

**CITY OF VANDALIA**

**Yellow Book Report**

**December 31, 2007**





# Mary Taylor, CPA

Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Vandalia, Montgomery County, prepared by Plattenburg & Associates, Inc. for the audit period January 1, 2007 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA  
Auditor of State

July 14, 2008

**This Page is Intentionally Left Blank.**



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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vandalia (the City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 23, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

#### Compliance and Other Matters

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

We noted certain matters that we reported to management of the City in a separate letter dated June 23, 2008.

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

*Plattenburg & Associates, Inc.*

Plattenburg & Associates, Inc.  
June 23, 2008

CITY OF VANDALIA  
Montgomery County, Ohio

---

Comprehensive Annual Financial Report

Year Ended December 31, 2007

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





City of Vandalia, Ohio  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2007

Table of Contents

<b>Introductory Section</b>	<b>Page</b>
Letter of Transmittal.....	v
Certificate of Achievement.....	x
City Officials .....	xi
Organizational Chart .....	xii
<b>Financial Section</b>	
Independent Auditor's Report.....	1
Management's Discussion and Analysis .....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets.....	15
Statement of Activities .....	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds .....	18
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities .....	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	21
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual:	
General Fund .....	22
Statement of Fund Net Assets – Proprietary Funds.....	23
Statement of Revenues, Expenses and Changes in Fund Net Assets – Proprietary Funds.....	24
Statement of Cash Flows – Proprietary Funds .....	25
Statement of Fiduciary Net Assets – Fiduciary Funds .....	27
Notes to the Financial Statements .....	28
Combining Statements:	
Combining Statements – Nonmajor Governmental Funds:	
Fund Descriptions.....	57
Combining Balance Sheet – Nonmajor Governmental Funds.....	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds.....	61
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	64
Combining Balance Sheet – Nonmajor Debt Service Funds.....	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Debt Service Funds.....	67
Combining Balance Sheet – Nonmajor Capital Projects Funds .....	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds .....	69

City of Vandalia, Ohio  
 Comprehensive Annual Financial Report  
 Year Ended December 31, 2007

Table of Contents  
 (Continued)

	<b>Page</b>
Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual:	
Major Funds:	
General Fund .....	70
Capital Improvement Fund .....	72
Nonmajor Funds:	
Street Fund .....	73
State Highway Fund .....	74
Permissive Motor Vehicle Tax Fund .....	75
Law Enforcement Fund .....	76
Drug Law Enforcement Fund .....	77
OMVI Education and Enforcement Fund .....	78
OMVI Indigent Fund .....	79
Computer Legal Research Fund .....	80
Baseball Recreation Fund .....	81
Soccer Recreation Fund .....	82
Stormwater Fund .....	83
Chuck Gabbard Memorial Fund .....	84
Magistrate Fund .....	85
General Obligation Bond Retirement Fund .....	86
Street Special Assessment Bond Retirement Fund .....	87
Road Improvements Brownschool Fund .....	88
Recreation Center Fund .....	89
Justice Center/Municipal Building Fund .....	90
North Dixie Widening Fund .....	91
Police, Fire and Street Capital Improvements Fund .....	92
Individual Fund Schedules of Revenues, Expenses and Changes in Fund Equity – Budget (Non-GAAP Basis) and Actual:	
Major Funds:	
Water Fund .....	93
Sewer Fund .....	94
Golf Fund .....	95
Hospital Care Fund .....	96
Combining Statement – Fiduciary Funds	
Fund Descriptions .....	97
Combining Statement of Changes in Assets and Liabilities .....	98
 <b>Statistical Section</b>	
Table of Contents .....	S-1
Net Assets by Component - Last Eight Years .....	S-2
Change in Net Assets - Last Eight Years .....	S-3
Fund Balances, Governmental Funds - Last Eight Years .....	S-4
Changes in Fund Balance, Governmental Funds - Last Ten Years .....	S-5
Schedule of Assessed Valuation and Estimated True Value - Last Ten Collection Years .....	S-6

City of Vandalia, Ohio  
Comprehensive Annual Financial Report  
Year Ended December 31, 2007

Table of Contents  
(Continued)

	<b>Page</b>
Schedule of Property Tax Levies and Collections - Last Ten Years .....	S-7
Schedule of Property Rates - all Direct and Overlapping Governments - Last Ten Years .....	S-8
Schedule of Principal Taxpayers – Real Property - 2007 and 2004 .....	S-9
Schedule of Principal Taxpayers – Personal Property - 2007 and 2004 .....	S-10
Schedule of Principal Taxpayers – Public Utility - 2007 and 2004 .....	S-11
Income Tax Rates and Collections - Last Ten Years .....	S-12
Ratios of Outstanding Debt by Type - Last Ten Years .....	S-13
Ratios of General Bonded Debt Outstanding - Last Ten Years.....	S-14
Direct and Overlapping Governmental Activities Debt - December 31, 2007.....	S-15
Legal Debt Margin Information - Last Nine Years .....	S-16
Schedule of Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Governmental Expenditures - Last Nine Years .....	S-17
Schedule of Principal Employers – 2007 and 2005.....	S-18
Demographic and Economic Statistics - Last Ten Years .....	S-19
Schedule of Full-Time Equivalent City Government Employees by Function/Program - Last Six Years .....	S-20
Schedule of Operating Indicators by Function/Program - Last Six Years .....	S-21
Schedule of Capital Assets Statistics by Function/Program - Last Nine Years.....	S-24



---

## INTRODUCTORY SECTION



333 James E. Bohanan Memorial Drive  
Vandalia, Ohio 45377

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



June 23, 2008

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

State law requires that every general-purpose local government prepare their financial statements in accordance with generally accepted accounting principles (GAAP) and to have an annual audit. Therefore, I am pleased to present the nineteenth Comprehensive Annual Financial Report (CAFR) for the City of Vandalia, which is being published to fulfill that requirement for the year ended December 31, 2007.

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

Plattenburg & Associates, Inc., Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Vandalia's financial statements for the year ended December 31, 2007. The independent auditors' report is located at the front of the financial section of this report.

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

### Profile of the City

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

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

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

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

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

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

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

The City is also a member of the Economic Development/Government Equity Program (ED/GE), a jointly governed organization which promotes developing plans and programs designed to assure that County resources are efficiently used, economic growth is properly balanced, and that county economic development is coordinated with that of the State of Ohio and other local governments. This organization is presented in Note 14.

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

### Local Economy

Economic development continued to be a priority for Vandalia in 2007, and the City scored a number of successes in a year when many municipalities struggled. Vandalia's attractive location, innovative incentives and pro-business approach continues to attract new businesses to the community. One of Vandalia's tools for attracting and retaining development is the Vandalia Incentive Program (VIP) Grant. The city approved six VIP grants in 2007 for a total of \$195,000.

Crown Solutions received a \$50,000 VIP Grant to assist in the costs of constructing a 30,000 square foot addition to their Vandalia operation. The addition is projected to create 157 new full-time jobs at the Vandalia operation, and bring an additional \$9 million in payroll.



Triad Technologies received a \$50,000 VIP Grant to assist in the cost of moving operations from Englewood to Vandalia. Triad presently employs 54 people in its Englewood facility with a payroll of \$2.7 million. After the move to Vandalia, the company expects to gradually add another 8 to 10 employees over a five year period.

Eurand USA received a \$25,000 VIP Grant to assist with a \$10 million expansion project. The pharmaceutical company is increasing its research and development team and expects to add 40 full-time jobs and \$1.2 million in additional payroll to the Vandalia operation.

Dayton Physicians LLC received a \$25,000 VIP Grant to upgrade tenant space at its new Vandalia location. The project will add 25 new jobs with an additional \$1 million in payroll.

Dayton Technologies Group received a \$20,000 VIP Grant to assist in the cost of moving the company's Moraine operation to Vandalia. The company purchased and renovated a vacant building. The move brings 28 new jobs and a \$1.15 million payroll to Vandalia.

Westminster Financial was approved for a \$25,000 VIP Grant to assist in the cost of moving the company's Downtown Dayton operation to Vandalia. While the project has not been finalized, it is expected that the move would bring 24 new jobs to Vandalia with a payroll of \$1.24 million.

The City of Vandalia approved a Community Reinvestment Area property tax abatement for the Expediting Company. Company officials were exploring other options as the Vandalia operation was outgrowing its building. The abatement made it financially feasible for the company to construct a new building and remain in Vandalia. The Expediting Company employs 83 people with a payroll of \$2.2 million.

The City of Vandalia was the beneficiary of a consolidation by Dayton Reliable Tool (DRT) who brought 100 new jobs to Vandalia through a consolidation of two of their north Dayton operations. Tipp Tool and Machine in Tipp City was purchased by DRT and the employees were consolidated into Adena Tool in Vandalia, another DRT owned facility. The consolidation will mean \$5 million in new payroll to the City of Vandalia.

The Evenflo Company opted to relocate its Vandalia operation to Miamisburg, Ohio. The move will result in a loss of 300 jobs and a \$12 million payroll leaving Vandalia.

The unemployment in Vandalia's region (Dayton, OH SMA) in 2007 was above the national and state averages. The Dayton area had an unemployment rate of 6.2% in 2007, compared to 4.6% nationally and 5.6% for the State of Ohio. The Dayton area unemployment rate is expected to rise in 2008 as the result of a number of closures of large facilities anticipated within the region. None of these closures are located within Vandalia.

The City is starting to see early payoffs from the Miller Lane – Benchwood Road Redevelopment Plan adjoining a relocated exit to Interstate 75. There is prime property located directly off of the new access road from I-75, and the City has entered into a tax increment financing (TIF) agreement with the Vandalia-Butler School District to promote economic development in this area. Three TIF districts have been created within the area already. TIF revenues will be received by the City and school district for the first time in 2008.

The City continues to spend its valuable resources on public safety and public works related expenses, as well as recreation activities and general governmental categories. The City's dedication to public safety is evident in the fact that 21% and 6% of the governmental expenditures are spent towards police and fire protection, respectively.

The City also places a high emphasis on sponsoring recreation programs for its citizens. The 18% of governmental expenditures spent for recreation during 2007 is consistent with past years.

At 52.6% of total governmental revenues, municipal income taxes continue to be the life source of the City's revenue. Vandalia residents approved a temporary (five years) city income tax increase of one quarter of one percent in November, 2005. This increase will be earmarked for additional police personnel and police, fire, and street capital needs. Effective January 1, 2006, the City income tax rate is now 2.00%. The City of Vandalia instituted a sewer rate increase of 9% for 2008 and 2009. In order to keep overall utility bills from increasing, the Vandalia City Council voted to reduce water rates by 4.5% in 2008 and 2009. The sewer rate increase was necessary to establish a carryover balance sufficient to handle unanticipated expenses.

### Major Initiatives

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

In 2007, the City of Vandalia invested \$1.2 million to install water and sanitary sewer lines to Stonequarry Crossings, a 200-acre development purchased by the city in 2006. With the help of a \$500,000 grant from the Dayton Development Coalition, the City installed water and sewer utilities in order to make the site "shovel ready" for the Spring 2008 building season. The City has also created a marketing brochure that will be sent nationally to developers to garner interest in the site from both retail and office users. The proximity to the Dayton International Airport, the Interstate 70 and 75 interchange, and access from the Airport Access Road makes this site highly desirable for new office and retail uses.

Another area that is primed for retail development is the Miller Lane area, south of Benchwood Road. The Drury Inn owns the property at the southeast corner of the intersection and has been working to prepare that site for future development. In 2007, Drury installed the necessary storm water controls that will allow the development of that site to occur in the spring of 2008. Once the Drury site begins construction, the City is confident that the remainder of the land in the Miller Lane/Benchwood Road area will take off.

The City of Vandalia contracted with Utility Sales Agency to install new water meters in the homes of all residents. The project will begin in 2008 with completion estimated to be in October 2010. The new water meters will be equipped with a transmitting device that will allow the City utility workers to automatically pick up water meter readings by driving down the streets of the city. These new meters, combined with the transition to monthly utility billing should assist residents in controlling unknown water leaks on their property.

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

Delphi, the City's largest employer, is demolishing a long-vacant structure that sits at the corner of North Dixie Drive and Northwoods Boulevard. When the project is completed in December 2008, there will be about 33 acres of land open to development at a highly desirable location.

Delphi has also announced a plan to sell its Global Interiors and Closures engineering group to Inteva Products LLC, a wholly owned subsidiary of The Renco Group. The group will remain in Vandalia in the same space it presently occupies.

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

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

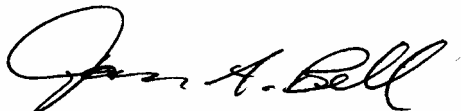
In 2008, the City of Vandalia has budgeted \$775,000 to repair and upgrade several City streets. The improvements will consist of new pavement and repairs to existing curbs and gutters.

#### Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Vandalia, Ohio, for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2006. This was the eighteenth year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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



James A. Bell  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Vandalia  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2006

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



*Charles S. Cox*

President

*Jeffrey R. Emery*

Executive Director

City of Vandalia  
Montgomery County, Ohio  
List of Principal Officials  
December 31, 2007

Elected Officials

*Mayor*

William Loy

*Vice Mayor*

David Lewis

Dave Gerhard (Effective 01/01/08)

*Council Members*

Mike Blakesly

Joyce Orange

H. David Brusman Jr.

Candice Farst

Dave Gerhard

Appointed Officials

*City Manager*

Jeffrey C. Hoagland

*Director of Finance*

James A. Bell

*City Attorney*

Gerald McDonald

*Assistant City Manager*

Rob Anderson

*Chief of Police*

Douglas Knight

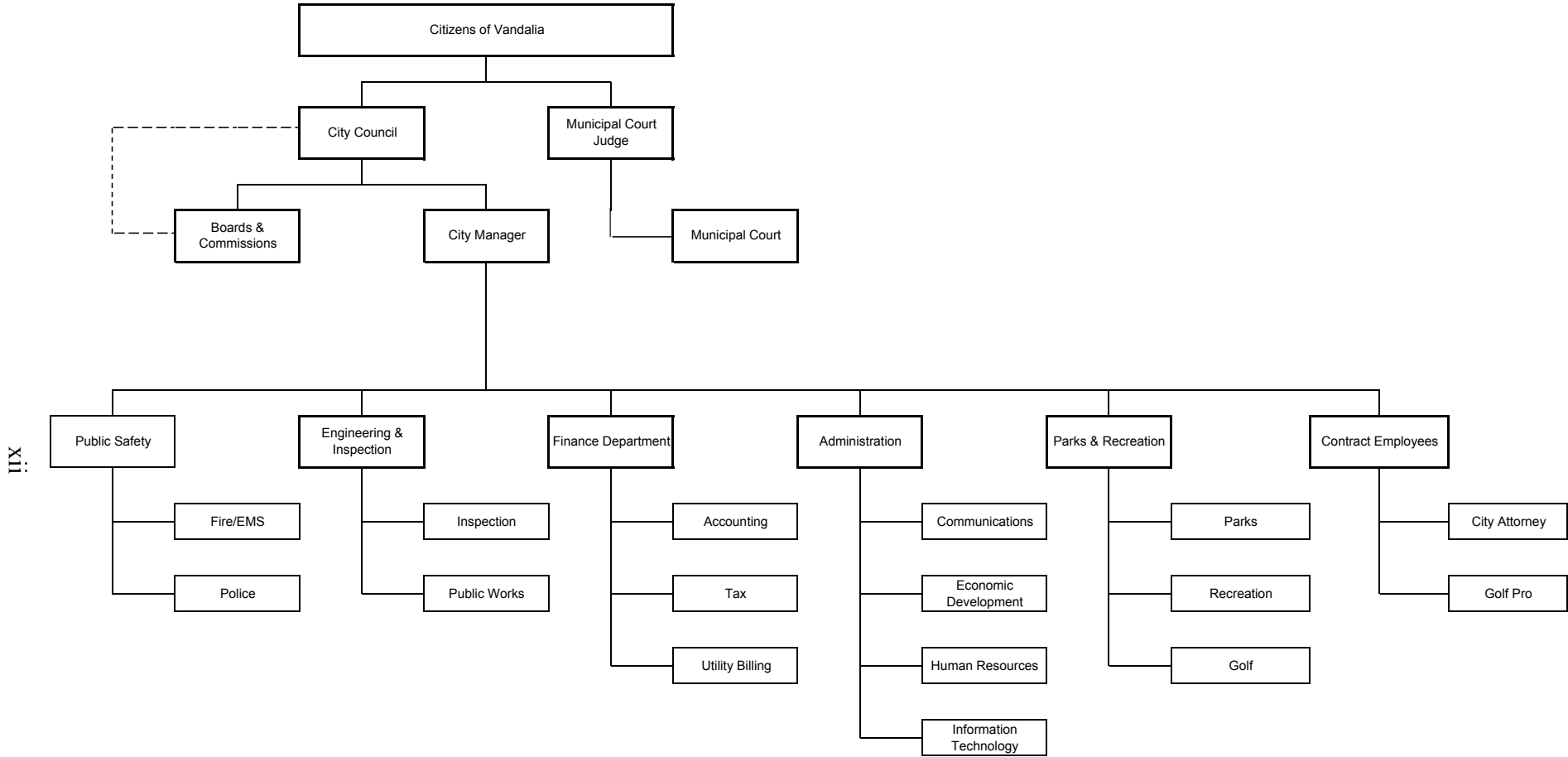
*Fire Chief*

Chad Follick

*Parks and Recreation Director*

Steve Clark

City of Vandalia, Ohio  
 Organizational Chart  
 December 31, 2007



---

## FINANCIAL SECTION







## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vandalia (the City) as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2007, and the respective changes in financial position, and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2008, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

*Plattensburg & Associates, Inc.*

Plattensburg & Associates, Inc.  
June 23, 2008

City of Vandalia, Ohio  
Management's Discussion and Analysis  
For The Year Ended December 31, 2007  
(Unaudited)

---

The discussion and analysis of the City of Vandalia's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2007. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the transmittal letter, basic financial statements and notes to enhance their understanding of the City's financial performance.

### **Financial Highlights**

- The City's total net assets increased \$6.5 million during 2007. Of this increase, net assets of governmental activities accounted for \$4.3 million, due to increases in construction in progress and infrastructure capital assets while reducing long-term liabilities by making debt payments, while net assets of business-type activities increased by \$2.2 million, mainly due to the increases in charges for services for 2007.
- General revenues, for governmental activities, accounted for \$17,066,836, or 68.7% of total governmental activities revenue. Program specific revenues accounted for \$7,781,488 or 31.3% of total governmental activities revenue.
- Governmental activities net capital assets increased \$2,399,531, due to an increase in infrastructure and various construction projects.
- The City had \$20,511,259 in expenses related to governmental activities; \$7,781,488 of these expenses was offset by program specific charges for services, grants, contributions, or interest. General revenues (primarily taxes) of \$17,066,836 were sufficient to offset these program expenses.
- The general fund, the City's largest major governmental fund, had revenues of \$22,769,723 in 2007, or 89.3% of total governmental funds. Expenditures of the general fund were \$15,682,723, or 65.6% of total governmental funds. The general fund balance increased \$1,655,676, or 8.8% in 2007.
- Business-type operations reflected operating income of \$345,640 during 2007, and business-type unrestricted net assets are at \$10.2 million.

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

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

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

City of Vandalia, Ohio  
Management's Discussion and Analysis  
For The Year Ended December 31, 2007  
(Unaudited)

---

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

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

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

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

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

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

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

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

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

City of Vandalia, Ohio  
Management's Discussion and Analysis  
For The Year Ended December 31, 2007  
(Unaudited)

---

***Governmental Funds***

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

***Proprietary Funds***

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

***Fiduciary Funds***

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

**Government-Wide Financial Analysis**

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

Table 1 below provides a summary of the City's net assets for 2007 compared to 2006:

City of Vandalia, Ohio  
Management's Discussion and Analysis  
For The Year Ended December 31, 2007  
(Unaudited)

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>Activities</u> <u>2007</u>	<u>Activities</u> <u>2006</u>	<u>Activities</u> <u>2007</u>	<u>Activities</u> <u>2006</u>	<u>Activities</u> <u>2007</u>	<u>Activities</u> <u>2006</u>
<u>Assets</u>						
Current and other assets	\$ 35,094,717	\$ 33,080,434	\$ 2,974,861	\$ 1,836,996	\$ 38,069,578	\$ 34,917,430
Capital assets	46,666,734	44,267,203	17,459,440	17,541,180	64,126,174	61,808,383
Investment in joint venture	-	-	7,688,121	6,877,869	7,688,121	6,877,869
Total assets	<u>81,761,451</u>	<u>77,347,637</u>	<u>28,122,422</u>	<u>26,256,045</u>	<u>109,883,873</u>	<u>103,603,682</u>
<u>Liabilities</u>						
Other liabilities	6,576,728	5,907,738	254,804	603,788	6,831,532	6,511,526
Long-term liabilities outstanding	<u>11,673,407</u>	<u>12,265,648</u>	<u>136,040</u>	<u>111,656</u>	<u>11,809,447</u>	<u>12,377,304</u>
Total liabilities	<u>18,250,135</u>	<u>18,173,386</u>	<u>390,844</u>	<u>715,444</u>	<u>18,640,979</u>	<u>18,888,830</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	36,955,507	32,617,097	17,459,440	17,541,180	54,414,947	50,158,277
Restricted	4,872,447	5,164,000	-	-	4,872,447	5,164,000
Unrestricted	<u>21,683,362</u>	<u>21,393,154</u>	<u>10,272,138</u>	<u>7,999,421</u>	<u>31,955,500</u>	<u>29,392,575</u>
Total net assets	<u>\$ 63,511,316</u>	<u>\$ 59,174,251</u>	<u>\$ 27,731,578</u>	<u>\$ 25,540,601</u>	<u>\$ 91,242,894</u>	<u>\$ 84,714,852</u>

As displayed in Table 1, total net assets of the City as a whole, increased \$6.5 million from 2006 to 2007. This was due to increases in construction in progress and infrastructure capital assets while reducing long-term liabilities by making debt payments.

Total net assets of the City's governmental activities increased by \$4.3 million, and unrestricted net assets increased \$290,208 from 2006 to 2007. The increase in governmental net assets can be attributed to increases in construction in progress and infrastructure.

The net assets of the City's business type activities increased by \$2.1 million. One of the three enterprise funds reported an operating loss during 2007. Overall, operating expenses remained consistent with prior year. Capital contributions for capital assets from developers and governmental funds helped to reduce the negative impact on net assets. The City also had an increase in charges for services and in its investment in the joint venture from 2006 to 2007. The City strives to control operation expenses for business-type activities in order to maintain stability in charges for services rates.

Table 2 shows the changes in net assets for the year ended December 31, 2007, and revenue and expense comparisons to 2006.

