

City of Vandalia, Ohio



Comprehensive Annual Financial Report
For the year ended
December 31, 2009



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Vandalia, Montgomery County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2009 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 14, 2010

CITY OF VANDALIA
Montgomery County, Ohio

Comprehensive Annual Financial Report

Year Ended December 31, 2009

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

City of Vandalia, Ohio
 Comprehensive Annual Financial Report
 Year Ended December 31, 2009

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Introductory Section



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May 28, 2010

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 twenty first Comprehensive Annual Financial Report (CAFR) for the City of Vandalia, which is being published to fulfill that requirement for the year ended December 31, 2009.

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, 2009. The independent auditors' report is located at the front of the financial section of this report.

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

Profile of the City

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

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

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

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

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

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

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

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

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

Local Economy

Vandalia was not immune to the downturn in the national economy that took place over the last quarter of 2008 and all of 2009. While we did not experience much growth over this period, Vandalia was fortunate to not lose many businesses either. There were actually several segments of the Vandalia market that saw some growth despite the negative outlook of the national economy. Fortunately, over the past 15-20 years Vandalia was very successful in building diversity of its businesses, so that when one segment was underperforming, the others were usually strong or holding their own. This scenario was true for Vandalia in 2009 and the first part of 2010.

One of the bright spots from last year is Crown Solutions. Crown broke ground on a new 70,000 square foot industrial building to accommodate the expansion of their current facility on Brown School Road. Crown Solutions, a business unit of Veolia Water Systems, is a designer and manufacturer of water purification systems for large industrial applications. As part of their expansion, Crown anticipates adding 140 new employees over the next 5 years to add to their current 180 employees.

In order to facilitate the Crown Solutions expansion, the City applied for, and was awarded a grant from the Montgomery County Economic Development/Government Equity (ED/GE) committee in the amount of \$400,000. This money was used to assist with the purchase of the site where the new building is being built.

Another business that saw some significant growth in 2009 is Leis Medical. Leis Medical, part of the iMDs network, was granted a Job Creation Tax Credit by the State of Ohio to add 40 new employees to the current workforce of 240. Leis Medical is a manufacturer of medical devices used in joint replacements and other surgical repairs.

The City worked with InnoMark Communications, a national printing and graphic company to purchase a local lithographic and printing business. The acquisition will create 25 new jobs and will bring close to \$750,000 in new investment in the Vandalia company. InnoMark received a Job Creation Tax Credit from the State of Ohio as well as a local incentive to help offset the cost of permanent improvements to the existing building.

The unemployment in Vandalia's region (Dayton, OH SMA) in 2009 was above the national and state averages. The Dayton area had an unemployment rate of 13.3% in 2009, compared to 9.3% nationally and 10.2% for the State of Ohio.

The City continues to spend its valuable resources on public safety and public works related expenses, as well as recreation activities and general governmental categories. The City's dedication to public safety is evident in the fact that 18.1% and 8.3% of the governmental expenditures are spent towards police and fire protection, respectively.

The City also places a high emphasis on sponsoring recreation programs for its citizens. The 16.4% of governmental expenditures spent for recreation during 2009 is consistent with past years.

At 41.6% 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 improvements to our downtown area continue with both public and private improvements in 2009. The City completed phase 2 of our downtown streetscape project. This project, located on the south side of National Road between Ranchview and Maple Drives, replaced all of the street trees, paver blocks, and sidewalks. The total net project cost for this improvement was \$168,887. In late 2009 the City was notified that we will receive American Recovery and Reinvestment Act (ARRA) funds to complete the next two phases of our streetscape project. These next two phases will encompass both sides of National Road from Maple Drive to approximately 500 feet west of Dixie Drive and both sides of National Road from Brown School Road west to Foley Drive. The \$900,000 project will begin in June of 2010 and be complete before the end of the year.

Public Improvements are not the only investment happening in the downtown section of Vandalia. In 2009, My Favorite Pet began the demolition of their existing building and rebuilding of a new veterinarian clinic at 361 National Road. The new 6,000 square foot building will allow My Favorite Pet to better service their clients in a new state-of-the-art clinic.

The former building was a combination of a small office and multiple apartment units, which did not provide adequate facilities for the vet clinic. During construction, the vet clinic relocated to a temporary space behind their building on Bohanan Drive until they are ready to occupy the new space in October of 2010.

Fast food restaurants have also joined in on the rebuilding project. Recently, Taco Bell received approval for the demolition of their current restaurant on National Road to make room for their new prototype restaurant building. The new building will be a more modern design with the new Taco Bell prototype. This building will replace their current store which was a remodel of a former Rax restaurant. Construction on the new \$1.2 million building and site will begin in the summer of 2010 and be complete within 90-120 days.

Manufactured Assemblies Corporation (MAC) completed the construction of their new 30,000 square foot office and manufacturing facility at Stonequarry Crossings. The project retained 50 employees in Vandalia with the potential for an additional 25 people in the next five years. MAC was leasing space at another location in Vandalia, but wanted to own their building. Vandalia was able to sell them land at Stonequarry Crossings instead of losing them altogether.

Another retail project that began in 2009 was the new Universal One Credit Union. Universal One purchased a vacant insurance office at the corner of Dixie Drive and Alkaline Springs Road to open a new branch office. The local credit union recently merged with the Vandalia-Butler Teachers Association Credit Union so the new location, adjacent to Vandalia-Butler High School, is a natural fit. The new branch will be open in March of 2010.

In 2009, one of Vandalia's premier office buildings was sold. The former P&G Pet Care buildings on Poe Avenue were sold at auction to the United Food and Commercial Workers Union Local #75 for their new headquarters location. UFCW will be consolidating their operations from the Northern Cincinnati and Toledo areas into one of the two former P&G buildings. The second building will be purchased by Lion Apparel for their new headquarters building. Lion Apparel currently leases space on Poe Avenue, but wanted to have an ownership interest in their next office building. Both UFCW and Lion plan to occupy their new buildings in the summer of 2010.

In addition to the construction that is happening by private sector businesses, the Vandalia Butler City School District is in the middle of a \$40 million construction project that will see the complete renovation of the existing High School building and the construction of a new Middle School building on the west side of the City. The high school project will see the demolition of almost the entire building with the exception of the existing performing arts theater and the student activity center. The remainder of the building, which was built in the 1950s, will be demolished to allow for the construction of a new state-of-the-art school building. As part of the high school construction, the schools are upgrading the football field and track to new synthetic surfaces as well as new grandstands for the home and visitor sides of the stadium.

The new Morton Middle School building will be under construction on 20 acres of land at the City's Stonequarry Crossings development. The new school will be located at the northwest corner of Stonequarry Road and Peters Pike adjacent to the City's new Fire Station #1. Once the new middle school is built in the fall of 2011, the district will transition the students from the current Morton site on National Road, and demolish the current school building. In order to accommodate the construction of the new school the City and schools entered into a land swap agreement where the City donates the land for the new middle school in exchange for the ownership of the current school site on National Road once the students have been transitioned and the school buildings demolished. Once the National Road site is obtained by the City, the 8 acre site will be redeveloped for future office and retail development.

2009 marked the beginning of construction for the new Vandalia Fire Station at the City's Stonequarry Crossings development. The new station will replace the current Fire Division headquarters on Dixie Drive adjacent to the Dayton International Airport. While the City will maintain a small fire operation from the current building, the new Fire Station #1 on Peters Pike will take over as the primary headquarters building for the Fire Division. The new station is expected to be operational by September 2010. As part of the new operation out of Fire Station #1, the City has entered into a joint staffing agreement with Butler Township to allow for a township crew to operate from the new station. The City will likewise provide one crew at the Butler Township Fire Headquarters building which will provide a larger area of service for both departments without creating the need to build any additional fire stations. The savings is expected to be over \$10 million combined for both communities.

Long-term financial planning

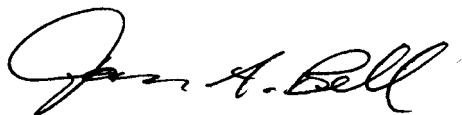
In 2009, the City established the Vandalia Development Corporation to help implement its economic development strategy. This five member board is comprised of two City Council members and three citizens that either live or own a business in Vandalia. This group will work with the City on the retention and expansion of current and new businesses while providing a valuable resource for economic development projects.

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, 2008. This was the twentieth year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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



James A. Bell
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Vandalia
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2008

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



President

Executive Director

City of Vandalia
Montgomery County, Ohio
List of Principal Officials
December 31, 2009

Elected Officials

Mayor
William Loy

Vice Mayor
Dave Gerhard

Council Members
Mike Blakesly
Joyce Orange
H. David Brusman Jr.
Candice Farst
David Lewis

Appointed Officials

City Manager
Jeffrey C. Hoagland

Director of Finance
James A. Bell

City Attorney
Gerald McDonald

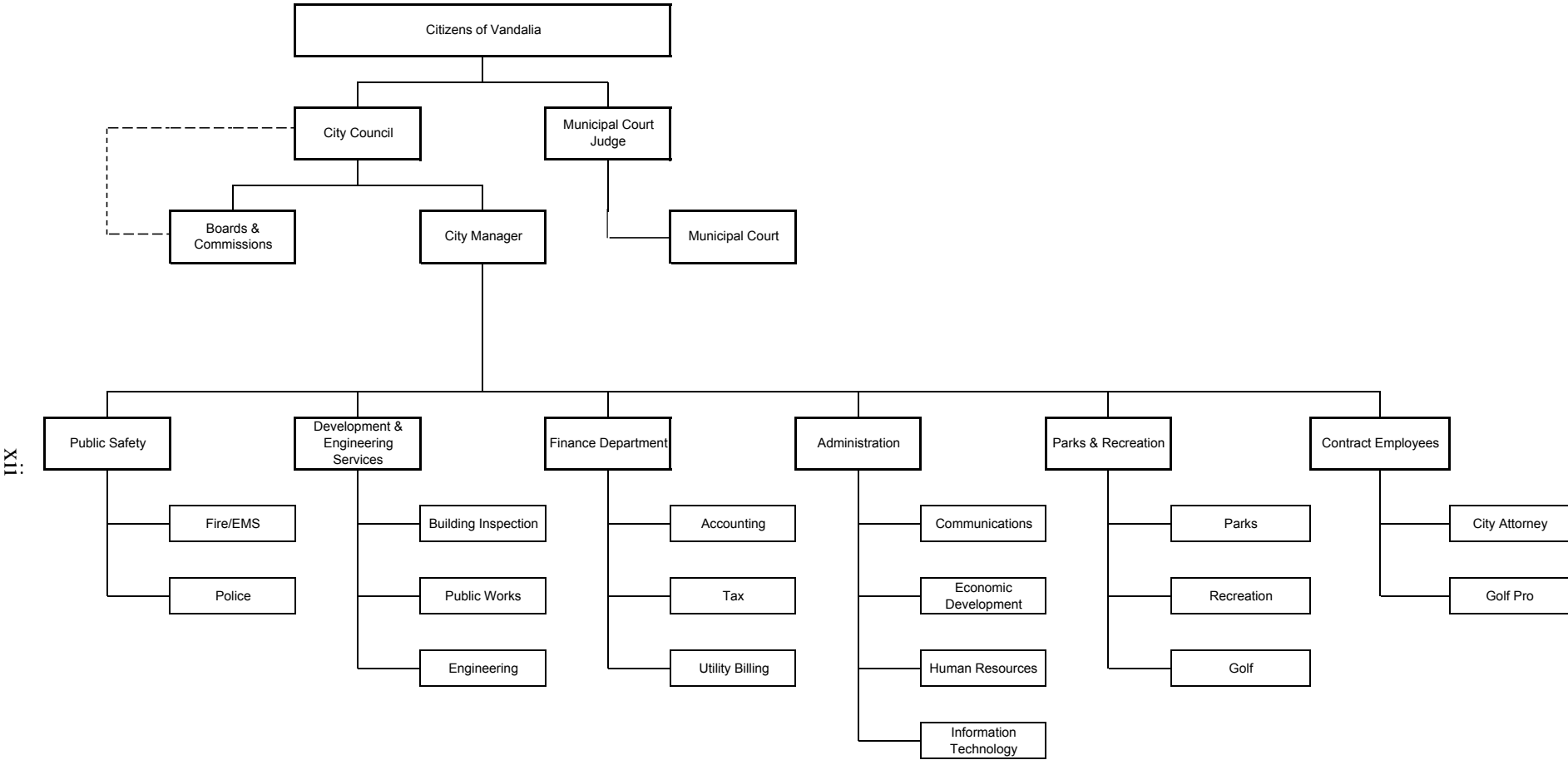
Assistant City Manager
Rob Anderson

Chief of Police
Douglas Knight

Fire Chief
Chad Follick

Parks and Recreation Director
Steve Clark

City of Vandalia, Ohio
 Organizational Chart
 December 31, 2009



IX.

Financial Section



Vandalia

At the Crossroads of America



INDEPENDENT AUDITOR'S REPORT

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

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, 2009, which collectively comprise the City's basic financial statements. 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, 2009, 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 May 28, 2010, 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. 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 financial statements. The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
May 28, 2010

City of Vandalia, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2009
(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, 2009. 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 decreased \$3,242,854 during 2009. Of this decrease, net assets of governmental activities accounted for \$3,078,107, due to an increase in long-term liabilities and an increase in income tax refunds payable, while net assets of business-type activities decreased by \$164,747.
- General revenues, for governmental activities, accounted for \$13,385,125, or 61% of total governmental activities revenue. Program specific revenues accounted for \$8,568,551 or 39% of total governmental activities revenue.
- Governmental activities net capital assets increased \$3,388,015, due to an increase in all categories of capital assets and various ongoing construction projects.
- The City had \$25,031,783 in expenses related to governmental activities; \$8,568,551 of these expenses was offset by program specific charges for services, grants, contributions, or interest. General revenues (primarily taxes) of \$13,385,125 were not sufficient to offset these program expenses.
- The general fund, the City's largest major governmental fund, had revenues of \$18,213,442 in 2009, or 87.7% of total governmental funds. Expenditures of the general fund were \$18,321,946, or 65.1% of total governmental funds. The general fund balance decreased \$6,949,016, or 33.1% in 2009.
- Business-type operations reflected an operating loss of \$851,326 during 2009, and business-type unrestricted net assets are at \$9,169,165.

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, 2009
(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, 2009
(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 2009 compared to 2008:

City of Vandalia, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2009
(Unaudited)

Table 1
Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>Activities</u> <u>2009</u>	<u>Activities</u> <u>2008</u>	<u>Activities</u> <u>2009</u>	<u>Activities</u> <u>2008</u>	<u>Activities</u> <u>2009</u>	<u>Activities</u> <u>2008</u>
<u>Assets</u>						
Current and other assets	\$ 34,751,483	\$ 35,434,117	\$ 2,026,293	\$ 2,376,748	\$ 36,777,776	\$ 37,810,865
Capital assets	49,036,075	45,648,060	18,217,454	18,165,790	67,253,529	63,813,850
Investment in joint venture	-	-	7,559,938	7,454,187	7,559,938	7,454,187
Total assets	<u>83,787,558</u>	<u>81,082,177</u>	<u>27,803,685</u>	<u>27,996,725</u>	<u>111,591,243</u>	<u>109,078,902</u>
<u>Liabilities</u>						
Other liabilities	9,402,441	7,504,097	265,838	295,453	9,668,279	7,799,550
Long-term liabilities outstanding	<u>15,157,392</u>	<u>11,272,248</u>	<u>151,228</u>	<u>149,906</u>	<u>15,308,620</u>	<u>11,422,154</u>
Total liabilities	<u>24,559,833</u>	<u>18,776,345</u>	<u>417,066</u>	<u>445,359</u>	<u>24,976,899</u>	<u>19,221,704</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	39,122,829	36,535,266	18,217,454	18,165,790	57,340,283	54,701,056
Restricted	5,991,019	4,489,010	-	-	5,991,019	4,489,010
Unrestricted	<u>14,113,877</u>	<u>21,281,556</u>	<u>9,169,165</u>	<u>9,385,576</u>	<u>23,283,042</u>	<u>30,667,132</u>
Total net assets	<u>\$ 59,227,725</u>	<u>\$ 62,305,832</u>	<u>\$ 27,386,619</u>	<u>\$ 27,551,366</u>	<u>\$ 86,614,344</u>	<u>\$ 89,857,198</u>

As displayed in Table 1, total net assets of the City as a whole, decreased \$3,242,854 from 2008 to 2009. This was due to an increase in long-term liabilities and an increase in income tax refunds payable.

Total net assets of the City's governmental activities decreased by \$3,078,107, and unrestricted net assets decreased \$7,167,679 from 2008 to 2009. The decrease in governmental net assets can be attributed to increases in liabilities as mentioned above.

The net assets of the City's business type activities decreased by \$164,747. All three enterprise funds reported an operating loss during 2009. Overall, operating expenses remained consistent with prior year. Capital contributions for capital assets from developers and governmental funds helped to reduce the negative impact on net assets. The City strives to control operation expenses for business-type activities in order to maintain stability in charges for services rates.

Table 2 shows the changes in net assets for the year ended December 31, 2009, and revenue and expense comparisons to 2008.

City of Vandalia, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2009
(Unaudited)

Table 2
Changes in Net Assets

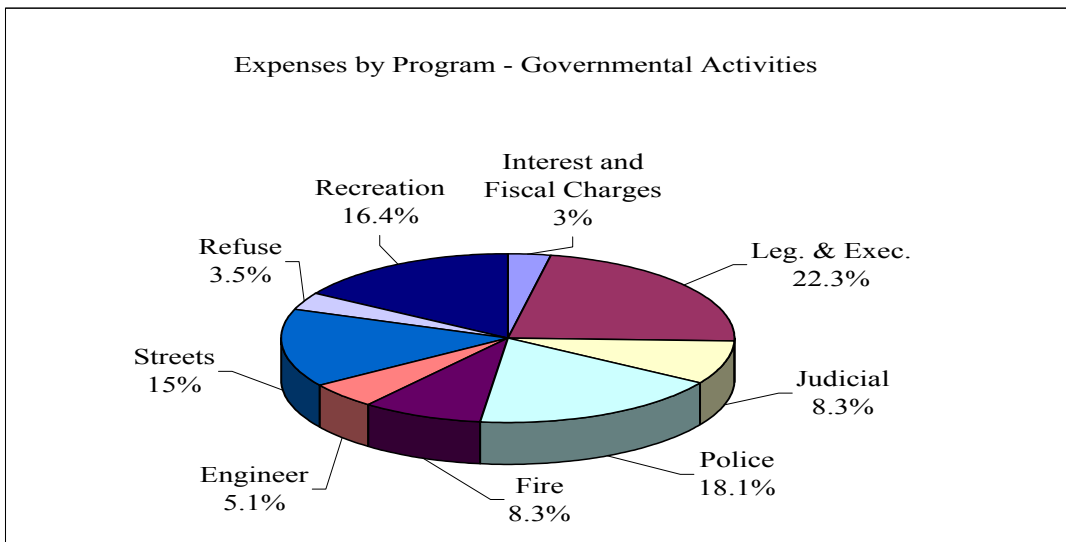
	Governmental Activities		Business-Type Activities		Total	Total
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Revenues						
Program revenues:						
Charges for services	\$ 5,165,206	\$ 5,163,528	\$ 4,247,409	\$ 4,004,251	\$ 9,412,615	\$ 9,167,779
Operating grants, contributions, and interest	1,324,350	919,062	-	-	1,324,350	919,062
Capital grants and contributions	2,078,995	750,497	412,108	103,784	2,491,103	854,281
General revenues:						
Property taxes	1,670,726	2,077,147	-	-	1,670,726	2,077,147
Income taxes	9,222,083	11,391,659	-	-	9,222,083	11,391,659
Grants and entitlements	1,931,238	1,977,904	-	-	1,931,238	1,977,904
Payment in lieu of taxes	16,857	-	-	-	16,857	-
Investment earnings	622,173	1,211,323	483	1,140	622,656	1,212,463
Other	114,904	154,641	270,472	35,755	385,376	190,396
Total revenues	<u>22,146,532</u>	<u>23,645,761</u>	<u>4,930,472</u>	<u>4,144,930</u>	<u>27,077,004</u>	<u>27,790,691</u>
Program Expenses						
Governmental Activities:						
General government						
Legislative and executive	5,595,764	4,128,879	-	-	5,595,764	4,128,879
Judicial system	2,090,268	2,274,612	-	-	2,090,268	2,274,612
Public safety						
Police	4,537,402	4,507,680	-	-	4,537,402	4,507,680
Fire	2,068,283	2,100,789	-	-	2,068,283	2,100,789
Public works						
Engineer	1,264,780	1,087,904	-	-	1,264,780	1,087,904
Streets	3,750,369	2,588,013	-	-	3,750,369	2,588,013
Refuse	866,058	754,679	-	-	866,058	754,679
Recreation	4,099,980	4,016,239	-	-	4,099,980	4,016,239
Interest and fiscal charges	758,879	625,917	-	-	758,879	625,917
Business-Type Activities:						
Water	-	-	2,530,623	2,677,281	2,530,623	2,677,281
Sewer	-	-	1,699,742	1,574,798	1,699,742	1,574,798
Golf	-	-	1,057,710	1,137,838	1,057,710	1,137,838
Total program expenses	<u>25,031,783</u>	<u>22,084,712</u>	<u>5,288,075</u>	<u>5,389,917</u>	<u>30,319,858</u>	<u>27,474,629</u>
Increase in net assets						
before transfers	(2,885,251)	1,561,049	(357,603)	(1,244,987)	(3,242,854)	316,062
Transfers	<u>(192,856)</u>	<u>(1,192,831)</u>	<u>192,856</u>	<u>1,192,831</u>	<u>-</u>	<u>-</u>
Change in net assets	(3,078,107)	368,218	(164,747)	(52,156)	(3,242,854)	316,062
Net assets beginning of year						
	<u>62,305,832</u>	<u>61,937,614</u>	<u>27,551,366</u>	<u>27,603,522</u>	<u>89,857,198</u>	<u>89,541,136</u>
Net assets end of year	<u>\$ 59,227,725</u>	<u>\$ 62,305,832</u>	<u>\$ 27,386,619</u>	<u>\$ 27,551,366</u>	<u>\$ 86,614,344</u>	<u>\$ 89,857,198</u>

