	415,514,484	27,254	49,539	41.3	3,095	3,071	4.6%	156,896	331,072,730
2015	15,246	415,514,484	27,254	49,539	41.3	3,095	2,999	4.7%	136,890	333,586,700
2014	15,246	415,514,484	27,254	49,539	41.3	3,095	3,156	4.6%	133,490	342,579,770
2013	15,246	415,514,484	27,254	49,539	41.3	3,095	3,324	7.0%	135,048	338,814,150
2012	15,246	415,514,484	27,254	49,539	41.3	3,095	3,325	7.0%	119,712	340,226,500
2011	15,246	415,514,484	27,254	49,539	41.3	3,095	3,331	8.5%	166,450	364,838,890
2010	15,246	415,514,484	27,254	49,539	41.3	3,095	3,351	10.1%	124,840	366,874,850
2009	14,603	353,377,997	24,199	44,463	38.1	2,215	3,422	11.4%	122,681	369,001,780

(1) Source: U. S. Census

(a) Year 2009 - 2000 Federal Census

(b) Years 2010 through 2018 - 2010 Federal Census

(2) Source: Ohio Department of Education

(3) Source: Ohio Department of Job and Family Services

(4) Source: Montgomery County Auditor

(5) Computation of per capita personal income multiplied by population

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

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>General Government</b>										
Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Finance	7.00	6.50	6.00	5.00	5.50	5.50	6.50	6.00	6.00	6.00
Tax	5.00	9.00	4.50	8.00	8.50	8.50	8.50	9.50	11.00	10.50
City Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Law	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Administration	9.00	7.00	7.00	6.50	6.50	6.50	8.00	6.50	7.00	7.50
Engineer	8.00	9.00	7.50	9.50	9.50	9.50	9.50	8.50	9.00	9.50
Planning	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Court	24.00	27.50	24.50	26.00	26.00	26.00	26.00	26.00	29.00	30.00
Public Building	18.00	19.00	7.00	7.50	7.50	7.50	8.50	18.00	18.00	17.00
<b>Security of Persons and Property</b>										
Police	28.00	32.00	32.00	32.00	32.00	32.00	32.00	32.00	32.00	31.00
Police - Auxiliary/Guards	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Police - Dispatchers/Office/Other	17.50	12.00	9.00	9.00	9.00	9.00	9.00	10.50	12.00	12.00
Fire	43.50	44.00	46.50	37.50	37.50	37.50	37.50	40.50	49.00	43.00
Fire - Secretary - Other	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
<b>Leisure Time Activities</b>										
Recreation	111.50	118.00	126.00	119.00	119.00	119.00	123.50	103.50	122.00	112.50
Municipal Pool	2.00	6.00	3.00	4.50	4.50	4.50	8.50	5.50	7.00	4.50
Golf Course	26.00	32.50	24.00	21.50	21.50	21.50	22.50	20.00	25.00	29.50
<b>Transportation</b>										
Service	20.50	19.00	18.00	18.00	18.00	18.00	20.00	20.50	21.00	19.50
<b>Basic Utility Services</b>										
Water	1.00	2.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00
Wastewater	0.00	0.00	1.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00
<b>Totals:</b>	<u>332.00</u>	<u>354.50</u>	<u>328.00</u>	<u>317.00</u>	<u>318.00</u>	<u>318.00</u>	<u>333.00</u>	<u>320.00</u>	<u>361.00</u>	<u>345.50</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.