City of Vandalia, Ohio  
Management's Discussion and Analysis  
For The Year Ended December 31, 2007  
(Unaudited)

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

	Governmental Activities		Business-Type Activities		Total	Total
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 5,255,078	\$ 4,990,994	\$ 6,093,932	\$ 4,570,308	\$ 11,349,010	\$ 9,561,302
Operating grants, contributions, and interest	1,152,379	1,165,543	-	-	1,152,379	1,165,543
Capital grants and contributions	1,374,031	952,359	74,445	327,837	1,448,476	1,280,196
General revenues:						
Property taxes	1,976,022	2,008,091	-	-	1,976,022	2,008,091
Income taxes	13,072,621	13,205,994	-	-	13,072,621	13,205,994
Grants and entitlements	1,357,421	1,820,314	-	-	1,357,421	1,820,314
Investment earnings	1,485,318	1,146,670	3,471	4,717	1,488,789	1,151,387
Other	112,821	159,399	33,196	24,929	146,017	184,328
Total revenues	<u>25,785,691</u>	<u>25,449,364</u>	<u>6,205,044</u>	<u>4,927,791</u>	<u>31,990,735</u>	<u>30,377,155</u>
<b>Program Expenses</b>						
Governmental Activities:						
General government						
Legislative and executive	3,867,493	3,472,717	-	-	3,867,493	3,472,717
Judicial system	2,039,491	1,987,433	-	-	2,039,491	1,987,433
Public safety						
Police	4,236,648	4,453,480	-	-	4,236,648	4,453,480
Fire	1,816,150	1,725,487	-	-	1,816,150	1,725,487
Public works						
Engineer	993,145	1,267,579	-	-	993,145	1,267,579
Streets	2,479,494	2,232,843	-	-	2,479,494	2,232,843
Refuse	751,900	739,950	-	-	751,900	739,950
Recreation	3,676,239	3,427,824	-	-	3,676,239	3,427,824
Interest and fiscal charges	650,699	580,291	-	-	650,699	580,291
Business-Type Activities:						
Water	-	-	2,242,417	2,227,291	2,242,417	2,227,291
Sewer	-	-	1,523,399	1,478,904	1,523,399	1,478,904
Golf	-	-	1,185,618	1,165,894	1,185,618	1,165,894
Total program expenses	<u>20,511,259</u>	<u>19,887,604</u>	<u>4,951,434</u>	<u>4,872,089</u>	<u>25,462,693</u>	<u>24,759,693</u>
Increase in net assets						
before transfers	5,274,432	5,561,760	1,253,610	55,702	6,528,042	5,617,462
Transfers	(937,367)	(62,228)	937,367	62,228	-	-
Change in net assets	4,337,065	5,499,532	2,190,977	117,930	6,528,042	5,617,462
Net assets beginning of year	<u>59,174,251</u>	<u>53,674,719</u>	<u>25,540,601</u>	<u>25,422,671</u>	<u>84,714,852</u>	<u>79,097,390</u>
Net assets end of year	<u>\$ 63,511,316</u>	<u>\$ 59,174,251</u>	<u>\$ 27,731,578</u>	<u>\$ 25,540,601</u>	<u>\$ 91,242,894</u>	<u>\$ 84,714,852</u>

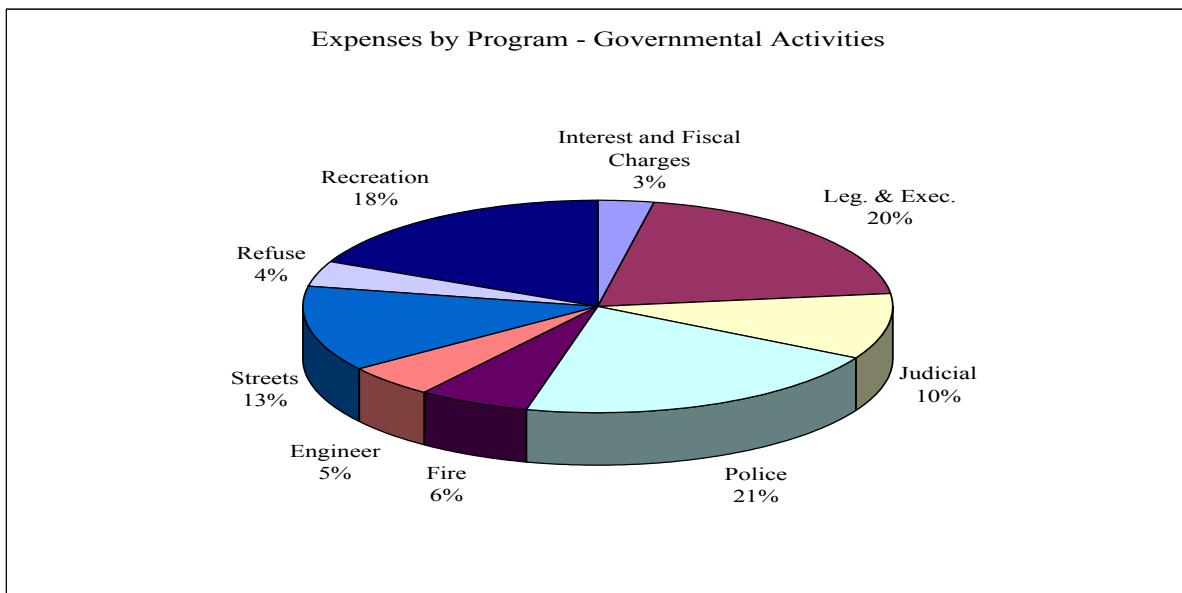
City of Vandalia, Ohio  
Management's Discussion and Analysis  
For The Year Ended December 31, 2007  
(Unaudited)

---

***Governmental Activities***

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

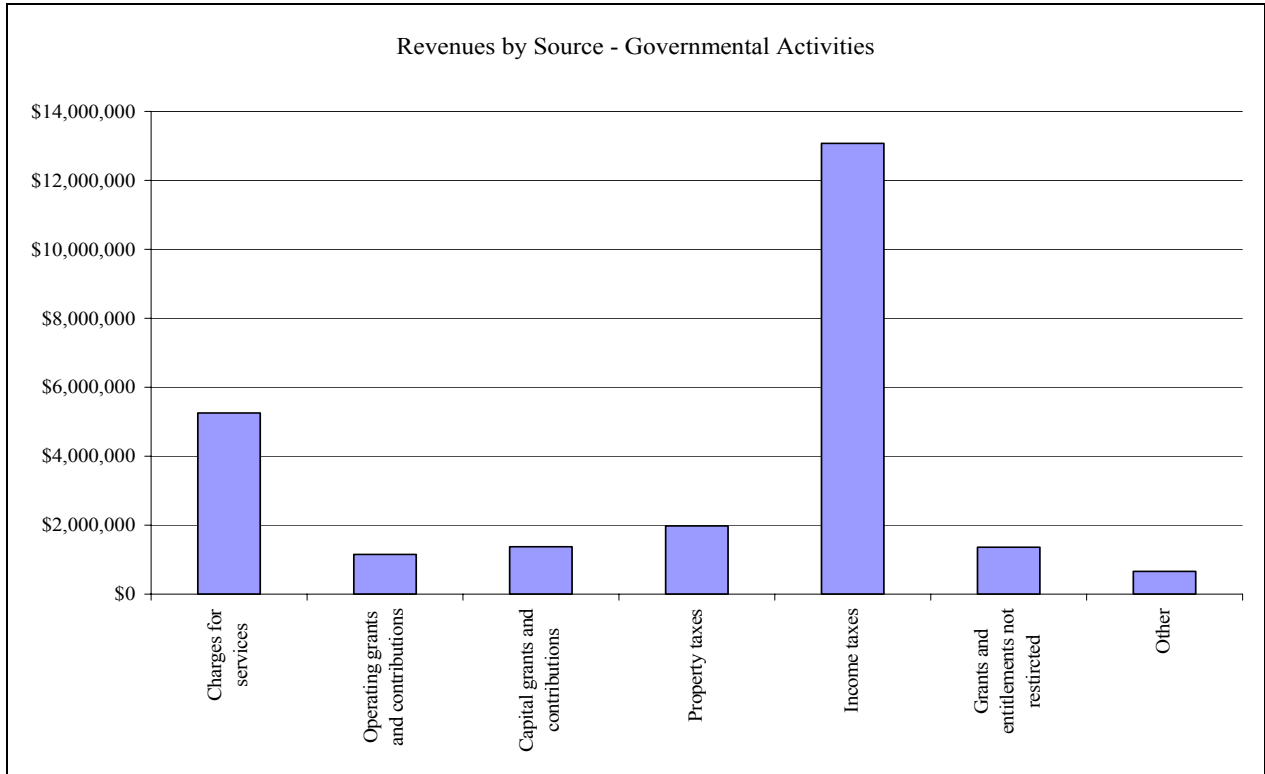
Charges for services increased \$264,084 during 2007. General government program expenses increased \$446,834 during 2007 primarily as a result of increased personnel and operation costs for the Municipal Court. Expenses related to income tax collections for the cities of Englewood and Brookville also continue to be reflected in the general government program expenses. Recreation program expenses increased \$248,415 during 2007.



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



City of Vandalia, Ohio  
 Management's Discussion and Analysis  
 For The Year Ended December 31, 2007  
 (Unaudited)



When looking at the sources of income used to support governmental activities, it should be noted that charges for services of \$5,255,078 represent 21.1% of revenue. Revenues provided by sources other than city residents in the form of operating and capital grants comprise another \$2,526,410, or 10.2%, and unrestricted grants and entitlements accounted for \$1,357,421, which is another 5.5%. The remaining revenues are primarily generated locally through property taxes, \$1,976,022 or 8% and income taxes, \$13,072,621 at 52.6%. 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.

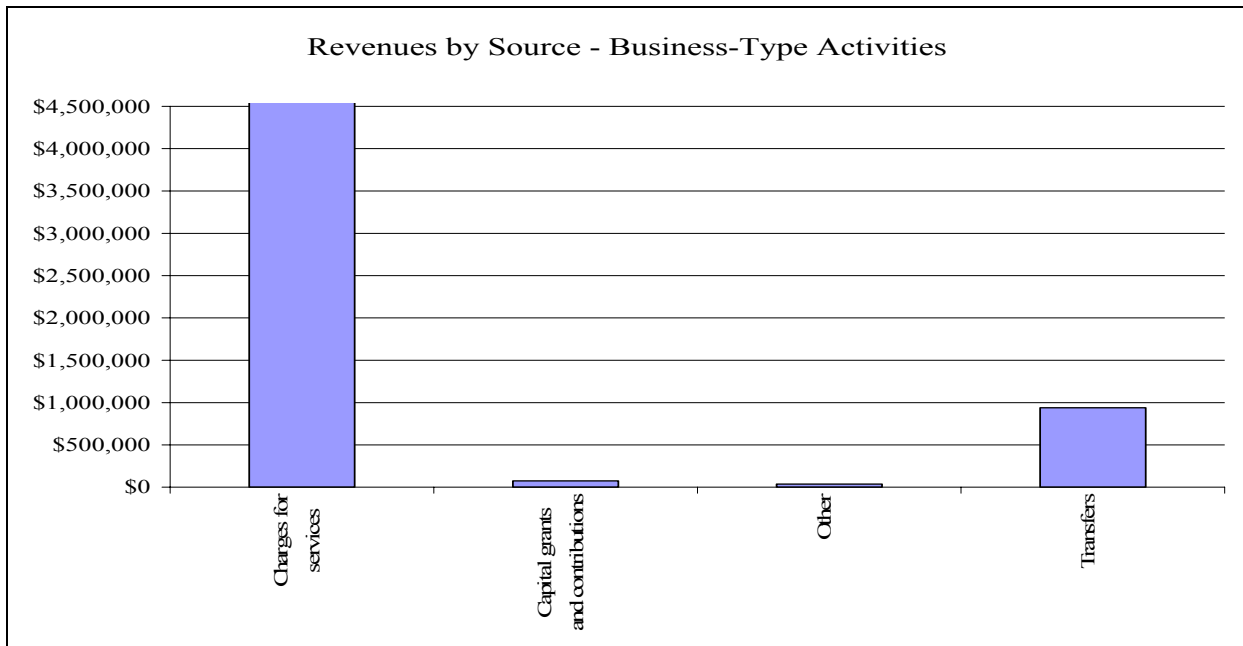
*Water* – The City of Vandalia closed their water treatment plant in 1970 and contracted with the City of Dayton to furnish water to the residents of Vandalia. Vandalia owns, maintains and repairs all lines and pumping stations as needed. The City of Vandalia based increases in water rates upon the rates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

City of Vandalia, Ohio  
Management's Discussion and Analysis  
For The Year Ended December 31, 2007  
(Unaudited)

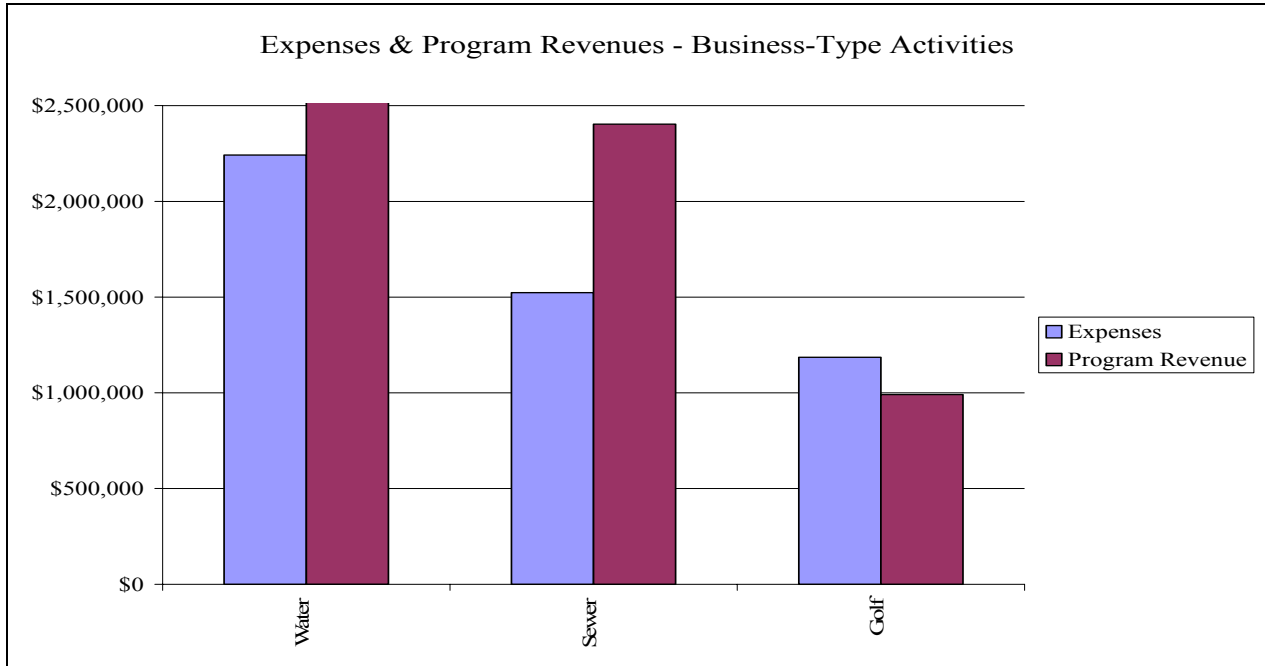
The water treatment plant became fully operational in June of 2007. The City of Dayton implemented water rate increases of 22% in 2005, 34% in January 2006 and 8% in January 2007. The City of Vandalia abandoned the final two years of its rate increases and passed a new ordinance to increase water rates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

*Sewer* - The City closed their wastewater treatment facility in 1985. Vandalia then contracted with the Miami Conservancy District for wastewater treatment services. In 1996, the Conservancy District decided they no longer wanted to furnish this service. A joint venture was formed between the Cities of Vandalia, Huber Heights and Tipp City to take over the Conservancy District operation. The joint venture now furnishes waste water treatment services to each city. Each city owns and maintains the infrastructure necessary to furnish service to their citizens. All capital repairs and upkeep of the treatment plant are the responsibility of the joint venture. The joint venture in turn will set costs of service for the cities, based on flow, to maintain the plant. The City of Vandalia will in turn, charge its citizens accordingly. Any capital outlay needed to maintain Vandalia's sewer infrastructure was provided by user fees. Due to the need for current and future capital improvements, maintenance and up keep of enterprise infrastructure, Council decided to implement a 3-year rate increase in sewer rates, beginning in 2005.

*Golf* - Vandalia's Cassel Hills Golf Course is an 18-hole golf course with a restaurant and snack bar. In 1997 the course was voted as "best in the valley" by Dayton Daily Newsreaders and in 2003 received a four-star ranking by *Golf Digest*. Vandalia was one of the first smaller cities in the Miami Valley to have a municipal golf course. As a result, public expectation has been that a public course should have lesser fees than a private golf course. In 2007, there were approximately 33,000 rounds of golf played. Vandalia's councils have, for the most part, agreed with the expectation of lower fees and have been willing to subsidize operations of the course with transfers and advances from the general fund when necessary.



City of Vandalia, Ohio  
 Management's Discussion and Analysis  
 For The Year Ended December 31, 2007  
 (Unaudited)



Overall, the City's business-type activities generated \$6.2 million in program revenues during 2007, program expenses were \$4.9 million. Capital contributions of \$511,812 were a result of contributions from developers and other governmental funds. Expenses in the business-type activities remained consistent with prior year. Charges for services in the water and sewer department increased in 2007 due to new fee structures.

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

Information about the City's major governmental funds begins on page 18. These funds are reported using the modified accrual basis of accounting. Governmental funds reported revenues of \$25.5 million and expenditures of \$23.9 million. The general fund net change in fund balance from 2006 to 2007 was \$1,655,676. Within the general fund, revenues exceeded expenditures by \$7 million. The largest increase from 2006 to 2007 is \$698,775 in income tax revenues. Transfers to other funds such as the capital improvement, the police, fire and street capital improvement, the general obligation debt service fund and the golf enterprise fund equaled \$5.4 million. The funds transferred were used for capital assets, improvements, repairs, and debt.

The capital improvement fund balance decreased by \$947,844. Fund balance at December 31, 2007, was \$1,361,915, of which \$2,272,487 was encumbered and \$3,264,498 was reserved for land held for resale. Encumbrances are primarily for street related projects and equipment and vehicle purchases as well as other improvements. The capital improvement fund had a significant increase in capital purchases for 2007. All other governmental change in fund balances was \$392,817 during 2007.

With one of the three enterprise funds reflecting an operating loss for 2007, the City has implemented a series of rate increases in the enterprise funds to help alleviate future fund losses. If unrestricted net assets are not sufficient to sustain the losses, the City will provide transfers and advances from the general fund as necessary to cover negative balances.

City of Vandalia, Ohio  
Management's Discussion and Analysis  
For The Year Ended December 31, 2007  
(Unaudited)

---

Charges for services for water and sewer services have historically been established to ensure that on a cash basis, fees are adequate to cover operations. In the past, Council has not set fees with the intention of funding capital improvements, however, beginning in 2004, capital items are now charged to the enterprise funds. Therefore, during 2004, Council passed ordinances to implement new fee structures for water and sewer rates. Of the enterprise funds, all three funds showed an increase in cash during 2007.

The golf activity's operating loss of \$194,635 is attributable to continually increasing costs for contractual services related to repair and maintenance of the facility with only small increases in fees charged. The Golf course is intended to be operated as a business-type activity, however, historically; Council has not set fees adequate to cover all operating expenses. Even though this operation periodically receives governmental support, it is reflected as a business-type activity. Council has recently approved a new fee schedule for the golf course operations, and is hopeful that the golf fund will begin to realize an upswing in the near future.

***General fund budgeting highlights***

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

During 2007, revisions were made to the general fund budget. These revisions are reflected on the statement of revenues, expenditures and changes in fund balances for the general fund on page 22. Within each departmental function, a department head may make small line item adjustments within their budget, as long as the total operation and maintenance amount does not exceed their original budget allowance.

Original general fund budgeted revenues increased \$662,649, from \$19,187,985 to the final budgeted amount of \$19,850,634. Municipal income taxes original budget was consistent with actual income tax revenue for the prior year. At the end of the year, actual municipal income revenues were in excess of the final budget by \$1,740,448. In addition, interest income was in excess of the final budget by \$504,479 due to higher interest rates.

Original general fund expenditures and final budget expenditures were the same and actual fell \$953,304 below final budget expenditures for 2007 due to the close monitoring of expenditures.

City of Vandalia, Ohio  
Management's Discussion and Analysis  
For The Year Ended December 31, 2007  
(Unaudited)

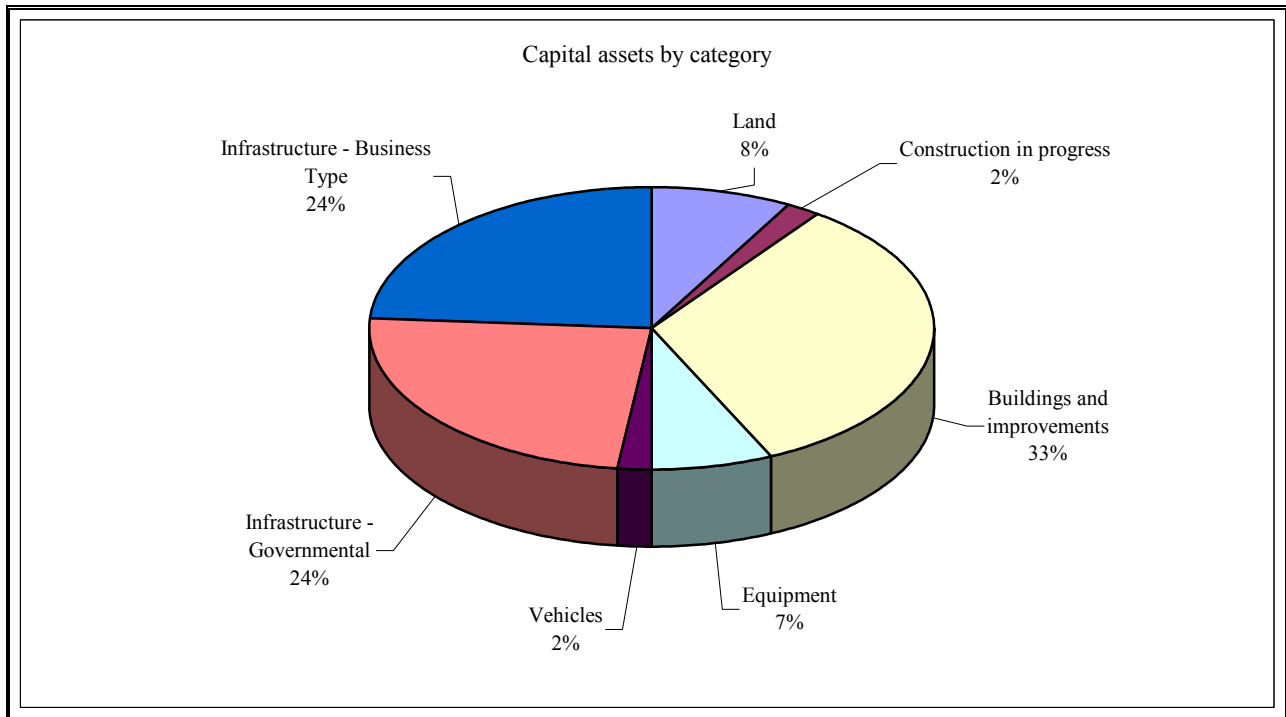
**Capital Assets and Debt Administration**

*Capital Assets*

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Land	\$ 4,772,053	\$ 4,772,053	\$ 167,369	\$ 167,369	\$ 4,939,422	\$ 4,939,422
Construction in progress	1,543,687	513,557	-	-	1,543,687	513,557
Buildings and improvements	19,856,910	19,956,855	1,546,418	1,564,743	21,403,328	21,521,598
Equipment	4,107,267	4,031,430	534,258	492,182	4,641,525	4,523,612
Vehicles	1,334,321	977,383	137,290	179,567	1,471,611	1,156,950
Infrastructure	<u>15,052,496</u>	<u>14,015,925</u>	<u>15,074,105</u>	<u>15,137,319</u>	<u>30,126,601</u>	<u>29,153,244</u>
Total	<u>\$ 46,666,734</u>	<u>\$ 44,267,203</u>	<u>\$ 17,459,440</u>	<u>\$ 17,541,180</u>	<u>\$ 64,126,174</u>	<u>\$ 61,808,383</u>

Capital assets, net of depreciation, in governmental activities increased from the prior year. Increases were primarily in construction in progress and infrastructure. Capital assets, net of depreciation, for the business-type activities had a decrease of \$81,740, primarily due to the City disposing of several assets and for the current year depreciation. The City received \$255,406 in asset from developers during 2007. See Note 6 of the notes to the basic financial statements for more detailed information on capital assets.