City of Vandalia, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2009
(Unaudited)

Governmental Activities

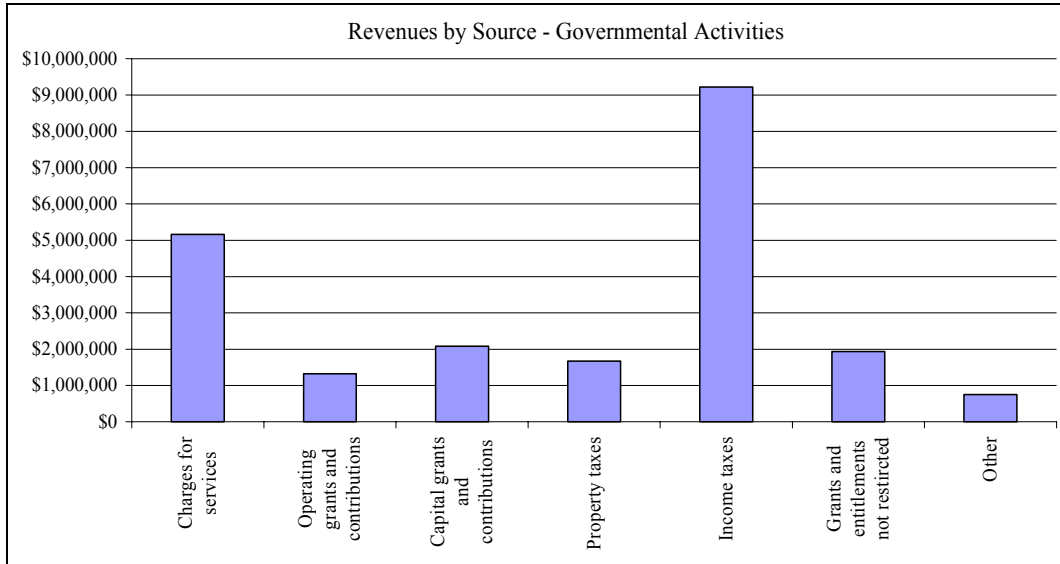
The City 2% income tax effective January 1, 2006 due to a voter approved five year levy in the November 2005 election, is the largest source of revenue for the City of Vandalia. The above table reflects that income tax receipts decreased a significant amount from the prior year. This is due to a large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

Charges for services increased \$1,678 during 2009. General government program expenses increased \$1,282,541 during 2009 primarily as a result of increased personnel and operation costs. Expenses related to income tax collections for the cities of Englewood and Brookville also continue to be reflected in the general government program expenses. Recreation program expenses increased \$83,741 during 2009.



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
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When looking at the sources of income used to support governmental activities, it should be noted that charges for services of \$5,165,206 represent 23.5% of revenue. Revenues provided by sources other than city residents in the form of operating and capital grants comprise another \$3,403,345, or 15.5%, and unrestricted grants and entitlements accounted for \$1,931,238, which is another 8.8%. The remaining revenues are primarily generated locally through property taxes, \$1,670,726 or 7.6% and income taxes, \$9,222,083 at 42%. City Council relies on these taxes to furnish the quality of life to businesses and citizens to which they and previous councils have always been committed.

Business-Type Activities

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

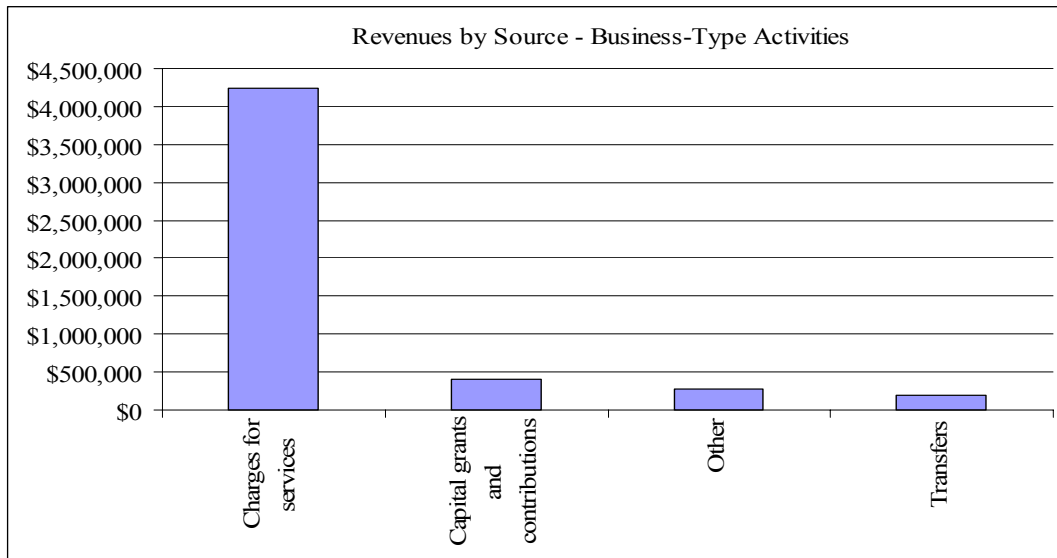
Water – The City of Vandalia closed their water treatment plant in 1970 and contracted with the City of Dayton to furnish water to the residents of Vandalia. Vandalia owns, maintains and repairs all lines and pumping stations as needed. In March, 2002, the City entered into a joint venture with the City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

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

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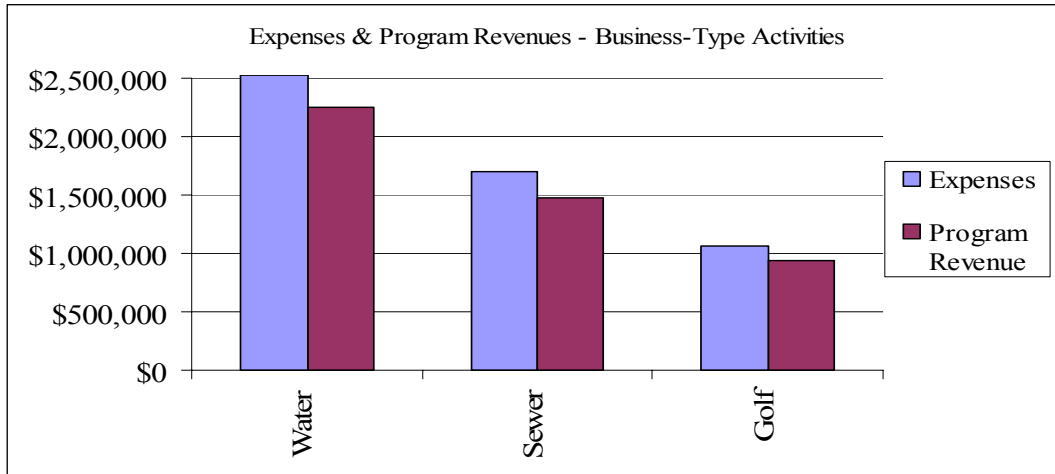
Sewer - The City closed their wastewater treatment facility in 1985. Vandalia then contracted with the Miami Conservancy District for wastewater treatment services. In 1996, the Conservancy District decided they no longer wanted to furnish this service. A joint venture was formed between the Cities of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

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 2009, there were approximately 29,750 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, 2009
 (Unaudited)

Overall, the City's business-type activities generated \$4.6 million in program revenues during 2009, program expenses were \$5.2 million. Capital contributions of \$591,083 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 2009.



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 \$20.7 million and expenditures of \$28.1 million. The general fund net change in fund balance from 2008 to 2009 was a decrease of \$6,949,016. Within the general fund, expenditures exceeded revenues by \$108,504. The largest change from 2008 to 2009 is a decrease in income tax revenue and a decrease in interest income. Transfers to other funds such as the capital improvement, the police, fire and street capital improvement, and the general obligation debt service fund equaled \$3.5 million. The funds transferred were used for capital assets, improvements, repairs, and debt. During the year, the general fund also transferred \$3.3 million to the employee retirement reserve special revenue fund, the capital improvement reserve and the facilities improvement/maintenance reserve capital projects funds for unforeseen expenditures related to emergencies and economic downturns.

The capital improvement fund balance increased by \$1,875,419. Fund balance at December 31, 2009, was \$2,936,012, of which \$3,796,779 was encumbered and \$3,675,263 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 2009. All other governmental change in fund balances was \$2,552,316 during 2009.

With all three enterprise funds reflecting an operating loss for 2009, 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, 2009
(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, none of the three funds showed an increase in cash during 2009.

The golf activity's operating loss of \$92,385 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 2009, 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 decreased \$1,000,000, from \$22,043,997 to the final budgeted amount of \$21,043,997. Municipal income taxes original budget was consistent with actual income tax revenue for the prior year. At the end of the year, actual municipal income revenues were less than the final budget by \$648,418. In addition, property and other taxes was in excess of the final budget by \$90,954.

Original general fund expenditures increased \$3,027,252, from \$19,590,570 to the final budgeted amount of \$22,617,822. Actual expenditures were \$1,259,395 below final budget expenditures for 2009 due to the close monitoring of expenditures.

City of Vandalia, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2009
(Unaudited)

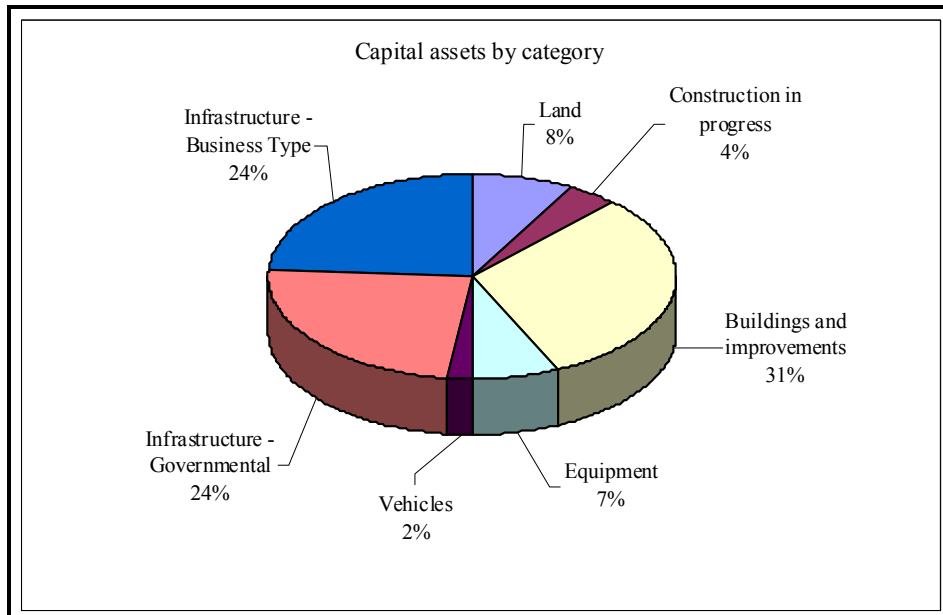
Capital Assets and Debt Administration

Capital Assets

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
Land	\$ 5,302,073	\$ 4,772,053	\$ 167,369	\$ 167,369	\$ 5,469,442	\$ 4,939,422
Construction in progress	2,492,433	2,340,413	-	-	2,492,433	2,340,413
Buildings and improvements	19,366,311	19,485,312	1,485,715	1,541,587	20,852,026	21,026,899
Equipment	4,088,558	2,591,984	465,951	487,008	4,554,509	3,078,992
Vehicles	1,550,255	1,604,950	79,797	93,982	1,630,052	1,698,932
Infrastructure	<u>16,236,445</u>	<u>14,853,348</u>	<u>16,018,622</u>	<u>15,875,844</u>	<u>32,255,067</u>	<u>30,729,192</u>
Total	<u>\$ 49,036,075</u>	<u>\$ 45,648,060</u>	<u>\$ 18,217,454</u>	<u>\$ 18,165,790</u>	<u>\$ 67,253,529</u>	<u>\$ 63,813,850</u>

Capital assets, net of depreciation, in governmental activities increased from the prior year. Increases were primarily in construction in progress, land, equipment and infrastructure. Capital assets, net of depreciation, for the business-type activities had an increase of \$51,664, primarily due to an increase in infrastructure. The City received \$1,844,318 in assets from developers during 2009. 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, 2009
(Unaudited)

Debt

At December 31, 2009, the City of Vandalia had \$13,083,289 in outstanding debt.

Table 4
Outstanding Debt, at Year End

	Governmental Activities	
	<u>2009</u>	<u>2008</u>
Unvoted general obligation bonds		
Various purpose refunding bonds	\$ 8,638,960	\$ 9,109,619
Various purpose limited tax bonds	<u>4,444,329</u>	<u>-</u>
	<u>\$ 13,083,289</u>	<u>\$ 9,109,619</u>

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

The City also has short term obligations being reported in the capital improvement capital projects fund in the amount of \$4,580,000. Revenues for payment of interest and principal on the bond anticipation notes will result from proceeds from a new note to be issued in 2010. The general obligation debt service fund will retire the debt.

The City's overall legal debt margin was \$25,738,341 at December 31, 2009. 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 A. Bell, Finance Director, City of Vandalia, 333 Bohanan Drive, Vandalia, Ohio 45377.

City of Vandalia, Ohio
Statement of Net Assets
December 31, 2009

	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in pooled cash and investments	\$ 24,947,122	\$ 2,047,783	\$ 26,994,905
Receivables:			
Income tax	2,161,882	-	2,161,882
Property and other taxes	1,452,514	-	1,452,514
Accounts	420,698	263,008	683,706
Special assessments	52,849	-	52,849
Accrued interest	74,025	-	74,025
Due from other governments	1,216,740	-	1,216,740
Materials and supplies inventory	152,922	65,858	218,780
Prepaid items	27,049	-	27,049
Restricted assets:			
Equity in pooled cash and cash equivalents	-	40,805	40,805
Deferred charges	179,258	-	179,258
Investment in joint venture	-	7,559,938	7,559,938
Internal balances	391,161	(391,161)	-
Land held for resale	3,675,263	-	3,675,263
Nondepreciable capital assets	7,794,506	167,369	7,961,875
Depreciable capital assets, net	41,241,569	18,050,085	59,291,654
Total assets	<u>83,787,558</u>	<u>27,803,685</u>	<u>111,591,243</u>
<u>Liabilities:</u>			
Accounts payable	332,756	9,298	342,054
Contracts payable	420,253	-	420,253
Accrued wages and benefits	281,901	20,315	302,216
Compensated absences payable	65,429	-	65,429
Due to other governments	477,984	20,322	498,306
Due to related parties	-	174,065	174,065
Unearned revenue	1,284,433	1,033	1,285,466
Income tax refunds payable	1,770,783	-	1,770,783
Bond anticipation notes payable	4,580,000	-	4,580,000
Accrued interest payable	73,899	-	73,899
Claims payable	115,003	-	115,003
Refundable deposits	-	40,805	40,805
Long-term liabilities:			
Due within one year	1,756,293	91,316	1,847,609
Due in more than one year	13,401,099	59,912	13,461,011
Total liabilities	<u>24,559,833</u>	<u>417,066</u>	<u>24,976,899</u>
<u>Net assets:</u>			
Invested in capital assets, net of related debt	39,122,829	18,217,454	57,340,283
Restricted for:			
Capital projects	3,333,794	-	3,333,794
Debt service	233,977	-	233,977
Other purposes	2,423,248	-	2,423,248
Unrestricted	14,113,877	9,169,165	23,283,042
Total net assets	<u>\$ 59,227,725</u>	<u>\$ 27,386,619</u>	<u>\$ 86,614,344</u>

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Activities
For the Year Ended December 31, 2009

	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	\$ 5,595,764	\$ 585,027	\$ -	\$ -
Judicial system	2,090,268	1,236,578	-	-
Public safety				
Police	4,537,402	86,492	313	-
Fire	2,068,283	542,730	-	-
Public works				
Engineer	1,264,780	385,098	-	-
Streets	3,750,369	19,787	1,324,037	2,078,995
Refuse	866,058	840,745	-	-
Recreation	4,099,980	1,468,749	-	-
Interest and fiscal charges	758,879	-	-	-
Total governmental activities	<u>25,031,783</u>	<u>5,165,206</u>	<u>1,324,350</u>	<u>2,078,995</u>
<u>Business-Type Activities:</u>				
Water	2,530,623	2,056,963	-	197,048
Sewer	1,699,742	1,254,928	-	215,060
Golf	1,057,710	935,518	-	-
Total business-type activities	<u>5,288,075</u>	<u>4,247,409</u>	<u>-</u>	<u>412,108</u>
Total primary government	<u>\$ 30,319,858</u>	<u>\$ 9,412,615</u>	<u>\$ 1,324,350</u>	<u>\$ 2,491,103</u>

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

Change in net 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

Governmental Activities	Business-Type Activities	Total
\$ (5,010,737)	\$ -	\$ (5,010,737)
(853,690)	-	(853,690)
(4,450,597)	-	(4,450,597)
(1,525,553)	-	(1,525,553)
(879,682)	-	(879,682)
(327,550)	-	(327,550)
(25,313)	-	(25,313)
(2,631,231)	-	(2,631,231)
(758,879)	-	(758,879)
(16,463,232)	-	(16,463,232)
-	(276,612)	(276,612)
-	(229,754)	(229,754)
-	(122,192)	(122,192)
-	(628,558)	(628,558)
\$ (16,463,232)	\$ (628,558)	\$ (17,091,790)
1,670,726	-	1,670,726
9,222,083	-	9,222,083
1,931,238	-	1,931,238
16,857	-	16,857
622,173	483	622,656
114,904	270,472	385,376
(192,856)	192,856	-
13,385,125	463,811	13,848,936
(3,078,107)	(164,747)	(3,242,854)
62,305,832	27,551,366	89,857,198
\$ 59,227,725	\$ 27,386,619	\$ 86,614,344