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

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>General Government</b>										
Square Footage Occupied	23,843	23,843	23,843	23,843	23,843	23,843	23,843	23,843	23,843	23,843
Administrative Vehicles	4	3	3	3	3	3	2	2	2	2
Inspection Vehicles	5	5	7	7	7	7	8	8	8	8
Municipal Court Vehicles	2	2	2	2	2	2	2	2	2	2
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	1	1
Square Footage of Building	43,219	43,219	43,219	43,219	43,219	43,219	43,219	43,219	43,219	43,219
Vehicles	26	26	25	25	21	21	21	21	21	21
<b>Fire</b>										
Stations	3	3	3	3	3	3	3	3	3	2
Number of fire hydrants	802	802	802	802	770	770	770	770	770	770
Square Footage of Building	33,443	33,443	33,443	33,443	33,443	33,443	33,443	33,443	33,443	18,000
Vehicles	17	14	15	15	17	17	17	16	16	19
<b>Recreation</b>										
Number of Parks	11	11	11	11	11	11	11	11	11	11
Number of Pools	1	1	1	1	1	1	1	1	1	1
Number of Golf Courses	1	1	1	1	1	1	1	1	1	1
Number of Tennis Courts	11	11	11	11	11	11	11	11	11	11
Number of Baseball Fields	15	15	15	15	15	15	15	15	15	15
Number of Senior Centers	1	1	1	1	1	1	1	1	1	1
Number of Soccer Fields	12	12	12	12	12	12	12	12	12	12
Square Footage of Recreation Center	58,357	58,357	58,357	58,357	58,357	58,357	58,357	58,357	58,357	58,357
Vehicles	21	21	21	21	20	20	20	20	20	20
<b>Other Public Works</b>										
Streets (miles)	86.0	86.0	86.0	86.0	86.0	86.0	86.0	86.0	89.0	82.5
Service Vehicles	28	28	26	26	24	24	24	29	29	27
<b>Wastewater</b>										
Sanitary Sewers (miles)	74	74	74	74	74	74	73	73	73	73
Storm Sewers (miles)	78	78	78	78	78	77	76	76	75	74
<b>Water Department</b>										
Water Lines (miles)	87	87	87	87	87	87	85	85	85	85
Vehicles	1	1	1	1	1	1	1	1	1	1

Source: City of Vandalia

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

Function/Program	2018	2017	2016	2015	2014
<b>General Government</b>					
<i>Council and Clerk</i>					
Number of Ordinances Passed	26	33	36	26	33
Number of Resolutions Passed	77	93	103	111	74
Number of Planning Commission docket items	24	33	44	1	1
Zoning Board of Appeals docket items	23	16	17	5	12
<i>Finance Department</i>					
Number of payroll checks issued	81	74	87	104	116
Number of payroll direct deposits issued	9,283	9,619	9,161	9,854	9,571
Number of checks/ vouchers issued	3,143	3,665	3,988	4,426	4,917
Amount of checks written (\$000 omitted)	\$39,859	\$16,129	\$15,231	\$18,278	\$20,342
Interest earnings for fiscal year (cash basis)	\$448,460	\$201,158	\$146,071	\$137,269	\$138,696
Number of Budget Adjustments issued	6	6	3	4	7
Agency Ratings - Moody's Financial Services	Aa2	Aa2	Aa2	Aa2	Aa2
Health Insurance Costs vs General Fund Expenditures %	6.31%	6.31%	7.02%	7.94%	6.68%
General Fund Receipts (cash basis, \$000 omitted)	\$23,795	\$23,592	\$22,808	\$21,971	\$20,829
General Fund Expenditures (cash basis, \$000 omitted)	\$22,681	\$22,261	\$21,673	\$21,131	\$21,980
General Fund Cash Balances (\$000 omitted)	\$15,710	\$14,595	\$13,263	\$12,128	\$11,288
<i>Income Tax Department</i>					
Number of Individual/Business Returns	12,060	12,291	12,949	22,605	24,212
Number of business withholding accounts	1,768	2,520	2,649	2,331	3,604
Amount of Penalties and Interest Collected	\$ 88,198	\$ 101,284	\$ 122,520	\$ 113,693	\$ 118,174
Annual number of withholding forms processed	16,435	22,603	21,906	32,757	36,703
Annual number of balance due statements forms processed	3,809	4,811	6,257	10,626	10,431
Annual number of estimated payment forms processed	2,592	3,023	3,508	5,613	5,779
Annual number of reconciliations of withholdings processed	1,768	2,520	2,649	4,617	4,360
<i>Engineer Contracted Services</i>					
Dollar amount of Construction overseen by Engineer	\$1,724,536	\$1,325,899	\$1,531,693	\$1,047,864	\$512,644
<i>Municipal Court</i>					
Number of Civil Cases	2,143	1,996	1,807	1,628	2,065
Number of Criminal/Traffic cases	13,954	14,533	14,471	14,293	14,000
<i>Civil Service</i>					
Number of police entry tests administered	17	2	1	1	0
Number of fire entry tests administered	7	4	1	1	0
Number of police promotional tests administered	5	0	0	0	0
Number of hires of Police Officers from certified lists	2	3	2	0	1
Number of hires of Fire/Medics from certified lists	4	2	2	0	0
Number of promotions from police certified lists	0	0	1	0	0
<i>Building Department Indicators</i>					
Construction Permits Issued	72	67	72	71	69
Estimated Value of Construction	\$10,699,597	\$7,543,900	\$4,680,457	\$21,137,691	\$8,783,595
Number of permits issued	756	741	739	815	754
Amount of Revenue generated from permits	\$205,138	\$177,673	\$138,914	\$202,980	\$110,652
Revenue generated from above 1,2,3,4	\$205,138	\$177,673	\$138,914	\$202,980	\$110,652