City of Vandalia, Ohio  
Management's Discussion and Analysis  
For The Year Ended December 31, 2007  
(Unaudited)

---

**Debt**

At December 31, 2007, the City of Vandalia had \$9,635,744 in outstanding debt.

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

	Governmental Activities	
	<u>2007</u>	<u>2006</u>
Unvoted general obligation bonds		
Various purpose refunding bonds	\$ 9,635,744	\$ 10,151,869

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

The City also has short term obligations being reported in the capital improvement capital projects fund in the amount of \$3,345,300. Revenues for payment of interest and principal on the bond anticipation notes will result from proceeds from a new note to be issued in 2008. The general obligation debt service fund will retire the debt.

The City's overall legal debt margin was \$33,104,264 at December 31, 2007. See Note 8 & 10 of the notes to the basic financial statements for more detailed information on debt of the City.

**Contacting the City's Financial Management**

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

City of Vandalia, Ohio  
Statement of Net Assets  
December 31, 2007

	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in pooled cash and investments	\$ 23,976,944	\$ 2,179,064	\$ 26,156,008
Receivables:			
Income tax	3,401,042	-	3,401,042
Property and other taxes	1,645,280	-	1,645,280
Accounts	561,581	1,116,131	1,677,712
Special assessments	65,748	-	65,748
Accrued interest	197,644	-	197,644
Due from other governments	1,335,886	388	1,336,274
Due from related parties	10,056	-	10,056
Materials and supplies inventory	82,549	22,793	105,342
Prepaid items	27,365	-	27,365
Restricted assets:			
Equity in pooled cash and cash equivalents	-	35,099	35,099
Deferred charges	147,510	-	147,510
Investment in joint venture	-	7,688,121	7,688,121
Internal balances	378,614	(378,614)	-
Land held for resale	3,264,498	-	3,264,498
Nondepreciable capital assets	6,315,740	167,369	6,483,109
Depreciable capital assets, net	40,350,994	17,292,071	57,643,065
Total assets	<u>81,761,451</u>	<u>28,122,422</u>	<u>109,883,873</u>
<u>Liabilities:</u>			
Accounts payable	315,787	19,900	335,687
Contracts payable	150,612	-	150,612
Accrued wages and benefits	206,803	13,355	220,158
Compensated absences payable	39,482	-	39,482
Due to other governments	485,929	20,789	506,718
Due to related parties	-	162,773	162,773
Unearned revenue	1,443,653	2,888	1,446,541
Income tax refunds payable	402,448	-	402,448
Bond anticipation notes payable	3,345,300	-	3,345,300
Accrued interest payable	84,849	-	84,849
Claims payable	101,865	-	101,865
Refundable deposits	-	35,099	35,099
Long-term liabilities:			
Due within one year	1,239,317	66,010	1,305,327
Due in more than one year	10,434,090	70,030	10,504,120
Total liabilities	<u>18,250,135</u>	<u>390,844</u>	<u>18,640,979</u>
<u>Net assets:</u>			
Invested in capital assets, net of related debt	36,955,507	17,459,440	54,414,947
Restricted for:			
Capital projects	2,230,786	-	2,230,786
Debt service	224,262	-	224,262
Other purposes	2,417,399	-	2,417,399
Unrestricted	21,683,362	10,272,138	31,955,500
Total net assets	<u>\$ 63,511,316</u>	<u>\$ 27,731,578</u>	<u>\$ 91,242,894</u>

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio  
Statement of Activities  
For the Year Ended December 31, 2007

	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	\$ 3,867,493	\$ 610,943	\$ -	\$ -
Judicial system	2,039,491	1,262,545	-	-
Public safety				
Police	4,236,648	104,091	11,034	-
Fire	1,816,150	569,674	-	-
Public works				
Engineer	993,145	470,962	-	-
Streets	2,479,494	18,472	1,141,345	1,374,031
Refuse	751,900	820,760	-	-
Recreation	3,676,239	1,397,631	-	-
Interest and fiscal charges	650,699	-	-	-
Total governmental activities	<u>20,511,259</u>	<u>5,255,078</u>	<u>1,152,379</u>	<u>1,374,031</u>
<u>Business-Type Activities:</u>				
Water	2,242,417	2,770,088	-	4,148
Sewer	1,523,399	2,333,065	-	70,297
Golf	1,185,618	990,779	-	-
Total business-type activities	<u>4,951,434</u>	<u>6,093,932</u>	<u>-</u>	<u>74,445</u>
Total primary government	<u>\$ 25,462,693</u>	<u>\$ 11,349,010</u>	<u>\$ 1,152,379</u>	<u>\$ 1,448,476</u>

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

Change in net assets

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

See accompanying notes to the basic financial statements.



Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (3,256,550)	\$ -	\$ (3,256,550)
(776,946)	-	(776,946)
(4,121,523)	-	(4,121,523)
(1,246,476)	-	(1,246,476)
(522,183)	-	(522,183)
54,354	-	54,354
68,860	-	68,860
(2,278,608)	-	(2,278,608)
(650,699)	-	(650,699)
<u>(12,729,771)</u>	<u>-</u>	<u>(12,729,771)</u>
-	531,819	531,819
-	879,963	879,963
-	(194,839)	(194,839)
-	<u>1,216,943</u>	<u>1,216,943</u>
\$ (12,729,771)	\$ 1,216,943	\$ (11,512,828)
1,976,022	-	1,976,022
13,072,621	-	13,072,621
1,357,421	-	1,357,421
1,485,318	3,471	1,488,789
112,821	33,196	146,017
(937,367)	937,367	-
<u>17,066,836</u>	<u>974,034</u>	<u>18,040,870</u>
4,337,065	2,190,977	6,528,042
59,174,251	25,540,601	84,714,852
<u>\$ 63,511,316</u>	<u>\$ 27,731,578</u>	<u>\$ 91,242,894</u>

City of Vandalia, Ohio  
Balance Sheet  
Governmental Funds  
December 31, 2007

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and investments	\$ 19,472,479	\$ 1,598,166	\$ 2,615,862	\$ 23,686,507
Receivables:				
Income tax	3,401,042	-	-	3,401,042
Property and other taxes	1,645,280	-	-	1,645,280
Accounts	443,251	400	117,762	561,413
Special assessments	9,478	12,761	43,509	65,748
Accrued interest	197,644	-	-	197,644
Restricted assets:				
Equity in pooled cash and cash equivalents	26,977	-	-	26,977
Due from other governments	395,499	168,187	772,200	1,335,886
Due from related parties	10,056	-	-	10,056
Materials and supplies inventory	5,752	-	76,797	82,549
Interfund loan receivable	407,511	-	-	407,511
Land held for resale	-	3,264,498	-	3,264,498
Total assets	<u>\$ 26,014,969</u>	<u>\$ 5,044,012</u>	<u>\$ 3,626,130</u>	<u>\$ 34,685,111</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 215,450	\$ 13,055	\$ 86,996	\$ 315,501
Contracts payable	-	142,594	8,018	150,612
Accrued wages	192,237	-	14,566	206,803
Matured compensated absences payable	39,482	-	-	39,482
Interfund payable	-	-	7,511	7,511
Due to other governments	467,952	-	17,977	485,929
Deferred revenue	4,194,748	181,148	854,379	5,230,275
Income tax refunds payable	402,448	-	-	402,448
Bond anticipation notes payable	-	3,345,300	-	3,345,300
Total liabilities	<u>5,512,317</u>	<u>3,682,097</u>	<u>989,447</u>	<u>10,183,861</u>
Fund balances:				
Reserved for encumbrances	1,350,537	2,272,487	491,720	4,114,744
Reserved for inventory	5,752	-	76,797	82,549
Reserved for interfund loan receivable	407,511	-	-	407,511
Reserved for unclaimed money	26,977	-	-	26,977
Reserved for land held for resale	-	3,264,498	-	3,264,498
Unreserved, undesignated,				
Reported in:				
General fund	18,711,875	-	-	18,711,875
Special revenue funds	-	-	1,508,082	1,508,082
Debt service fund	-	-	219,077	219,077
Capital projects fund	-	(4,175,070)	341,007	(3,834,063)
Total fund balances	<u>20,502,652</u>	<u>1,361,915</u>	<u>2,636,683</u>	<u>24,501,250</u>
Total liabilities and fund balances	<u>\$ 26,014,969</u>	<u>\$ 5,044,012</u>	<u>\$ 3,626,130</u>	<u>\$ 34,685,111</u>

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio  
Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
December 31, 2007

Total governmental fund balances		\$ 24,501,250
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in funds.		46,666,734
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		188,842
The internal balance represents the portion of the internal service fund's assets and liabilities that are allocated to the proprietary funds.		(21,386)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Property and other taxes	\$ 207,238	
Income taxes	1,874,543	
Fines and forfeitures	177	
Intergovernmental	1,162,253	
Special assessments	65,748	
Charges for services	437,833	
Deferred charges	147,510	
Other	38,830	
Total	38,830	3,934,132
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(84,849)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Refunding general obligation bonds	\$ (9,970,000)	
Unamortized premium on refunding bonds	(382,768)	
Accounting loss	717,024	
Capital lease payable	(826,855)	
Compensated absences	(1,210,808)	
Total	(1,210,808)	(11,673,407)
Net assets of governmental activities		\$ 63,511,316

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, 2007

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Municipal income tax	\$ 13,278,532	\$ -	\$ -	\$ 13,278,532
Property and other taxes	1,922,643	-	-	1,922,643
Charges for services	3,016,063	-	435,323	3,451,386
Licenses and permits	173,353	-	-	173,353
Fines and forfeitures	1,348,322	-	188,382	1,536,704
Intergovernmental	1,459,549	214,464	1,845,031	3,519,044
Special assessments	-	15,459	-	15,459
Interest	1,485,054	263	-	1,485,317
Other	86,207	23,829	9,828	119,864
Total revenue	<u>22,769,723</u>	<u>254,015</u>	<u>2,478,564</u>	<u>25,502,302</u>
Expenditures:				
Current:				
General government				
Legislative and executive	2,950,204	551,527	175,409	3,677,140
Judicial system	2,002,006	-	-	2,002,006
Public safety				
Police	3,940,515	-	102,988	4,043,503
Fire	1,585,587	14,721	-	1,600,308
Public works				
Engineer	823,490	3,644	172,787	999,921
Streets	636,843	100,810	854,375	1,592,028
Refuse	751,787	-	-	751,787
Recreation	2,941,490	49,278	167,312	3,158,080
Capital outlay	50,801	2,448,216	2,362,751	4,861,768
Debt service:				
Principal retirement	-	-	619,479	619,479
Interest and fiscal charges	-	100,000	505,128	605,128
Total expenditures	<u>15,682,723</u>	<u>3,268,196</u>	<u>4,960,229</u>	<u>23,911,148</u>
Excess of revenues over (under) expenditures	<u>7,087,000</u>	<u>(3,014,181)</u>	<u>(2,481,665)</u>	<u>1,591,154</u>
Other financing sources (uses):				
Sale of capital assets	18	9,477	-	9,495
Transfers - in	-	2,056,860	2,874,482	4,931,342
Transfers - out	<u>(5,431,342)</u>	<u>-</u>	<u>-</u>	<u>(5,431,342)</u>
Total other financing sources (uses)	<u>(5,431,324)</u>	<u>2,066,337</u>	<u>2,874,482</u>	<u>(490,505)</u>
Net change in fund balance	1,655,676	(947,844)	392,817	1,100,649
Fund balances at beginning of year	<u>18,846,976</u>	<u>2,309,759</u>	<u>2,243,866</u>	<u>23,400,601</u>
Fund balances at end of year	<u>\$ 20,502,652</u>	<u>\$ 1,361,915</u>	<u>\$ 2,636,683</u>	<u>\$ 24,501,250</u>

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio  
 Reconciliation of the Statement of Revenues, Expenditures and Changes  
 in Fund Balances of Governmental Funds to the Statement of Activities  
 For the Year Ended December 31, 2007

Net change in fund balances - Total governmental funds		\$ 1,100,649
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital asset additions	\$ 4,424,401	
Capital contributions	247,145	
Depreciation expense	<u>(2,159,065)</u>	
Excess of capital asset additions over depreciation expense		2,512,481
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.		
		(112,950)
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	\$ 53,378	
Income taxes	(205,911)	
Intergovernmental	173,407	
Special assessments	(8,620)	
Charges for services	86,623	
Fines and forfeitures	177	
Other	<u>(7,045)</u>	
Net change in deferred revenues during the year		92,009
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	\$ (3,363)	
Amortization of deferred charges	(10,536)	
Increase in accrued interest	<u>(11,160)</u>	
Total additional expenditures		(25,059)
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.		
		174,331
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		540,000
Payment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
		79,479
The amortization of issuance costs and bond premium is reflected as an expense in the statement of activities.		
Accounting loss	\$ (51,216)	
Premium	<u>27,341</u>	
Total additional expenses		<u>(23,875)</u>
Change in net assets of governmental activities		<u><u>\$ 4,337,065</u></u>

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio  
Statement of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Municipal income tax	\$ 11,770,000	\$ 11,770,000	\$ 13,510,448	\$ 1,740,448
Property and other taxes	1,379,643	1,879,643	1,921,607	41,964
Charges for services	2,716,429	2,716,429	3,008,933	292,504
Licenses and permits	175,500	175,500	173,353	(2,147)
Fines and forfeitures	1,068,800	1,068,800	1,358,131	289,331
Intergovernmental	1,231,113	1,393,762	1,459,436	65,674
Interest	750,000	750,000	1,254,479	504,479
Other	96,500	96,500	86,646	(9,854)
Total revenues	<u>19,187,985</u>	<u>19,850,634</u>	<u>22,773,033</u>	<u>2,922,399</u>
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive	4,625,698	4,625,698	4,238,518	387,180
Judicial system	2,063,079	2,063,079	2,072,887	(9,808)
Public safety				
Police	4,122,685	4,122,685	3,954,128	168,557
Fire	1,627,441	1,627,441	1,572,647	54,794
Public works				
Engineer	885,384	885,384	841,103	44,281
Streets	722,083	722,083	634,601	87,482
Refuse	828,840	828,840	829,517	(677)
Recreation	3,184,276	3,184,276	2,962,781	221,495
Total expenditures	<u>18,059,486</u>	<u>18,059,486</u>	<u>17,106,182</u>	<u>953,304</u>
Excess of revenues over (under) expenditures	<u>1,128,499</u>	<u>1,791,148</u>	<u>5,666,851</u>	<u>3,875,703</u>
Other financing sources (uses):				
Sale of capital assets	1,000	1,000	18	(982)
Advances - in	-	144,250	144,250	-
Transfers - out	(4,716,111)	(5,531,287)	(5,431,342)	99,945
Total other financing sources (uses)	<u>(4,715,111)</u>	<u>(5,386,037)</u>	<u>(5,287,074)</u>	<u>98,963</u>
Net change in fund balance	(3,586,612)	(3,594,889)	379,777	3,974,666
Fund balance at beginning of year	15,975,435	15,975,435	15,975,435	-
Prior year encumbrances appropriated	<u>1,400,380</u>	<u>1,400,380</u>	<u>1,400,380</u>	<u>-</u>
Fund balance at end of year	<u>\$ 13,789,203</u>	<u>\$ 13,780,926</u>	<u>\$ 17,755,592</u>	<u>\$ 3,974,666</u>

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio  
Statement of Fund Net Assets  
Proprietary Funds  
December 31, 2007

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service
	Water	Sewer	Golf	Total	
<u>Assets:</u>					
Current assets:					
Equity in pooled cash and investments	\$ 1,062,328	\$ 468,036	\$ 648,700	\$ 2,179,064	\$ 263,460
Receivables:					
Accounts	726,569	389,562	-	1,116,131	168
Due from other governments	104	102	182	388	-
Materials and supplies inventory	9,185	-	13,608	22,793	-
Prepaid items	-	-	-	-	27,365
Restricted assets:					
Equity in pooled cash and cash equivalents	23,516	11,583	-	35,099	-
<b>Total current assets</b>	<b>1,821,702</b>	<b>869,283</b>	<b>662,490</b>	<b>3,353,475</b>	<b>290,993</b>
Non-current assets:					
Investment in joint venture	100,668	7,587,453	-	7,688,121	-
Capital assets:					
Land	58,424	-	108,945	167,369	-
Depreciable capital assets, net	7,374,420	8,579,692	1,337,959	17,292,071	-
<b>Total non-current assets</b>	<b>7,533,512</b>	<b>16,167,145</b>	<b>1,446,904</b>	<b>25,147,561</b>	<b>-</b>
<b>Total assets</b>	<b>\$ 9,355,214</b>	<b>\$ 17,036,428</b>	<b>\$ 2,109,394</b>	<b>\$ 28,501,036</b>	<b>\$ 290,993</b>
<u>Liabilities:</u>					
Current liabilities:					
Accounts payable	\$ 8,071	\$ 10,530	\$ 1,299	\$ 19,900	\$ 286
Accrued wages and benefits	4,008	3,993	5,354	13,355	-
Compensated absences payable	23,089	21,311	21,610	66,010	-
Due to other governments	5,389	5,333	10,067	20,789	-
Due to related parties	92,089	70,684	-	162,773	-
Unearned revenue	-	-	2,888	2,888	-
Claims payable	-	-	-	-	101,865
Refundable deposits	23,516	11,583	-	35,099	-
<b>Total current liabilities</b>	<b>156,162</b>	<b>123,434</b>	<b>41,218</b>	<b>320,814</b>	<b>102,151</b>
Long-term liabilities:					
Compensated absences payable	24,060	23,830	22,140	70,030	-
Interfund payable	-	-	400,000	400,000	-
<b>Total long-term liabilities</b>	<b>24,060</b>	<b>23,830</b>	<b>422,140</b>	<b>470,030</b>	<b>-</b>
<b>Total liabilities</b>	<b>180,222</b>	<b>147,264</b>	<b>463,358</b>	<b>790,844</b>	<b>102,151</b>
<u>Net assets:</u>					
Invested in capital assets	7,432,844	8,579,692	1,446,904	17,459,440	-
Unrestricted	1,742,148	8,309,472	199,132	10,250,752	188,842
<b>Total net assets</b>	<b>\$ 9,174,992</b>	<b>\$ 16,889,164</b>	<b>\$ 1,646,036</b>	<b>27,710,192</b>	<b>\$ 188,842</b>
Net assets reported for business-type activities in the statement of net assets is different because they include a proportionate share of the balance of the internal service fund.				21,386	
Net assets of business-type activities				<u>\$ 27,731,578</u>	

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio  
Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2007

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service
	Water	Sewer	Golf	Total	
<u>Operating revenues:</u>					
Charges for services	\$ 2,657,020	\$ 1,609,781	\$ 990,779	\$ 5,257,580	\$ 1,554,760
Tap-in fees	12,400	13,700	-	26,100	-
Other	25,364	102	7,730	33,196	63,831
Total operating revenue	<u>2,694,784</u>	<u>1,623,583</u>	<u>998,509</u>	<u>5,316,876</u>	<u>1,618,591</u>
<u>Operating expenses:</u>					
Personal services	298,750	293,892	499,367	1,092,009	-
Contractual services	1,688,579	970,642	313,050	2,972,271	307,623
Supplies and materials	45,600	31,239	204,243	281,082	-
Claims	-	-	-	-	1,115,178
Depreciation	214,966	233,763	136,570	585,299	-
Other	611	50	39,914	40,575	-
Total operating expenses	<u>2,248,506</u>	<u>1,529,586</u>	<u>1,193,144</u>	<u>4,971,236</u>	<u>1,422,801</u>
Operating income (loss)	<u>446,278</u>	<u>93,997</u>	<u>(194,635)</u>	<u>345,640</u>	<u>195,790</u>
<u>Non-operating revenues (expenses):</u>					
Interest	-	-	3,471	3,471	-
Investment in joint venture	100,668	709,584	-	810,252	-
Loss on sale of capital assets	(98)	-	(1,559)	(1,657)	-
Total non-operating revenues (expenses):	<u>100,570</u>	<u>709,584</u>	<u>1,912</u>	<u>812,066</u>	<u>-</u>
Income (loss) before contributions and transfers	<u>546,848</u>	<u>803,581</u>	<u>(192,723)</u>	<u>1,157,706</u>	<u>195,790</u>
Capital contributions	65,647	260,139	186,026	511,812	-
Transfers - in	-	-	500,000	500,000	-
Total capital contributions and transfers	<u>65,647</u>	<u>260,139</u>	<u>686,026</u>	<u>1,011,812</u>	<u>-</u>
Change in net assets	612,495	1,063,720	493,303	2,169,518	195,790
Net assets at beginning of year	<u>8,562,497</u>	<u>15,825,444</u>	<u>1,152,733</u>		<u>(6,948)</u>
Net assets at end of year	<u>\$ 9,174,992</u>	<u>\$ 16,889,164</u>	<u>\$ 1,646,036</u>		<u>\$ 188,842</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. 21,459

Change in net assets of business-type activities \$ 2,190,977

See accompanying notes to the basic financial statements.