City of Vandalia, Ohio
Balance Sheet
Governmental Funds
December 31, 2009

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and investments	\$ 15,198,241	\$ 4,295,420	\$ 5,268,260	\$ 24,761,921
Receivables:				
Income tax	2,161,882	-	-	2,161,882
Property and other taxes	1,452,514	-	-	1,452,514
Accounts	367,283	3,045	48,417	418,745
Special assessments	8,471	8,780	35,598	52,849
Accrued interest	74,025	-	-	74,025
Restricted assets:				
Equity in pooled cash and cash equivalents	33,541	-	-	33,541
Due from other governments	367,258	70,363	779,119	1,216,740
Materials and supplies inventory	6,657	-	146,265	152,922
Interfund loan receivable	407,511	-	-	407,511
Land held for resale	-	3,675,263	-	3,675,263
Total assets	<u>\$ 20,077,383</u>	<u>\$ 8,052,871</u>	<u>\$ 6,277,659</u>	<u>\$ 34,407,913</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 266,076	\$ 12,552	\$ 53,837	\$ 332,465
Contracts payable	-	420,253	-	420,253
Accrued wages	260,538	-	21,363	281,901
Matured compensated absences payable	62,223	-	3,206	65,429
Interfund payable	-	-	7,511	7,511
Due to other governments	455,711	-	22,273	477,984
Deferred revenue	3,229,139	74,930	790,685	4,094,754
Income tax refunds payable	1,770,783	-	-	1,770,783
Accrued interest payable	-	29,124	-	29,124
Bond anticipation notes payable	-	4,580,000	-	4,580,000
Total liabilities	<u>6,044,470</u>	<u>5,116,859</u>	<u>898,875</u>	<u>12,060,204</u>
Fund balances:				
Reserved for encumbrances	856,530	3,796,779	461,124	5,114,433
Reserved for inventory	6,657	-	146,265	152,922
Reserved for interfund loan receivable	407,511	-	-	407,511
Reserved for unclaimed money	33,541	-	-	33,541
Reserved for land held for resale	-	3,675,263	-	3,675,263
Unreserved:				
Designated:				
Designated for budget stabilization	915,000	-	-	915,000
Unreserved, undesignated,				
Reported in:				
General fund	11,813,674	-	-	11,813,674
Special revenue funds	-	-	1,445,453	1,445,453
Debt service fund	-	-	243,154	243,154
Capital projects fund	-	(4,536,030)	3,082,788	(1,453,242)
Total fund balances	<u>14,032,913</u>	<u>2,936,012</u>	<u>5,378,784</u>	<u>22,347,709</u>
Total liabilities and fund balances	<u>\$ 20,077,383</u>	<u>\$ 8,052,871</u>	<u>\$ 6,277,659</u>	<u>\$ 34,407,913</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, 2009

Total governmental fund balances \$ 22,347,709

*Amounts reported for governmental activities in the
statement of net assets are different because:*

Capital assets used in governmental activities are not financial
resources and therefore are not reported in funds. 49,036,075

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. 65,368

The internal balance represents the portion of the internal service fund's
assets and liabilities that are allocated to the proprietary funds. (8,839)

Other long-term assets are not available to pay for current-period
expenditures and therefore are deferred in the funds:

Property and other taxes	\$ 162,065	
Income taxes	1,205,239	
Licenses and permits	100	
Fines and forfeitures	5,791	
Intergovernmental	1,048,949	
Special assessments	52,849	
Charges for services	303,134	
Deferred charges	179,258	
Other	32,194	
Total		2,989,579

Accrued interest payable is not due and payable in the current
period and therefore is not reported in the funds. (44,775)

Long-term liabilities are not due and payable in the current
period and therefore are not reported in the funds:

Refunding general obligation bonds	\$ (8,850,000)	
General obligation bonds	(4,400,000)	
Unamortized premium on refunding bonds	(241,674)	
Premium on bonds	(44,329)	
Accounting loss	452,714	
Capital lease payable	(657,659)	
Compensated absences	(1,416,444)	
Total		<u>(15,157,392)</u>

Net assets of governmental activities \$ 59,227,725

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, 2009

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Municipal income tax	\$ 9,377,445	\$ -	\$ -	\$ 9,377,445
Property and other taxes	1,674,192	-	16,856	1,691,048
Charges for services	3,105,321	-	438,826	3,544,147
Licenses and permits	110,843	-	-	110,843
Fines and forfeitures	1,253,321	-	216,375	1,469,696
Intergovernmental	2,039,766	738,366	1,113,685	3,891,817
Special assessments	-	17,950	-	17,950
Interest	622,173	-	-	622,173
Other	30,381	628	8,527	39,536
Total revenue	<u>18,213,442</u>	<u>756,944</u>	<u>1,794,269</u>	<u>20,764,655</u>
Expenditures:				
Current:				
General government				
Legislative and executive	4,908,666	281,738	152,990	5,343,394
Judicial system	2,023,620	2,695	11,923	2,038,238
Public safety				
Police	4,090,396	5,688	178,236	4,274,320
Fire	1,663,613	92,908	75,069	1,831,590
Public works				
Engineer	863,496	12,728	362,252	1,238,476
Streets	613,625	466,313	1,693,477	2,773,415
Refuse	866,058	-	-	866,058
Recreation	3,214,614	184,032	160,219	3,558,865
Capital outlay	77,858	3,536,353	863,041	4,477,252
Debt service:				
Principal retirement	-	-	1,011,352	1,011,352
Interest and fiscal charges	-	29,124	606,514	635,638
Issuance costs	-	-	97,735	97,735
Total expenditures	<u>18,321,946</u>	<u>4,611,579</u>	<u>5,212,808</u>	<u>28,146,333</u>
Excess of revenues under expenditures	<u>(108,504)</u>	<u>(3,854,635)</u>	<u>(3,418,539)</u>	<u>(7,381,678)</u>
Other financing sources (uses):				
Proceeds of bonds	-	4,700,000	55,000	4,755,000
Sale of capital assets	1,179	53,914	-	55,093
Premium on bonds issued	-	-	50,304	50,304
Transfers - in	-	976,140	5,865,551	6,841,691
Transfers - out	<u>(6,841,691)</u>	<u>-</u>	<u>-</u>	<u>(6,841,691)</u>
Total other financing sources (uses)	<u>(6,840,512)</u>	<u>5,730,054</u>	<u>5,970,855</u>	<u>4,860,397</u>
Net change in fund balance	(6,949,016)	1,875,419	2,552,316	(2,521,281)
Fund balances at beginning of year	<u>20,981,929</u>	<u>1,060,593</u>	<u>2,826,468</u>	<u>24,868,990</u>
Fund balances at end of year	<u>\$ 14,032,913</u>	<u>\$ 2,936,012</u>	<u>\$ 5,378,784</u>	<u>\$ 22,347,709</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, 2009

Net change in fund balances - Total governmental funds \$ (2,521,281)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

In the current period, these amounts are:

Capital outlay	\$	4,477,252	
Capital contributions		1,446,091	
Capital assets transferred out		(192,856)	
Depreciation expense		<u>(2,147,820)</u>	
Excess of capital asset additions over depreciation expense			3,582,667

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. (194,652)

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	\$	(3,465)	
Income taxes		(155,362)	
Intergovernmental		51,715	
Special assessments		(11,183)	
Charges for services		(2,607)	
Licenses and permits		100	
Fines and forfeitures		(18,631)	
Other		<u>20,126</u>	
Net change in deferred revenues during the year			(119,307)

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Decrease in compensated absences	\$	2,173	
Amortization of deferred charges		(55,451)	
Increase in accrued interest		<u>25,576</u>	
Total additional expenditures			(27,702)

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. (8,249)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 925,000

The issuance of long-term bonds results in expenditures and other financing sources and uses in the governmental funds, but these transactions are reflected in the statement of net assets as long-term assets and liabilities. (4,707,569)

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. 86,352

The amortization of issuance costs and bond premium is reflected as an expense in the statement of activities.

Accounting loss	\$	(213,094)	
Premium		119,728	
Total additional expenses		<u>(93,366)</u>	

Change in net assets of governmental activities \$ (3,078,107)

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, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Municipal income tax	\$ 12,497,114	\$ 11,497,114	\$ 10,848,696	\$ (648,418)
Property and other taxes	1,776,000	1,776,000	1,866,954	90,954
Charges for services	3,139,760	3,139,760	3,124,332	(15,428)
Licenses and permits	256,500	256,500	110,843	(145,657)
Fines and forfeitures	1,486,000	1,486,000	1,265,667	(220,333)
Intergovernmental	1,906,623	1,906,623	2,044,080	137,457
Interest	900,000	900,000	868,734	(31,266)
Other	82,000	82,000	75,563	(6,437)
Total revenues	<u>22,043,997</u>	<u>21,043,997</u>	<u>20,204,869</u>	<u>(839,128)</u>
Expenditures:				
Current:				
General government				
Legislative and executive	4,927,405	7,952,404	7,639,735	312,669
Judicial system	2,342,358	2,309,610	2,093,055	216,555
Public safety				
Police	4,529,383	4,564,383	4,172,994	391,389
Fire	1,878,049	1,878,049	1,736,082	141,967
Public works				
Engineer	923,203	923,204	872,558	50,646
Streets	639,083	639,083	625,708	13,375
Refuse	968,796	968,796	951,860	16,936
Recreation	3,382,293	3,382,293	3,266,435	115,858
Total expenditures	<u>19,590,570</u>	<u>22,617,822</u>	<u>21,358,427</u>	<u>1,259,395</u>
Excess of revenues over (under) expenditures	<u>2,453,427</u>	<u>(1,573,825)</u>	<u>(1,153,558)</u>	<u>420,267</u>
Other financing sources (uses):				
Sale of capital assets	1,000	1,000	1,179	179
Advances - out	-	(400,000)	-	400,000
Transfers - in	-	72,810	72,810	-
Transfers - out	(4,131,024)	(7,152,905)	(6,841,691)	311,214
Total other financing sources (uses)	<u>(4,130,024)</u>	<u>(7,479,095)</u>	<u>(6,767,702)</u>	<u>711,393</u>
Net change in fund balance	(1,676,597)	(9,052,920)	(7,921,260)	1,131,660
Fund balance at beginning of year	18,276,486	18,276,486	18,276,486	-
Prior year encumbrances appropriated	<u>1,703,336</u>	<u>1,703,336</u>	<u>1,703,336</u>	<u>-</u>
Fund balance at end of year	<u>\$ 18,303,225</u>	<u>\$ 10,926,902</u>	<u>\$ 12,058,562</u>	<u>\$ 1,131,660</u>

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2009

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Golf	Total	Internal Service
<u>Assets:</u>					
Current assets:					
Equity in pooled cash and investments	\$ 1,046,974	\$ 441,108	\$ 559,701	\$ 2,047,783	\$ 151,660
Receivables:					
Accounts	157,287	105,029	692	263,008	1,953
Materials and supplies inventory	53,275	-	12,583	65,858	-
Prepaid items	-	-	-	-	27,049
Restricted assets:					
Equity in pooled cash and cash equivalents	27,339	13,466	-	40,805	-
Total current assets	<u>1,284,875</u>	<u>559,603</u>	<u>572,976</u>	<u>2,417,454</u>	<u>180,662</u>
Non-current assets:					
Investment in joint venture	85,369	7,474,569	-	7,559,938	-
Capital assets:					
Land	58,424	-	108,945	167,369	-
Depreciable capital assets, net	7,463,376	9,373,560	1,213,149	18,050,085	-
Total non-current assets	<u>7,607,169</u>	<u>16,848,129</u>	<u>1,322,094</u>	<u>25,777,392</u>	<u>-</u>
Total assets	<u>\$ 8,892,044</u>	<u>\$ 17,407,732</u>	<u>\$ 1,895,070</u>	<u>\$ 28,194,846</u>	<u>\$ 180,662</u>
<u>Liabilities:</u>					
Current liabilities:					
Accounts payable	\$ 3,440	\$ 3,538	\$ 2,320	\$ 9,298	\$ 291
Accrued wages and benefits	6,226	6,226	7,863	20,315	-
Compensated absences payable	34,540	34,539	22,237	91,316	-
Due to other governments	5,743	5,686	8,893	20,322	-
Due to related parties	99,957	74,108	-	174,065	-
Unearned revenue	-	-	1,033	1,033	-
Claims payable	-	-	-	-	115,003
Refundable deposits	27,339	13,466	-	40,805	-
Total current liabilities	<u>177,245</u>	<u>137,563</u>	<u>42,346</u>	<u>357,154</u>	<u>115,294</u>
Long-term liabilities:					
Compensated absences payable	21,112	21,112	17,688	59,912	-
Interfund payable	-	-	400,000	400,000	-
Total long-term liabilities	<u>21,112</u>	<u>21,112</u>	<u>417,688</u>	<u>459,912</u>	<u>-</u>
Total liabilities	<u>198,357</u>	<u>158,675</u>	<u>460,034</u>	<u>817,066</u>	<u>115,294</u>
<u>Net assets:</u>					
Invested in capital assets	7,521,800	9,373,560	1,322,094	18,217,454	-
Unrestricted	1,171,887	7,875,497	112,942	9,160,326	65,368
Total net assets	<u>\$ 8,693,687</u>	<u>\$ 17,249,057</u>	<u>\$ 1,435,036</u>	<u>27,377,780</u>	<u>\$ 65,368</u>
Net assets reported for business-type activities in the statement of net assets is different because they include a proportionate share of the balance of the internal service fund.				<u>8,839</u>	
Net assets of business-type activities				<u>\$ 27,386,619</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, 2009

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service
	Water	Sewer	Golf	Total	
<u>Operating revenues:</u>					
Charges for services	\$ 2,055,313	\$ 1,253,628	\$ 935,518	\$ 4,244,459	\$ 1,358,433
Tap-in fees	1,650	1,300	-	2,950	-
Other	85,081	248	11,218	96,547	70,790
Total operating revenue	<u>2,142,044</u>	<u>1,255,176</u>	<u>946,736</u>	<u>4,343,956</u>	<u>1,429,223</u>
<u>Operating expenses:</u>					
Personal services	307,510	304,228	465,213	1,076,951	-
Contractual services	1,425,342	947,596	306,039	2,678,977	339,352
Supplies and materials	581,187	125,218	160,126	866,531	-
Claims	-	-	-	-	1,099,031
Depreciation	215,411	248,752	78,484	542,647	-
Other	917	-	29,259	30,176	-
Total operating expenses	<u>2,530,367</u>	<u>1,625,794</u>	<u>1,039,121</u>	<u>5,195,282</u>	<u>1,438,383</u>
Operating loss	<u>(388,323)</u>	<u>(370,618)</u>	<u>(92,385)</u>	<u>(851,326)</u>	<u>(9,160)</u>
<u>Non-operating revenues (expenses):</u>					
Interest	-	-	483	483	-
Investment in joint venture	173,925	(73,692)	-	100,233	-
Loss on sale of capital assets	-	-	(18,191)	(18,191)	-
Total non-operating revenues (expenses)	<u>173,925</u>	<u>(73,692)</u>	<u>(17,708)</u>	<u>82,525</u>	<u>-</u>
Income (loss) before contributions	<u>(214,398)</u>	<u>(444,310)</u>	<u>(110,093)</u>	<u>(768,801)</u>	<u>(9,160)</u>
Capital contributions	<u>197,048</u>	<u>363,273</u>	<u>44,643</u>	<u>604,964</u>	<u>-</u>
Change in net assets	<u>(17,350)</u>	<u>(81,037)</u>	<u>(65,450)</u>	<u>(163,837)</u>	<u>(9,160)</u>
Net assets at beginning of year	<u>8,711,037</u>	<u>17,330,094</u>	<u>1,500,486</u>		<u>74,528</u>
Net assets at end of year	<u>\$ 8,693,687</u>	<u>\$ 17,249,057</u>	<u>\$ 1,435,036</u>		<u>\$ 65,368</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. (910)

Change in net assets of business-type activities \$ (164,747)

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2009

	Business-Type Activities - Enterprise Funds				Governmental
	Water	Sewer	Golf	Total	Activities Internal Service
Cash flows from operating activities:					
Cash received from customers	\$ 2,173,966	\$ 1,250,017	\$ 945,795	\$ 4,369,778	\$ -
Cash received from interfund services provided	-	-	-	-	1,428,430
Cash payments for employee services and benefits	(295,856)	(292,820)	(470,453)	(1,059,129)	-
Cash payments to suppliers for goods and services	(2,089,610)	(1,072,027)	(493,660)	(3,655,297)	-
Cash payments for claims	-	-	-	-	(1,434,272)
Utility deposits received	4,776	2,352	-	7,128	-
Utility deposits returned	(2,634)	(1,297)	-	(3,931)	-
Net cash used for operating activities	(209,358)	(113,775)	(18,318)	(341,451)	(5,842)
Cash flows from capital and related financing activities:					
Tap in fees	5,426	8,455	-	13,881	-
Acquisition of capital assets	(21,419)	-	-	(21,419)	-
Net cash provided by (used for) capital and related financing activities	(15,993)	8,455	-	(7,538)	-
Cash flows from investing activities:					
Investment income	-	-	483	483	-
Net cash provided by investing activities	-	-	483	483	-
Net decrease in cash and cash equivalents	(225,351)	(105,320)	(17,835)	(348,506)	(5,842)
Cash and cash equivalents at beginning of year	1,299,664	559,894	577,536	2,437,094	157,502
Cash and cash equivalents at end of year	\$ 1,074,313	\$ 454,574	\$ 559,701	\$ 2,088,588	\$ 151,660
Reconciliation of operating loss to net cash used for operating activities:					
Operating loss	\$ (388,323)	\$ (370,618)	\$ (92,385)	\$ (851,326)	\$ (9,160)
Adjustments to reconcile operating loss to net cash used for operating activities:					
Depreciation	215,411	248,752	78,484	542,647	-
Change in assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable	26,404	(5,159)	(692)	20,553	(793)
Materials and supplies inventory	(47,079)	-	3,551	(43,528)	-
Prepaid items	-	-	-	-	1,027
Due from other funds	9,269	9,013	214	18,496	-

(Continued)

City of Vandalia, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2009

	Business-Type Activities - Enterprise Funds				Governmental
	Water	Sewer	Golf	Total	Activities Internal Service
Increase (decrease) in liabilities:					
Accounts payable	(34,290)	(1,542)	(1,415)	(37,247)	(17)
Refundable deposits	2,142	1,055	-	3,197	-
Claims payable	-	-	-	-	3,101
Unearned revenue	-	-	(249)	(249)	-
Accrued wages and benefits	(292)	(292)	(689)	(1,273)	-
Compensated absences	2,682	2,682	(4,042)	1,322	-
Due to related parties	4,723	2,329	-	7,052	-
Due to other governments	(5)	5	(1,095)	(1,095)	-
Net cash used for operating activities	\$ (209,358)	\$ (113,775)	\$ (18,318)	\$ (341,451)	\$ (5,842)
Non-cash capital and related financing activities:					
Capital contributions received from contractors	\$ 191,622	\$ 206,605	\$ -	\$ 398,227	\$ -
Capital contributions received from governmental funds	-	148,213	44,643	192,856	-
Total non-cash capital and related financing activities	\$ 191,622	\$ 354,818	\$ 44,643	\$ 591,083	\$ -

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Fiduciary Assets and Liabilities
December 31, 2009

	<u>Agency</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 1,156,793
Cash and cash equivalents in segregated accounts	138,320
Investments	<u>6,119,497</u>
Total assets	<u><u>\$ 7,414,610</u></u>
<u>Liabilities:</u>	
Due to other governments	\$ 48,108
Due to employees	3,656
Undistributed monies	680,368
Due to others	<u>6,682,478</u>
Total liabilities	<u><u>\$ 7,414,610</u></u>

See accompanying notes to the basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Vandalia have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The 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, 2009

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, 2009

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, 2009

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, 2009, but which were levied to finance year 2010 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, 2009.

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 2009 amounted to \$622,173 which includes \$221,487 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, 2009

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, 2009 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure or expense is reported in the year in which services are consumed.

K. Capital Assets

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

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

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

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

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

L. Compensated Absences

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

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

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

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

M. Accrued Liabilities and Long-Term Obligations

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

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

N. Fund Balance Reserves and Designation

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. The reserve for unclaimed monies represents cash that, under Ohio law, must remain unclaimed for five years before it becomes available for appropriation. A fund balance designation has been established for budget stabilization. Council intends for this portion of fund balance to be used for the receipt and dispersal of all resources collected in anticipation of future expenses related to revenue shortfalls, economic downturns, and other unforeseen emergencies.