2013	2012	2011	2010	2009
18	16	23	16	26
64	45	59	73	50
14	8	9	7	11
13	6	12	9	12
117	212	152	2,887	9,821
9,580	9,061	9,072	6,728	0
4,774	4,339	4,994	4,420	5,414
\$19,613	\$16,016	\$24,159	\$25,311	\$27,569
\$161,018	\$231,689	\$302,177	\$482,534	\$869,217
6	6	5	2	8
Aa2	Aa2	Aa2	Aa2	Aa3
7.67%	8.55%	6.82%	8.20%	5.69%
\$20,856	\$20,496	\$20,059	\$19,407	\$20,269
\$21,885	\$21,111	\$19,467	\$20,891	\$25,217
\$12,439	\$13,468	\$14,083	\$13,491	\$14,974
23,466	14,984	22,614	23,042	21,443
3,604	3,296	2,520	3,248	3,033
\$ 109,648	\$ 112,041	\$ 106,639	\$ 102,271	\$ 79,520
44,153	26,641	38,118	31,205	26,310
8,759	6,252	9,808	9,521	5,839
5,397	3,564	5,325	5,045	4,508
4,321	2,640	3,446	4,146	4,130
\$831,792	\$1,266,695	\$1,157,591	\$2,240,166	\$1,653,024
2,040	2,040	3,029	2,284	2,090
12,398	11,754	14,269	14,666	15,779
1	1	0	0	1
0	0	0	1	0
0	0	0	0	1
0	0	0	1	2
0	0	0	1	0
0	0	0	0	2
85	83	78	97	96
\$31,879,840	\$12,735,073	\$17,119,415	\$52,879,415	\$12,029,682
750	750	761	725	751
\$162,512	\$166,082	\$140,656	\$210,717	\$125,340
\$162,512	\$166,082	\$140,656	\$210,717	\$125,340