City of Vandalia, Ohio  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2007

	Business-Type Activities - Enterprise Funds				Governmental
	Water	Sewer	Golf	Total	Activities Internal Service
Cash flows from operating activities:					
Cash received from customers	\$ 2,478,841	\$ 1,500,972	\$ 998,304	\$ 4,978,117	\$ -
Cash received from interfund services provided	-	-	-	-	1,618,461
Cash payments for employee services and benefits	(286,542)	(283,717)	(499,380)	(1,069,639)	-
Cash payments to suppliers for goods and services	(2,078,371)	(999,009)	(560,943)	(3,638,323)	-
Cash payments for claims	-	-	-	-	(1,432,061)
Utility deposits received	5,746	2,830	-	8,576	-
Utility deposits returned	(2,308)	(1,136)	-	(3,444)	-
Net cash provided by (used for) operating activities	117,366	219,940	(62,019)	275,287	186,400
Cash flows from noncapital financing activities:					
Transfers from other funds	-	-	500,000	-	-
Net cash provided by (used for) noncapital financing activities	-	-	500,000	-	-
Cash flows from capital and related financing activities:					
Tap in fees	4,148	6,271	-	10,419	-
Acquisition of capital assets	(1,826)	(1,997)	-	(3,823)	-
Net cash provided by (used for) capital and related financing activities	2,322	4,274	-	6,596	-
Cash flows from investing activities:					
Investment income	-	-	3,471	3,471	-
Net cash provided by (used for) investing activities	-	-	3,471	3,471	-
Net increase (decrease) in cash and cash equivalents	119,688	224,214	441,452	785,354	186,400
Cash and cash equivalents at beginning of year	966,156	255,405	207,248	1,428,809	77,060
Cash and cash equivalents at end of year	\$ 1,085,844	\$ 479,619	\$ 648,700	\$ 2,214,163	\$ 263,460
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 446,278	\$ 93,997	\$ (194,635)	\$ 345,640	\$ 195,790
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	214,966	233,763	136,570	585,299	-
Change in assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable	(215,839)	(122,509)	-	(338,348)	(130)
Materials and supplies inventory	5,558	-	1,906	7,464	-
Prepaid items	72	72	76	220	(2,055)
Due to other governments	(104)	(102)	(182)	(388)	-

(Continued)

City of Vandalia, Ohio  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2007

	Business-Type Activities - Enterprise Funds				Governmental
	Water	Sewer	Golf	Total	Activities Internal Service
Increase (decrease) in liabilities:					
Accounts payable	102	4,599	(5,831)	(1,130)	286
Refundable deposits	3,439	1,694	-	5,133	-
Claims payable	-	-	-	-	(7,491)
Unearned revenue	-	-	(23)	(23)	-
Accrued wages and benefits	1,118	1,095	318	2,531	-
Compensated absences	12,492	10,484	1,408	24,384	-
Due to related parties	92,089	70,684	-	162,773	-
Due to other governments	(442,805)	(73,837)	(1,626)	(518,268)	-
Net cash provided by (used for) operating activities	\$ 117,366	\$ 219,940	\$ (62,019)	\$ 275,287	\$ 186,400
Non-cash capital and related financing activities:					
Capital contributions received from contractors	\$ -	\$ 64,026	\$ -	\$ 64,026	\$ -
Capital contributions received from governmental funds	61,499	189,842	186,026	437,367	-
Total non-cash capital and related financing activities	\$ 61,499	\$ 253,868	\$ 186,026	\$ 501,393	\$ -

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio  
Statement of Fiduciary Assets and Liabilities  
December 31, 2007

	<u>Agency</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 644,428
Cash and cash equivalents in segregated accounts	170,020
Investments	<u>6,014,036</u>
Total assets	<u>\$ 6,828,484</u>
<u>Liabilities:</u>	
Due to other governments	46,061
Due to employees	6,701
Undistributed monies	454,212
Due to others	<u>6,321,510</u>
Total liabilities	<u>\$ 6,828,484</u>

See accompanying notes to the basic financial statements.

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

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

**A. Reporting Entity**

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

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

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

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

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

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2007

---

The City is associated with the Economic Development/Government Equity Program (ED/GE), which is defined as a jointly governed organization. A jointly governed organization is an organization that is governed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility on the part of the participating governments. This organization is presented in Note 14.

**B. Basis of Presentation**

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

### **C. Fund Accounting**

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

#### Governmental Funds

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

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

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

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

#### Proprietary Funds

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

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

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

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

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

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

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2007

---

Fiduciary Funds

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

**D. Measurement Focus**

Government-wide Financial Statements

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

Fund Financial Statements

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

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

**E. Basis of Accounting**

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

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2007

---

Revenues - Exchange and Non-exchange Transactions

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

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

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of December 31, 2007, but which were levied to finance year 2008 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures

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

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



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

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

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

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

During the year, the City invested in STAROhio, an investment pool managed by the State Treasurer's Office. STAROhio, which allows governments within the State to pool their funds for investment purposes, is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2007.

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 2007 amounted to \$1,485,054 which includes \$577,465 assigned from other City funds.

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

#### **G. Inventory**

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

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

Inventory consists of expendable supplies held for consumption.

#### **H. Restricted Assets**

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

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

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2007

---

**I. Interfund Balances**

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

**J. Prepaids**

Payments made to vendors for services that will benefit periods beyond December 31, 2007 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure or expense is reported in the year in which services are consumed.

**K. Capital Assets**

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

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

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

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

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

**L. Compensated Absences**

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

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

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

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

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

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

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

**N. Fund Balance Reserves**

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

**O. Net Assets**

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

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

**P. Operating Revenues and Expenses**

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

**Q. Contributions of Capital**

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

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

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

**S. Interfund Activity**

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

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

**T. Estimates**

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

## **U. Budgetary Process**

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

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

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

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

## **NOTE 2 - BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Advances in and advances out ("repayment of advances") are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2007

---

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

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

Net Change in Fund Balance	
	<u>General</u>
GAAP Basis	\$ 1,655,676
Revenue accruals	(15,253)
Expenditure accruals	79,526
Unrecorded cash - 2006	(7,919)
Unrecorded cash - 2007	10,738
Change in fair value of investments - 2006	(70,147)
Change in fair value of investments - 2007	127,789
Non-budgeted activity	102,352
Encumbrances (Budget Basis) outstanding at year end	<u>(1,502,985)</u>
Budget Basis	<u>\$ 379,777</u>

**NOTE 3 - DEPOSITS AND INVESTMENTS**

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

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

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

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

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2007

---

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

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

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

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

*Deposits:* At year-end, the carrying amount of the City's deposits was \$4,556,328 and the bank balance was \$5,125,183. Of the bank balance, \$465,316 was covered by federal deposit insurance. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", \$4,659,867 of the City's bank balance was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the City's name.

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2007

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

Investment Type	Fair Value	Investment Maturities (in Years)		
		Less Than 1	1-5	6-10
Federal Farm Credit Bank	\$ 751,718	\$ 249,688	\$ 502,030	\$ -
Federal Home Loan Bank	9,790,198	1,957,437	7,832,761	-
Federal Home Loan Bank Step	4,257,663	1,003,130	2,752,343	502,190
Federal Home Loan Mortgage Corp.	3,032,093	249,478	2,782,615	-
Federal National Mortgage Ass.	2,259,222	-	2,259,222	-
Federal National Mortgage Ass. Step	891,211	-	891,211	-
GE Interest Plus	2,413,061	2,413,061	-	-
Repurchase Agreement	4,833,000	4,833,000	-	-
STAR Ohio	235,097	235,097	-	-
	<u>\$ 28,463,263</u>	<u>\$ 10,940,891</u>	<u>\$ 17,020,182</u>	<u>\$ 502,190</u>

*Interest Rate Risk* – The City’s investment policy states that the maximum maturity for any investment is limited to a final stated maturity of seven years, an expected call of seven years, or an expected average life of seven years, where the average life is estimated by nationally recognized firms independent of the dealer selling the security to the City. The City holds various agency securities which are callable in fiscal year 2008. In addition, some of the agency securities have coupon rates that step-up over the lives of the security.

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

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



City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2007

---

<u>Investment</u>	<u>Percent</u>
Federal Home Loan Bank Bonds	34%
Federal Home Loan Bank Step	15%
Federal Home Loan Mortgage Corp.	10%
Federal National Mortgage Ass. Bonds	8%
GE Interest Plus	8%
Repurchase Agreements	17%

**NOTE 4 – RECEIVABLES**

Receivables at December 31, 2007, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements, shared revenues, special assessments, accrued interest on investments, accounts (billings for ambulance service and utility service), interfund loans and related party receivables. No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

Special assessments expected to be collected within one year and in more than one year amount to \$2,086 and \$10,675, respectively, in the capital improvement fund and \$13,434 and \$39,553, respectively, for the general fund and other governmental funds. As of December 31, 2007, the City had less than \$1,000 in delinquent special assessments outstanding.

**Property Taxes**

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2007 for real and public utility property taxes represents collections of the 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) is for 2007 taxes.

2007 real property taxes are levied after October 1, 2007, on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at 35% of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35% of true value. 2007 public utility property taxes became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

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

The full tax rate for all City operations for the year ended December 31, 2007, was \$4.14 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2007

---

<u>Property Category</u>	<u>Assessed Value</u>	<u>Percent</u>
<u>Real Property</u>		
Residential and agricultural	\$ 235,321,420	57.66%
Commercial and industrial	122,798,880	30.09
Public utilities	26,400	0.01
<u>Tangible Personal Property</u>		
General	43,327,379	10.62
Public utilities	<u>6,670,560</u>	<u>1.63</u>
Total	<u>\$ 408,144,639</u>	<u>100%</u>

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

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

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Vandalia. The County Auditor periodically remits to the City its portion of the taxes collected. Accrued property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2007, and for which there is an enforceable legal claim. In the general fund, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2007 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue.

#### Income Taxes

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

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

In 2007, all income tax proceeds were allocated to the general fund.

#### Due from Other Governments

A summary of due from other governments follows:

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2007

---

	<u>Amounts</u>
<b><u>Governmental Activities</u></b>	
Local Government and Local Government	
Revenue Assistance	\$ 264,756
Homestead and Rollback	79,701
Gasoline and Excise Tax	216,308
Motor Vehicle License Fees	525,044
Permissive Motor Vehicle License Tax	25,085
Other Reimbursements	181,134
Liquor Permits	101
Fiscal services	43,157
Immobilization Fees	600
Total	<u>\$ 1,335,886</u>

Notes Receivable

The City sold a tract of land in April of 1987 to interested developers. The terms and conditions of the sale were such that the City would specify usage of the property and also carry a mortgage note on the property for the developer. During the year, the City received \$6,290, including interest of \$264 at a rate of 8.75%. The note has been paid in full.

**NOTE 5 - RISK MANAGEMENT**

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

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

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2007

---

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

The City has elected to provide employee healthcare benefits for its employees through a self-insured program. The City maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides medical, dental, vision and prescription drug coverage with a \$100 deductible for single and \$200 deductible for families who use providers within the City's preferred provider organization, DirectCare America. Deductibles are higher, and vary for out of network claims. A third party administrator, Underwriters Safety & Claims, processes and pays the claims. The City is paying self-insurance claims and administrative costs from its hospital care internal service fund. An excess coverage insurance (stop loss) policy covers claims in excess of \$30,000 per employee, per year. During 2007, a total of \$1,422,801 was paid in benefits and administrative costs. The liability for unpaid claims cost of \$101,865, reported in the hospital care internal service fund at December 31, 2007, is based on the requirements of Governmental Accounting Standards Board Statement No. 30. Statement No. 30 requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The claims liability was determined by reviewing invoices for claims paid in January through March 2008, which were incurred in 2007 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>
2006 \$	268,564	1,172,124	1,331,332	109,356
2007 \$	109,356	1,115,178	1,122,669	101,865

**NOTE 6 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2007, was as follows:

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2007

	<u>Balance</u> <u>12/31/2006</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2007</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 4,772,053	\$ -	\$ -	\$ 4,772,053
Construction in progress	<u>513,557</u>	<u>1,343,357</u>	<u>(313,227)</u>	<u>1,543,687</u>
Total capital assets, not being depreciated	<u>5,285,610</u>	<u>1,343,357</u>	<u>(313,227)</u>	<u>6,315,740</u>
Capital assets, being depreciated				
Buildings and improvements	25,800,706	475,854	-	26,276,560
Equipment	8,354,406	616,483	(154,763)	8,816,126
Vehicles	3,614,679	711,008	(325,458)	4,000,229
Infrastructure	<u>31,123,342</u>	<u>1,838,071</u>	<u>(1,058,374)</u>	<u>31,903,039</u>
Total capital assets, being depreciated	<u>68,893,133</u>	<u>3,641,416</u>	<u>(1,538,595)</u>	<u>70,995,954</u>
Less: accumulated depreciation				
Buildings and improvements	(5,843,851)	(575,799)	-	(6,419,650)
Equipment	(4,322,976)	(480,615)	94,732	(4,708,859)
Vehicles	(2,637,296)	(301,151)	272,539	(2,665,908)
Infrastructure	<u>(17,107,417)</u>	<u>(801,500)</u>	<u>1,058,374</u>	<u>(16,850,543)</u>
Total accumulated depreciation	<u>(29,911,540)</u>	<u>(2,159,065)</u>	<u>1,425,645</u>	<u>(30,644,960)</u>
Total capital assets, being depreciated, net	<u>38,981,593</u>	<u>1,482,351</u>	<u>(112,950)</u>	<u>40,350,994</u>
Governmental activities capital assets, net	<u>\$ 44,267,203</u>	<u>\$ 2,825,708</u>	<u>\$ (426,177)</u>	<u>\$ 46,666,734</u>

Depreciation expense was charged to governmental functions as follows:

General government	
Legislative and executive	\$ 172,356
Judicial system	92,998
Public safety	
Police	205,277
Fire	247,458
Public works	
Engineer	14,175
Streets	895,484
Refuse	113
Recreation	<u>531,204</u>
Total depreciation expense	<u>\$ 2,159,065</u>

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2007

	Balance <u>12/31/2006</u>	Increases	Decreases	Balance <u>12/31/2007</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated				
Land	\$ 167,369	\$ -	\$ -	\$ 167,369
Capital assets, being depreciated				
Buildings and improvements	2,761,171	36,075	-	2,797,246
Equipment	1,000,315	106,648	-	1,106,963
Vehicles	522,805	53,285	(46,199)	529,891
Infrastructure	<u>23,923,559</u>	<u>309,208</u>	<u>-</u>	<u>24,232,767</u>
Total capital assets, being depreciated	<u>28,207,850</u>	<u>505,216</u>	<u>(46,199)</u>	<u>28,666,867</u>
Less: accumulated depreciation				
Buildings and improvements	(1,196,428)	(54,400)	-	(1,250,828)
Equipment	(508,133)	(64,572)	-	(572,705)
Vehicles	(343,238)	(93,905)	44,542	(392,601)
Infrastructure	<u>(8,786,240)</u>	<u>(372,422)</u>	<u>-</u>	<u>(9,158,662)</u>
Total accumulated depreciation	<u>(10,834,039)</u>	<u>(585,299)</u>	<u>44,542</u>	<u>(11,374,796)</u>
Total capital assets, being depreciated, net	<u>17,373,811</u>	<u>(80,083)</u>	<u>(1,657)</u>	<u>17,292,071</u>
Business-type activities capital assets, net	<u>\$ 17,541,180</u>	<u>\$ (80,083)</u>	<u>\$ (1,657)</u>	<u>\$ 17,459,440</u>

**NOTE 7 - COMPENSATED ABSENCES**

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

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

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

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2007

**NOTE 8 - LONG-TERM DEBT**

A schedule of changes in bonds and other long-term obligations of the City during 2007 follows:

	Amount Outstanding <u>12/31/2006</u>	<u>Increases</u>	<u>Decreases</u>	Amount Outstanding <u>12/31/2007</u>	Amount Due in <u>One Year</u>
<b>Governmental activities</b>					
<u>Unvoted general obligation bonds</u>					
2004 Various purpose refunding bonds, 2.0% - 5.25%	\$ 10,510,000	\$ -	\$ (540,000)	\$ 9,970,000	\$ 550,000
Premium on refunding bonds	410,109	-	(27,341)	382,768	-
Accounting loss	(768,240)	-	51,216	(717,024)	-
Total unvoted general obligation bonds	<u>10,151,869</u>	<u>-</u>	<u>(516,125)</u>	<u>9,635,744</u>	<u>550,000</u>
Other long-term obligations:					
Capital lease	906,334	-	(79,479)	826,855	82,844
Compensated absences	<u>1,207,445</u>	<u>570,142</u>	<u>(566,779)</u>	<u>1,210,808</u>	<u>606,473</u>
Total governmental activities long-term liabilities	<u>\$ 12,265,648</u>	<u>\$ 570,142</u>	<u>\$ (1,162,383)</u>	<u>\$ 11,673,407</u>	<u>\$ 1,239,317</u>
<b>Business-type activities</b>					
Compensated absences	<u>\$ 111,656</u>	<u>\$ 87,239</u>	<u>\$ (62,855)</u>	<u>\$ 136,040</u>	<u>\$ 66,010</u>

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

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

As of December 31, 2007, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$33,104,264 and the unvoted legal debt margin was \$12,697,032.

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

Principal and interest requirements to retire the City's \*long-term obligations outstanding at December 31, 2007, are as follows:

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2007

Year ending December 31,	General obligation bonds		Total
	Principal	Interest	
2008	\$ 550,000	\$ 446,928	\$ 996,928
2009	570,000	432,078	1,002,078
2010	585,000	414,978	999,978
2011	605,000	396,696	1,001,696
2012	625,000	376,731	1,001,731
2013-2017	3,505,000	1,476,794	4,981,794
2018-2021	3,530,000	475,125	4,005,125
Total	\$ 9,970,000	\$ 4,019,330	\$ 13,989,330

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

**NOTE 9 – CAPITALIZED LEASE**

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

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

Following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2007:

<u>Year</u>	<u>Lease Payments</u>
2008	\$ 116,631
2009	116,631
2010	116,631
2011	116,631
2012	116,631
2013-2016	408,207
Total minimum lease payments	991,362
Less: amount representing interest	(164,507)
Total	\$ 826,855



City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2007

---

**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>12/31/2006</u>	<u>Increase</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2007</u>
Capital Projects Fund:				
Capital Improvement, 3.8%	\$ 2,628,100	\$ -	\$ 2,628,100	\$ -
Capital Improvement, 3.875%	<u>-</u>	<u>3,345,300</u>	<u>-</u>	<u>3,345,300</u>
Total	<u>\$ 2,628,100</u>	<u>\$ 3,345,300</u>	<u>\$ 2,628,100</u>	<u>\$ 3,345,300</u>

In August of 2007, the City paid off \$2,628,100 in bond anticipation notes and issued \$3,345,300 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 2008. The general obligation debt service fund will retire the debt.

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

Ohio Public Employees Retirement System

The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. 1.) The Traditional Pension Plan (TP) - a cost-sharing, multiple-employer defined benefit pension plan. 2.) The Member-Directed Plan (MD) - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Members accumulate retirement assets equal to the value of the member and (vested) employer contributions, plus any investment earnings thereon. 3.) The Combined Plan (CP) - a cost-sharing, multiple-employer defined benefit pension plan. Employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the MD.

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

Member and employer contributions rates were consistent across all three plans (TP, MD and CP). For the year ended December 31, 2007, City employees were required to contribute 9.5% of their annual covered salary. The City's contribution rate for 2007 was 13.85%, of which 8.85% was used to fund the pension benefits from January 1 through June 30 and 7.85% from July 1 through December 31, 2007. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional plan for the years ended December 31, 2007, 2006, and 2005 were \$681,328, \$640,664, and \$610,810 respectively; 90.97% has been contributed for 2007 and 100% for 2006 and 2005.

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2007

---

Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10% of their annual covered salary to fund pension obligations while the City is required to contribute 19.5% for police officers and 24% for firefighters, of which 12.75% for police officers and 17.25% for firefighters was used to fund pension plans. Contributions are authorized by State statute. The City's contributions to the Fund for the years ended December 31, 2007, 2006, and 2005 were \$362,244, \$332,148, and \$331,356, respectively, equal to the required contributions for each year. The full amount has been contributed for 2006 and 2005. 68.5% has been contributed for 2007 with the remainder being reported as a liability.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

Ohio Public Employees Retirement System

In addition to the pension benefits described in Note 11, the Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage, commonly referred to as OPEB (other postemployment benefits). OPERS administers three separate pension plans, the Traditional Pension Plan (TP), the Member-Directed Plan (MD) and the Combined Plan (CP), all of which are described in Note 11.

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

The Ohio Revised Code provides statutory authority for employer contributions. The 2007 local government employer contribution rate was 13.85% of covered payroll; 5% of covered payroll was the portion that was used to fund health care from January 1 through June 30 and 6% from July 1 through December 31, 2007. The Ohio Revised Code provides statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.

The assumptions and calculations below are based on OPERS' latest actuarial review performed as of December 31, 2006. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor. The investment assumption rate for 2006 was 6.5%. An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4% base increase, were assumed to range from .50% to 6.3%.

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2007

---

Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5% to 5% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4.00% (the projected wage inflation rate).

OPEBs are advanced-funded on an actuarial determined basis. The number of active contributing participants in the TP and CP was 374,979 for 2007. Actual employer contributions for 2007 which were used to fund postemployment benefits were \$276,681. The actual contribution and the actuarially required contribution amounts are the same.

OPERS's net assets available for payment of benefits at December 31, 2006, (the latest available information) were \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increases as of January 1, 2006, and January 1, 2007 and January 1, 2008, which will allowed additional funds to be allocated to the health care plan.

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

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5% of covered payroll and the total firefighter employer contribution rate is 24% of covered payroll, of which 6.75% of covered payroll was applied to the postemployment health care program during 2007. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2007 that were used to fund postemployment benefits were \$144,707 for police and \$34,791 for firefighters. The OP&F's total health care expense for the year ended December 31, 2006, (the latest information available) was \$120,373,722, which was net of member contributions of \$58,532,848. The number of OP&F participants eligible to receive health care benefits as of December 31, 2006, was 14,120 for police and 10,563 for firefighters.

**NOTE 13 - JOINT VENTURES**

**Tri-Cities North Regional Wastewater Authority**

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

The Tri-Cities North Regional Wastewater Authority (Tri-Cities) is a joint venture among the cities of Vandalia, Huber Heights and Tipp City. Tri-Cities is governed by a management board consisting of the city managers of the three cities. The board has complete authority over all aspects of the operation. Tri-Cities supplies all participating residents of the member cities with sewer services. Each city owns the sewage lines located in its city and bills its residents for usage. Continued existence of Tri-Cities is dependent on the City's continued participation and the City does have an equity interest. The percentage of equity interest for each City is based on annual usage and is adjusted each year accordingly. The City's equity interest is \$7,587,453 which represents 29.12% of the total equity in Tri-Cities. Tri-Cities is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. The City of Vandalia paid \$941,397 for services provided in 2007. Tri-Cities had four OWDA Loans outstanding at December 31, 2007, in the amounts of \$1,323,513, \$4,265,849, \$1,934,669, and \$969,542 for a total of \$8,493,573. Complete financial statements can be obtained from the Tri-Cities North Regional Wastewater Authority, c/o City of Vandalia, 333 J.E. Bohanan Drive, Vandalia, Ohio 45377.