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.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2009

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING

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

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

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	\$ (6,949,016)
Revenue accruals	2,089,717
Expenditure accruals	(55,365)
Unrecorded cash - 2008	(4,718)
Unrecorded cash - 2009	775
Change in fair value of investments - 2008	(212,865)
Change in fair value of investments - 2009	74,928
Non-budgeted activity	116,400
Encumbrances (Budget Basis)	
outstanding at year end	<u>(2,981,116)</u>
Budget Basis	<u>\$ (7,921,260)</u>

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2009

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.

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

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

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

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2009

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

Cash on hand At year-end, the City had \$9,350 in un-deposited cash on hand which is included as part of "equity in pooled cash and investments."

Deposits: At year-end, the carrying amount of the City's deposits was \$12,118,407 and the bank balance was \$12,846,180. Of the bank balance, \$12,245,674 was covered by federal deposit insurance. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", \$600,506 of the City's bank balance was exposed to custodial risk as described above.

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

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5		
Federal Home Loan Bank Bonds	\$ 7,813,135	\$ 779,844	\$ 7,033,291		
Federal Home Loan Bank Notes	4,007,190	-	4,007,190		
Federal Home Loan Mortgage Corporation Notes	2,522,245	-	2,522,245		
Federal National Mortgage Association Notes	1,749,845	-	1,749,845		
GE Interest Plus	34,970	34,970	-		
STAR Ohio	266,783	266,783	-		
	<u>\$ 16,394,168</u>	<u>\$ 1,081,597</u>	<u>\$ 15,312,571</u>		

Investment Type	Fair Value	Maturity			
		< 1 year	< 2 years	< 3 years	< 4 years
Investments included within pooled funds:					
Negotiable certificates of deposit	\$ 5,928,395	4,328,395	350,000	250,000	1,000,000

Of the City's negotiable CDs \$4,178,395 is covered by FDIC insurance.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2009

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

Interest Rate Risk – The City's investment policy states that the maximum maturity for any investment is limited to a final stated maturity of seven years, an expected call of seven years, or an expected average life of seven years, where the average life is estimated by nationally recognized firms independent of the dealer selling the security to the City. The City holds various agency securities of which some are callable in fiscal year 2010. 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.

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

<u>Investment</u>	<u>Percent</u>
Federal Home Loan Bank Bonds	47.70%
Federal Home Loan Bank Notes	24.40%
Federal Home Loan Mortgage Corporation Notes	15.40%
Federal National Mortgage Association Notes	10.70%

NOTE 4 – RECEIVABLES

Receivables at December 31, 2009, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements, shared revenues, special assessments, accrued interest on investments, accounts (billings for ambulance service and utility service), and interfund loans. No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

Special assessments expected to be collected within one year and in more than one year amount to \$1,473 and \$7,307, respectively, in the capital improvement fund and \$12,426 and \$31,643, respectively, for the general fund and other governmental funds. As of December 31, 2009, the City had less than \$1,000 in delinquent special assessments outstanding.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2009

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 2009 for real and public utility property taxes represents collections of the 2008 taxes. Property tax payments received during 2009 for tangible personal property (other than public utility property) is for 2009 taxes.

2009 real property taxes are levied after October 1, 2009, on the assessed value as of January 1, 2009, the lien date. Assessed values are established by State law at 35% of appraised market value. 2009 real property taxes are collected in and intended to finance 2010.

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. 2009 public utility property taxes became a lien December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes.

2009 tangible personal property taxes are levied after October 1, 2008, on the value as of December 31, 2008. Collections are made in 2009. 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 2009 was 0%.

The full tax rate for all City operations for the year ended December 31, 2009, was \$4.14 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2009 property tax receipts were based are as follows:

<u>Property Category</u>	<u>Assessed Value</u>
<u>Real Property</u>	
Residential and agricultural	\$ 237,245,100
Commercial and industrial	125,312,270
Public utilities	32,220
<u>Tangible Personal Property</u>	
General	696,660
Public utilities	<u>5,715,530</u>
Total	<u>\$ 369,001,780</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.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2009

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, 2009, 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 2010 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 2009, all income tax proceeds were allocated to the general fund.

Due from Other Governments

A summary of due from other governments follows:

<u>Governmental Activities</u>	<u>Amounts</u>
Local Government and Local Government	
Revenue Assistance	\$ 220,899
Homestead and Rollback	80,762
Gasoline and Excise Tax	206,810
Motor Vehicle License Fees	540,193
Permissive Motor Vehicle License Tax	26,012
Other Reimbursements	78,768
Liquor Permits	146
Grants	63,150
Total	<u>\$ 1,216,740</u>

NOTE 5 - RISK MANAGEMENT

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

City of Vandalia, Ohio
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For The Year Ended December 31, 2009

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

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

The City has elected to provide employee healthcare benefits for its employees through a self-insured program. The City maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides medical, dental, vision and prescription drug coverage with a \$100 deductible for single and \$200 deductible for families who use providers within the City's preferred provider organization, DirectCare America. Deductibles are higher, and vary for out of network claims. A third party administrator, Underwriters Safety & Claims, processes and pays the claims. The City is paying self-insurance claims and administrative costs from its hospital care internal service fund. An excess coverage insurance (stop loss) policy covers claims in excess of \$30,000 per employee, per year. During 2009, a total of \$1,438,383 was paid in benefits and administrative costs. The liability for unpaid claims cost of \$115,003, reported in the hospital care internal service fund at December 31, 2009, 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 2010, which were incurred in 2009 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>
2008 \$	101,865	1,345,734	1,335,697	111,902
2009 \$	111,902	1,099,031	1,095,930	115,003

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2009, was as follows:

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2009

	<u>Balance</u> <u>12/31/2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2009</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 4,772,053	\$ 530,020	\$ -	\$ 5,302,073
Construction in progress	<u>2,340,413</u>	<u>2,170,572</u>	<u>(2,018,552)</u>	<u>2,492,433</u>
Total capital assets, not being depreciated	<u>7,112,466</u>	<u>2,700,592</u>	<u>(2,018,552)</u>	<u>7,794,506</u>
Capital assets, being depreciated				
Buildings and improvements	26,495,249	528,474	(108,000)	26,915,723
Equipment	5,983,868	1,966,628	(397,114)	7,553,382
Vehicles	4,314,626	359,191	(270,700)	4,403,117
Infrastructure				
Storm sewers, bridges and culverts	8,577,014	592,152	(148,213)	9,020,953
Streets, sidewalks and curbs	<u>23,941,498</u>	<u>1,794,858</u>	<u>-</u>	<u>25,736,356</u>
Total capital assets, being depreciated	<u>69,312,255</u>	<u>5,241,303</u>	<u>(924,027)</u>	<u>73,629,531</u>
Less: accumulated depreciation				
Buildings and improvements	(7,009,937)	(592,740)	53,265	(7,549,412)
Equipment	(3,391,884)	(333,005)	260,065	(3,464,824)
Vehicles	(2,709,676)	(366,375)	223,189	(2,852,862)
Infrastructure				
Storm sewers, bridges and culverts	(4,135,995)	(168,559)	-	(4,304,554)
Streets, sidewalks and curbs	<u>(13,529,169)</u>	<u>(687,141)</u>	<u>-</u>	<u>(14,216,310)</u>
Total accumulated depreciation	<u>(30,776,661)</u>	<u>(2,147,820)</u>	<u>536,519</u>	<u>(32,387,962)</u>
Total capital assets, being depreciated, net	<u>38,535,594</u>	<u>3,093,483</u>	<u>(387,508)</u>	<u>41,241,569</u>
Governmental activities capital assets, net	<u>\$ 45,648,060</u>	<u>\$ 5,794,075</u>	<u>\$ (2,406,060)</u>	<u>\$ 49,036,075</u>

During the year, the governmental activities purchased assets for \$192,856 on behalf of the business-type activities. The above chart reflects the additions and disposals of these assets which were then transferred to the business-type activities. These assets are being depreciated as business-type activities therefore, no depreciation is shown for these disposals in the governmental activities.

Depreciation expense was charged to governmental functions as follows:

City of Vandalia, Ohio
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For The Year Ended December 31, 2009

General government	
Legislative and executive	\$ 172,402
Judicial system	80,021
Public safety	
Police	191,421
Fire	220,226
Public works	
Engineer	9,275
Streets	954,252
Recreation	<u>520,223</u>
Total depreciation expense	<u>\$ 2,147,820</u>

	Balance <u>12/31/2008</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>12/31/2009</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 167,369	\$ -	\$ -	\$ 167,369
Capital assets, being depreciated				
Buildings and improvements	2,847,396	-	-	2,847,396
Equipment	854,718	44,643	(38,850)	860,511
Vehicles	529,891	21,419	(18,669)	532,641
Infrastructure				
Water lines	10,202,870	191,622	-	10,394,492
Sewer lines	14,850,872	354,818	-	15,205,690
Golf cart paths and sprinkler systems	<u>370,382</u>	-	<u>(6,129)</u>	<u>364,253</u>
Total capital assets, being depreciated	<u>29,656,129</u>	<u>612,502</u>	<u>(63,648)</u>	<u>30,204,983</u>
Less: accumulated depreciation				
Buildings and improvements	(1,305,809)	(55,872)	-	(1,361,681)
Equipment	(367,710)	(52,318)	25,468	(394,560)
Vehicles	(435,909)	(35,604)	18,669	(452,844)
Infrastructure				
Water lines	(3,768,551)	(159,660)	-	(3,928,211)
Sewer lines	(5,643,589)	(233,020)	-	(5,876,609)
Golf cart paths and sprinkler systems	<u>(136,140)</u>	<u>(6,173)</u>	<u>1,320</u>	<u>(140,993)</u>
Total accumulated depreciation	<u>(11,657,708)</u>	<u>(542,647)</u>	<u>45,457</u>	<u>(12,154,898)</u>
Total capital assets, being depreciated, net	<u>17,998,421</u>	<u>69,855</u>	<u>(18,191)</u>	<u>18,050,085</u>
Business-type activities capital assets, net	<u>\$ 18,165,790</u>	<u>\$ 69,855</u>	<u>\$ (18,191)</u>	<u>\$ 18,217,454</u>

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

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2009

Water	\$ 215,411
Sewer	248,752
Golf	<u>78,484</u>
Total depreciation expense	<u>\$ 542,647</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.

NOTE 8 - LONG-TERM DEBT

A schedule of changes in bonds and other long-term obligations of the City during 2009 follows:

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2009

	Amount Outstanding <u>12/31/2008</u>	<u>Increases</u>	<u>Decreases</u>	Amount Outstanding <u>12/31/2009</u>	Amount Due in <u>One Year</u>
Governmental activities					
<u>Unvoted general obligation bonds</u>					
2004 Various purpose refunding bonds, 2.0% - 5.25%	\$ 9,420,000	\$ -	\$ (570,000)	\$ 8,850,000	\$ 585,000
Premium on refunding bonds	355,427	-	(113,753)	241,674	-
Accounting loss	(665,808)	-	213,094	(452,714)	-
2009 Various purpose limited tax bonds, 2.0% - 4.1%	-	4,755,000	(355,000)	4,400,000	260,000
Premium on bonds	-	50,304	(5,975)	44,329	-
Total unvoted general obligation bonds	<u>9,109,619</u>	<u>4,805,304</u>	<u>(831,634)</u>	<u>13,083,289</u>	<u>845,000</u>
Other long-term obligations:					
Capital lease	744,011	-	(86,352)	657,659	90,008
Compensated absences	<u>1,418,617</u>	<u>899,497</u>	<u>(901,670)</u>	<u>1,416,444</u>	<u>821,285</u>
Total governmental activities long-term liabilities	<u>\$ 11,272,247</u>	<u>\$ 5,704,801</u>	<u>\$ (1,819,656)</u>	<u>\$ 15,157,392</u>	<u>\$ 1,756,293</u>
Business-type activities					
Compensated absences	<u>\$ 149,906</u>	<u>\$ 92,651</u>	<u>\$ (91,329)</u>	<u>\$ 151,228</u>	<u>\$ 91,316</u>

During 2004, the City issued \$10,840,000 General Obligation Various Purpose Refunding Bonds to advance refund a portion of the 1996 General Obligation Various Improvement Bonds. The 1996 General Obligation Various Improvement Bonds were called and in December 2006 were subsequently redeemed.

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

Compensated absences will be paid from the general fund, street, stormwater, 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, 2009, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$25,738,341 and the unvoted legal debt margin was \$7,288,252.

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, 2009, are as follows:

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2009

Year ending December 31,	General obligation bonds		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 845,000	\$ 563,130	\$ 1,408,130
2011	870,000	539,649	1,409,649
2012	900,000	514,384	1,414,384
2013	920,000	486,946	1,406,946
2014	955,000	456,690	1,411,690
2015-2019	5,430,000	1,591,612	7,021,612
2020-2023	<u>3,330,000</u>	<u>299,785</u>	<u>3,629,785</u>
Total	<u>\$ 13,250,000</u>	<u>\$ 4,452,196</u>	<u>\$ 17,702,196</u>

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

NOTE 9 – CAPITALIZED LEASE

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

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

City of Vandalia, Ohio
Notes to the Basic Financial Statements
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Following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2009:

<u>Year</u>	<u>Lease Payments</u>
2010	\$ 116,631
2011	116,631
2012	116,631
2013	116,631
2014	116,631
2015-2016	<u>174,944</u>
Total minimum lease payments	758,099
Less: amount representing interest	<u>(100,440)</u>
Total	<u>\$ 657,659</u>

NOTE 10 – SHORT TERM OBLIGATIONS

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

	<u>Balance 12/31/2008</u>	<u>Increase</u>	<u>Decreases</u>	<u>Balance 12/31/2009</u>
Capital Projects Fund:				
Capital Improvement, 2.25%	\$ 4,080,000	\$ -	\$(4,080,000)	\$ -
Capital Improvement, 1.75%	<u>-</u>	<u>4,580,000</u>	<u>-</u>	<u>4,580,000</u>
Total	<u>\$ 4,080,000</u>	<u>\$ 4,580,000</u>	<u>\$(4,080,000)</u>	<u>\$ 4,580,000</u>

In August of 2009, the City paid off \$4,080,000 in bond anticipation notes and issued \$4,580,000 in bond anticipation notes. The bond anticipation notes were issued to encourage economic development and jobs in a redevelopment area and to purchase land. Revenues for payment of interest and principal on the bond will result from proceeds from a new note to be issued in 2010. 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.

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

Member and employer contributions rates were consistent across all three plans (TP, MD and CP). For the year ended December 31, 2009, City employees were required to contribute 10% of their annual covered salary. The City's contribution rate for 2009 was 14%, of which 7.00% was used to fund the pension benefits from January 1, 2009 to March 31, 2009 and 8.5% was used from April 1, 2009 to December 31, 2009. 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, 2009, 2008 and 2007 were \$533,269, \$479,480 and \$681,328 respectively; 96.81% has been contributed for 2009 and 100% for 2008 and 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, 2009, 2008 and 2007 were \$370,783, \$460,013 and \$362,244 respectively, equal to the required contributions for each year. The full amount has been contributed for 2008 and 2007. 72.63% has been contributed for 2009 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 12, the Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage, commonly referred to OPEB (other postemployment benefits). OPERS administers three separate pension plans, the Traditional Pension Plan (TP), the Member-Directed Plan (MD) and the Combined Plan (CP), all of which are described in Note 12.

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

City of Vandalia, Ohio
Notes to the Basic Financial Statements
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The Ohio Revised Code provides statutory authority for employer contributions. The 2009 local government employer contribution rate was 14% of covered payroll; 7% of covered payroll was the portion that was used to fund health care from January 1, 2009 to March 31, 2009 and 5.5% was used from April 1, 2009 to December 31, 2009. 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, 2008. An individual 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 2008 was 6.5%. An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4% base increase, were assumed to range from .50% to 6.3%.

Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .5% to 3% for the next 6 years. In subsequent years (7 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 357,584 for 2009. The number of active contributing participants for both plans used in the December 31, 2008, actuarial valuation was 356,388. Actual employer contributions for 2009 which were used to fund postemployment benefits were \$533,269. The actual contribution and the actuarially required contribution amounts are the same.

OPERS's net assets available for payment of benefits at December 31, 2008, (the latest available information) were \$10.7 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.6 billion and \$18.9 billion, respectively.

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

Ohio Police and Firemen's Disability and Pension Fund

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

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 2009.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2009

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 2009 that were used to fund postemployment benefits were \$150,224 for police and \$34,054 for firefighters. The OP&F's total health care expense for the year ended December 31, 2008; (the latest information available) was \$96,472,398, which was net of member contributions of \$56,948,977. The number of OP&F participants eligible to receive health care benefits as of December 31, 2008, was 14,567 for police and 10,750 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 \$7,474,569 which represents 27.52% 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 \$897,613 for services provided in 2009. Tri-Cities had five OWDA Loans outstanding at December 31, 2009, in the amounts of \$1,166,373, \$3,641,204, \$1,509,360, \$755,153, and \$709,263 for a total of \$7,781,353. 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.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2009

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. During 2009, the City's equity interest is \$85,369 which represents 50% of the total equity of NAWA as of December 31, 2009.

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, 2009, NAWA has borrowed a total of \$22,903,121 against the water treatment plant construction loan. The City of Vandalia paid \$1,354,356 for services provided in 2009. 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 has \$57,024 in contributions to ED/GE during 2009. 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, 2009, the City had contractual commitments as follows:

<u>Company</u>	<u>Project</u>	<u>Amount</u>	<u>Expended</u>	<u>12/31/09</u>
WG Fairfield	Street improvements	\$ 1,258,908	\$ 1,055,490	\$ 203,418
D&M Excavating	Excavating	800,000	-	800,000
Miller Pipeline Corp	Utility contractor	189,301	-	189,301
Brumbaugh Construction	Firestation project	3,084,500	1,021,184	2,063,316
	Totals	<u>\$ 5,332,709</u>	<u>\$ 2,076,674</u>	<u>\$ 3,256,035</u>

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2009

NOTE 16 - CONTINGENT LIABILITIES

Litigation

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

Federal and State Grants

The City participates in several federally assisted programs. These programs are subject to financial and compliance audits by the grantor or their representative. As of December 31, 2009, 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 and Due to/from other funds for the year ended December 31, 2009, consisted of the following:

	<u>Transfer to</u>	<u>Transfer from</u>
		<u>General</u>
Capital improvement fund		\$ 976,140
Nonmajor governmental funds		<u>5,865,551</u>
Total		<u>\$ 6,841,691</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 2010.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2009

NOTE 18 – ACCOUNTABILITY AND COMPLIANCE

A. Accountability

The following funds had a deficit fund balance as of December 31, 2009:

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

The fund balance deficit for the Road Improvements Brownschool will be eliminated when expenditures are reimbursed with grant revenue and the interfund loan payable is then repaid. The deficit in the 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

Contrary to Ohio Revised Code (ORC) 5705.36 (A) (4), the City had two funds which had appropriations exceeding actual available resources. The funds reporting violations are as follows:

<u>Fund</u>	<u>Actual available resources</u>	<u>Appropriations</u>	<u>Variance</u>
Capital improvement capital project fund	\$ 8,563,256.00	\$ 8,683,480	\$ (120,224)
Hospital care internal service fund	1,585,934	1,704,218	(118,284)

NOTE 19 – OPERATING LEASE

On October 29, 2008, the City entered into an operating lease to lease computers and software. The lease agreement began on October 28, 2008 and is in effect until January 1, 2012 with an option to purchase the equipment anytime during the life of the lease. Total payments for the use of this equipment was \$47,850, payable in monthly installments on the first day of each month during 2009.

The following is a schedule of the future minimum lease payments as of December 31, 2009:

<u>Year</u>	<u>Lease Payments</u>
2010	\$ 52,200
2011	52,200
2012	<u>4,350</u>
Total minimum lease payments	108,750
Less: amount representing interest	<u>(9,194)</u>
Total	<u>\$ 99,556</u>

Combining Statements – Nonmajor Governmental Funds

NONMAJOR SPECIAL REVENUE FUNDS

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

Street

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

State Highway

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

Permissive Motor Vehicle Tax

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

Law Enforcement

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

Drug Law Enforcement

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

OMVI Education and Enforcement

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

OMVI Indigent

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

Computer Legal Research

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

Indigent Drivers Interlock and Alcohol Monitoring (IAM)

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

Baseball Recreation

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

Combining Statements – Nonmajor Governmental Funds (Continued)

NONMAJOR SPECIAL REVENUE FUNDS (Continued)

Soccer Recreation

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

Federal Emergency Management Agency (FEMA) 2008 Hurricane

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

Stormwater

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

Chuck Gabbard Memorial

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

Magistrate

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

Employee Retirement Benefits Reserve

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

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.