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

Function/Program	2018	2017	2016	2015	2014
<b>Security of Persons &amp; Property</b>					
<i>Police</i>					
Total Calls for Services	13,048	14,405	13,545	12,983	13,610
Number of traffic citations issued	1,210	1,394	1,213	1,365	1,342
Number of parking citations issued	61	57	103	61	100
Number of criminal arrests	596	607	626	574	622
Number of accident reports completed	271	358	339	312	270
Part 1 Offenses (major offenses)	379	376	400	521	440
Reserve officers hours worked	0	0	320	235	6
DUI Arrests	38	77	75	86	101
Prisoners Processed - Temporary Holdings	41	55	67	78	124
Property damage accidents	229	286	263	229	210
Fatalities from Motor Vehicle Accidents	0	0	0	2	0
Gasoline costs of fleet	\$56,566	\$44,659	\$42,436	\$62,658	\$80,138
DARE youth program	0	0	0	0	0
Community Diversion Program Youths (Be Proud)	0	0	0	0	0
Volunteer Service Program	0	0	207	139	164
<i>Fire</i>					
EMS Calls	2,369	2,554	2,526	2,441	2,199
Ambulance Billing Collections (net)	\$485,275	\$530,308	\$451,399	\$521,946	\$500,094
Fire Calls	963	898	1,066	859	1,056
Fires with Loss	12	15	11	78	30
Fires with Losses exceeding \$10K	3	1	5	7	5
Fire Losses \$	\$159,300	\$50,275	\$408,852	\$749,186	\$87,850
Fire Safety Inspections	215	339	332	721	801
Number of times Mutual Aid given to Fire and EMS	149	174	121	96	79
Number of times Mutual Aid received for Fire and EMS	110	117	83	105	63
<b>Public Health and Welfare</b>					
Cemetery burials	28	22	29	27	27
Cemetery cremations	9	15	11	3	18
Cemetery sale of lots	48	32	30	29	46
Cemetery receipts	\$35,515	\$31,883	\$27,267	\$25,273	\$30,778
<b>Leisure Time Activities</b>					
<i>Recreation</i>					
Recreation Swimming pool receipts	\$53,230	\$50,196	\$49,242	\$44,568	\$36,525
Recreation Mens & Womens Leagues receipts	34,710	38,270	39,781	40,697	42,743
Recreation Programs	109,377	95,371	108,290	100,509	99,033
Youth Soccer League	29,015	30,129	32,674	30,920	33,378
Youth Baseball League	61,522	55,395	37,729	35,838	38,024
Facilities rentals	34,537	44,631	58,113	59,922	98,894
Total Recreation Department receipts	<u>\$322,391</u>	<u>\$313,992</u>	<u>\$325,829</u>	<u>\$312,454</u>	<u>\$348,597</u>
<b>Community Development</b>					
Grant amounts received due to Economic Development Dept.	\$290,000	\$282,500	\$0	\$25,000	\$500,000
<b>Basic Utility Services</b>					
Refuse disposal per year (in tons) January through December	5,603	5,920	5,615	5,511	5,466
Refuse disposal costs per year January through December	\$981,035	\$940,552	\$862,134	\$870,856	\$912,886
Annual recycling tonnage (excluding leaf, and compost items)	773	810	718	666	662

2013	2012	2011	2010	2009
14,029	14,241	14,395	13,496	13,335
1,372	1,370	801	1,052	957
101	90	113	72	33
678	761	596	596	547
259	239	246	256	266
418	461	425	462	346
88	786	415	119	162
69	67	90	77	88
143	179	177	146	213
199	178	192	206	193
0	0	0	0	1
\$85,806	\$91,232	\$101,826	\$70,170	\$59,080
255	260	294	293	400
0	0	0	0	0
0	0	0	0	0
2,932	2,721	2,266	2,062	2,031
\$499,769	\$472,184	\$548,836	\$554,865	\$529,248
956	754	470	455	527
28	21	7	7	8
1	7	2	2	2
\$51,300	\$921,550	\$76,200	\$197,110	\$471,600
408	368	300	477	473
262	247	184	116	159
150	192	118	167	145
16	26	29	34	26
12	8	5	2	5
64	43	34	53	22
\$37,876	\$30,178	\$29,938	\$40,914	\$22,150
\$31,896	\$38,150	\$51,388	\$54,193	\$43,000
46,295	41,948	50,892	49,863	13,774
95,015	95,980	86,748	92,790	79,216
30,202	28,965	31,051	33,230	31,940
42,134	43,929	44,368	43,767	47,468
102,826	134,581	152,995	155,517	153,177
<u>\$348,368</u>	<u>\$383,553</u>	<u>\$417,442</u>	<u>\$429,360</u>	<u>\$368,575</u>
\$500,000	\$475,000	\$628,748	\$109,957	\$727,677
5,509	5,770	5,805	5,835	6,036
\$880,000	\$855,695	\$843,000	\$805,000	\$786,883
719	644	723	683	622