**Northern Area Water Authority**

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

The Northern Area Water Authority (NAWA) is a joint venture among the cities of Vandalia and Tipp City. NAWA is governed by a management board consisting of the city managers of the two cities. The board has complete authority over all aspects of the operation. NAWA, when construction is completed, will supply the participating residents of the member cities with water services. Each city will own the water lines located in its city and bill its residents for usage. Continued existence of NAWA is dependent on the City's continued participation and the City will have an equity interest in NAWA. Now that the plant is operational, each cities equity interest will be determined based on the amount of water pumped. During 2007, construction of the facility was finalized and the City's equity interest is \$100,668 which represents 54.09% of the total equity of NAWA as of December 31, 2007. Increased financial activity is expected in 2007, when operations are anticipated to commence. NAWA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City.

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2007

---

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, 2007, NAWA has borrowed a total of \$23,054,741 against the water treatment plant construction loan. The City of Vandalia paid \$621,139 for services provided in 2007. Complete financial statements can be obtained from the Northern Area Water Authority, c/o City of Vandalia, 333 J.E. Bohanan Drive, Vandalia, Ohio 45377.

**NOTE 14 - JOINTLY GOVERNED ORGANIZATION**

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

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

**NOTE 15 - CONTRACTUAL COMMITMENTS**

As of December 31, 2007, the City had contractual commitments as follows:

<u>Company</u>	<u>Project</u>	<u>Amount</u>	<u>Expended</u>	<u>12/31/07</u>
Butler Township Board of Trustees	Refunds and reimbursements	\$ 480,000	\$ -	\$ 480,000
Various	Street improvements	1,283,083	157,431	1,125,652
RB Jergens Contractors	Street construction	444,579	227,708	216,871
Michael Schuster Association	Building improvements	395,000	31,950	363,050
SK Construction	Water and sewer projects	1,117,649	644,362	473,287
	Totals	<u>\$ 3,720,311</u>	<u>\$ 1,061,451</u>	<u>\$ 2,658,860</u>

**NOTE 16 - CONTINGENT LIABILITIES**

Litigation

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

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2007

---

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, 2007, the audits of these programs have not been completed. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

**NOTE 17 - INTERFUND BALANCES AND TRANSFERS**

Interfund transfers for the year ended December 31, 2007, consisted of the following:

<u>Transfer to</u>	<u>Transfer From</u>
Capital improvement fund	General
Nonmajor governmental funds	\$ 2,056,860
Golf fund	2,874,482
Total	<u>500,000</u>
	<u>\$ 5,431,342</u>

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

The \$407,511 interfund loan from the general fund was made to the Brownschool road improvements capital projects fund (\$6,761), the North Dixie widening Issue II capital project fund (\$750) and the golf fund (\$400,000). The interfund loan to the capital projects funds were a result of the time lag between the dates that the reimbursable expenditures occurred and the revenue to re-pay the funds was available. The interfund loan to the golf fund was a result of a projected deficit in net assets from operation costs exceeding revenue for the year. The interfund loan is expected to be repaid as a new fee schedule for the golf fund fee is implemented. The loans to the Brownschool road improvement capital projects fund and the North Dixie widening Issue II capital project fund are expected to be repaid during 2008.

Also, during the year the governmental funds transferred \$437,367 to the business-type funds for the acquisition of equipment.

**NOTE 18 – ACCOUNTABILITY AND COMPLIANCE**

A. Accountability

The following funds had a deficit fund balance as of December 31, 2007:

City of Vandalia, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2007

---

<u>Fund</u>	Deficit fund balance/ <u>net assets</u>
<u>Capital Project Fund:</u>	
Road Improvements Brownschool	\$ 6,761
North Dixie Widening	750

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

**B. Compliance**

During the year, the City had several expenditures not properly certified, which is a violation of Ohio Revised Code Section 5705.41(D). Section 5705.41(B), Revised Code, also prohibits a subdivision from making expenditures unless it has been properly appropriated. It was noted that expenditures plus encumbrances exceeded appropriations in the North Dixie Widening fund at December 31, 2007 by \$750.

The City was in violation of Ohio Revised Code Section 5705.39 by appropriating in excess of estimated resources at the beginning of the year in the North Dixie Widening fund by \$655,000 and at the end of the year in the Capital Improvement fund by \$829,972.

The City was also in violation of Ohio Revised Code Section 5705.36 for the final budgeted revenue exceeding the actual revenues in the following funds:

<u>Fund</u>	Final Budget <u>Revenue</u>	Actual <u>Revenues</u>	<u>Variance</u>
<u>Special Revenue Funds:</u>			
Law Enforcement	\$ 1,000	\$ 250	\$ (750)
Drug Law Enforcement	200	40	(160)
OMVI Education and Enforcement	1,500	1,036	(464)
Baseball Recreation	120,778	117,952	(2,826)
Soccer Recreation	52,660	46,654	(6,006)
<u>Capital Project Funds:</u>			
Capital Improvement	4,493,811	2,943,379	(1,550,432)
Police, Fire and Street Capital Improvements	1,800,000	1,700,055	(99,945)
<u>Debt Service Fund:</u>			
Street Special Assessment Bond Retirement	52,000	-	(52,000)
<u>Enterprise Fund:</u>			
Golf	1,534,055	1,501,775	(32,280)
<u>Internal Service Fund:</u>			
Hospital Care	2,023,901	1,618,461	(405,440)

The City also violated Ohio Revised Code Section 5705.14, 5705.15 and 5705.16 for not approving each transfer and advance by formal resolution.

## Combining Financial Statements and Individual Fund Schedules



## Combining Statements – Nonmajor Governmental Funds

### NONMAJOR SPECIAL REVENUE FUNDS

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

#### Street

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

#### State Highway

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

#### Permissive Motor Vehicle Tax

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

#### Law Enforcement

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

#### Drug Law Enforcement

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

#### OMVI Education and Enforcement

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

#### OMVI Indigent

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

#### Computer Legal Research

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

#### Baseball Recreation

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

#### Soccer Recreation

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

Combining Statements – Nonmajor Governmental Funds (Continued)

NONMAJOR SPECIAL REVENUE FUNDS (Continued)

Stormwater

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

Chuck Gabbard Memorial

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

Magistrate

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

NONMAJOR DEBT SERVICE FUNDS

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

General Obligation Bond Retirement

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

Street Special Assessment Bond Retirement

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

NONMAJOR CAPITAL PROJECTS FUNDS

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

Road Improvements Brownschool

To account for the expenditures of Issue II grant funds.

Recreation Center

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

Justice Center/Municipal Building

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

North Dixie Widening

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

Combining Statements – Nonmajor Governmental Funds (Continued)

NONMAJOR CAPITAL PROJECTS FUNDS (Continued)

Police, Fire and Street Capital Improvements

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

City of Vandalia, Ohio  
Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2007

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and investments	\$ 1,633,756	\$ 219,077	\$ 763,029	\$ 2,615,862
Receivables:				
Accounts	117,762	-	-	117,762
Special assessments	-	43,509	-	43,509
Due from other governments	772,200	-	-	772,200
Materials and supplies inventory	76,797	-	-	76,797
Total assets	\$ 2,600,515	\$ 262,586	\$ 763,029	\$ 3,626,130
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 76,045	\$ -	\$ 10,951	\$ 86,996
Contracts payable	-	-	8,018	8,018
Accrued wages	13,698	-	868	14,566
Interfund payable	-	-	7,511	7,511
Due to other governments	16,568	-	1,409	17,977
Deferred revenue	810,870	43,509	-	854,379
Total liabilities	917,181	43,509	28,757	989,447
Fund balances:				
Reserved for encumbrances	98,455	-	393,265	491,720
Reserved for inventory	76,797	-	-	76,797
Unreserved, undesignated,				
Reported in:				
Special revenue funds	1,508,082	-	-	1,508,082
Debt service fund	-	219,077	-	219,077
Capital projects fund	-	-	341,007	341,007
Total fund balances	1,683,334	219,077	734,272	2,636,683
Total liabilities and fund balances	\$ 2,600,515	\$ 262,586	\$ 763,029	\$ 3,626,130

City of Vandalia, Ohio  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2007

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Charges for services	\$ 435,323	\$ -	\$ -	\$ 435,323
Fines and forfeitures	188,382	-	-	188,382
Intergovernmental	1,045,031	-	800,000	1,845,031
Other	9,828	-	-	9,828
Total revenue	<u>1,678,564</u>	<u>-</u>	<u>800,000</u>	<u>2,478,564</u>
Expenditures:				
Current:				
General government				
Legislative and executive	175,409	-	-	175,409
Public safety				
Police	62,931	-	40,057	102,988
Public works				
Engineer	151,377	-	21,410	172,787
Streets	854,375	-	-	854,375
Recreation	167,312	-	-	167,312
Capital outlay	640,818	-	1,721,933	2,362,751
Debt service:				
Principal retirement	-	619,479	-	619,479
Interest and fiscal charges	-	505,128	-	505,128
Total expenditures	<u>2,052,222</u>	<u>1,124,607</u>	<u>1,783,400</u>	<u>4,960,229</u>
Excess of revenues over (under) expenditures	<u>(373,658)</u>	<u>(1,124,607)</u>	<u>(983,400)</u>	<u>(2,481,665)</u>
Other financing sources (uses):				
Transfers - in	<u>-</u>	<u>1,174,427</u>	<u>1,700,055</u>	<u>2,874,482</u>
Net change in fund balance	(373,658)	49,820	716,655	392,817
Fund balances at beginning of year	2,056,992	169,257	17,617	2,243,866
Fund balances at end of year	<u>\$ 1,683,334</u>	<u>\$ 219,077</u>	<u>\$ 734,272</u>	<u>\$ 2,636,683</u>

City of Vandalia, Ohio  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2007

	Street Fund	State Highway Fund	Permissive Motor Vehicle Tax Fund	Law Enforcement Fund	Drug Law Enforcement Fund	OMVI Education and Enforcement Fund
<b>Assets:</b>						
Equity in pooled cash and investments	\$ 438,690	\$ 267,572	\$ 157,675	\$ 342	\$ 2,052	\$ 1,655
<b>Receivables:</b>						
Accounts	29,392	-	-	-	-	-
Due from other governments	685,947	55,601	25,085	-	-	-
Materials and supplies inventory	76,797	-	-	-	-	-
Total assets	<u>\$ 1,230,826</u>	<u>\$ 323,173</u>	<u>\$ 182,760</u>	<u>\$ 342</u>	<u>\$ 2,052</u>	<u>\$ 1,655</u>
<b>Liabilities and fund balances</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 2,565	\$ 2,764	\$ 18,963	\$ -	\$ -	\$ -
Accrued wages	11,143	-	-	-	-	-
Due to other governments	10,609	-	-	-	-	-
Deferred revenue	645,195	49,914	21,824	-	-	-
Total liabilities	<u>669,512</u>	<u>52,678</u>	<u>40,787</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances:</b>						
Reserved for encumbrances	3,347	1,281	80	-	264	-
Reserved for inventory	76,797	-	-	-	-	-
Unreserved, undesignated, Reported in:						
Special revenue funds	481,170	269,214	141,893	342	1,788	1,655
Total fund balances	<u>561,314</u>	<u>270,495</u>	<u>141,973</u>	<u>342</u>	<u>2,052</u>	<u>1,655</u>
 Total liabilities and fund balances	 <u>\$ 1,230,826</u>	 <u>\$ 323,173</u>	 <u>\$ 182,760</u>	 <u>\$ 342</u>	 <u>\$ 2,052</u>	 <u>\$ 1,655</u>

OMVI Indigent Fund	Computer Legal Research Fund	Baseball Recreation Fund	Soccer Recreation Fund	Stormwater Fund	Chuck Gabbard Memorial Fund	Magistrate Fund	Total Nonmajor Special Revenue Funds
\$ 286,915	\$ 105,376	\$ 38,255	\$ 53,017	\$ 279,949	\$ 2,258	\$ -	\$ 1,633,756
-	-	-	-	88,370	-	-	117,762
5,432	25	34	18	43	-	15	772,200
-	-	-	-	-	-	-	76,797
<u>\$ 292,347</u>	<u>\$ 105,401</u>	<u>\$ 38,289</u>	<u>\$ 53,035</u>	<u>\$ 368,362</u>	<u>\$ 2,258</u>	<u>\$ 15</u>	<u>\$ 2,600,515</u>
\$ 29,247	\$ 6,679	\$ 9,097	\$ 229	\$ 6,501	\$ -	\$ -	\$ 76,045
-	794	31	-	1,730	-	-	13,698
-	1,072	1,917	769	2,201	-	-	16,568
5,432	25	34	18	88,413	-	15	810,870
<u>34,679</u>	<u>8,570</u>	<u>11,079</u>	<u>1,016</u>	<u>98,845</u>	<u>-</u>	<u>15</u>	<u>917,181</u>
-	3,822	160	672	88,829	-	-	98,455
-	-	-	-	-	-	-	76,797
257,668	93,009	27,050	51,347	180,688	2,258	-	1,508,082
<u>257,668</u>	<u>96,831</u>	<u>27,210</u>	<u>52,019</u>	<u>269,517</u>	<u>2,258</u>	<u>-</u>	<u>1,683,334</u>
<u>\$ 292,347</u>	<u>\$ 105,401</u>	<u>\$ 38,289</u>	<u>\$ 53,035</u>	<u>\$ 368,362</u>	<u>\$ 2,258</u>	<u>\$ 15</u>	<u>\$ 2,600,515</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, 2007

	Street Fund	State Highway Fund	Permissive Motor Vehicle Tax Fund	Law Enforcement Fund	Drug Law Enforcement Fund	OMVI Education and Enforcement Fund
Revenues:						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	250	40	923
Intergovernmental	917,679	74,405	43,395	-	-	-
Other	5,129	-	-	-	-	-
Total revenue	<u>922,808</u>	<u>74,405</u>	<u>43,395</u>	<u>250</u>	<u>40</u>	<u>923</u>
Expenditures:						
Current:						
General government						
Legislative and executive	-	-	-	-	1,592	-
Police	-	-	-	-	-	1,815
Public works						
Engineer	-	-	-	-	-	-
Streets	747,070	37,438	69,867	-	-	-
Recreation	-	-	-	-	-	-
Capital outlay	476,814	-	-	-	-	-
Total expenditures	<u>1,223,884</u>	<u>37,438</u>	<u>69,867</u>	<u>-</u>	<u>1,592</u>	<u>1,815</u>
Net change in fund balance	(301,076)	36,967	(26,472)	250	(1,552)	(892)
Fund balances at beginning of year	<u>862,390</u>	<u>233,528</u>	<u>168,445</u>	<u>92</u>	<u>3,604</u>	<u>2,547</u>
Fund balances at end of year	<u>\$ 561,314</u>	<u>\$ 270,495</u>	<u>\$ 141,973</u>	<u>\$ 342</u>	<u>\$ 2,052</u>	<u>\$ 1,655</u>



OMVI Indigent Fund	Computer Legal Research Fund	Baseball Recreation Fund	Soccer Recreation Fund	Stormwater Fund	Chuck Gabbard Memorial Fund	Magistrate Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ 114,181	\$ 45,243	\$ 275,899	\$ -	\$ -	\$ 435,323
6,897	180,272	-	-	-	-	-	188,382
9,552	-	-	-	-	-	-	1,045,031
-	-	3,771	928	-	-	-	9,828
<u>16,449</u>	<u>180,272</u>	<u>117,952</u>	<u>46,171</u>	<u>275,899</u>	<u>-</u>	<u>-</u>	<u>1,678,564</u>
-	173,817	-	-	-	-	-	175,409
61,116	-	-	-	-	-	-	62,931
-	-	-	-	151,377	-	-	151,377
-	-	-	-	-	-	-	854,375
-	-	126,428	40,884	-	-	-	167,312
-	53,513	-	-	110,491	-	-	640,818
<u>61,116</u>	<u>227,330</u>	<u>126,428</u>	<u>40,884</u>	<u>261,868</u>	<u>-</u>	<u>-</u>	<u>2,052,222</u>
(44,667)	(47,058)	(8,476)	5,287	14,031	-	-	(373,658)
<u>302,335</u>	<u>143,889</u>	<u>35,686</u>	<u>46,732</u>	<u>255,486</u>	<u>2,258</u>	<u>-</u>	<u>2,056,992</u>
<u>\$ 257,668</u>	<u>\$ 96,831</u>	<u>\$ 27,210</u>	<u>\$ 52,019</u>	<u>\$ 269,517</u>	<u>\$ 2,258</u>	<u>\$ -</u>	<u>\$ 1,683,334</u>

City of Vandalia, Ohio  
Combining Balance Sheet  
Nonmajor Debt Service Funds  
December 31, 2007

	<u>General Obligation Bond Retirement Fund</u>	<u>Street Special Assessment Bond Retirement Fund</u>	<u>Total Nonmajor Debt Service Funds</u>
<u>Assets:</u>			
Equity in pooled cash and investments	\$ 7,617	\$ 211,460	\$ 219,077
Receivables:			
Special assessments	-	43,509	43,509
Total assets	<u>\$ 7,617</u>	<u>\$ 254,969</u>	<u>\$ 262,586</u>
Liabilities and fund balances			
Liabilities:			
Accounts payable	\$ -	\$ -	\$ -
Deferred revenue	-	43,509	43,509
Total liabilities	<u>-</u>	<u>43,509</u>	<u>43,509</u>
Fund balances:			
Unreserved, undesignated,			
Reported in:			
Debt service fund	7,617	211,460	219,077
Total liabilities and fund balances	<u>\$ 7,617</u>	<u>\$ 254,969</u>	<u>\$ 262,586</u>

City of Vandalia, Ohio  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Debt Service Funds  
For the Year Ended December 31, 2007

	General Obligation Bond Retirement Fund	Street Special Assessment Bond Retirement Fund	Total Nonmajor Debt Service Funds
Revenues:			
Total revenue	\$ -	\$ -	\$ -
Expenditures:			
Current:			
Debt service:			
Principal retirement	619,479	-	619,479
Interest and fiscal charges	505,128	-	505,128
Total expenditures	1,124,607	-	1,124,607
Excess of revenues over (under) expenditures	(1,124,607)	-	(1,124,607)
Other financing sources (uses):			
Transfers - in	1,174,427	-	1,174,427
Net change in fund balance	49,820	-	49,820
Fund balances (deficits) at beginning of year	(42,203)	211,460	169,257
Fund balances at end of year	<u>\$ 7,617</u>	<u>\$ 211,460</u>	<u>\$ 219,077</u>

City of Vandalia, Ohio  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2007

	Road Improvements Brownschool Fund	Recreation Center Fund	Justice Center/ Municipal Building Fund	North Dixie Widening Fund	Police, Fire and Street Capital Improvements Fund	Total Nonmajor Capital Projects Funds
Assets:						
Equity in pooled cash and investments	\$ -	\$ 1	\$ 543	\$ -	\$ 762,485	\$ 763,029
Liabilities and fund balances						
Liabilities:						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 10,951	\$ 10,951
Contracts payable	-	-	-	-	8,018	8,018
Accrued wages	-	-	-	-	868	868
Interfund payable	6,761	-	-	750	-	7,511
Due to other governments	-	-	-	-	1,409	1,409
Total liabilities	<u>6,761</u>	<u>-</u>	<u>-</u>	<u>750</u>	<u>21,246</u>	<u>28,757</u>
Fund balances:						
Reserved for encumbrances	-	-	-	-	393,265	393,265
Unreserved, undesignated, Reported in:						
Capital projects fund	(6,761)	1	543	(750)	347,974	341,007
Total fund balances	<u>(6,761)</u>	<u>1</u>	<u>543</u>	<u>(750)</u>	<u>741,239</u>	<u>734,272</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 543</u>	<u>\$ -</u>	<u>\$ 762,485</u>	<u>\$ 763,029</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, 2007

	Road Improvements Brownschool Fund	Recreation Center Fund	Justice Center/ Municipal Building Fund	North Dixie Widening Fund	Police, Fire and Street Capital Improvements Fund	Total Nonmajor Capital Projects Funds
Revenues:						
Intergovernmental	\$ -	\$ -	\$ -	\$ 800,000	\$ -	\$ 800,000
Expenditures:						
Current:						
Public safety						
Police	-	-	-	-	40,057	40,057
Public works						
Engineer	-	-	-	21,410	-	21,410
Capital outlay	-	-	-	510,399	1,211,534	1,721,933
Total expenditures	-	-	-	531,809	1,251,591	1,783,400
Excess of revenues over (under) expenditures	-	-	-	268,191	(1,251,591)	(983,400)
Other financing sources (uses):						
Transfers - in	-	-	-	-	1,700,055	1,700,055
Net change in fund balance	-	-	-	268,191	448,464	716,655
Fund balances (deficits) at beginning of year	(6,761)	1	543	(268,941)	292,775	17,617
Fund balances (deficits) at end of year	<u>\$ (6,761)</u>	<u>\$ 1</u>	<u>\$ 543</u>	<u>\$ (750)</u>	<u>\$ 741,239</u>	<u>\$ 734,272</u>

City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Municipal income tax	\$ 11,770,000	\$ 11,770,000	\$ 13,510,448	\$ 1,740,448
Property and other taxes	1,379,643	1,879,643	1,921,607	41,964
Charges for services	2,716,429	2,716,429	3,008,933	292,504
Licenses and permits	175,500	175,500	173,353	(2,147)
Fines and forfeitures	1,068,800	1,068,800	1,358,131	289,331
Intergovernmental	1,231,113	1,393,762	1,459,436	65,674
Interest	750,000	750,000	1,254,479	504,479
Other	96,500	96,500	86,646	(9,854)
Total revenues	<u>19,187,985</u>	<u>19,850,634</u>	<u>22,773,033</u>	<u>2,922,399</u>
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Personal services	1,760,133	1,760,133	1,671,714	88,419
Operations and maintenance	2,859,890	2,859,890	2,565,404	294,486
Capital outlay	5,675	5,675	1,400	4,275
Total legislative and executive	<u>4,625,698</u>	<u>4,625,698</u>	<u>4,238,518</u>	<u>387,180</u>
Judicial system				
Personal services	1,608,630	1,608,630	1,639,354	(30,724)
Operations and maintenance	454,449	454,449	433,533	20,916
Total judicial system	<u>2,063,079</u>	<u>2,063,079</u>	<u>2,072,887</u>	<u>(9,808)</u>
Total general government	<u>6,688,777</u>	<u>6,688,777</u>	<u>6,311,405</u>	<u>377,372</u>
Public safety				
Police				
Personal services	3,738,030	3,738,030	3,590,556	147,474
Operations and maintenance	382,655	382,655	363,572	19,083
Capital outlay	2,000	2,000	-	2,000
Total police	<u>4,122,685</u>	<u>4,122,685</u>	<u>3,954,128</u>	<u>168,557</u>
Fire				
Personal services	1,358,887	1,358,887	1,309,726	49,161
Operations and maintenance	265,767	265,767	260,133	5,634
Capital outlay	2,787	2,787	2,788	(1)
Total fire	<u>1,627,441</u>	<u>1,627,441</u>	<u>1,572,647</u>	<u>54,794</u>
Total public safety	<u>5,750,126</u>	<u>5,750,126</u>	<u>5,526,775</u>	<u>223,351</u>