Police, Fire and Street Capital Improvements

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

Tax Increment Financing (TIF)

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

Capital Improvement Reserve

To account for the receipt and dispersal of all resources collected in anticipation of future capital expenses.

Facilities Improvement & Maintenance Reserve

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



City of Vandalia, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2009

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Assets:				
Equity in pooled cash and investments	\$ 1,603,768	\$ 243,154	\$ 3,421,338	\$ 5,268,260
Receivables:				
Accounts	48,417	-	-	48,417
Special assessments	-	35,598	-	35,598
Due from other governments	779,119	-	-	779,119
Materials and supplies inventory	146,265	-	-	146,265
Total assets	<u>\$ 2,577,569</u>	<u>\$ 278,752</u>	<u>\$ 3,421,338</u>	<u>\$ 6,277,659</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 16,390	\$ -	\$ 37,447	\$ 53,837
Accrued wages	20,320	-	1,043	21,363
Matured compensated absences payable	3,206	-	-	3,206
Interfund payable	-	-	7,511	7,511
Due to other governments	17,781	-	4,492	22,273
Deferred revenue	755,087	35,598	-	790,685
Total liabilities	<u>812,784</u>	<u>35,598</u>	<u>50,493</u>	<u>898,875</u>
Fund balances:				
Reserved for encumbrances	173,067	-	288,057	461,124
Reserved for inventory	146,265	-	-	146,265
Unreserved, undesignated,				
Reported in:				
Special revenue funds	1,445,453	-	-	1,445,453
Debt service fund	-	243,154	-	243,154
Capital projects fund	-	-	3,082,788	3,082,788
Total fund balances	<u>1,764,785</u>	<u>243,154</u>	<u>3,370,845</u>	<u>5,378,784</u>
Total liabilities and fund balances	<u>\$ 2,577,569</u>	<u>\$ 278,752</u>	<u>\$ 3,421,338</u>	<u>\$ 6,277,659</u>

City of Vandalia, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2009

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Property and other taxes	\$ -	\$ -	\$ 16,856	\$ 16,856
Charges for services	438,826	-	-	438,826
Fines and forfeitures	216,375	-	-	216,375
Intergovernmental	1,113,685	-	-	1,113,685
Other	8,527	-	-	8,527
Total revenue	<u>1,777,413</u>	<u>-</u>	<u>16,856</u>	<u>1,794,269</u>
Expenditures:				
Current:				
General government				
Legislative and executive	134,712	14,605	3,673	152,990
Judicial system	11,923	-	-	11,923
Public safety				
Police	18,807	-	159,429	178,236
Fire	-	-	75,069	75,069
Public works				
Engineer	362,252	-	-	362,252
Streets	871,700	-	821,777	1,693,477
Recreation	160,219	-	-	160,219
Capital outlay	350,589	-	512,452	863,041
Debt service:				
Principal retirement	-	656,352	355,000	1,011,352
Interest and fiscal charges	-	553,901	52,613	606,514
Issuance costs	-	97,735	-	97,735
Total expenditures	<u>1,910,202</u>	<u>1,322,593</u>	<u>1,980,013</u>	<u>5,212,808</u>
Excess of revenues under expenditures	<u>(132,789)</u>	<u>(1,322,593)</u>	<u>(1,963,157)</u>	<u>(3,418,539)</u>
Other financing sources:				
Proceeds of bonds	-	55,000	-	55,000
Premium on bonds issued	-	50,304	-	50,304
Transfers - in	300,000	1,225,023	4,340,528	5,865,551
Total other financing sources	<u>300,000</u>	<u>1,330,327</u>	<u>4,340,528</u>	<u>5,970,855</u>
Net change in fund balance	167,211	7,734	2,377,371	2,552,316
Fund balances at beginning of year	<u>1,597,574</u>	<u>235,420</u>	<u>993,474</u>	<u>2,826,468</u>
Fund balances at end of year	<u>\$ 1,764,785</u>	<u>\$ 243,154</u>	<u>\$ 3,370,845</u>	<u>\$ 5,378,784</u>

City of Vandalia, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2009

	Street Fund	State Highway Fund	Permissive Motor Vehicle Tax Fund	Law Enforcement Fund	Drug Law Enforcement Fund
Assets:					
Equity in pooled cash and investments	\$ 340,423	\$ 190,150	\$ 114,518	\$ 35,757	\$ 1,455
Receivables:					
Accounts	20,352	-	-	-	-
Due from other governments	690,977	56,026	26,012	-	-
Materials and supplies inventory	146,265	-	-	-	-
Total assets	\$ 1,198,017	\$ 246,176	\$ 140,530	\$ 35,757	\$ 1,455
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 7,869	\$ 62	\$ 1,657	\$ -	\$ -
Accrued wages	13,966	-	-	-	-
Matured compensated absences payable	2,544	-	-	-	-
Due to other governments	10,431	-	-	-	-
Deferred revenue	647,618	50,860	22,753	-	-
Total liabilities	682,428	50,922	24,410	-	-
Fund balances:					
Reserved for encumbrances	36,562	2,842	43,601	-	-
Reserved for inventory	146,265	-	-	-	-
Unreserved, undesignated, Reported in:					
Special revenue funds	332,762	192,412	72,519	35,757	1,455
Total fund balances	515,589	195,254	116,120	35,757	1,455
Total liabilities and fund balances	\$ 1,198,017	\$ 246,176	\$ 140,530	\$ 35,757	\$ 1,455

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City of Vandalia, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2009

	OMVI Education and Enforcement Fund	OMVI Indigent Fund	Computer Legal Research Fund	Indigent Drivers IAM Fund	Baseball Recreation Fund
Assets:					
Equity in pooled cash and investments	\$ 1,394	\$ 251,718	\$ 121,533	\$ 13,891	\$ 42,535
Receivables:					
Accounts	-	-	-	-	-
Due from other governments	-	5,225	-	879	-
Materials and supplies inventory	-	-	-	-	-
Total assets	<u>\$ 1,394</u>	<u>\$ 256,943</u>	<u>\$ 121,533</u>	<u>\$ 14,770</u>	<u>\$ 42,535</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ 2,669	\$ -	\$ 15
Accrued wages	-	-	1,998	-	99
Matured compensated absences payable	-	-	-	-	-
Due to other governments	-	-	1,845	-	1,723
Deferred revenue	-	5,225	-	566	-
Total liabilities	<u>-</u>	<u>5,225</u>	<u>6,512</u>	<u>566</u>	<u>1,837</u>
Fund balances:					
Reserved for encumbrances	-	343	9,885	-	422
Reserved for inventory	-	-	-	-	-
Unreserved, undesignated, Reported in:					
Special revenue funds	<u>1,394</u>	<u>251,375</u>	<u>105,136</u>	<u>14,204</u>	<u>40,276</u>
Total fund balances	<u>1,394</u>	<u>251,718</u>	<u>115,021</u>	<u>14,204</u>	<u>40,698</u>
Total liabilities and fund balances	<u>\$ 1,394</u>	<u>\$ 256,943</u>	<u>\$ 121,533</u>	<u>\$ 14,770</u>	<u>\$ 42,535</u>

Soccer Recreation Fund	FEMA 2008 Hurricane Fund	Stormwater Fund	Chuck Gabbard Memorial Fund	Magistrate Fund	Employee Retirement Benefits Reserve Fund	Total Nonmajor Special Revenue Funds
\$ 61,560	\$ -	\$ 121,297	\$ 2,258	\$ 5,279	\$ 300,000	\$ 1,603,768
-	-	28,065	-	-	-	48,417
-	-	-	-	-	-	779,119
-	-	-	-	-	-	146,265
<u>\$ 61,560</u>	<u>\$ -</u>	<u>\$ 149,362</u>	<u>\$ 2,258</u>	<u>\$ 5,279</u>	<u>\$ 300,000</u>	<u>\$ 2,577,569</u>
\$ 15	\$ -	\$ 4,103	\$ -	\$ -	\$ -	\$ 16,390
-	-	2,575	-	1,682	-	20,320
-	-	662	-	-	-	3,206
1,042	-	2,314	-	426	-	17,781
-	-	28,065	-	-	-	755,087
<u>1,057</u>	<u>-</u>	<u>37,719</u>	<u>-</u>	<u>2,108</u>	<u>-</u>	<u>812,784</u>
2,922	-	76,490	-	-	-	173,067
-	-	-	-	-	-	146,265
57,581	-	35,153	2,258	3,171	300,000	1,445,453
<u>60,503</u>	<u>-</u>	<u>111,643</u>	<u>2,258</u>	<u>3,171</u>	<u>300,000</u>	<u>1,764,785</u>
<u>\$ 61,560</u>	<u>\$ -</u>	<u>\$ 149,362</u>	<u>\$ 2,258</u>	<u>\$ 5,279</u>	<u>\$ 300,000</u>	<u>\$ 2,577,569</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, 2009

	Street Fund	State Highway Fund	Permissive Motor Vehicle Tax Fund	Law Enforcement Fund	Drug Law Enforcement Fund
Revenues:					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	24,738	25
Intergovernmental	864,635	70,104	42,938	10,676	-
Other	2,457	-	-	-	-
Total revenue	<u>867,092</u>	<u>70,104</u>	<u>42,938</u>	<u>35,414</u>	<u>25</u>
Expenditures:					
Current:					
General government					
Legislative and executive	-	-	-	127	108
Judicial system	-	-	-	-	-
Public safety					
Police	-	-	-	-	-
Public works					
Engineer	-	-	-	-	-
Streets	665,016	189,005	17,679	-	-
Recreation	-	-	-	-	-
Capital outlay	256,197	-	57,786	-	-
Total expenditures	<u>921,213</u>	<u>189,005</u>	<u>75,465</u>	<u>127</u>	<u>108</u>
Excess of revenues over (under) expenditures	<u>(54,121)</u>	<u>(118,901)</u>	<u>(32,527)</u>	<u>35,287</u>	<u>(83)</u>
Other financing sources:					
Transfers - in	-	-	-	-	-
Net change in fund balance	(54,121)	(118,901)	(32,527)	35,287	(83)
Fund balances (deficits) at beginning of year	569,710	314,155	148,647	470	1,538
Fund balances at end of year	<u>\$ 515,589</u>	<u>\$ 195,254</u>	<u>\$ 116,120</u>	<u>\$ 35,757</u>	<u>\$ 1,455</u>

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City of Vandalia, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2009

	OMVI Education and Enforcement Fund	OMVI Indigent Fund	Computer Legal Research Fund	Indigent Drivers IAM Fund	Baseball Recreation Fund
Revenues:					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ 115,820
Fines and forfeitures	738	22,852	140,302	12,641	-
Intergovernmental	-	6,201	-	313	-
Other	-	-	-	-	5,292
Total revenue	<u>738</u>	<u>29,053</u>	<u>140,302</u>	<u>12,954</u>	<u>121,112</u>
Expenditures:					
Current:					
General government					
Legislative and executive	-	-	134,477	-	-
Judicial system	-	-	-	-	-
Public safety					
Police	1,800	17,007	-	-	-
Public works					
Engineer	-	-	-	-	-
Streets	-	-	-	-	-
Recreation	-	-	-	-	111,466
Capital outlay	-	-	14,931	-	-
Total expenditures	<u>1,800</u>	<u>17,007</u>	<u>149,408</u>	<u>-</u>	<u>111,466</u>
Excess of revenues over (under) expenditures	<u>(1,062)</u>	<u>12,046</u>	<u>(9,106)</u>	<u>12,954</u>	<u>9,646</u>
Other financing sources:					
Transfers - in	-	-	-	-	-
Net change in fund balance	(1,062)	12,046	(9,106)	12,954	9,646
Fund balances (deficits) at beginning of year	2,456	239,672	124,127	1,250	31,052
Fund balances at end of year	<u>\$ 1,394</u>	<u>\$ 251,718</u>	<u>\$ 115,021</u>	<u>\$ 14,204</u>	<u>\$ 40,698</u>

Soccer Recreation Fund	FEMA 2008 Hurricane Fund	Stormwater Fund	Chuck Gabbard Memorial Fund	Magistrate Fund	Employee Retirement Benefits Reserve Fund	Total Nonmajor Special Revenue Funds
\$ 50,146	\$ -	\$ 272,860	\$ -	\$ -	\$ -	\$ 438,826
-	-	-	-	15,079	-	216,375
-	118,818	-	-	-	-	1,113,685
778	-	-	-	-	-	8,527
<u>50,924</u>	<u>118,818</u>	<u>272,860</u>	<u>-</u>	<u>15,079</u>	<u>-</u>	<u>1,777,413</u>
-	-	-	-	-	-	134,712
-	-	-	-	11,923	-	11,923
-	-	-	-	-	-	18,807
-	-	362,252	-	-	-	362,252
-	-	-	-	-	-	871,700
48,753	-	-	-	-	-	160,219
-	-	21,675	-	-	-	350,589
<u>48,753</u>	<u>-</u>	<u>383,927</u>	<u>-</u>	<u>11,923</u>	<u>-</u>	<u>1,910,202</u>
<u>2,171</u>	<u>118,818</u>	<u>(111,067)</u>	<u>-</u>	<u>3,156</u>	<u>-</u>	<u>(132,789)</u>
-	-	-	-	-	300,000	300,000
2,171	118,818	(111,067)	-	3,156	300,000	167,211
58,332	(118,818)	222,710	2,258	15	-	1,597,574
<u>\$ 60,503</u>	<u>\$ -</u>	<u>\$ 111,643</u>	<u>\$ 2,258</u>	<u>\$ 3,171</u>	<u>\$ 300,000</u>	<u>\$ 1,764,785</u>

City of Vandalia, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2009

	General Obligation Bond Retirement Fund	Street Special Assessment Bond Retirement Fund	Total Nonmajor Debt Service Funds
<u>Assets:</u>			
Equity in pooled cash and investments	\$ 31,694	\$ 211,460	\$ 243,154
Receivables:			
Special assessments	-	35,598	35,598
Total assets	\$ 31,694	\$ 247,058	\$ 278,752
Liabilities and fund balances			
Liabilities:			
Deferred revenue	\$ -	\$ 35,598	\$ 35,598
Fund balances:			
Unreserved, undesignated, Reported in:			
Debt service fund	31,694	211,460	243,154
Total fund balances	31,694	211,460	243,154
Total liabilities and fund balances	\$ 31,694	\$ 247,058	\$ 278,752

City of Vandalia, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2009

	General Obligation Bond Retirement Fund	Street Special Assessment Bond Retirement Fund	Total Nonmajor Debt Service Funds
Revenues:			
Total revenue	\$ -	\$ -	\$ -
Expenditures:			
Current:			
General government			
Legislative and executive	14,605	-	14,605
Debt service:			
Principal retirement	656,352	-	656,352
Interest and fiscal charges	553,901	-	553,901
Issuance costs	97,735	-	97,735
Total expenditures	<u>1,322,593</u>	<u>-</u>	<u>1,322,593</u>
Excess of revenues under expenditures	<u>(1,322,593)</u>	<u>-</u>	<u>(1,322,593)</u>
Other financing sources:			
Proceeds of bonds	55,000	-	55,000
Premium on bonds issued	50,304	-	50,304
Transfers - in	1,225,023	-	1,225,023
Total other financing sources	<u>1,330,327</u>	<u>-</u>	<u>1,330,327</u>
Net change in fund balance	7,734	-	7,734
Fund balances at beginning of year	<u>23,960</u>	<u>211,460</u>	<u>235,420</u>
Fund balances at end of year	<u>\$ 31,694</u>	<u>\$ 211,460</u>	<u>\$ 243,154</u>



City of Vandalia, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2009

	Road Improvements Brownschool Fund	Recreation Center Fund	Justice Center/ Municipal Building Fund	North Dixie Widening Fund	Police, Fire and Street Capital Improvements Fund
Assets:					
Equity in pooled cash and investments	\$ -	\$ 1	\$ 543	\$ -	\$ 391,126
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 37,447
Accrued wages	-	-	-	-	1,043
Interfund payable	6,761	-	-	750	-
Due to other governments	-	-	-	-	4,492
Total liabilities	<u>6,761</u>	<u>-</u>	<u>-</u>	<u>750</u>	<u>42,982</u>
Fund balances:					
Reserved for encumbrances	-	-	-	-	288,057
Unreserved, undesignated, Reported in:					
Capital projects fund	<u>(6,761)</u>	<u>1</u>	<u>543</u>	<u>(750)</u>	<u>60,087</u>
Total fund balances	<u>(6,761)</u>	<u>1</u>	<u>543</u>	<u>(750)</u>	<u>348,144</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 543</u>	<u>\$ -</u>	<u>\$ 391,126</u>

TIF Capital Projects Fund	Capital Improvement Reserve Fund	Facilities Improvement & Maintenance Reserve Fund	Total Nonmajor Capital Projects Funds
\$ 29,668	\$ 2,000,000	\$ 1,000,000	\$ 3,421,338
-	-	-	37,447
-	-	-	1,043
-	-	-	7,511
-	-	-	4,492
-	-	-	50,493
-	-	-	288,057
29,668	2,000,000	1,000,000	3,082,788
29,668	2,000,000	1,000,000	3,370,845
<u>\$ 29,668</u>	<u>\$ 2,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 3,421,338</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, 2009

	Road Improvements Brownschool Fund	Recreation Center Fund	Justice Center/ Municipal Building Fund	North Dixie Widening Fund	Police, Fire and Street Capital Improvements Fund
Revenues:					
Property and other taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Expenditures:					
Current:					
General government					
Legislative and executive	-	-	-	-	-
Public safety					
Police	-	-	-	-	159,429
Fire	-	-	-	-	75,069
Public works					
Streets	-	-	-	-	821,777
Capital outlay	-	-	-	-	512,452
Debt service:					
Principal retirement	-	-	-	-	355,000
Interest and fiscal charges	-	-	-	-	52,613
Total expenditures	-	-	-	-	1,976,340
Excess of revenues over (under) expenditures	-	-	-	-	(1,976,340)
Other financing sources:					
Transfers - in	-	-	-	-	1,340,528
Net change in fund balance	-	-	-	-	(635,812)
Fund balances (deficits) at beginning of year	(6,761)	1	543	(750)	983,956
Fund balances (deficits) at end of year	\$ (6,761)	\$ 1	\$ 543	\$ (750)	\$ 348,144

TIF Capital Projects Fund	Capital Improvement Reserve Fund	Facilities Improvement & Maintenance Reserve Fund	Total Nonmajor Capital Projects Funds
\$ 16,856	\$ -	\$ -	\$ 16,856
3,673	-	-	3,673
-	-	-	159,429
-	-	-	75,069
-	-	-	821,777
-	-	-	512,452
-	-	-	355,000
-	-	-	52,613
<u>3,673</u>	<u>-</u>	<u>-</u>	<u>1,980,013</u>
<u>13,183</u>	<u>-</u>	<u>-</u>	<u>(1,963,157)</u>
<u>-</u>	<u>2,000,000</u>	<u>1,000,000</u>	<u>4,340,528</u>
13,183	2,000,000	1,000,000	2,377,371
<u>16,485</u>	<u>-</u>	<u>-</u>	<u>993,474</u>
<u>\$ 29,668</u>	<u>\$ 2,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 3,370,845</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, 2009