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

Function/Program	2018	2017	2016	2015	2014
<b>Transportation</b>					
Street Improvements - asphalt overlay (linear feet)	32,584	17,921	21,152	17,773	13,310
Rejuvenating Spray on Streets (Miles)	0	0	0	0	0
Crackseal Coating Program (Miles)	0	0	0	0	0
Street Repair (Concrete, asphalt, crack sealing) (hours)	3,916	2,886	3,361	3,895	3,758
Mowing (hours)	1,084	888	690	562	658
Paint Striping (hours)	240	1,098	1,180	784	872
Street Sweeper (hours)	592	915	1,084	993	849
Snow & Ice Removal regular hours	588	248	488	844	735
Sewer and Sanitary calls for service (hours)	636	1,382	124	1,234	794
Fire hydrants (hours)	140	184	244	356	401
Catch basin (hours)	1,616	2,762	1,932	2,705	2,489
Water and Water calls for service (hours)	2,724	2,337	2,044	2,006	3,039
Leaf collection (hours)	1,262	1,476	1,660	1,454	1,792
Holiday lights setup (hours)	424	241	240	310	244
Burial services (hours)	569	584	564	431	516
Equipment repair/body shop (hours)	2,524	3,557	3,528	3,542	3,738
Sign department (hours)	2,784	2,460	2,898	2,764	2,838
Building maintenance (hours)	963	758	1,242	1,178	1,382
Other (hours)	3,920	2,429	1,886	1,325	1,365
<b>Water Department</b>					
Water Rates per 1st 300 Cu ft of water used (2,250 gallons)	\$ 14.80	\$ 14.80	\$ 13.34	\$ 13.34	\$ 13.34
Avg. number of water accounts billed monthly (Cu. Ft.)	5,412	5,400	5,390	5,425	5,444
Total Water Collections Annually (Including P&I)	\$2,261,017	\$2,226,045	\$2,084,024	\$2,074,955	\$2,079,548
<b>Wastewater Department</b>					
Wastewater Rates per 1st 300 Cu ft of water used	\$4.40	\$4.40	\$4.86	\$4.86	\$4.86
Total flow of wastewater treatment plant (Millions of Gallons)	4,475	4,085	3,655	3,803	2,958
Average daily flow (Millions of gallons per day)	12	11	10	8	8

Source: City of Vandalia

2013	2012	2011	2010	2009
15,963	30,121	21,714	39,807	34,069
0	0	0	2	2
0	0	0	0	0
3,750	4,066	4,340	5,169	4,711
962	1,310	1,176	556	822
1,118	1,313	668	660	508
758	1,086	1,030	980	946
910	376	890	1,205	816
643	892	558	596	768
528	220	291	212	220
1,898	2,494	1,196	2,344	3,245
2,503	2,851	3,003	2,893	3,701
1,512	1,904	1,798	1,735	1,356
384	408	296	297	138
278	417	469	730	292
3,960	3,521	3,631	3,960	3,850
3,079	2,112	2,375	2,097	2,517
1,004	1,334	896	779	1,054
1,476	1,740	1,846	1,677	1,464
\$ 13.34	\$ 13.34	\$ 13.34	\$ 13.34	\$ 13.34
5,427	5,418	5,480	5,409	5,389
\$2,112,547	\$2,196,006	\$2,118,302	\$2,130,194	\$2,087,631
\$4.86	\$4.86	\$4.42	\$4.02	\$3.65
3,540	3,141	3,890	2,852	2,852
10	9	11	8	8



# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF VANDALIA**

**MONTGOMERY COUNTY**

### **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 25, 2019**