City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Year Ended December 31, 2007  
(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public works				
Engineer				
Personal services	770,591	770,591	729,243	41,348
Operations and maintenance	114,793	114,793	111,860	2,933
Total engineer	<u>885,384</u>	<u>885,384</u>	<u>841,103</u>	<u>44,281</u>
Streets				
Service department				
Personal services	150,022	150,022	133,857	16,165
Operations and maintenance	3,271	3,271	4,084	(813)
Street lighting				
Operations and maintenance	196,125	196,125	176,609	19,516
Street maintenance				
Personal services	366,936	366,936	316,054	50,882
Operations and maintenance	5,729	5,729	3,997	1,732
Total streets	<u>722,083</u>	<u>722,083</u>	<u>634,601</u>	<u>87,482</u>
Refuse				-
Operations and maintenance	828,840	828,840	829,517	(677)
Total public works	<u>2,436,307</u>	<u>2,436,307</u>	<u>2,305,221</u>	<u>131,086</u>
Recreation				
Parks				
Personal services	2,299,128	2,299,128	2,123,252	175,876
Operations and maintenance	885,148	885,148	839,529	45,619
Total recreation	<u>3,184,276</u>	<u>3,184,276</u>	<u>2,962,781</u>	<u>221,495</u>
Total expenditures	<u>18,059,486</u>	<u>18,059,486</u>	<u>17,106,182</u>	<u>953,304</u>
Excess of revenues over (under) expenditures	<u>1,128,499</u>	<u>1,791,148</u>	<u>5,666,851</u>	<u>3,875,703</u>
Other financing sources (uses):				
Sale of capital assets	1,000	1,000	18	(982)
Advances - in	-	144,250	144,250	-
Transfers - out	(4,716,111)	(5,531,287)	(5,431,342)	99,945
Total other financing sources (uses)	<u>(4,715,111)</u>	<u>(5,386,037)</u>	<u>(5,287,074)</u>	<u>98,963</u>
Net change in fund balance	(3,586,612)	(3,594,889)	379,777	3,974,666
Fund balance at beginning of year	15,975,435	15,975,435	15,975,435	-
Prior year encumbrances appropriated	1,400,380	1,400,380	1,400,380	-
Fund balance at end of year	<u>\$ 13,789,203</u>	<u>\$ 13,780,926</u>	<u>\$ 17,755,592</u>	<u>\$ 3,974,666</u>

City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
Capital Improvement Fund  
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ 1,745,820	\$ 214,464	\$ (1,531,356)
Special assessments	12,300	12,300	15,459	3,159
Other	-	22,541	23,629	1,088
Total revenues	<u>12,300</u>	<u>1,780,661</u>	<u>253,552</u>	<u>(1,527,109)</u>
<u>Expenditures:</u>				
Capital outlay	<u>3,597,960</u>	<u>5,845,523</u>	<u>5,684,949</u>	<u>160,574</u>
Excess of revenues over (under) expenditures	<u>(3,585,660)</u>	<u>(4,064,862)</u>	<u>(5,431,397)</u>	<u>(1,366,535)</u>
Other financing sources (uses):				
Repayment of notes receivable	6,290	6,290	6,290	-
Bond anticipation notes issued	650,000	650,000	617,200	(32,800)
Sale of capital assets	-	-	9,477	9,477
Transfers - in	<u>1,900,000</u>	<u>2,056,860</u>	<u>2,056,860</u>	<u>-</u>
Total other financing sources (uses)	<u>2,556,290</u>	<u>2,713,150</u>	<u>2,689,827</u>	<u>(23,323)</u>
Net change in fund balance	(1,029,370)	(1,351,712)	(2,741,570)	(1,389,858)
Fund balance at beginning of year	863,636	863,636	863,636	-
Prior year encumbrances appropriated	<u>1,047,962</u>	<u>1,047,962</u>	<u>1,047,962</u>	<u>-</u>
Fund balance at end of year	<u>\$ 882,228</u>	<u>\$ 559,886</u>	<u>\$ (829,972)</u>	<u>\$ (1,389,858)</u>



City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
Street Fund  
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Intergovernmental	\$ 868,850	\$ 868,850	\$ 911,549	\$ 42,699
Other	5,500	5,500	5,129	(371)
Total revenues	<u>874,350</u>	<u>874,350</u>	<u>916,678</u>	<u>42,328</u>
<u>Expenditures:</u>				
Current:				
Public works				
Streets				
Street maintenance				
Personal services	496,924	511,924	515,009	(3,085)
Operations and maintenance	153,005	168,505	156,319	12,186
Capital outlay	495,000	553,000	552,821	179
Total expenditures	<u>1,144,929</u>	<u>1,233,429</u>	<u>1,224,149</u>	<u>9,280</u>
Net change in fund balance	(270,579)	(359,079)	(307,471)	51,608
Fund balance at beginning of year	735,546	735,546	735,546	-
Prior year encumbrances appropriated	6,388	6,388	6,388	-
Fund balance at end of year	<u>\$ 471,355</u>	<u>\$ 382,855</u>	<u>\$ 434,463</u>	<u>\$ 51,608</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Intergovernmental	\$ 72,350	\$ 72,350	\$ 73,909	\$ 1,559
<u>Expenditures:</u>				
Current:				
Public works				
Streets				
Street maintenance				
Operations and maintenance	52,169	52,169	49,235	2,934
Net change in fund balance	20,181	20,181	24,674	4,493
Fund balance at beginning of year	228,862	228,862	228,862	-
Prior year encumbrances appropriated	10,335	10,335	10,335	-
Fund balance at end of year	<u>\$ 259,378</u>	<u>\$ 259,378</u>	<u>\$ 263,871</u>	<u>\$ 4,493</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Intergovernmental	\$ 43,000	\$ 43,000	\$ 43,407	\$ 407
<u>Expenditures:</u>				
Current:				
Streets				
Street maintenance				
Operations and maintenance	12,424	12,424	20,875	(8,451)
Capital outlay	25,000	60,000	49,290	10,710
Total expenditures	<u>37,424</u>	<u>72,424</u>	<u>70,165</u>	<u>2,259</u>
Net change in fund balance	5,576	(29,424)	(26,758)	2,666
Fund balance at beginning of year	164,966	164,966	164,966	-
Prior year encumbrances appropriated	424	424	424	-
Fund balance at end of year	<u>\$ 170,966</u>	<u>\$ 135,966</u>	<u>\$ 138,632</u>	<u>\$ 2,666</u>

City of Vandalia, Ohio  
 Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Law Enforcement Fund  
 For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Fines and forfeitures	\$ 1,000	\$ 1,000	\$ 250	\$ (750)
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Operations and maintenance	1,000	1,000	-	1,000
Net change in fund balance	-	-	250	250
Fund balance at beginning of year	92	92	92	-
Fund balance at end of year	<u>\$ 92</u>	<u>\$ 92</u>	<u>\$ 342</u>	<u>\$ 250</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, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Fines and forfeitures	\$ 200	\$ 200	\$ 40	\$ (160)
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Operations and maintenance	3,600	3,600	1,856	1,744
Net change in fund balance	(3,400)	(3,400)	(1,816)	1,584
Fund balance at beginning of year	3,606	3,606	3,606	-
Fund balance at end of year	<u>\$ 206</u>	<u>\$ 206</u>	<u>\$ 1,790</u>	<u>\$ 1,584</u>

City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
OMVI Education and Enforcement Fund  
For the Year Ended December 31, 2007

	<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	\$ 1,500	\$ 1,500	\$ 1,036	\$ (464)
<u>Expenditures:</u>				
Current:				
Public safety				
Police				
Operations and maintenance	1,815	1,815	1,815	-
Net change in fund balance	(315)	(315)	(779)	(464)
Fund balance at beginning of year	2,424	2,424	2,424	-
Fund balance at end of year	<u>\$ 2,109</u>	<u>\$ 2,109</u>	<u>\$ 1,645</u>	<u>\$ (464)</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, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Fines and forfeitures	\$ 5,000	\$ 5,000	\$ 6,724	\$ 1,724
Intergovernmental	9,000	9,000	9,552	552
Total revenues	<u>14,000</u>	<u>14,000</u>	<u>16,276</u>	<u>2,276</u>
<u>Expenditures:</u>				
Current:				
Public safety				
Police				
Operations and maintenance	<u>12,000</u>	<u>31,870</u>	<u>31,869</u>	<u>1</u>
Net change in fund balance	2,000	(17,870)	(15,593)	2,277
Fund balance at beginning of year	302,035	302,035	302,035	-
Prior year encumbrances appropriated	<u>2</u>	<u>2</u>	<u>2</u>	<u>-</u>
Fund balance at end of year	<u>\$ 304,037</u>	<u>\$ 284,167</u>	<u>\$ 286,444</u>	<u>\$ 2,277</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, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Fines and forfeitures	\$ 150,000	\$ 150,000	\$ 181,122	\$ 31,122
Other	500	500	-	(500)
Total revenues	<u>150,500</u>	<u>150,500</u>	<u>181,122</u>	<u>30,622</u>
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Personal services	49,653	56,330	49,039	7,291
Operations and maintenance	73,668	73,668	68,649	5,019
Capital outlay	<u>120,419</u>	<u>120,419</u>	<u>120,249</u>	<u>170</u>
Total expenditures	<u>243,740</u>	<u>250,417</u>	<u>237,937</u>	<u>12,480</u>
Net change in fund balance	(93,240)	(99,917)	(56,815)	43,102
Fund balance at beginning of year	132,542	132,542	132,542	-
Prior year encumbrances appropriated	<u>7,559</u>	<u>7,559</u>	<u>7,559</u>	<u>-</u>
Fund balance at end of year	<u>\$ 46,861</u>	<u>\$ 40,184</u>	<u>\$ 83,286</u>	<u>\$ 43,102</u>



City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
Baseball Recreation Fund  
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Charges for services	\$ 116,278	\$ 116,278	\$ 114,181	\$ (2,097)
Other	4,500	4,500	3,771	(729)
Total revenues	<u>120,778</u>	<u>120,778</u>	<u>117,952</u>	<u>(2,826)</u>
<u>Expenditures:</u>				
Current:				
Recreation				
Personal services	47,626	47,626	45,565	2,061
Operations and maintenance	73,124	82,124	79,999	2,125
Total expenditures	<u>120,750</u>	<u>129,750</u>	<u>125,564</u>	<u>4,186</u>
Net change in fund balance	28	(8,972)	(7,612)	1,360
Fund balance at beginning of year	36,452	36,452	36,452	-
Prior year encumbrances appropriated	415	415	415	-
Fund balance at end of year	<u>\$ 36,895</u>	<u>\$ 27,895</u>	<u>\$ 29,255</u>	<u>\$ 1,360</u>

City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
Soccer Recreation Fund  
For the Year Ended December 31, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Charges for services	\$ 51,560	\$ 51,560	\$ 45,243	\$ (6,317)
Other	1,100	1,100	1,411	311
Total revenues	52,660	52,660	46,654	(6,006)
<u>Expenditures:</u>				
Current:				
Recreation				
Parks				
Personal services	26,488	26,488	17,869	8,619
Operations and maintenance	26,219	26,219	23,394	2,825
Total expenditures	52,707	52,707	41,263	11,444
Net change in fund balance	(47)	(47)	5,391	5,438
Fund balance at beginning of year	46,850	46,850	46,850	-
Prior year encumbrances appropriated	104	104	104	-
Fund balance at end of year	\$ 46,907	\$ 46,907	\$ 52,345	\$ 5,438

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, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Charges for services	\$ 265,500	\$ 265,500	\$ 275,899	\$ 10,399
<u>Expenditures:</u>				
Current:				
Public works				
Engineer				
Personal services	132,958	132,958	115,538	17,420
Operations and maintenance	142,215	142,215	139,813	2,402
Capital outlay	100,000	100,000	100,491	(491)
Total expenditures	<u>375,173</u>	<u>375,173</u>	<u>355,842</u>	<u>19,331</u>
Net change in fund balance	(109,673)	(109,673)	(79,943)	29,730
Fund balance at beginning of year	253,946	253,946	253,946	-
Prior year encumbrances appropriated	<u>10,615</u>	<u>10,615</u>	<u>10,615</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 154,888</u></u>	<u><u>\$ 154,888</u></u>	<u><u>\$ 184,618</u></u>	<u><u>\$ 29,730</u></u>

City of Vandalia, Ohio  
 Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Chuck Gabbard Memorial Fund  
 For the Year Ended December 31, 2007

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

City of Vandalia, Ohio  
 Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Magistrate Fund  
 For the Year Ended December 31, 2007

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

City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
General Obligation Bond Retirement Fund  
For the Year Ended December 31, 2007

	<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	3,247,580	3,286,101	3,286,099	2
Interest and fiscal charges	596,631	616,426	616,424	2
Bond issuance costs	-	8,500	8,500	-
Total expenditures	<u>3,844,211</u>	<u>3,911,027</u>	<u>3,911,023</u>	<u>4</u>
Excess of revenues over (under) expenditures	<u>(3,844,211)</u>	<u>(3,911,027)</u>	<u>(3,911,023)</u>	<u>4</u>
Other financing sources (uses):				
Bonds issued	2,728,100	2,728,100	2,728,100	-
Transfers - in	1,116,111	1,174,427	1,174,427	-
Total other financing sources (uses)	<u>3,844,211</u>	<u>3,902,527</u>	<u>3,902,527</u>	<u>-</u>
Net change in fund balance	-	(8,500)	(8,496)	4
Fund balance at beginning of year	<u>16,112</u>	<u>16,112</u>	<u>16,112</u>	<u>-</u>
Fund balance at end of year	<u>\$ 16,112</u>	<u>\$ 7,612</u>	<u>\$ 7,616</u>	<u>\$ 4</u>

City of Vandalia, Ohio  
 Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Street Special Assessment Bond Retirement Fund  
 For the Year Ended December 31, 2007

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

City of Vandalia, Ohio  
 Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Road Improvements Brownschool Fund  
 For the Year Ended December 31, 2007

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



City of Vandalia, Ohio  
 Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Recreation Center Fund  
 For the Year Ended December 31, 2007

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

City of Vandalia, Ohio  
 Schedule of Revenues, Expenditures and Changes  
 In Fund Balance - Budget (Non-GAAP Basis) and Actual  
 Justice Center/Municipal Building Fund  
 For the Year Ended December 31, 2007

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

City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
North Dixie Widening Fund  
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ 800,000	\$ 800,000	\$ -
<u>Expenditures:</u>				
Capital outlay	655,988	655,988	656,738	(750)
Excess of revenues over (under) expenditures	(655,988)	144,012	143,262	(750)
<u>Other financing sources (uses):</u>				
Advances - out	-	(144,250)	(144,250)	-
Net change in fund balance	(655,988)	(238)	(988)	(750)
Fund balance at beginning of year	(655,000)	(655,000)	(655,000)	-
Prior year encumbrances appropriated	655,988	655,988	655,988	-
Fund balance at end of year	<u>\$ (655,000)</u>	<u>\$ 750</u>	<u>\$ -</u>	<u>\$ (750)</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, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Current:				
Public safety				
Police				
Personal services	72,526	72,526	58,918	13,608
Capital outlay	1,302,210	1,586,411	1,581,714	4,697
Total expenditures	1,374,736	1,658,937	1,640,632	18,305
Excess of revenues over (under) expenditures	(1,374,736)	(1,658,937)	(1,640,632)	18,305
Other financing sources (uses):				
Transfers - in	1,200,000	1,800,000	1,700,055	(99,945)
Net change in fund balance	(174,736)	141,063	59,423	(81,640)
Fund balance at beginning of year	119,456	119,456	119,456	-
Prior year encumbrances appropriated	174,736	174,736	174,736	-
Fund balance at end of year	<u>\$ 119,456</u>	<u>\$ 435,255</u>	<u>\$ 353,615</u>	<u>\$ (81,640)</u>

City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Equity - Budget (Non-GAAP Basis) and Actual  
Water Fund  
For the Year Ended December 31, 2007

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Charges for services	\$ 2,299,570	\$ 2,299,570	\$ 2,447,330	\$ 147,760
Tap-in fees	12,000	12,000	12,400	400
Utility deposits received	-	-	5,746	5,746
Other	19,200	19,200	23,259	4,059
Total revenues	2,330,770	2,330,770	2,488,735	157,965
<u>Expenses:</u>				
Current:				
Personal services	318,929	318,929	286,542	32,387
Contractual services	1,479,782	2,093,782	2,041,886	51,896
Materials and supplies	50,456	50,456	51,153	(697)
Capital outlay	274,293	274,293	274,293	-
Utility deposits returned	-	-	3,444	(3,444)
Other	185	185	611	(426)
Total expenses	2,123,645	2,737,645	2,657,929	79,716
Change in fund equity	207,125	(406,875)	(169,194)	237,681
Fund equity at beginning of year	907,424	907,424	907,424	-
Prior year encumbrances appropriated	58,732	58,732	58,732	-
Fund equity at end of year	\$ 1,173,281	\$ 559,281	\$ 796,962	\$ 237,681

City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Equity - Budget (Non-GAAP Basis) and Actual  
Sewer Fund  
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Charges for services	\$ 1,183,730	\$ 1,183,730	\$ 1,493,363	\$ 309,633
Tap-in fees	15,000	15,000	13,700	(1,300)
Utility deposits received	-	-	2,830	2,830
Other	-	-	180	180
Total revenues	1,198,730	1,198,730	1,510,073	311,343
<u>Expenses:</u>				
Current:				
Personal services	319,096	319,096	283,717	35,379
Contractual services	978,670	978,670	979,396	(726)
Materials and supplies	34,955	34,955	40,824	(5,869)
Utility deposits returned	238	238	1,136	(898)
Total expenses	1,332,959	1,332,959	1,305,073	27,886
Change in fund equity	(134,229)	(134,229)	205,000	339,229
Fund equity at beginning of year	247,620	247,620	247,620	-
Prior year encumbrances appropriated	7,785	7,785	7,785	-
Fund equity at end of year	\$ 121,176	\$ 121,176	\$ 460,405	\$ 339,229

City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Equity - Budget (Non-GAAP Basis) and Actual  
Golf Fund  
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Charges for services	\$ 1,021,150	\$ 1,021,150	\$ 990,756	\$ (30,394)
Interest	3,000	3,000	3,471	471
Other	9,905	9,905	7,548	(2,357)
Total revenues	<u>1,034,055</u>	<u>1,034,055</u>	<u>1,001,775</u>	<u>(32,280)</u>
<u>Expenses:</u>				
Current:				
Personal services	566,065	566,065	499,403	66,662
Contractual services	360,228	360,311	340,388	19,923
Materials and supplies	207,920	207,920	213,772	(5,852)
Other	39,223	39,223	41,451	(2,228)
Total expenses	<u>1,173,436</u>	<u>1,173,519</u>	<u>1,095,014</u>	<u>78,505</u>
Excess of revenue over (under) expenses before transfers	<u>(139,381)</u>	<u>(139,464)</u>	<u>(93,239)</u>	<u>46,225</u>
Other financing sources (uses):				
Transfers - in	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Change in fund equity	360,619	360,536	406,761	46,225
Fund equity at beginning of year	166,384	166,384	166,384	-
Prior year encumbrances appropriated	<u>40,864</u>	<u>40,864</u>	<u>40,864</u>	<u>-</u>
Fund equity at end of year	<u>\$ 567,867</u>	<u>\$ 567,784</u>	<u>\$ 614,009</u>	<u>\$ 46,225</u>

City of Vandalia, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Equity - Budget (Non-GAAP Basis) and Actual  
Hospital Care Fund  
For the Year Ended December 31, 2007

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Charges for services	\$ 1,922,706	\$ 1,922,706	\$ 1,554,760	\$ (367,946)
Other	101,195	101,195	63,701	(37,494)
Total revenues	<u>2,023,901</u>	<u>2,023,901</u>	<u>1,618,461</u>	<u>(405,440)</u>
<u>Expenses:</u>				
Current:				
Contractual services	364,791	364,791	309,675	55,116
Claims	1,659,599	1,659,599	1,163,706	495,893
Total expenses	<u>2,024,390</u>	<u>2,024,390</u>	<u>1,473,381</u>	<u>551,009</u>
Change in fund equity	(489)	(489)	145,080	145,569
Fund equity at beginning of year	76,573	76,573	76,573	-
Prior year encumbrances appropriated	<u>489</u>	<u>489</u>	<u>489</u>	<u>-</u>
Fund equity at end of year	<u>\$ 76,573</u>	<u>\$ 76,573</u>	<u>\$ 222,142</u>	<u>\$ 145,569</u>



## Combining Statements – Fiduciary Funds

### AGENCY FUNDS

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

#### Building Standards

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

#### Northern Area Water Authority

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

#### Municipal Court

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

#### Multi-District Tax Fund

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

#### Performance Bond

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

#### Tri-Cities North Regional Wastewater Authority

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

#### Employee Flex Account

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

City of Vandalia, Ohio  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2007

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
<b>Building Standards</b>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 316	\$ 3,058	\$ 2,706	\$ 668
Total assets	<u>\$ 316</u>	<u>\$ 3,058</u>	<u>\$ 2,706</u>	<u>\$ 668</u>
<u>Liabilities:</u>				
Due to other governments	\$ 316	\$ 3,058	\$ 2,706	\$ 668
Total liabilities	<u>\$ 316</u>	<u>\$ 3,058</u>	<u>\$ 2,706</u>	<u>\$ 668</u>

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
<b>Northern Area Water Authority</b>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 661,227	\$ 2,423,011	\$ 2,776,764	\$ 307,474
Total assets	<u>\$ 661,227</u>	<u>\$ 2,423,011</u>	<u>\$ 2,776,764</u>	<u>\$ 307,474</u>
<u>Liabilities:</u>				
Due to others	\$ 661,227	\$ 2,423,011	\$ 2,776,764	\$ 307,474
Total liabilities	<u>\$ 661,227</u>	<u>\$ 2,423,011</u>	<u>\$ 2,776,764</u>	<u>\$ 307,474</u>

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
<b>Municipal Court</b>				
<u>Assets:</u>				
Cash and cash equivalents in segregated accounts	\$ 160,787	\$ 1,610,582	\$ 1,601,349	\$ 170,020
Total assets	<u>\$ 160,787</u>	<u>\$ 1,610,582</u>	<u>\$ 1,601,349</u>	<u>\$ 170,020</u>
<u>Liabilities:</u>				
Due to other governments	\$ 53,716	\$ 686,061	\$ 694,384	\$ 45,393
Undistributed monies	107,071	924,521	906,965	124,627
Total liabilities	<u>\$ 160,787</u>	<u>\$ 1,610,582</u>	<u>\$ 1,601,349</u>	<u>\$ 170,020</u>