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Municipal income tax	\$ 12,497,114	\$ 11,497,114	\$ 10,848,696	\$ (648,418)
Property and other taxes	1,776,000	1,776,000	1,866,954	90,954
Charges for services	3,139,760	3,139,760	3,124,332	(15,428)
Licenses and permits	256,500	256,500	110,843	(145,657)
Fines and forfeitures	1,486,000	1,486,000	1,265,667	(220,333)
Intergovernmental	1,906,623	1,906,623	2,044,080	137,457
Interest	900,000	900,000	868,734	(31,266)
Other	82,000	82,000	75,563	(6,437)
Total revenues	22,043,997	21,043,997	20,204,869	(839,128)
Expenditures:				
Current:				
General government				
Legislative and executive				
Personal services	1,912,687	1,912,686	1,817,128	95,558
Operations and maintenance	3,014,718	6,018,718	5,801,607	217,111
Capital outlay	-	21,000	21,000	-
Total legislative and executive	4,927,405	7,952,404	7,639,735	312,669
Judicial system				
Personal services	1,921,831	1,889,083	1,735,383	153,700
Operations and maintenance	420,527	420,527	357,672	62,855
Total judicial system	2,342,358	2,309,610	2,093,055	216,555
Total general government	7,269,763	10,262,014	9,732,790	529,224
Public safety				
Police				
Personal services	4,029,114	4,029,864	3,722,958	306,906
Operations and maintenance	500,269	499,519	414,554	84,965
Capital outlay	-	35,000	35,482	(482)
Total police	4,529,383	4,564,383	4,172,994	391,389
Fire				
Personal services	1,575,331	1,575,331	1,442,353	132,978
Operations and maintenance	302,718	302,718	293,729	8,989
Total fire	1,878,049	1,878,049	1,736,082	141,967
Total public safety	6,407,432	6,442,432	5,909,076	533,356
Public works				
Engineer				
Personal services	821,822	821,822	781,821	40,001
Operations and maintenance	101,381	101,382	90,737	10,645
Total engineer	923,203	923,204	872,558	50,646

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, 2009
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Streets				
Service department				
Personal services	110,703	110,703	106,344	4,359
Operations and maintenance	4,307	4,307	3,414	893
Street lighting				
Operations and maintenance	180,000	180,000	183,848	(3,848)
Street maintenance				
Personal services	338,648	338,648	327,282	11,366
Operations and maintenance	5,425	5,425	4,820	605
Total streets	<u>639,083</u>	<u>639,083</u>	<u>625,708</u>	<u>13,375</u>
Refuse				
Operations and maintenance	968,796	968,796	951,860	16,936
Total public works	<u>1,607,879</u>	<u>1,607,879</u>	<u>1,577,568</u>	<u>30,311</u>
Recreation				
Parks				
Personal services	2,383,387	2,383,387	2,320,557	62,830
Operations and maintenance	998,906	998,906	945,878	53,028
Total recreation	<u>3,382,293</u>	<u>3,382,293</u>	<u>3,266,435</u>	<u>115,858</u>
Total expenditures	<u>19,590,570</u>	<u>22,617,822</u>	<u>21,358,427</u>	<u>1,259,395</u>
Excess of revenues over (under) expenditures	<u>2,453,427</u>	<u>(1,573,825)</u>	<u>(1,153,558)</u>	<u>420,267</u>
Other financing sources (uses):				
Sale of capital assets	1,000	1,000	1,179	179
Advances - out	-	(400,000)	-	400,000
Transfers - in	-	72,810	72,810	-
Transfers - out	(4,131,024)	(7,152,905)	(6,841,691)	311,214
Total other financing sources (uses)	<u>(4,130,024)</u>	<u>(7,479,095)</u>	<u>(6,767,702)</u>	<u>711,393</u>
Net change in fund balance	(1,676,597)	(9,052,920)	(7,921,260)	1,131,660
Fund balance at beginning of year	18,276,486	18,276,486	18,276,486	-
Prior year encumbrances appropriated	1,703,336	1,703,336	1,703,336	-
Fund balance at end of year	<u>\$ 18,303,225</u>	<u>\$ 10,926,902</u>	<u>\$ 12,058,562</u>	<u>\$ 1,131,660</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$ 481,424	\$ 981,424	\$ 731,153	\$ (250,271)
Special assessments	15,900	15,900	17,950	2,050
Other	24,550	24,550	923	(23,627)
Total revenues	521,874	1,021,874	750,026	(271,848)
<u>Expenditures:</u>				
Capital outlay	3,910,596	8,683,480	8,497,352	186,128
Excess of revenues under expenditures	(3,388,722)	(7,661,606)	(7,747,326)	(85,720)
<u>Other financing sources:</u>				
Bond anticipation notes issued	510,000	510,000	500,000	(10,000)
General obligation bonds issued	-	4,700,000	4,700,000	-
Sale of capital assets	15,000	15,000	73,910	58,910
Transfers - in	1,497,546	976,140	976,140	-
Total other financing sources	2,022,546	6,201,140	6,250,050	48,910
Net change in fund balance	(1,366,176)	(1,460,466)	(1,497,276)	(36,810)
Fund balance at beginning of year	(476,604)	(476,604)	(476,604)	-
Prior year encumbrances appropriated	2,039,784	2,039,784	2,039,784	-
Fund balance at end of year	\$ 197,004	\$ 102,714	\$ 65,904	\$ (36,810)

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, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Intergovernmental	\$ 890,000	\$ 890,000	\$ 869,229	\$ (20,771)
Other	3,000	3,000	2,457	(543)
Total revenues	<u>893,000</u>	<u>893,000</u>	<u>871,686</u>	<u>(21,314)</u>
<u>Expenditures:</u>				
Current:				
Public works				
Streets				
Street maintenance				
Personal services	565,530	565,530	518,916	46,614
Operations and maintenance	203,582	203,582	190,799	12,783
Capital outlay	325,000	325,000	325,000	-
Total expenditures	<u>1,094,112</u>	<u>1,094,112</u>	<u>1,034,715</u>	<u>59,397</u>
Excess of revenues under expenditures	<u>(201,112)</u>	<u>(201,112)</u>	<u>(163,029)</u>	<u>38,083</u>
Other financing sources:				
Transfers - in	-	21,956	21,956	-
Net change in fund balance	(201,112)	(179,156)	(141,073)	38,083
Fund balance at beginning of year	426,611	426,611	426,611	-
Prior year encumbrances appropriated	<u>12,131</u>	<u>12,131</u>	<u>12,131</u>	<u>-</u>
Fund balance at end of year	<u>\$ 237,630</u>	<u>\$ 259,586</u>	<u>\$ 297,669</u>	<u>\$ 38,083</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, 2009

	<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	\$ 73,000	\$ 73,000	\$ 70,478	\$ (2,522)
<u>Expenditures:</u>				
Current:				
Public works				
Streets				
Street maintenance				
Operations and maintenance	202,124	202,124	198,046	4,078
Net change in fund balance	(129,124)	(129,124)	(127,568)	1,556
Fund balance at beginning of year	300,752	300,752	300,752	-
Prior year encumbrances appropriated	14,124	14,124	14,124	-
Fund balance at end of year	<u>\$ 185,752</u>	<u>\$ 185,752</u>	<u>\$ 187,308</u>	<u>\$ 1,556</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, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Intergovernmental	\$ 43,000	\$ 43,000	\$ 43,114	\$ 114
<u>Expenditures:</u>				
Current:				
Streets				
Street maintenance				
Operations and maintenance	56,991	56,991	57,470	(479)
Capital outlay	67,836	67,836	67,295	541
Total expenditures	<u>124,827</u>	<u>124,827</u>	<u>124,765</u>	<u>62</u>
Net change in fund balance	(81,827)	(81,827)	(81,651)	176
Fund balance at beginning of year	138,084	138,084	138,084	-
Prior year encumbrances appropriated	<u>12,827</u>	<u>12,827</u>	<u>12,827</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 69,084</u></u>	<u><u>\$ 69,084</u></u>	<u><u>\$ 69,260</u></u>	<u><u>\$ 176</u></u>

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Fines and forfeitures	\$ 500	\$ 24,922	\$ 24,738	\$ (184)
Intergovernmental	-	10,676	10,676	-
Total revenues	<u>500</u>	<u>35,598</u>	<u>35,414</u>	<u>(184)</u>
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Operations and maintenance	<u>500</u>	<u>500</u>	<u>127</u>	<u>373</u>
Net change in fund balance	-	35,098	35,287	189
Fund balance at beginning of year	<u>470</u>	<u>470</u>	<u>470</u>	<u>-</u>
Fund balance at end of year	<u>\$ 470</u>	<u>\$ 35,568</u>	<u>\$ 35,757</u>	<u>\$ 189</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, 2009

	<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	\$ 25	\$ (175)
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Operations and maintenance	1,000	1,000	110	890
Net change in fund balance	(800)	(800)	(85)	715
Fund balance at beginning of year	1,540	1,540	1,540	-
Fund balance at end of year	<u>\$ 740</u>	<u>\$ 740</u>	<u>\$ 1,455</u>	<u>\$ 715</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, 2009

	<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	\$ 768	\$ (232)
<u>Expenditures:</u>				
Current:				
Public safety				
Police				
Operations and maintenance	1,800	1,800	1,800	-
Net change in fund balance	(800)	(800)	(1,032)	(232)
Fund balance at beginning of year	2,391	2,391	2,391	-
Fund balance at end of year	<u>\$ 1,591</u>	<u>\$ 1,591</u>	<u>\$ 1,359</u>	<u>\$ (232)</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, 2009

	<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	\$ 6,500	\$ 6,500	\$ 21,384	\$ 14,884
Intergovernmental	9,000	9,000	6,201	(2,799)
Total revenues	<u>15,500</u>	<u>15,500</u>	<u>27,585</u>	<u>12,085</u>
<u>Expenditures:</u>				
Current:				
Public safety				
Police				
Operations and maintenance	60,000	60,000	17,352	42,648
Net change in fund balance	(44,500)	(44,500)	10,233	54,733
Fund balance at beginning of year	239,674	239,674	239,674	-
Fund balance at end of year	<u>\$ 195,174</u>	<u>\$ 195,174</u>	<u>\$ 249,907</u>	<u>\$ 54,733</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, 2009

	<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	\$ 165,000	\$ 165,000	\$ 141,911	\$ (23,089)
Other	500	500	-	(500)
Total revenues	<u>165,500</u>	<u>165,500</u>	<u>141,911</u>	<u>(23,589)</u>
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Personal services	62,952	95,700	89,672	6,028
Operations and maintenance	68,013	68,013	43,722	24,291
Capital outlay	53,918	53,918	30,936	22,982
Total expenditures	<u>184,883</u>	<u>217,631</u>	<u>164,330</u>	<u>53,301</u>
Excess of revenues under expenditures	<u>(19,383)</u>	<u>(52,131)</u>	<u>(22,419)</u>	<u>29,712</u>
Other financing sources:				
Transfers - in	-	121	121	-
Net change in fund balance	(19,383)	(52,010)	(22,298)	29,712
Fund balance at beginning of year	93,749	93,749	93,749	-
Prior year encumbrances appropriated	<u>25,432</u>	<u>25,432</u>	<u>25,432</u>	<u>-</u>
Fund balance at end of year	<u>\$ 99,798</u>	<u>\$ 67,171</u>	<u>\$ 96,883</u>	<u>\$ 29,712</u>

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Indigent Drivers IAM Fund
For the Year Ended December 31, 2009

	<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	\$ 12,000	\$ 12,000	\$ 12,661	\$ 661
<u>Expenditures:</u>				
Current:				
Public safety				
Police				
Operations and maintenance	12,000	12,000	-	12,000
Net change in fund balance	-	-	12,661	12,661
Fund balance at beginning of year	900	900	900	-
Fund balance at end of year	<u>\$ 900</u>	<u>\$ 900</u>	<u>\$ 13,561</u>	<u>\$ 12,661</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, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Charges for services	\$ 115,200	\$ 115,200	\$ 115,820	\$ 620
Other	4,750	4,750	5,292	542
Total revenues	<u>119,950</u>	<u>119,950</u>	<u>121,112</u>	<u>1,162</u>
<u>Expenditures:</u>				
Current:				
Recreation				
Parks				
Personal services	48,646	48,646	44,222	4,424
Operations and maintenance	72,160	72,160	66,843	5,317
Capital outlay	840	840	840	-
Total expenditures	<u>121,646</u>	<u>121,646</u>	<u>111,905</u>	<u>9,741</u>
Net change in fund balance	(1,696)	(1,696)	9,207	10,903
Fund balance at beginning of year	31,654	31,654	31,654	-
Prior year encumbrances appropriated	<u>1,252</u>	<u>1,252</u>	<u>1,252</u>	<u>-</u>
Fund balance at end of year	<u>\$ 31,210</u>	<u>\$ 31,210</u>	<u>\$ 42,113</u>	<u>\$ 10,903</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, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Charges for services	\$ 52,100	\$ 52,100	\$ 50,146	\$ (1,954)
Other	900	900	778	(122)
Total revenues	<u>53,000</u>	<u>53,000</u>	<u>50,924</u>	<u>(2,076)</u>
<u>Expenditures:</u>				
Current:				
Recreation				
Parks				
Personal services	23,969	23,969	24,533	(564)
Operations and maintenance	28,765	28,765	24,510	4,255
Capital outlay	-	2,545	2,545	-
Total expenditures	<u>52,734</u>	<u>55,279</u>	<u>51,588</u>	<u>3,691</u>
Net change in fund balance	266	(2,279)	(664)	1,615
Fund balance at beginning of year	57,838	57,838	57,838	-
Prior year encumbrances appropriated	<u>1,464</u>	<u>1,464</u>	<u>1,464</u>	<u>-</u>
Fund balance at end of year	<u>\$ 59,568</u>	<u>\$ 57,023</u>	<u>\$ 58,638</u>	<u>\$ 1,615</u>

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
FEMA 2008 Hurricane Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Intergovernmental	\$ 118,818	\$ 118,818	\$ 118,818	\$ -
<u>Expenditures:</u>				
Total expenditures	-	-	-	-
Excess of revenues over expenditures	118,818	118,818	118,818	-
Other financing uses:				
Transfers - out	(118,818)	(118,818)	(118,818)	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Stormwater Fund
For the Year Ended December 31, 2009

	<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	\$ 274,000	\$ 274,000	\$ 272,860	\$ (1,140)
<u>Expenditures:</u>				
Current:				
Public works				
Engineer				
Personal services	127,942	127,942	122,887	5,055
Operations and maintenance	319,424	319,424	303,280	16,144
Capital outlay	65,008	65,008	55,008	10,000
Total expenditures	<u>512,374</u>	<u>512,374</u>	<u>481,175</u>	<u>31,199</u>
Excess of revenues under expenditures	<u>(238,374)</u>	<u>(238,374)</u>	<u>(208,315)</u>	<u>30,059</u>
Other financing sources:				
Transfers - in	-	5,435	5,435	-
Net change in fund balance	(238,374)	(232,939)	(202,880)	30,059
Fund balance at beginning of year	50,660	50,660	50,660	-
Prior year encumbrances appropriated	192,924	192,924	192,924	-
Fund balance at end of year	<u>\$ 5,210</u>	<u>\$ 10,645</u>	<u>\$ 40,704</u>	<u>\$ 30,059</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, 2009

	<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, 2009

	<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	\$ 14,500	\$ 14,500	\$ 10,042	\$ (4,458)
<u>Expenditures:</u>				
Current:				
General government				
Judicial system				
Personal services	14,500	14,500	9,815	4,685
Net change in fund balance	-	-	227	227
Fund balance at beginning of year	15	15	15	-
Fund balance at end of year	<u>\$ 15</u>	<u>\$ 15</u>	<u>\$ 242</u>	<u>\$ 227</u>

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Employee Retirement Benefits Reserve Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	-	-	-	-
Other financing sources:				
Transfers - in	300,000	300,000	300,000	-
Net change in fund balance	300,000	300,000	300,000	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ 300,000</u>	<u>\$ 300,000</u>	<u>\$ 300,000</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Operations and maintenance	14,000	15,000	14,606	394
Debt service:				
Principal retirement	4,745,700	4,745,700	4,736,352	9,348
Interest and fiscal charges	559,166	565,735	553,901	11,834
Bond issuance costs	-	97,735	97,735	-
Total expenditures	<u>5,318,866</u>	<u>5,424,170</u>	<u>5,402,594</u>	<u>21,576</u>
Excess of revenues under expenditures	<u>(5,318,866)</u>	<u>(5,424,170)</u>	<u>(5,402,594)</u>	<u>21,576</u>
Other financing sources:				
General obligation bonds issued	-	55,000	55,000	-
Bond anticipation notes issued	4,171,545	4,080,000	4,080,000	-
Premium on bonds issued	-	50,304	50,304	-
Transfers - in	1,133,478	1,225,023	1,225,023	-
Total other financing sources	<u>5,305,023</u>	<u>5,410,327</u>	<u>5,410,327</u>	<u>-</u>
Net change in fund balance	(13,843)	(13,843)	7,733	21,576
Fund balance at beginning of year	10,118	10,118	10,118	-
Prior year encumbrances appropriated	13,843	13,843	13,843	-
Fund balance at end of year	<u>\$ 10,118</u>	<u>\$ 10,118</u>	<u>\$ 31,694</u>	<u>\$ 21,576</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, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Current:				
Public works				
Streets				
Street maintenance				
Operations and maintenance	1,000	1,000	-	1,000
Net change in fund balance	(1,000)	(1,000)	-	1,000
Fund balance at beginning of year	211,460	211,460	211,460	-
Fund balance at end of year	<u>\$ 210,460</u>	<u>\$ 210,460</u>	<u>\$ 211,460</u>	<u>\$ 1,000</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, 2009

	<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, 2009

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

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Justice Center/Municipal Building Fund
For the Year Ended December 31, 2009

	<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, 2009

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

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Police, Fire and Street Capital Improvements Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Current:				
Public safety				
Police				
Personal services	81,414	81,414	78,270	3,144
Capital outlay	311,257	304,127	281,938	22,189
Total police	392,671	385,541	360,208	25,333
Fire				
Capital outlay	406,341	211,856	210,733	1,123
Total public safety	799,012	597,397	570,941	26,456
Public works				
Streets				
Capital outlay	837,500	1,287,500	1,287,500	-
Debt service:				
Principal retirement	-	355,000	355,000	-
Interest and fiscal charges	-	52,615	52,613	2
Total expenditures	1,636,512	2,292,512	2,266,054	26,458
Excess of revenues under expenditures	(1,636,512)	(2,292,512)	(2,266,054)	26,458
Other financing sources:				
Advances - in	-	400,000	-	(400,000)
Transfers - in	1,600,000	1,751,742	1,340,528	(411,214)
Total other financing sources	1,600,000	2,151,742	1,340,528	(811,214)
Net change in fund balance	(36,512)	(140,770)	(925,526)	(784,756)
Fund balance at beginning of year	402,714	402,714	402,714	-
Prior year encumbrances appropriated	588,433	588,433	588,433	-
Fund balance at end of year	\$ 954,635	\$ 850,377	\$ 65,621	\$ (784,756)

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
TIF Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Property and other taxes	\$ 67,100	\$ 67,100	\$ 16,856	\$ (50,244)
<u>Expenditures:</u>				
Current:				
Capital outlay	16,700	16,700	3,673	13,027
Net change in fund balance	50,400	50,400	13,183	(37,217)
Fund balance at beginning of year	16,485	16,485	16,485	-
Fund balance at end of year	<u>\$ 66,885</u>	<u>\$ 66,885</u>	<u>\$ 29,668</u>	<u>\$ (37,217)</u>

City of Vandalia, Ohio
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Capital Improvement Reserve Fund
 For the Year Ended December 31, 2009

	<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	-	-	-	-
Excess of revenues over (under) expenditures	-	-	-	-
Other financing sources:				
Transfers - in	2,000,000	2,000,000	2,000,000	-
Net change in fund balance	2,000,000	2,000,000	2,000,000	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Facilities Improvement & Maintenance Reserve Fund
For the Year Ended December 31, 2009

	<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	-	-	-	-
Excess of revenues over (under) expenditures	-	-	-	-
Other financing sources:				
Transfers - in	1,000,000	1,000,000	1,000,000	-
Net change in fund balance	1,000,000	1,000,000	1,000,000	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Charges for services	\$ 2,237,350	\$ 2,237,350	\$ 2,093,897	\$ (143,453)
Tap-in fees	12,000	12,000	1,650	(10,350)
Utility deposits received	-	-	4,776	4,776
Other	33,400	33,400	83,845	50,445
Total revenues	<u>2,282,750</u>	<u>2,282,750</u>	<u>2,184,168</u>	<u>(98,582)</u>
<u>Expenses:</u>				
Current:				
Personal services	320,746	320,746	305,125	15,621
Contractual services	1,502,534	1,502,534	1,427,074	75,460
Materials and supplies	60,247	57,415	49,981	7,434
Capital outlay	557,910	765,228	741,228	24,000
Utility deposits returned	-	-	2,634	(2,634)
Other	200	200	917	(717)
Total expenses	<u>2,441,637</u>	<u>2,646,123</u>	<u>2,526,959</u>	<u>119,164</u>
Loss before transfers	<u>(158,887)</u>	<u>(363,373)</u>	<u>(342,791)</u>	<u>20,582</u>
Other financing sources:				
Transfers - in	<u>-</u>	<u>9,269</u>	<u>9,269</u>	<u>-</u>
Change in fund equity	(158,887)	(354,104)	(333,522)	20,582
Fund equity at beginning of year	1,030,190	1,030,190	1,030,190	-
Prior year encumbrances appropriated	<u>269,476</u>	<u>269,476</u>	<u>269,476</u>	<u>-</u>
Fund equity at end of year	<u>\$ 1,140,779</u>	<u>\$ 945,562</u>	<u>\$ 966,144</u>	<u>\$ 20,582</u>