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
<b>Multi-District Tax fund</b>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 266,067	\$ 8,427,502	\$ 8,384,714	\$ 308,855
Total assets	<u>\$ 266,067</u>	<u>\$ 8,427,502</u>	<u>\$ 8,384,714</u>	<u>\$ 308,855</u>
<u>Liabilities:</u>				
Undistributed monies	\$ 266,067	\$ 8,427,502	\$ 8,384,714	\$ 308,855
Total liabilities	<u>\$ 266,067</u>	<u>\$ 8,427,502</u>	<u>\$ 8,384,714</u>	<u>\$ 308,855</u>

City of Vandalia, Ohio  
Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2007

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
<b>Performance Bond</b>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 20,730	\$ -	\$ -	\$ 20,730
Total assets	<u>\$ 20,730</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,730</u>
<u>Liabilities:</u>				
Undistributed monies	\$ 20,730	\$ -	\$ -	\$ 20,730
Total liabilities	<u>\$ 20,730</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,730</u>

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
<b>Tri-Cities North Regional Wastewater Authority</b>				
<u>Assets:</u>				
Investments	\$ 5,086,008	\$ 4,493,822	\$ 3,565,794	\$ 6,014,036
Total assets	<u>\$ 5,086,008</u>	<u>\$ 4,493,822</u>	<u>\$ 3,565,794</u>	<u>\$ 6,014,036</u>
<u>Liabilities:</u>				
Due to others	\$ 5,086,008	\$ 4,493,822	\$ 3,565,794	\$ 6,014,036
Total liabilities	<u>\$ 5,086,008</u>	<u>\$ 4,493,822</u>	<u>\$ 3,565,794</u>	<u>\$ 6,014,036</u>

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
<b>Employee Flex Account</b>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ -	\$ 6,701	\$ -	\$ 6,701
Total assets	<u>\$ -</u>	<u>\$ 6,701</u>	<u>\$ -</u>	<u>\$ 6,701</u>
<u>Liabilities:</u>				
Due to employees	\$ -	\$ 6,701	\$ -	\$ 6,701
Total liabilities	<u>\$ -</u>	<u>\$ 6,701</u>	<u>\$ -</u>	<u>\$ 6,701</u>

	Balance January 1, 2007	Additions	Deletions	Balance December 31, 2007
<b>Totals</b>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 948,340	\$ 10,860,272	\$ 11,164,184	\$ 644,428
Cash and cash equivalents in segregated accounts	160,787	1,610,582	1,601,349	170,020
Investments	5,086,008	4,493,822	3,565,794	6,014,036
Total assets	<u>\$ 6,195,135</u>	<u>\$ 16,964,676</u>	<u>\$ 16,331,327</u>	<u>\$ 6,828,484</u>
<u>Liabilities:</u>				
Due to other governments	\$ 54,032	\$ 689,119	\$ 697,090	\$ 46,061
Due to employees	-	6,701	-	6,701
Undistributed monies	393,868	9,352,023	9,291,679	454,212
Due to others	5,747,235	6,916,833	6,342,558	6,321,510
Total liabilities	<u>\$ 6,195,135</u>	<u>\$ 16,964,676</u>	<u>\$ 16,331,327</u>	<u>\$ 6,828,484</u>



---

STATISTICAL SECTION



## Statistical Section

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

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

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

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
<b><u>Governmental Activities</u></b>								
Invested in capital assets, net of related debt	\$27,314,977	\$28,147,689	\$32,026,709	\$31,647,933	\$32,543,285	\$33,073,481	\$32,617,097	\$36,955,507
Restricted	5,952,800	5,843,044	6,203,695	4,570,563	4,543,818	4,668,371	5,164,000	4,872,447
Unrestricted	<u>14,729,309</u>	<u>13,084,543</u>	<u>13,069,246</u>	<u>12,961,542</u>	<u>14,439,093</u>	<u>15,932,867</u>	<u>21,393,154</u>	<u>21,683,362</u>
Total governmental activities net assets	<u>\$47,997,086</u>	<u>\$47,075,276</u>	<u>\$51,299,650</u>	<u>\$49,180,038</u>	<u>\$51,526,196</u>	<u>\$53,674,719</u>	<u>\$59,174,251</u>	<u>\$63,511,316</u>
<b><u>Business-Type Activities</u></b>								
Invested in capital assets, net of related debt	\$15,746,955	\$15,753,975	\$15,831,497	\$17,235,721	\$16,904,597	\$17,560,983	\$17,541,180	\$17,459,440
Unrestricted	<u>8,068,088</u>	<u>8,141,509</u>	<u>8,202,422</u>	<u>8,231,386</u>	<u>8,146,092</u>	<u>7,861,688</u>	<u>7,999,421</u>	<u>10,272,138</u>
Total business-type activities net assets	<u>\$23,815,043</u>	<u>\$23,895,484</u>	<u>\$24,033,919</u>	<u>\$25,467,107</u>	<u>\$25,050,689</u>	<u>\$25,422,671</u>	<u>\$25,540,601</u>	<u>\$27,731,578</u>
<b><u>Primary Government</u></b>								
Invested in capital assets, net of related debt	\$43,061,932	\$43,901,664	\$47,858,206	\$48,883,654	\$49,447,882	\$50,634,464	\$50,158,277	\$54,414,947
Restricted	5,952,800	5,843,044	6,203,695	4,570,563	4,543,818	4,668,371	5,164,000	4,872,447
Unrestricted	<u>22,797,397</u>	<u>21,226,052</u>	<u>21,271,668</u>	<u>21,192,928</u>	<u>22,585,185</u>	<u>23,794,555</u>	<u>29,392,575</u>	<u>31,955,500</u>
Total primary government net assets	<u>\$71,812,129</u>	<u>\$70,970,760</u>	<u>\$75,333,569</u>	<u>\$74,647,145</u>	<u>\$76,576,885</u>	<u>\$79,097,390</u>	<u>\$84,714,852</u>	<u>\$91,242,894</u>

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



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

<b>Expenses</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>
<b>Governmental Activities:</b>								
General government	\$ 4,179,646	\$ 5,198,302	\$ 4,413,764	\$ 4,929,186	\$ 4,944,560	\$ 5,366,477	\$ 5,460,150	\$ 5,906,984
Public safety	5,279,340	5,503,635	5,798,869	5,703,204	5,698,591	6,058,752	6,178,967	6,052,798
Public works	4,539,841	4,106,870	3,781,644	4,223,002	3,877,206	4,432,060	4,240,372	4,224,539
Recreation	2,250,409	3,857,728	3,423,447	3,351,472	3,278,059	3,294,702	3,427,824	3,676,239
Interest and fiscal charges	728,745	710,608	692,184	680,882	505,688	540,735	580,291	650,699
Total governmental activities expenses	<u>16,977,981</u>	<u>19,377,143</u>	<u>18,109,908</u>	<u>18,887,746</u>	<u>18,304,104</u>	<u>19,692,726</u>	<u>19,887,604</u>	<u>20,511,259</u>
<b>Business-Type Activities:</b>								
Water	1,914,077	1,912,460	1,673,614	1,573,771	1,663,004	1,801,203	2,227,291	2,242,417
Sewer	1,333,967	1,406,115	1,375,130	863,893	1,594,333	1,464,646	1,478,904	1,523,399
Golf	1,181,096	1,198,058	1,229,441	1,157,810	1,144,596	1,145,444	1,165,894	1,185,618
Total business-type activities	<u>4,429,140</u>	<u>4,516,633</u>	<u>4,278,185</u>	<u>3,595,474</u>	<u>4,401,933</u>	<u>4,411,293</u>	<u>4,872,089</u>	<u>4,951,434</u>
Total primary government expenses	<u>\$21,407,121</u>	<u>\$23,893,776</u>	<u>\$22,388,093</u>	<u>\$22,483,220</u>	<u>\$22,706,037</u>	<u>\$24,104,019</u>	<u>\$24,759,693</u>	<u>\$25,462,693</u>
<b>Program Revenues</b>								
<b>Governmental Activities:</b>								
<b>Charges for services:</b>								
General government	\$ 1,652,474	\$ 1,857,747	\$ 1,704,471	\$ 2,069,469	\$ 1,879,701	\$ 2,111,964	\$ 1,748,666	\$ 1,873,488
Public safety	19,391	24,419	36,878	226,100	517,433	502,942	708,379	673,765
Public works	315,962	223,600	327,226	239,882	885,430	1,331,202	1,186,775	1,310,194
Recreation	356,764	835,767	1,140,282	1,204,578	1,262,996	1,298,854	1,347,174	1,397,631
Operating grants, contributions and interest	557,648	616,273	611,107	759,212	801,455	1,626,415	1,165,543	1,152,379
Capital grants and contributions	474,229	979,153	353,732	395,429	819,364	1,745,069	952,359	1,374,031
Total governmental activities program revenues	<u>3,376,468</u>	<u>4,536,959</u>	<u>4,173,696</u>	<u>4,894,670</u>	<u>6,166,379</u>	<u>8,616,446</u>	<u>7,108,896</u>	<u>7,781,488</u>
<b>Business-Type Activities:</b>								
<b>Charges for services:</b>								
Water	1,420,023	1,358,944	1,422,710	1,574,328	1,458,940	1,568,232	2,249,435	2,770,088
Sewer	1,189,393	1,106,379	1,129,818	1,038,386	1,101,616	1,065,364	1,336,767	2,333,065
Golf	1,079,679	984,835	953,877	941,156	944,892	974,608	984,106	990,779
Capital grants and contributions	217,655	617,208	344,929	4,022	9,481	813,061	327,837	74,445
Total business-type activities program revenues	<u>3,906,750</u>	<u>4,067,366</u>	<u>3,851,334</u>	<u>3,557,892</u>	<u>3,514,929</u>	<u>4,421,265</u>	<u>4,898,145</u>	<u>6,168,377</u>
Total primary government program revenues	<u>\$ 7,283,218</u>	<u>\$ 8,604,325</u>	<u>\$ 8,025,030</u>	<u>\$ 8,452,562</u>	<u>\$ 9,681,308</u>	<u>\$13,037,711</u>	<u>\$12,007,041</u>	<u>\$13,949,865</u>
<b>Net (expense)/revenue</b>								
Governmental activities	\$13,601,513	\$14,840,184	\$13,936,212	\$13,993,076	\$12,137,725	\$11,076,280	\$12,778,708	\$12,729,771
Business-type activities	522,390	449,267	426,851	37,582	887,004	(9,972)	(26,056)	(1,216,943)
Total primary government net expense	<u>\$14,123,903</u>	<u>\$15,289,451</u>	<u>\$14,363,063</u>	<u>\$14,030,658</u>	<u>\$13,024,729</u>	<u>\$11,066,308</u>	<u>\$12,752,652</u>	<u>\$11,512,828</u>
<b>General Revenues and Other Changes in Net Assets</b>								
<b>Governmental Activities:</b>								
<b>Property taxes levied for:</b>								
General purposes	\$ 1,616,490	\$ 1,570,281	\$ 1,660,698	\$ 1,783,553	\$ 1,703,923	\$ 1,652,459	\$ 2,008,091	\$ 1,976,022
<b>Income tax levied for:</b>								
General purposes	9,532,283	7,730,756	8,383,939	8,393,096	10,420,056	10,419,773	13,205,994	13,072,621
Capital projects	1,588,713	2,576,918	2,794,646	1,518,509	-	-	-	-
<b>Grants and entitlements not restricted to specific programs</b>								
Investment earnings	942,438	997,696	911,245	837,051	984,588	925,581	1,820,314	1,357,421
Other	1,988,257	1,450,330	830,994	336,949	509,985	354,301	1,146,670	1,485,318
Total governmental activities	<u>15,761,663</u>	<u>14,343,231</u>	<u>14,666,912</u>	<u>12,993,841</u>	<u>13,686,364</u>	<u>13,384,914</u>	<u>18,340,468</u>	<u>18,004,203</u>
<b>Business-Type Activities:</b>								
Investment in joint venture	41,465	157,716	434,258	93,368	374,117	171,124	-	-
Investment earnings	4,292	5,244	5,819	2,660	1,688	2,187	4,717	3,471
Other	30,086	39,404	50,198	45,567	48,549	28,588	24,929	33,196
Total business-type activities	<u>75,843</u>	<u>202,364</u>	<u>490,275</u>	<u>141,595</u>	<u>424,354</u>	<u>201,899</u>	<u>29,646</u>	<u>36,667</u>
Total primary government	<u>\$15,837,506</u>	<u>\$14,545,595</u>	<u>\$15,157,187</u>	<u>\$13,135,436</u>	<u>\$14,110,718</u>	<u>\$13,586,813</u>	<u>\$18,370,114</u>	<u>\$18,040,870</u>
<b>Change in net assets</b>								
Governmental activities	\$ 1,993,549	\$ (876,796)	\$ 657,304	\$ (2,328,410)	\$ 1,504,411	\$ 2,148,523	\$ 5,499,532	\$ 4,337,065
Business-type activities	(279,946)	132,940	136,820	1,433,188	(418,422)	371,982	117,930	2,190,977
Total primary government	<u>\$ 1,713,603</u>	<u>\$ (743,856)</u>	<u>\$ 794,124</u>	<u>\$ (895,222)</u>	<u>\$ 1,085,989</u>	<u>\$ 2,520,505</u>	<u>\$ 5,617,462</u>	<u>\$ 6,528,042</u>

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

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Fund								
Reserved	\$ 2,693,572	\$ 2,017,083	\$ 1,691,270	\$ 2,147,547	\$ 2,202,106	\$ 1,867,705	\$ 1,850,259	\$ 1,790,777
Unreserved	<u>10,558,106</u>	<u>10,235,607</u>	<u>9,888,293</u>	<u>9,236,874</u>	<u>10,791,865</u>	<u>13,008,780</u>	<u>16,996,717</u>	<u>18,711,875</u>
Total general fund	<u>\$13,251,678</u>	<u>\$12,252,690</u>	<u>\$11,579,563</u>	<u>\$11,384,421</u>	<u>\$12,993,971</u>	<u>\$14,876,485</u>	<u>\$18,846,976</u>	<u>\$20,502,652</u>
All Other Governmental Funds								
Reserved	\$ 5,302,774	\$ 3,595,346	\$ 3,039,436	\$ 2,202,060	\$ 902,290	\$ 738,185	\$ 4,477,554	\$ 6,105,502
Unreserved, reported in:								
Special revenue funds	1,052,151	1,058,436	1,012,272	991,055	1,251,527	1,578,658	1,966,858	1,508,082
Capital projects funds	(1,153,756)	529,497	1,481,985	703,548	1,568,078	1,390,763	(2,060,044)	(3,834,063)
Debt service funds	<u>107,510</u>	<u>125,954</u>	<u>140,772</u>	<u>155,114</u>	<u>186,958</u>	<u>411,590</u>	<u>169,257</u>	<u>219,077</u>
Total all other governmental funds	<u>\$ 5,308,679</u>	<u>\$ 5,309,233</u>	<u>\$ 5,674,465</u>	<u>\$ 4,051,777</u>	<u>\$ 3,908,853</u>	<u>\$ 4,119,196</u>	<u>\$ 4,553,625</u>	<u>\$ 3,998,598</u>

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

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

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<b><u>REVENUES</u></b>										
Municipal income taxes	\$ 10,723,977	\$ 12,376,161	\$ 10,976,105	\$ 10,790,799	\$ 10,498,954	\$ 10,317,499	\$ 10,523,250	\$ 10,735,700	\$ 12,579,757	\$ 13,278,532
Property and other taxes	1,370,172	1,305,833	1,578,741	1,569,367	1,591,471	1,706,415	1,743,925	1,708,422	1,972,798	1,922,643
Charges for services	1,117,933	1,117,377	897,984	1,348,586	1,683,675	2,267,691	3,192,514	3,077,102	3,210,035	3,451,386
Fines, licenses and permits	1,325,518	1,407,656	1,289,389	1,359,842	1,299,836	1,242,665	1,256,743	1,558,334	1,520,154	1,710,057
Intergovernmental revenues	1,353,906	1,719,517	2,224,364	2,561,638	1,877,336	2,002,376	2,465,614	3,282,145	2,842,184	3,519,044
Special assessments	108,150	97,675	100,477	105,860	100,811	102,173	110,424	77,444	74,442	15,459
Investment income	1,930,919	843,007	2,348,920	1,359,176	897,874	286,065	527,580	420,327	1,170,927	1,485,317
Other	284,637	418,589	260,462	187,257	230,488	193,587	120,113	82,088	113,944	119,864
<b>Total revenues</b>	<b>18,215,212</b>	<b>19,285,815</b>	<b>19,676,442</b>	<b>19,282,525</b>	<b>18,180,445</b>	<b>18,118,471</b>	<b>19,940,163</b>	<b>20,941,562</b>	<b>23,484,241</b>	<b>25,502,302</b>
<b><u>EXPENDITURES</u></b>										
General government	3,499,855	3,874,869	3,780,674	4,243,972	4,121,211	4,392,538	4,729,410	5,070,770	5,229,572	5,679,146
Public safety	3,812,313	4,259,345	4,565,050	4,935,661	5,162,545	5,080,363	5,173,529	5,446,724	5,673,085	5,643,811
Public works	2,625,223	2,392,848	2,510,443	2,540,289	2,659,067	2,756,101	2,786,256	3,025,121	3,292,098	3,343,736
Recreation	1,679,587	1,778,889	1,888,832	2,906,617	2,845,522	2,796,496	2,695,435	2,792,382	2,864,729	3,158,080
Capital outlay	5,028,926	10,328,971	11,477,748	4,180,822	2,640,846	3,754,872	2,073,833	1,334,942	1,883,575	4,861,768
Debt service:										
Principal retirement	340,000	355,000	370,000	385,000	461,971	476,971	626,971	555,000	568,521	619,479
Interest and fiscal charges	761,932	746,720	730,221	712,558	693,835	682,627	515,910	509,321	503,396	605,128
Bond issuance costs	-	-	-	-	-	-	179,118	-	10,000	-
<b>Total expenditures</b>	<b>17,747,836</b>	<b>23,736,642</b>	<b>25,322,968</b>	<b>19,904,919</b>	<b>18,584,997</b>	<b>19,939,968</b>	<b>18,780,462</b>	<b>18,734,260</b>	<b>20,024,976</b>	<b>23,911,148</b>
Excess of revenues over (under) expenditures	467,376	(4,450,827)	(5,646,526)	(622,394)	(404,552)	(1,821,497)	1,159,701	2,207,302	3,459,265	1,591,154
<b><u>OTHER FINANCING SOURCES (USES)</u></b>										
Proceeds of loans	-	-	-	-	185,913	-	-	-	-	-
Inception of capital lease	-	-	-	-	-	-	-	-	944,855	-
Premium on refunding bonds issued	-	-	-	-	-	-	464,791	-	-	-
Issuance of refunding bonds	-	-	-	-	-	-	10,840,000	-	-	-
Sale of capital assets	-	-	-	-	-	3,617	-	15,120	800	9,495
Payment to refunded bond escrow agent	-	-	-	-	-	-	(11,125,672)	-	-	-
Transfers in	3,618,737	3,895,333	5,337,405	3,728,143	3,727,308	2,556,431	2,020,451	1,787,573	2,695,016	4,931,342
Transfer out	(3,730,049)	(3,906,757)	(5,504,006)	(4,107,986)	(3,800,704)	(2,559,171)	(2,020,451)	(1,787,573)	(2,695,016)	(5,431,342)
<b>Total other financing sources (uses)</b>	<b>(111,312)</b>	<b>(11,424)</b>	<b>(166,601)</b>	<b>(379,843)</b>	<b>112,517</b>	<b>877</b>	<b>179,119</b>	<b>15,120</b>	<b>945,655</b>	<b>(490,505)</b>
<b>Net change in fund balance</b>	<b>\$ 356,064</b>	<b>\$ (4,462,251)</b>	<b>\$ (5,813,127)</b>	<b>\$ (1,002,237)</b>	<b>\$ (292,035)</b>	<b>\$ (1,820,620)</b>	<b>\$ 1,338,820</b>	<b>\$ 2,222,422</b>	<b>\$ 4,404,920</b>	<b>\$ 1,100,649</b>
Debt service as a percentage of noncapital expenditures	8.7%	8.2%	7.9%	7.0%	7.2%	7.2%	7.9%	6.1%	6.0%	6.4%

S-5

(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	
	Assessed Value	Commercial/Industrial/PU	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value		Estimated Actual Value
2007	\$ 358,120,300	\$ 26,400	\$ 1,023,276,286	\$ 6,670,560	17,131,211	\$ 43,327,379	\$ 346,619,032	\$ 408,144,639	\$ 1,387,026,529	\$ 94.93
2006	347,780,250	42,820	993,780,200	6,942,390	17,829,320	59,956,143	319,766,096	414,721,603	1,331,375,616	92.39
2005	322,144,700	46,520	920,546,343	7,338,730	8,339,466	77,595,931	323,316,379	407,125,881	1,252,202,188	92.03
2004	316,589,440	46,120	904,673,029	7,696,010	8,745,466	71,493,745	285,974,980	395,825,315	1,199,393,474	89.97
2003	310,368,570	45,290	886,896,743	9,896,969	11,246,556	80,095,291	320,381,164	400,406,120	1,218,524,463	88.04
2002	278,549,920	22,580	795,921,429	9,482,673	10,775,765	78,703,666	314,814,664	366,758,839	1,121,511,857	86.26
2001	271,345,240	24,020	775,340,743	9,838,940	11,180,614	77,220,506	308,882,024	358,428,706	1,095,403,380	84.55
2000	268,174,540	31,880	766,304,057	10,736,100	12,200,114	72,418,708	289,674,832	351,361,228	1,068,179,003	83.62
1999	244,489,040	35,230	698,640,771	11,615,690	13,199,648	69,545,468	278,181,872	325,685,428	990,022,291	n/a
1998	236,717,850	32,020	676,428,200	13,106,070	14,893,261	72,507,652	290,030,608	322,363,592	981,352,069	n/a

S-6

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 1998 - 2005, for 2006-2007 half at 88% the other half at 25% of true value.

(3) Tangible personal property is assessed at 25% for 1998 - 2004, 24% for 2005 and 23% for 2006.