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2009

	<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	\$ 1,428,000	\$ 1,428,000	\$ 1,257,172	\$ (170,828)
Tap-in fees	15,000	15,000	1,300	(13,700)
Utility deposits received	-	-	2,352	2,352
Other	-	65,000	-	(65,000)
Total revenues	<u>1,443,000</u>	<u>1,508,000</u>	<u>1,260,824</u>	<u>(247,176)</u>
<u>Expenses:</u>				
Current:				
Personal services	314,857	314,857	301,833	13,024
Contractual services	992,631	991,837	954,057	37,780
Materials and supplies	47,871	48,665	32,770	15,895
Capital outlay	100,000	289,669	289,600	69
Utility deposits returned	100	100	1,300	(1,200)
Total expenses	<u>1,455,459</u>	<u>1,645,128</u>	<u>1,579,560</u>	<u>65,568</u>
Operating loss	<u>(12,459)</u>	<u>(137,128)</u>	<u>(318,736)</u>	<u>(181,608)</u>
Non-operating revenues				
Federal and state subsidies	-	81,738	-	(81,738)
Loss before transfers	<u>(12,459)</u>	<u>(55,390)</u>	<u>(318,736)</u>	<u>(263,346)</u>
Other financing sources:				
Transfers - in	-	9,013	9,013	-
Change in fund equity	(12,459)	(46,377)	(309,723)	(263,346)
Fund equity at beginning of year	547,292	547,292	547,292	-
Prior year encumbrances appropriated	<u>12,602</u>	<u>12,602</u>	<u>12,602</u>	<u>-</u>
Fund equity at end of year	<u>\$ 547,435</u>	<u>\$ 513,517</u>	<u>\$ 250,171</u>	<u>\$ (263,346)</u>

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Golf Fund
For the Year Ended December 31, 2009

	<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	\$ 987,400	\$ 987,400	\$ 935,299	\$ (52,101)
Other	9,700	9,700	10,496	796
Total revenues	<u>997,100</u>	<u>997,100</u>	<u>945,795</u>	<u>(51,305)</u>
<u>Expenses:</u>				
Current:				
Personal services	521,830	521,830	470,667	51,163
Contractual services	333,774	333,774	317,848	15,926
Materials and supplies	208,758	208,758	165,895	42,863
Other	<u>35,091</u>	<u>35,091</u>	<u>34,009</u>	<u>1,082</u>
Total expenses	<u>1,099,453</u>	<u>1,099,453</u>	<u>988,419</u>	<u>111,034</u>
Non-operating revenues				
Interest	1,000	1,000	483	(517)
Proceeds from sales of capital assets	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>(5,000)</u>
Total non-operating revenues	<u>6,000</u>	<u>6,000</u>	<u>483</u>	<u>(5,517)</u>
Loss before transfers	<u>(96,353)</u>	<u>(96,353)</u>	<u>(42,141)</u>	<u>54,212</u>
Other financing sources:				
Transfers - in	<u>-</u>	<u>214</u>	<u>214</u>	<u>-</u>
Change in fund equity	(96,353)	(96,139)	(41,927)	54,212
Fund equity at beginning of year	554,963	554,963	554,963	-
Prior year encumbrances appropriated	<u>22,574</u>	<u>22,574</u>	<u>22,574</u>	<u>-</u>
Fund equity at end of year	<u>\$ 481,184</u>	<u>\$ 481,398</u>	<u>\$ 535,610</u>	<u>\$ 54,212</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, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Charges for services	\$ 1,761,726	\$ 1,761,726	\$ 1,358,392	\$ (403,334)
Other	20,000	20,000	70,038	50,038
Total revenues	1,781,726	1,781,726	1,428,430	(353,296)
<u>Expenses:</u>				
Current:				
Contractual services	323,946	323,946	338,895	(14,949)
Claims	1,380,272	1,380,272	1,095,930	284,342
Total expenses	1,704,218	1,704,218	1,434,825	269,393
Change in fund equity	77,508	77,508	(6,395)	(83,903)
Fund equity at beginning of year	157,325	157,325	157,325	-
Prior year encumbrances appropriated	179	179	179	-
Fund equity at end of year	\$ 235,012	\$ 235,012	\$ 151,109	\$ (83,903)

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, 2009

	Balance January 1, 2009	Additions	Deletions	Balance December 31, 2009
Building Standards				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 351	\$ 2,339	\$ 2,401	\$ 289
Total assets	<u>\$ 351</u>	<u>\$ 2,339</u>	<u>\$ 2,401</u>	<u>\$ 289</u>
<u>Liabilities:</u>				
Due to other governments	\$ 351	\$ 2,339	\$ 2,401	\$ 289
Total liabilities	<u>\$ 351</u>	<u>\$ 2,339</u>	<u>\$ 2,401</u>	<u>\$ 289</u>

	Balance January 1, 2009	Additions	Deletions	Balance December 31, 2009
Northern Area Water Authority				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 379,294	\$ 3,433,303	\$ 3,249,616	\$ 562,981
Total assets	<u>\$ 379,294</u>	<u>\$ 3,433,303</u>	<u>\$ 3,249,616</u>	<u>\$ 562,981</u>
<u>Liabilities:</u>				
Due to others	\$ 379,294	\$ 3,433,303	\$ 3,249,616	\$ 562,981
Total liabilities	<u>\$ 379,294</u>	<u>\$ 3,433,303</u>	<u>\$ 3,249,616</u>	<u>\$ 562,981</u>

	Balance January 1, 2009	Additions	Deletions	Balance December 31, 2009
Municipal Court				
<u>Assets:</u>				
Cash and cash equivalents in segregated accounts	\$ 164,576	\$ 1,444,910	\$ 1,471,166	\$ 138,320
Total assets	<u>\$ 164,576</u>	<u>\$ 1,444,910</u>	<u>\$ 1,471,166</u>	<u>\$ 138,320</u>
<u>Liabilities:</u>				
Due to other governments	\$ 58,166	\$ 594,275	\$ 604,622	\$ 47,819
Undistributed monies	106,410	850,635	866,544	90,501
Total liabilities	<u>\$ 164,576</u>	<u>\$ 1,444,910</u>	<u>\$ 1,471,166</u>	<u>\$ 138,320</u>

	Balance January 1, 2009	Additions	Deletions	Balance December 31, 2009
Multi-District Tax fund				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 418,524	\$ 8,186,642	\$ 8,037,524	\$ 567,642
Total assets	<u>\$ 418,524</u>	<u>\$ 8,186,642</u>	<u>\$ 8,037,524</u>	<u>\$ 567,642</u>
<u>Liabilities:</u>				
Undistributed monies	\$ 418,524	\$ 8,186,642	\$ 8,037,524	\$ 567,642
Total liabilities	<u>\$ 418,524</u>	<u>\$ 8,186,642</u>	<u>\$ 8,037,524</u>	<u>\$ 567,642</u>

City of Vandalia, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2009

	Balance January 1, 2009	Additions	Deletions	Balance December 31, 2009
Performance Bond				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 20,939	\$ 1,495	\$ 209	\$ 22,225
Total assets	<u>\$ 20,939</u>	<u>\$ 1,495</u>	<u>\$ 209</u>	<u>\$ 22,225</u>
<u>Liabilities:</u>				
Undistributed monies	\$ 20,939	\$ 1,495	\$ 209	\$ 22,225
Total liabilities	<u>\$ 20,939</u>	<u>\$ 1,495</u>	<u>\$ 209</u>	<u>\$ 22,225</u>

	Balance January 1, 2009	Additions	Deletions	Balance December 31, 2009
Tri-Cities North Regional Wastewater Authority				
<u>Assets:</u>				
Investments	\$ 6,095,807	\$ 6,734,516	\$ 6,710,826	\$ 6,119,497
Total assets	<u>\$ 6,095,807</u>	<u>\$ 6,734,516</u>	<u>\$ 6,710,826</u>	<u>\$ 6,119,497</u>
<u>Liabilities:</u>				
Due to others	\$ 6,095,807	\$ 6,734,516	\$ 6,710,826	\$ 6,119,497
Total liabilities	<u>\$ 6,095,807</u>	<u>\$ 6,734,516</u>	<u>\$ 6,710,826</u>	<u>\$ 6,119,497</u>

	Balance January 1, 2009	Additions	Deletions	Balance December 31, 2009
Employee Flex Account				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 6,404	\$ 70,972	\$ 73,720	\$ 3,656
Total assets	<u>\$ 6,404</u>	<u>\$ 70,972</u>	<u>\$ 73,720</u>	<u>\$ 3,656</u>
<u>Liabilities:</u>				
Due to employees	\$ 6,404	\$ 70,972	\$ 73,720	\$ 3,656
Total liabilities	<u>\$ 6,404</u>	<u>\$ 70,972</u>	<u>\$ 73,720</u>	<u>\$ 3,656</u>

	Balance January 1, 2009	Additions	Deletions	Balance December 31, 2009
Totals				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 825,512	\$ 11,694,751	\$ 11,363,470	\$ 1,156,793
Cash and cash equivalents in segregated accounts	164,576	1,444,910	1,471,166	138,320
Investments	6,095,807	6,734,516	6,710,826	6,119,497
Total assets	<u>\$ 7,085,895</u>	<u>\$ 19,874,177</u>	<u>\$ 19,545,462</u>	<u>\$ 7,414,610</u>
<u>Liabilities:</u>				
Due to other governments	\$ 58,517	\$ 596,614	\$ 607,023	\$ 48,108
Due to employees	6,404	70,972	73,720	3,656
Undistributed monies	545,873	9,038,772	8,904,277	680,368
Due to others	6,475,101	10,167,819	9,960,442	6,682,478
Total liabilities	<u>\$ 7,085,895</u>	<u>\$ 19,874,177</u>	<u>\$ 19,545,462</u>	<u>\$ 7,414,610</u>



Statistical Section



Statistical Section

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

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

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

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

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$	33,073,481	\$ 32,617,097	\$ 35,381,805	\$ 36,535,266	\$ 39,122,829
	4,668,371	5,164,000	4,872,447	4,489,010	5,991,019
	<u>15,932,867</u>	<u>21,393,154</u>	<u>21,683,362</u>	<u>21,281,556</u>	<u>14,113,877</u>
\$	<u>53,674,719</u>	<u>59,174,251</u>	<u>61,937,614</u>	<u>62,305,832</u>	<u>59,227,725</u>
\$	17,560,983	\$ 17,541,180	\$ 17,331,384	\$ 18,165,790	\$ 18,217,454
	7,861,688	7,999,421	10,272,138	9,385,576	9,169,165
	<u>25,422,671</u>	<u>25,540,601</u>	<u>27,603,522</u>	<u>27,551,366</u>	<u>27,386,619</u>
\$	50,634,464	\$ 50,158,277	\$ 52,713,189	\$ 54,701,056	\$ 57,340,283
	4,668,371	5,164,000	4,872,447	4,489,010	5,991,019
	<u>23,794,555</u>	<u>29,392,575</u>	<u>31,955,500</u>	<u>30,667,132</u>	<u>23,283,042</u>
\$	<u>79,097,390</u>	<u>84,714,852</u>	<u>89,541,136</u>	<u>89,857,198</u>	<u>86,614,344</u>

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

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

	2005	2006	2007	2008	2009
\$	5,366,477	\$ 5,460,150	\$ 5,906,984	\$ 6,403,491	\$ 7,686,032
	6,058,752	6,178,967	6,052,798	6,608,469	6,605,685
	4,432,060	4,240,372	4,224,539	4,430,596	5,881,207
	3,294,702	3,427,824	3,676,239	4,016,239	4,099,980
	540,735	580,291	650,699	625,917	758,879
	<u>19,692,726</u>	<u>19,887,604</u>	<u>20,511,259</u>	<u>22,084,712</u>	<u>25,031,783</u>
	1,801,203	2,227,291	2,242,417	2,677,281	2,530,623
	1,464,646	1,478,904	1,523,399	1,574,798	1,699,742
	1,145,444	1,165,894	1,185,618	1,137,838	1,057,710
	4,411,293	4,872,089	4,951,434	5,389,917	5,288,075
\$	<u>24,104,019</u>	<u>24,759,693</u>	<u>25,462,693</u>	<u>27,474,629</u>	<u>30,319,858</u>
\$	2,111,964	\$ 1,748,666	\$ 1,873,488	\$ 1,914,426	\$ 1,821,605
	502,942	708,379	673,765	654,686	629,222
	1,331,202	1,186,775	1,310,194	1,132,996	1,245,630
	1,298,854	1,347,174	1,397,631	1,461,420	1,468,749
	1,626,415	1,165,543	1,152,379	919,062	1,324,350
	1,745,069	952,359	1,374,031	750,497	2,078,995
	<u>8,616,446</u>	<u>7,108,896</u>	<u>7,781,488</u>	<u>6,833,087</u>	<u>8,568,551</u>
	1,568,232	2,249,435	2,770,088	1,979,915	2,056,963
	1,065,364	1,336,767	2,333,065	1,072,501	1,254,928
	974,608	984,106	990,779	951,835	935,518
	813,061	327,837	74,445	103,784	412,108
	<u>4,421,265</u>	<u>4,898,145</u>	<u>6,168,377</u>	<u>4,108,035</u>	<u>4,659,517</u>
\$	<u>13,037,711</u>	<u>12,007,041</u>	<u>13,949,865</u>	<u>10,941,122</u>	<u>13,228,068</u>
\$	11,076,280	\$ 12,778,708	\$ 12,729,771	\$ 15,251,625	\$ 16,463,232
	(9,972)	(26,056)	(1,216,943)	1,281,882	628,558
\$	<u>11,066,308</u>	<u>12,752,652</u>	<u>11,512,828</u>	<u>16,533,507</u>	<u>17,091,790</u>
\$	1,652,459	\$ 2,008,091	\$ 1,976,022	\$ 2,077,147	\$ 1,670,726
	10,419,773	13,205,994	13,072,621	11,391,659	9,222,083
	-	-	-	-	-
	925,581	1,820,314	1,357,421	1,977,904	1,931,238
	-	-	-	-	16,857
	354,301	1,146,670	1,485,318	1,211,323	622,173
	32,800	159,399	112,821	154,641	114,904
	<u>13,384,914</u>	<u>18,340,468</u>	<u>18,004,203</u>	<u>16,812,674</u>	<u>13,577,981</u>
	171,124	-	-	-	-
	2,187	4,717	3,471	1,140	483
	28,588	24,929	33,196	35,755	270,472
	201,899	29,646	36,667	36,895	270,955
\$	<u>13,586,813</u>	<u>18,370,114</u>	<u>18,040,870</u>	<u>16,849,569</u>	<u>13,848,936</u>
\$	2,148,523	\$ 5,499,532	\$ 4,337,065	\$ 368,218	\$ (3,078,107)
	371,982	117,930	2,190,977	(52,156)	(164,747)
\$	<u>2,520,505</u>	<u>5,617,462</u>	<u>6,528,042</u>	<u>316,062</u>	<u>(3,242,854)</u>

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General Fund					
Reserved	\$ 2,693,572	\$ 2,017,083	\$ 1,691,270	\$ 2,147,547	\$ 2,202,106
Unreserved, designated	-	-	-	-	-
Unreserved	10,558,106	10,235,607	9,888,293	9,236,874	10,791,865
Total general fund	<u>\$ 13,251,678</u>	<u>\$ 12,252,690</u>	<u>\$ 11,579,563</u>	<u>\$ 11,384,421</u>	<u>\$ 12,993,971</u>
All Other Governmental Funds					
Reserved	\$ 5,302,774	\$ 3,595,346	\$ 3,039,436	\$ 2,202,060	\$ 902,290
Unreserved, reported in:					
Special revenue funds	1,052,151	1,058,436	1,012,272	991,055	1,251,527
Capital projects funds	(1,153,756)	529,497	1,481,985	703,548	1,568,078
Debt service funds	107,510	125,954	140,772	155,114	186,958
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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 1,867,705	\$ 1,850,259	\$ 1,790,777	\$ 1,952,111	\$ 1,304,239
-	-	-	-	915,000
<u>13,008,780</u>	<u>16,996,717</u>	<u>18,711,875</u>	<u>19,029,818</u>	<u>11,813,674</u>
<u>\$ 14,876,485</u>	<u>\$ 18,846,976</u>	<u>\$ 20,502,652</u>	<u>\$ 20,981,929</u>	<u>\$ 14,032,913</u>
\$ 738,185	\$ 4,477,554	\$ 6,105,502	\$ 6,517,093	\$ 8,079,431
1,578,658	1,966,858	1,508,082	1,306,895	1,445,453
1,390,763	(2,060,044)	(3,834,063)	(4,158,504)	(1,453,242)
411,590	169,257	219,077	221,577	243,154
<u>\$ 4,119,196</u>	<u>\$ 4,553,625</u>	<u>\$ 3,998,598</u>	<u>\$ 3,887,061</u>	<u>\$ 8,314,796</u>

CITY OF VANDALIA, OHIO
 Changes in Fund Balance, Governmental Funds
 Last Ten 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>	<u>2008</u>	<u>2009</u>
<u>REVENUES</u>										
Municipal income taxes	\$ 10,976,105	\$ 10,790,799	\$ 10,498,954	\$ 10,317,499	\$ 10,523,250	\$ 10,735,700	\$ 12,579,757	\$ 13,278,532	\$ 11,905,601	\$ 9,377,445
Property and other taxes	1,578,741	1,569,367	1,591,471	1,706,415	1,743,925	1,708,422	1,972,798	1,922,643	2,118,855	1,691,048
Charges for services	897,984	1,348,586	1,683,675	2,267,691	3,192,514	3,077,102	3,210,035	3,451,386	3,625,059	3,544,147
Fines, licenses and permits	1,289,389	1,359,842	1,299,836	1,242,665	1,256,743	1,558,334	1,520,154	1,710,057	1,675,186	1,580,539
Intergovernmental revenues	2,224,364	2,561,638	1,877,336	2,002,376	2,465,614	3,282,145	2,842,184	3,519,044	3,703,037	3,891,817
Special assessments	100,477	105,860	100,811	102,173	110,424	77,444	74,442	15,459	27,739	17,950
Investment income	2,348,920	1,359,176	897,874	286,065	527,580	420,327	1,170,927	1,485,317	1,211,322	622,173
Other	260,462	187,257	230,488	193,587	120,113	82,088	113,944	119,864	146,798	39,536
Total revenues	19,676,442	19,282,525	18,180,445	18,118,471	19,940,163	20,941,562	23,484,241	25,502,302	24,413,597	20,764,655
<u>EXPENDITURES</u>										
General government	3,780,674	4,243,972	4,121,211	4,392,538	4,729,410	5,070,770	5,229,572	5,679,146	6,076,275	7,381,632
Public safety	4,565,050	4,935,661	5,162,545	5,080,363	5,173,529	5,446,724	5,673,085	5,643,811	6,105,935	6,105,910
Public works	2,510,443	2,540,289	2,659,067	2,756,101	2,786,256	3,025,121	3,292,098	3,343,736	3,453,508	4,877,949
Recreation	1,888,832	2,906,617	2,845,522	2,796,496	2,695,435	2,792,382	2,864,729	3,158,080	3,418,795	3,558,865
Capital outlay	11,477,748	4,180,822	2,640,846	3,754,872	2,073,833	1,334,942	1,883,575	4,861,768	3,787,251	4,477,252
Debt service:										
Principal retirement	370,000	385,000	461,971	476,971	626,971	555,000	568,521	619,479	632,844	1,011,352
Interest and fiscal charges	730,221	712,558	693,835	682,627	515,910	509,321	503,396	605,128	606,004	635,638
Bond issuance costs	-	-	-	-	179,118	-	10,000	-	-	97,735
Total expenditures	25,322,968	19,904,919	18,584,997	19,939,968	18,780,462	18,734,260	20,024,976	23,911,148	24,080,612	28,146,333
Excess of revenues over (under) expenditures	(5,646,526)	(622,394)	(404,552)	(1,821,497)	1,159,701	2,207,302	3,459,265	1,591,154	332,985	(7,381,678)
<u>OTHER FINANCING SOURCES (USES)</u>										
Proceeds of loans	-	-	185,913	-	-	-	-	-	-	-
Proceeds of bonds	-	-	-	-	-	-	-	-	-	4,755,000
Inception of capital lease	-	-	-	-	-	-	944,855	-	-	-
Premium on bonds issued	-	-	-	-	-	-	-	-	-	50,304
Premium on refunding bonds issued	-	-	-	-	464,791	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	10,840,000	-	-	-	-	-
Sale of capital assets	-	-	-	3,617	-	15,120	800	9,495	34,755	55,093
Payment to refunded bond escrow agent	-	-	-	-	(11,125,672)	-	-	-	-	-
Transfers in	5,337,405	3,728,143	3,727,308	2,556,431	2,020,451	1,787,573	2,695,016	4,931,342	4,439,244	6,841,691
Transfer out	(5,504,006)	(4,107,986)	(3,800,704)	(2,559,171)	(2,020,451)	(1,787,573)	(2,695,016)	(5,431,342)	(4,439,244)	(6,841,691)
Total other financing sources (uses)	(166,601)	(379,843)	112,517	877	179,119	15,120	945,655	(490,505)	34,755	4,860,397
Net change in fund balance	\$ (5,813,127)	\$ (1,002,237)	\$ (292,035)	\$ (1,820,620)	\$ 1,338,820	\$ 2,222,422	\$ 4,404,920	\$ 1,100,649	\$ 367,740	\$ (2,521,281)
Debt service as a percentage of noncapital expenditures	7.9%	7.0%	7.2%	7.2%	7.9%	6.1%	6.0%	6.4%	6.1%	7.4%