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

<u>Year</u>	<u>Current Tax Levy</u>	<u>(1) Current Tax Collections</u>	<u>Deliquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Outstanding Delinquent Taxes to Current Tax Levy</u>	<u>Total Direct Tax Rate</u>
2007	\$ 1,689,719	\$ 1,590,666	\$ 70,311	\$ 1,660,977	98.30%	\$ 98,978	5.86%	\$ 79.51
2006	1,716,947	1,641,715	54,295	1,696,010	98.78%	77,144	4.49%	73.97
2005	1,685,501	1,656,709	91,698	1,748,407	103.73%	51,822	3.07%	73.97
2004	1,683,046	1,645,698	46,849	1,692,547	100.56%	108,110	6.42%	75.07
2003	1,657,681	1,595,477	58,972	1,654,449	99.81%	152,595	9.21%	68.58
2002	1,518,377	1,487,482	53,079	1,540,561	101.46%	93,628	6.17%	68.88
2001	1,492,775	1,446,584	55,263	1,501,847	100.61%	83,471	5.59%	69.08
2000	1,463,393	1,307,451	44,532	1,351,983	92.39%	67,252	4.60%	68.68
1999	1,357,402	1,226,054	44,594	1,270,648	93.61%	56,603	4.17%	69.48
1998	1,334,585	1,185,274	65,367	1,250,641	93.71%	49,077	3.68%	69.48

Source: Montgomery County Auditor

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

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

Collection Year	City Direct Rates				Overlapping Rates					Total Levy
	General Fund	Charter	Police Pension	Total City	County Levy	Vandalia-Butler City Schools	Miami Valley Career Technology Center	Library		
2007	1.54	2.30	0.30	4.14	18.24	53.30	2.58	1.25	79.51	
2006	1.54	2.30	0.30	4.14	18.24	47.76	2.58	1.25	73.97	
2005	1.54	2.30	0.30	4.14	18.24	47.76	2.58	1.25	73.97	
2004	1.54	2.30	0.30	4.14	18.24	48.86	2.58	1.25	75.07	
2003	1.54	2.30	0.30	4.14	17.24	44.36	2.58	0.26	68.58	
2002	1.54	2.30	0.30	4.14	17.24	44.66	2.58	0.26	68.88	
2001	1.54	2.30	0.30	4.14	17.24	44.86	2.58	0.26	69.08	
2000	1.54	2.30	0.30	4.14	16.64	45.06	2.58	0.26	68.68	
1999	1.54	2.30	0.30	4.14	16.64	45.86	2.58	0.26	69.48	
1998	1.54	2.30	0.30	4.14	16.64	45.86	2.58	0.26	69.48	

Source: Montgomery County Auditor

CITY OF VANDALIA, OHIO  
Schedules of Principal Taxpayers - Real Property  
2007 and 2004

	2004			2007		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<b>Taxpayer</b>						
Dayton Power & Light Co.	\$ 4,547,570	2	1.44%	\$ 4,732,760	1	1.32%
Delphi Automotive System	4,697,770	1	1.48%	4,657,770	2	1.30%
The Iams Company	2,431,470	4	0.77%	3,038,100	3	0.85%
B-W Limited Partnership	2,526,590	3	0.80%	2,311,430	4	0.65%
Shoppes at Northwoods	1,867,310	6	0.59%	2,044,630	5	0.57%
Mid-States Development Co.	1,465,140	7	0.46%	1,658,110	6	0.46%
Timberlake Limited Partners	1,451,520	8	0.46%	1,596,670	7	0.45%
ABMD, LTD	-		0.00%	1,488,920	8	0.42%
Ohio Bell Telephone Co.	1,934,730	5	0.61%	1,255,810	9	0.35%
Thieman, Ted H.	1,195,620	10	0.38%	1,243,410	10	0.35%
Mazer, Marshall	1,418,020	9	0.45%	-		0.00%
Total of above	<u>\$ 23,535,740</u>		<u>7.43%</u>	<u>\$ 24,027,610</u>		<u>6.71%</u>
Total City	<u>\$ 316,635,560</u>			<u>\$ 358,146,700</u>		

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

CITY OF VANDALIA, OHIO  
Schedules of Principal Taxpayers - Personal Property  
2007 and 2004

	2004			2007		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<b>Taxpayer</b>						
Delphi Automotive System	\$ 10,441,070	1	14.60%	\$ 3,320,980	1	7.66%
Smith Industries Aerospace	5,109,140	3	7.15%	2,882,130	2	6.65%
Eurand America Inc.	5,284,570	2	7.39%	2,284,110	3	5.27%
Miami Valley Internation	-		0.00%	1,489,110	4	3.44%
Encon, Inc.	2,649,700	6	3.71%	1,481,840	5	3.42%
Beau Townsend Ford Inc.	2,915,230	5	4.08%	1,477,600	6	3.41%
Saia-Burgess Inc.	2,203,430	9	3.08%	1,280,150	7	2.95%
A-F Leis Co. Inc.	-		0.00%	1,123,810	8	2.59%
Park Ohio Holdings Corp.	-		0.00%	1,084,320	9	2.50%
Eftec North America LLC	2,222,440	8	3.11%	1,028,520	10	2.37%
Smedley Chevrolet Sales Inc.	2,026,960	10	2.84%	-		0.00%
Frank Z Imports Inc.	2,364,880	7	3.31%	-		0.00%
Proctor & Gamble Co.	3,378,930	4	4.73%	-		0.00%
Total of above	<u>\$ 38,596,350</u>		<u>53.99%</u>	<u>\$ 17,452,570</u>		<u>40.28%</u>
Total City	<u>\$ 71,493,745</u>			<u>\$ 43,327,379</u>		

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



CITY OF VANDALIA, OHIO  
 Schedules of Principal Taxpayers - Public Utility  
 2007 and 2004

	2004			2007		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<b><u>Taxpayer</u></b>						
Dayton Power	\$ 4,547,570	1	59.09%	\$ 4,732,760	1	70.95%
Ohio Bell Telephone Co.	<u>1,934,730</u>	2	<u>25.14%</u>	<u>1,255,810</u>	2	<u>18.83%</u>
Total of above	<u>\$ 6,482,300</u>		<u>84.23%</u>	<u>\$ 5,988,570</u>		<u>89.78%</u>
Total City	<u>\$ 7,696,010</u>			<u>\$ 6,670,560</u>		

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

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

<u>Tax Year</u>	<u>Tax Rate</u>	<u>Total Tax Collected</u>	<u>Taxes from Withholding</u>	<u>Percentage of Taxes from Withholding</u>	<u>Taxes From Net Profits</u>	<u>Percentage of Taxes from Net Profits</u>	<u>Taxes From Individuals</u>	<u>Percentage of Taxes from Individuals</u>
2007	2.00%	\$ 13,941,609	\$ 10,467,971	75.08%	\$ 2,118,969	15.20%	\$ 1,354,469	9.72%
2006	2.00	12,460,878	9,361,866	75.13	1,911,160	15.34	1,187,852	10.65
2005	1.75	11,120,405	8,803,549	79.17	1,132,354	10.18	1,184,502	10.65
2004	1.75	10,640,156	8,690,411	81.68	840,464	7.90	1,109,282	10.43
2003	1.75	11,095,428	8,774,067	79.08	1,228,389	11.07	1,092,973	9.85
2002	1.75	11,183,713	8,869,803	79.31	1,246,984	11.15	1,066,926	9.54
2001	1.75	11,290,965	8,975,817	79.50	1,248,267	11.06	1,066,881	9.45
2000	1.75	11,691,298	9,499,024	81.25	1,163,713	9.95	1,028,560	8.80
1999	1.75	12,593,067	10,011,067	79.50	1,536,144	12.20	1,045,856	8.31
1998	1.75	11,105,190	8,682,897	78.19	1,452,823	13.08	969,470	8.73

Source: City income tax records.

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

Fiscal Year	Governmental Activities (1)					Total Primary Government	Percentage of Personal Income
	General Obligation Bonds	Special Assessment Debt	Loan Payable	Bond Anticipation Notes	Capital Leases		
2007	\$ 9,970,000	\$ -	\$ -	\$ 3,345,300	\$ 826,855	\$ 14,142,155	4.00%
2006	10,510,000	-	-	2,628,100	906,334	14,044,434	3.97%
2005	11,040,000	-	-	-	-	11,040,000	3.12%
2004	11,552,872	42,128	-	-	-	11,595,000	3.28%
2003	11,490,746	84,254	61,971	-	-	11,636,971	3.29%
2002	11,863,618	126,382	123,942	-	-	12,113,942	3.43%
2001	12,221,490	168,510	-	-	-	12,390,000	3.51%
2000	12,564,362	210,638	-	-	-	12,775,000	3.62%
1999	12,892,234	252,766	-	-	-	13,145,000	n/a
1998	13,205,106	294,894	-	-	-	13,500,000	n/a

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

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
2007	\$ 9,970,000	2.44%	\$ 683
2006	10,510,000	2.53%	720
2005	11,040,000	2.71%	756
2004	11,552,872	2.92%	791
2003	11,490,746	2.87%	787
2002	11,863,618	3.23%	812
2001	12,221,490	3.41%	837
2000	12,564,362	3.58%	860
1999	12,892,234	3.96%	935
1998	13,205,106	4.10%	958

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

CITY OF VANDALIA, OHIO  
 Direct and Overlapping Governmental Activities Debt  
 December 31, 2007

<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	\$ 250,000	58.00%	\$ 145,002
Montgomery County	44,021,926	3.84%	<u>1,689,977</u>
Subtotal, overlapping debt			1,834,979
<b>City of Vandalia governmental activities direct debt</b>			<u>13,315,300</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 15,150,279</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, 2007, except for Vandalia-Butler School District which is reported as of June 30, 2007.

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

Legal Debt Margin Calculation for Year Ending December 31, 2007	<u>Unvoted</u>	<u>Overall</u>
Total assessed valuation	\$ 408,144,639	408,144,639
Debt limitation - 5.5% of assessed valuation	<u>22,447,955</u>	
Debt limitation - 10.5% of assessed valuation		<u>42,855,187</u>
Debt applicable to limitation:		
Gross indebtedness	13,315,300	13,315,300
Exempt debt:		
Bond anticipation notes	(3,345,300)	(3,345,300)
Amount available in debt service fund	<u>(219,077)</u>	<u>(219,077)</u>
Total debt applicable to limitation	<u>9,750,923</u>	<u>9,750,923</u>
Legal debt margin	<u>\$ 12,697,032</u>	<u>33,104,264</u>

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

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

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

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

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

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

CITY OF VANDALIA, OHIO  
 Schedule of Principal Employers  
 2005 and 2007

<u>Employer (1)</u>	<u>Industry</u>	<u>2007</u>			<u>2005</u>		
		<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Delphi Automotive System	Automotive Manufacturing & Engineering	1,141	1	3.08%	1,557	1	4.79%
GE Aviation (formerly Smiths Aerospace)	Aerospace Engineering & Manufacturing	417	2	1.12%	466	2	1.43%
Vandalia - Butler Schools	Schools	390	3	1.05%	396	3	1.22%
City of Vandalia	Local Government	371	4	1.00%	325	6	1.00%
Johnson Controls	Electronics Manufacturing	315	5	0.85%	365	4	1.12%
Leis Medical	Medical Device Design & Manufacturing	287	6	0.77%	346	5	1.06%
P&G Pet Care (formerly Iams)	Headquarters - Cat & Dog Food	242	7	0.65%	282	7	0.87%
Evenflo	Headquarters - Juvenile Products Manufacturer	192	8	0.52%	209	10	0.64%
Eurand	Pharmaceutical and biopharmaceutical products	157	9	0.42%	-	-	0.00%
Lion Apparel	Work Uniforms & Custom Corporate Apparel	124	10	0.33%	-	-	0.00%
Cintas Corporation	Work Uniforms & Custom Corporate Apparel	-	-	0.00%	229	8	0.70%
Mazer Corporation	Headquarters - Services to Educational Publishers	-	-	0.00%	215	9	0.66%
		<u>3,636</u>		<u>9.80%</u>	<u>4,390</u>		<u>13.51%</u>

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

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



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

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)	Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	Montgomery County Unemployment Rate (3)	Average Sales Price of Residential Property (4)	Total Assessed Property Value (4)
2007	14,603	\$ 353,377,997	\$ 24,199	\$ 44,463	38.1	2,215	\$ 3,440	6.2%	\$ 153,002	\$408,144,639
2006	14,603	353,377,997	24,199	44,463	38.1	2,215	3,434	5.9%	154,180	414,721,603
2005	14,603	353,377,997	24,199	44,463	38.1	2,215	3,382	5.5%	162,350	407,125,881
2004	14,603	353,377,997	24,199	44,463	38.1	2,215	3,460	5.8%	148,250	395,825,315
2003	14,603	353,377,997	24,199	44,463	38.1	2,215	3,471	6.3%	138,290	400,406,120
2002	14,603	353,377,997	24,199	44,463	38.1	2,215	3,466	4.7%	136,680	366,758,839
2001	14,603	353,377,997	24,199	44,463	38.1	2,215	3,531	4.3%	127,980	358,428,706
2000	14,603	353,377,997	24,199	44,463	38.1	2,215	3,550	3.8%	129,210	351,361,228
1999	13,790	n/a	n/a	n/a	n/a	n/a	3,560	3.8%	118,950	325,685,428
1998	13,790	n/a	n/a	n/a	n/a	n/a	3,564	4.1%	n/a	322,363,592

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

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

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

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

(1) Information prior to 2002 is not available

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

Function/Program	2007	2006	2005	2004	2003	2002
<b>General Government</b>						
<b><i>Council and Clerk</i></b>						
Number of Ordinances Passed	24	33	31	36	20	25
Number of Resolutions Passed	23	33	34	32	35	30
Number of Planning Commission docket items	13	5	18	7	5	6
Zoning Board of Appeals docket items	13	9	10	26	16	32
<b><i>Finance Department</i></b>						
Number of payroll checks issued	9,685	9,563	9,076	9,247	9,526	9,814
Number of checks/ vouchers issued	5,244	5,549	4,840	5,188	5,163	5,214
Amount of checks written (\$000 omitted)	\$23,931	\$36,745	\$32,813	\$44,360	\$31,698	\$24,991
Interest earnings for fiscal year (cash basis)	\$1,257,917	\$934,545	\$532,194	\$525,379	\$399,166	\$890,570
Number of Budget Adjustments issued	4	4	3	3	2	2
Agency Ratings - Moody's Financial Services	Aa3	Aa3	Aa3	Aa3	Aa3	Aa3
Health Insurance Costs vs General Fund Expenditures %	9.17%	11.09%	12.71%	13.73%	12.36%	13.06%
General Fund Receipts (cash basis, \$000 omitted)	\$22,913	\$21,006	\$19,247	\$17,649	\$16,523	\$16,891
General Fund Expenditures (cash basis, \$000 omitted)	\$21,033	\$15,220	\$14,892	\$14,714	\$14,164	\$13,741
General Fund Cash Balances (\$000 omitted)	\$19,205	\$17,325	\$14,379	\$11,669	\$10,406	\$11,044
<b><i>Income Tax Department</i></b>						
Number of Individual/Business Returns	19,507	19,222	19,574	19,788	18,809	10,932
Number of business withholding accounts	2,745	2,766	2,772	3,004	1,607	1,634
Amount of Penalties and Interest Collected	\$ 112,388	\$ 107,933	\$ 162,053	n/a	n/a	n/a
Annual number of withholding forms processed	24,810	19,962	19,983	24,525	19,704	9,867
Annual number of balance due statements forms processed	7,087	7,150	8,399	8,171	5,952	5,059
Annual number of estimated payment forms processed	4,500	4,391	4,172	3,924	3,498	1,880
Annual number of reconciliations of withholdings processed	3,964	4,133	4,560	3,998	2,793	1,741
<b><i>Engineer Contracted Services</i></b>						
Dollar amount of Construction overseen by Engineer	\$3,894,168	\$2,065,000	\$335,000	\$1,098,225	\$1,890,000	n/a
<b><i>Municipal Court</i></b>						
Number of Civil Cases	2,183	1,960	2,122	15,850	17,009	20,915
Number of Criminal/Traffic cases	18,668	17,394	15,964	2,051	1,962	1,820
<b><i>Vital Statistics</i></b>						
<b>Certificates Issued</b>						
Number of Births	48,606	46,943	43,768	42,240	44,806	48,435
Number of Deaths	33,397	32,503	33,652	33,567	35,686	38,136
Burial Permits Issued	4,380	4,771	4,997	4,843	5,058	5,209
<b><i>Civil Service</i></b>						
Number of police entry tests administered	1	1	1	0	1	1
Number of fire entry tests administered	0	1	1	0	0	0
Number of police promotional tests administered	0	0	1	0	0	1
Number of hires of Police Officers from certified lists	3	0	2	5	0	4
Number of hires of Fire/Medics from certified lists	0	0	1	1	0	0
Number of promotions from police certified lists	0	0	1	0	0	1
<b><i>Building Department Indicators</i></b>						
Construction Permits Issued	169	201	200	255	228	240
Estimated Value of Construction	\$22,672,865	\$13,179,670	\$42,337,669	\$22,233,669	\$10,705,485	\$11,703,784
Number of permits issued	891	934	1,055	1,044	977	967
Amount of Revenue generated from permits	\$198,035	\$145,285	\$255,270	\$173,055	\$89,298	\$85,948
Revenue generated from above 1,2,3,4	\$198,035	\$145,285	\$255,270	\$173,055	\$89,298	\$85,948

(Continued)

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

Function/Program	2007	2006	2005	2004	2003	2002
<b>Security of Persons &amp; Property</b>						
<i>Police</i>						
Total Calls for Services	13,386	13,429	13,432	13,475	14,103	14,546
Number of traffic citations issued	1,417	1,798	2,362	1,962	1,876	1,817
Number of parking citations issued	60	58	85	55	87	87
Number of criminal arrests	788	831	745	672	713	898
Number of accident reports completed	321	297	306	354	340	356
Part 1 Offenses (major offenses)	511	528	466	470	562	661
Reserve officers hours worked	860	869	850	886	1,237	1,003
DUI Arrests	100	97	132	93	83	80
Prisoners Processed - Temporary Holdings	215	151	104	115	171	171
Property damage accidents	249	227	246	275	272	292
Fatalities from Motor Vehicle Accidents	0	1	0	0	1	1
Gasoline costs of fleet	\$55,758	\$63,195	\$59,802	\$41,797	\$33,294	\$29,774
DARE youth program	265	259	285	336	261	n/a
Community Diversion Program Youths (Be Proud)	3	0	0	0	7	n/a
Volunteer Service Program	0	136	0	0	0	0
<i>Fire</i>						
EMS Calls	1,943	1,868	1,625	1,578	826	786
Ambulance Billing Collections (net)	\$570,206	\$470,575	\$451,964	\$478,874	\$195,040	\$0
Fire Calls	647	605	583	550	310	275
Fires with Loss	3	2	4	7	13	8
Fires with Losses exceeding \$10K	3	1	2	0	3	4
Fire Losses \$	\$172,500	\$17,500	\$37,525	\$47,850	\$148,800	\$2,137,350
Fire Safety Inspections	112	106	91	82	78	57
Number of times Mutual Aid given to Fire and EMS	156	176	163	120	115	160
Number of times Mutual Aid received for Fire and EMS	71	100	105	146	92	99
<b>Public Health and Welfare</b>						
Cemetery burials	16	23	27	20	17	18
Cemetery cremations	1	4	5	3	2	6
Cemetery sale of lots	53	41	48	53	22	38
Cemetery receipts	\$23,060	\$25,771	\$24,673	\$22,950	\$14,062	\$18,487
<b>Leisure Time Activities</b>						
<i>Recreation</i>						
Recreation Swimming pool receipts	\$42,840	\$42,539	\$50,764	\$42,080	\$48,757	\$53,222
Recreation Mens & Womens Leagues receipts	11,450	11,844	12,226	11,164	11,160	13,239
Recreation Programs	78,868	86,537	86,877	72,524	82,760	79,808
Youth Soccer League	16,857	12,476	12,596	7,609	8,108	7,147
Youth Baseball League	25,359	22,151	19,412	10,352	10,183	9,697
Facilities rentals	97,718	70,303	46,985	46,586	35,261	31,599
Total Recreation Department receipts	<u>\$273,092</u>	<u>\$245,850</u>	<u>\$228,860</u>	<u>\$190,315</u>	<u>\$196,229</u>	<u>\$194,712</u>
<b>Community Development</b>						
Grant amounts received due to Economic Development Dept.	\$157,710	\$183,955	\$551,948	\$26,596	\$22,791	\$0
<b>Basic Utility Services</b>						
Refuse disposal per year (in tons) January through December	6,632	7,294	6,863	4,865	2,642	3,815
Refuse disposal costs per year January through December	\$722,000	\$705,000	\$611,000	\$611,000	\$570,000	\$625,000
Annual recycling tonnage (excluding leaf, and compost items)	788	788	n/a	932	796	796

(Continued)

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

Function/Program	2007	2006	2005	2004	2003	2002
<b>Transportation</b>						
Street Improvements - asphalt overlay (linear feet)	487	21,041	0	1,800	9,125	16,480
Rejuvenating Spray on Streets (Miles)	0	0	0	0	0	0
Crackseal Coating Program (Miles)	0	0	0	0	0	10
Street Repair (Concrete, asphalt, crack sealing) (hours)	4,442	3,130	4,926	3,047	3,801	2,275
Mowing (hours)	508	506	408	660	1,341	1,206
Paint Striping (hours)	744	825	612	722	1,180	1,394
Street Sweeper (hours)	994	916	766	1,048	1,369	1,082
Snow & Ice Removal regular hours	787	186	579	782	1,038	431
Sewer and Sanitary calls for service (hours)	436	575	466	428	220	667
Fire hydrants (hours)	336	320	216	660	390	92
Catch basin (hours)	3,370	3,711	4,029	1,240	846	1,337
Water and Water calls for service (hours)	3,726	2,852	2,660	3,125	3,023	1,704
Leaf collection (hours)	1,362	1,300	1,222	1,521	1,472	1,544
Holiday lights setup (hours)	40	152	254	222	342	188
Burial services (hours)	562	714	486	499	458	610
Equipment repair/body shop (hours)	1,743	1,153	1,392	1,429	1,853	1,544
Sign department (hours)	1,626	1,386	1,171	1,455	1,610	1,642
Building maintenance (hours)	376	451	428	616	1,332	1,248
Other (hours)	4,096	4,478	3,556	4,269	4,457	4,138
<b>Water Department</b>						
Water Rates per 1st 300 Cu ft of water used (2,250 gallons)	\$ 13.55	\$ 11.71	\$ 11.10	\$ 9.57	\$ 9.26	\$ 8.97
Avg. number of water accounts billed monthly (Cu. Ft.)	1,999	1,979	1,954	1,897	1,831	1,812
Total Water Collections Annually (Including P&I)	\$2,441,414	\$2,130,132	\$1,489,814	\$1,410,603	\$1,359,046	\$1,407,216
<b>Wastewater Department</b>						
Wastewater Rates per 1st 300 Cu ft of water used	\$2.92	\$2.92	\$2.78	\$2.65	\$2.65	\$2.65
Total flow of wastewater treatment plant (Millions of Gallons)	2,748	3,507	3,422	3,230	3,663	3,370
Average daily flow (Millions of gallons per day)	8	10	9	9	10	9
Tons of dry sludge removed	701.10	842.50	823.24	945.14	677.56	846.73

(1) Information prior to 2002 is not available

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

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

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

Source: City of Vandalia



**Mary Taylor, CPA**  
Auditor of State

**CITY OF VANDALIA  
MONTGOMERY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 24, 2008**