(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
2009	\$ 362,557,370	\$ 32,220	\$ 1,035,970,257	\$ 5,715,530	\$ 14,678,520	\$ 696,660	6,966,600	\$ 369,001,780	\$ 1,057,615,377	34.78%
2008	363,742,150	28,420	1,039,344,486	5,625,360	14,446,947	25,112,712	40,180,339	394,508,642	1,093,971,772	36.71%
2007	358,120,300	26,400	1,023,276,286	6,670,560	17,131,211	43,327,379	346,619,032	408,144,639	1,387,026,529	30.03%
2006	347,780,250	42,820	993,780,200	6,942,390	17,829,320	59,956,143	319,766,096	414,721,603	1,331,375,616	31.81%
2005	322,144,700	46,520	920,546,343	7,338,730	8,339,466	77,595,931	323,316,379	407,125,881	1,252,202,188	32.51%
2004	316,589,440	46,120	904,673,029	7,696,010	8,745,466	71,493,745	285,974,980	395,825,315	1,199,393,474	33.00%
2003	310,368,570	45,290	886,896,743	9,896,969	11,246,556	80,095,291	320,381,164	400,406,120	1,218,524,463	32.86%
2002	278,549,920	22,580	795,921,429	9,482,673	10,775,765	78,703,666	314,814,664	366,758,839	1,121,511,857	32.70%
2001	271,345,240	24,020	775,340,743	9,838,940	11,180,614	77,220,506	308,882,024	358,428,706	1,095,403,380	32.72%
2000	268,174,540	31,880	766,304,057	10,736,100	12,200,114	72,418,708	289,674,832	351,361,228	1,068,179,003	32.89%

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Source: Montgomery County Auditor

(1) Real estate value is assessed at 35% of appraised market value.

(2) Public utility personal property is assessed at 88% of true value for 2000 - 2005, for 2006-2009 half at 88% the other half at 25% of true value.

(3) Tangible personal property is assessed at 25% for 2000 - 2004, 24% for 2005, 18.75% for 2006, 12.5% for 2007, 6.25% for 2008 and 0% for 2009.

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

Year	Current Tax Levy	(1) Current Tax Collections	Deliquent Tax Collections	Total Tax Collections	Percent of Levy Collected	Outstanding Delinquent Taxes	Percent of Outstanding Delinquent Taxes to Current Tax Levy	Total Direct Tax Rate
2009	\$ 1,527,667	\$ 1,461,956	\$ 44,273	\$ 1,506,229	98.60%	\$ 107,679	7.05%	\$ 82.60
2008	1,633,266	1,584,325	47,460	1,631,785	99.91%	83,409	5.11%	81.32
2007	1,689,719	1,590,666	70,311	1,660,977	98.30%	98,978	5.86%	79.51
2006	1,716,947	1,641,715	54,295	1,696,010	98.78%	77,144	4.49%	73.97
2005	1,685,501	1,656,709	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

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		
2009	\$ 1.54	\$ 2.30	\$ 0.30	\$ 4.14	\$ 20.94	\$ 53.69	\$ 2.58	\$ 1.25	\$ 82.60	
2008	1.54	2.30	0.30	4.14	20.24	53.11	2.58	1.25	81.32	
2007	1.54	2.30	0.30	4.14	18.24	53.30	2.58	1.25	79.51	
2006	1.54	2.30	0.30	4.14	18.24	47.76	2.58	1.25	73.97	
2005	1.54	2.30	0.30	4.14	18.24	47.76	2.58	1.25	73.97	
2004	1.54	2.30	0.30	4.14	18.24	48.86	2.58	1.25	75.07	
2003	1.54	2.30	0.30	4.14	17.24	44.36	2.58	0.26	68.58	
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	

Source: Montgomery County Auditor

CITY OF VANDALIA, OHIO
Schedules of Principal Taxpayers - Real Property
2009 and 2004

	2004			2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Taxpayer						
Dayton Power & Light Co.	\$ 4,547,570	2	1.44%	\$ 5,306,820	1	1.46%
Delphi Automotive System	4,697,770	1	1.48%	3,791,260	2	1.05%
The Iams Company	2,431,470	4	0.77%	3,003,390	3	0.83%
Sand Lake Plaza LLC	-		0.00%	2,310,910	4	0.64%
Shoppes at Northwoods	1,867,310	6	0.59%	2,129,490	5	0.59%
Timberlake Limited Partners	1,451,520	8	0.46%	1,941,950	6	0.54%
3920 Space Drive Building	-		0.00%	1,718,380	7	0.47%
Garrett-Ryan LLC	-		0.00%	1,511,720	8	0.42%
7124 Poe Ave. LLC	-		0.00%	1,494,850	9	0.41%
AMBD, LTD.	-		0.00%	1,454,820	10	0.40%
B-W Limited Partnership	2,526,590	3	0.80%	-		0.00%
Mid-States Development Co.	1,465,140	7	0.46%	-		0.00%
Ohio Bell Telephone Co.	1,934,730	5	0.61%	-		0.00%
Thieman, Ted H.	1,195,620	10	0.38%	-		0.00%
Mazer, Marshall	1,418,020	9	0.45%	-		0.00%
Total of above	<u>\$ 23,535,740</u>		<u>7.43%</u>	<u>\$ 24,663,590</u>		<u>6.80%</u>
Total City	<u>\$ 316,635,560</u>			<u>\$ 362,589,590</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
2009 and 2004

Taxpayer	2004 Personal Property			2009 Telecom Personal Property (1)		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Ohio Bell Telephone Company	-		0.00%	\$ 365,410	1	52.45%
New Par	-		0.00%	44,230	2	6.35%
Sprintcom Inc.	-		0.00%	12,940	3	1.86%
TWC Digital Phone LLC	-		0.00%	12,600	4	1.81%
Crixket Communications Inc.	-		0.00%	9,280	5	1.33%
Ohio Telephone & Telegraph Co.	-		0.00%	5,770	6	0.83%
Cincinnati SMSA Limited	-		0.00%	5,520	7	0.79%
AT&T Communications of Ohio	-		0.00%	5,440	8	0.78%
AT&T Global Network Services	-		0.00%	2,140	9	0.31%
Sprint Nextel Corporation	-		0.00%	600	10	0.09%
Delphi Automotive System	\$ 10,441,070	1	14.60%	-		0.00%
Eurand America Inc.	5,284,570	2	7.39%	-		0.00%
Smith Industries Aerospace	5,109,140	3	7.15%	-		0.00%
Proctor & Gamble Co.	3,378,930	4	4.73%	-		0.00%
Beau Townsend Ford Inc.	2,915,230	5	4.08%	-		0.00%
Encon, Inc.	2,649,700	6	3.71%	-		0.00%
Frank Z Imports Inc.	2,364,880	7	3.31%	-		0.00%
Eftec North America LLC	2,222,440	8	3.11%	-		0.00%
Saia-Burgess Inc.	2,203,430	9	3.08%	-		0.00%
Smedley Chevrolet Sales Inc.	2,026,960	10	2.84%	-		0.00%
Total of above	<u>\$ 38,596,350</u>		<u>53.99%</u>	<u>\$ 463,930</u>		<u>66.59%</u>
Total City	<u>\$ 71,493,745</u>			<u>\$ 696,660</u>		

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

(1) Now being reported as Telecom Personal Property as personal property taxpayers are no longer required to file a return.

CITY OF VANDALIA, OHIO
 Schedules of Principal Taxpayers - Public Utility
 2009 and 2004

	2004			2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value (1)	Rank	Percentage of Total City Taxable Assessed Value
<u>Taxpayer</u>						
Dayton Power	\$ 4,547,570	1	59.09%	\$ 5,306,820	1	92.85%
Ohio Bell Telephone Co.	<u>1,934,730</u>	2	<u>25.14%</u>	<u>365,410</u>	2	<u>6.39%</u>
Total of above	<u>\$ 6,482,300</u>		<u>84.23%</u>	<u>\$ 5,672,230</u>		<u>99.24%</u>
Total City	<u>\$ 7,696,010</u>			<u>\$ 5,715,530</u>		

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

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

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

Tax Year	Tax Rate	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2009	2.00%	\$ 11,422,710	\$ 9,110,018	79.75%	\$ 1,047,443	9.17%	\$ 1,265,248	11.08%
2008	2.00	12,939,570	10,114,059	78.16	1,462,797	11.30	1,362,714	10.53
2007	2.00	13,941,609	10,467,971	75.08	2,118,969	15.20	1,354,469	9.72
2006	2.00	12,460,878	9,361,866	75.13	1,911,160	15.34	1,187,852	9.53
2005	1.75	11,120,405	8,803,549	79.17	1,132,354	10.18	1,184,502	10.65
2004	1.75	10,640,156	8,690,411	81.68	840,464	7.90	1,109,282	10.43
2003	1.75	11,095,428	8,774,067	79.08	1,228,389	11.07	1,092,973	9.85
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

Source: City income tax records.

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

Fiscal Year	Governmental Activities (1)					Total Primary Government	Percentage of Personal Income	Toal Debt Per Capita
	General Obligation Bonds	Special Assessment Debt	Loan Payable	Bond Anticipation Notes	Capital Leases			
2009	\$ 13,250,000	\$ -	\$ -	\$ 4,580,000	\$ 657,659	\$ 18,487,659	5.23%	\$ 1,266
2008	9,420,000	-	-	4,080,000	744,011	14,244,011	4.03%	975
2007	9,970,000	-	-	3,345,300	826,855	14,142,155	4.00%	968
2006	10,510,000	-	-	2,628,100	906,334	14,044,434	3.97%	962
2005	11,040,000	-	-	-	-	11,040,000	3.12%	756
2004	11,552,872	42,128	-	-	-	11,595,000	3.28%	794
2003	11,490,746	84,254	61,971	-	-	11,636,971	3.29%	797
2002	11,863,618	126,382	123,942	-	-	12,113,942	3.43%	830
2001	12,221,490	168,510	-	-	-	12,390,000	3.51%	848
2000	12,564,362	210,638	-	-	-	12,775,000	3.62%	875

(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
2009	\$ 13,250,000	3.59%	\$ 907
2008	9,420,000	2.39%	645
2007	9,970,000	2.44%	683
2006	10,510,000	2.53%	720
2005	11,040,000	2.71%	756
2004	11,552,872	2.92%	791
2003	11,490,746	2.87%	787
2002	11,863,618	3.23%	812
2001	12,221,490	3.41%	837
2000	12,564,362	3.58%	860

(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, 2009

Governmental Unit	<u>Debt Outstanding (2)</u>	<u>Percentage applicable to City (1)</u>	<u>Amount applicable to City</u>
Vandalia-Butler City School District	\$ 26,905,448	57.13%	\$ 15,371,082
Montgomery County	41,972,796	3.61%	<u>1,515,218</u>
Subtotal, overlapping debt			16,886,300
City of Vandalia governmental activities direct debt			<u>17,830,000</u>
Total direct and overlapping debt			<u><u>\$ 34,716,300</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, 2009, except for Vandalia-Butler School District which is reported as of June 30, 2009.

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

Legal Debt Margin Calculation for Year Ending December 31, 2009	<u>Unvoted</u>	<u>Overall</u>
Total assessed valuation	\$ 369,001,780	\$ 369,001,780
Debt limitation - 5.5% of assessed valuation	<u>20,295,098</u>	
Debt limitation - 10.5% of assessed valuation		<u>38,745,187</u>
Debt applicable to limitation:		
Gross indebtedness	17,830,000	17,830,000
Exempt debt:		
Bond anticipation notes	(4,580,000)	(4,580,000)
Amount available in debt service fund	<u>(243,154)</u>	<u>(243,154)</u>
Total debt applicable to limitation	<u>13,006,846</u>	<u>13,006,846</u>
Legal debt margin	<u>\$ 7,288,252</u>	<u>\$ 25,738,341</u>

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	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Debt limit	\$ 36,892,929	\$ 37,635,014	\$ 38,509,678	\$ 42,042,643	\$ 41,561,658	\$ 42,748,218	\$ 43,545,768	\$ 42,855,187	\$ 41,423,407	\$ 38,745,187
Total net debt applicable to limit	12,550,001	12,210,000	11,855,000	11,190,000	11,550,000	10,786,430	10,340,426	9,750,923	9,184,580	13,006,846
Legal debt margin	\$ 24,342,928	\$ 25,425,014	\$ 26,654,678	\$ 30,852,643	\$ 30,011,658	\$ 31,961,788	\$ 33,205,342	\$ 33,104,264	\$ 32,238,827	\$ 25,738,341
Total net debt applicable to limit as a percentage of debt limit	34.02%	32.44%	30.78%	26.62%	27.79%	25.23%	23.75%	22.75%	22.17%	33.57%

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
<u>GENERAL BONDED DEBT</u>										
Debt service	\$ 1,040,390	1,040,613	1,036,123	1,034,438	1,029,498	1,016,103	1,013,602	999,887	996,927	1,409,691
General governmental expenditures	\$ 25,322,968	19,904,919	18,584,997	19,939,968	18,780,462	18,734,260	20,024,976	23,911,148	24,080,612	28,146,333
Ratio of debt service to general governmental expenditures	4.11%	5.23	5.58	5.19	5.48	5.42	5.06	4.18	4.14	5.01

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

CITY OF VANDALIA, OHIO
 Schedule of Principal Employers
 2005 and 2009

<u>Employer (1)</u>	<u>Industry</u>	<u>2009</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	1,166	1	2.15%	1,557	1	4.79%
Vandalia - Butler Schools	Schools	684	2	1.26%	396	3	1.22%
City of Vandalia	Local Government	542	3	1.00%	325	6	1.00%
GE Aviation (formerly Smiths Aerospace)	Aerospace Engineering & Manufacturing	422	4	0.78%	466	2	1.43%
Leis Medical	Medical Device Design & Manufacturing	279	5	0.51%	346	5	1.06%
SAIA Burgess, Inc. (formerly Johnson Controls)	Electronics Manufacturing	270	6	0.50%	365	4	1.12%
P&G Pet Care (formerly Iams)	Headquarters - Cat & Dog Food	233	7	0.43%	282	7	0.87%
Eurand	Pharmaceutical and biopharmaceutical products	181	8	0.33%	-	-	0.00%
Cintas Corporation	Work Uniforms & Custom Corporate Apparel	130	9	0.24%	229	8	0.70%
Inteva Products LLC	Transportation Equipment Manufacturing	127	10	0.23%	-	-	0.00%
Evenflo	Headquarters - Juvenile Products Manufacturer	-	-	0.00%	209	10	0.64%
Mazer Corporation	Headquarters - Services to Educational Publishers	-	-	0.00%	215	9	0.66%
		<u>4,034</u>		<u>7.44%</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)
2009	14,603	\$ 353,377,997	\$ 24,199	\$ 44,463	38.1	2,215	3,422	13.3%	\$ 122,681	\$369,001,780
2008	14,603	353,377,997	24,199	44,463	38.1	2,215	3,411	8.5%	137,168	394,508,642
2007	14,603	353,377,997	24,199	44,463	38.1	2,215	3,440	6.2%	153,002	408,144,639
2006	14,603	353,377,997	24,199	44,463	38.1	2,215	3,434	5.9%	154,180	414,721,603
2005	14,603	353,377,997	24,199	44,463	38.1	2,215	3,382	5.5%	162,350	407,125,881
2004	14,603	353,377,997	24,199	44,463	38.1	2,215	3,518	5.8%	148,250	395,825,315
2003	14,603	353,377,997	24,199	44,463	38.1	2,215	3,471	5.3%	138,290	400,406,120
2002	14,603	353,377,997	24,199	44,463	38.1	2,215	3,466	4.7%	136,680	366,758,839
2001	14,603	353,377,997	24,199	44,463	38.1	2,215	3,531	4.3%	127,980	358,428,706
2000	14,603	353,377,997	24,199	44,463	38.1	2,215	3,550	3.8%	129,210	351,361,228

- (1) Source: U. S. Census
 - (a) Years 2000 through 2009 - 2000 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 Eight Years (1)

Function/Program	2009	2008	2007	2006	2005	2004	2003	2002
General Government								
Council	7.00	7.00	7.00	7.00	7.00	7.00	7.00	7.00
Finance	6.00	6.50	6.50	7.50	6.00	7.00	6.50	8.00
Tax	10.50	9.00	9.00	8.50	9.50	9.00	9.00	4.00
City Manager	1.00	1.00	1.00	1.00	1.00	2.00	1.00	1.00
Law	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00
Administration	7.50	7.00	7.50	7.00	6.50	4.00	5.00	5.00
Engineer	9.50	9.00	10.00	9.50	9.00	9.00	9.50	9.50
Planning	1.00	1.00	0.00	0.00	0.00	0.00	0.00	0.00
Civil Service	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Court	30.00	27.50	29.00	26.00	29.00	27.00	25.00	25.00
Public Building	17.00	19.00	20.00	20.00	19.50	18.50	19.50	22.50
Security of Persons and Property								
Police	31.00	32.00	35.00	33.00	30.00	33.00	30.00	31.00
Police - Auxiliary/Guards	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Police - Dispatchers/Office/Other	12.00	12.00	12.50	13.00	12.00	12.00	12.00	12.00
Police - Jailers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Police - Animal Wardens	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fire	43.00	44.00	42.00	41.00	37.50	34.00	36.50	39.50
Fire - Secretary - Other	1.00	1.00	1.00	1.00	1.00	2.00	1.00	1.00
Public Health Services								
Cemetery	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Leisure Time Activities								
Recreation	112.50	118.00	110.00	102.50	101.00	104.00	123.00	123.00
Municipal Pool	4.50	6.00	6.00	4.00	3.50	5.00	2.00	7.50
Golf Course	29.50	32.50	32.00	31.50	30.50	33.50	32.50	35.00
Community Development								
Building	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Economic Development	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transportation								
Service	19.50	19.00	20.00	20.00	19.00	20.00	19.50	19.50
Street M&R	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Basic Utility Services								
Water	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Wastewater	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Totals:	<u>345.50</u>	<u>354.50</u>	<u>351.50</u>	<u>335.50</u>	<u>325.00</u>	<u>330.00</u>	<u>342.00</u>	<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 Eight Years (1)

Function/Program	2009	2008	2007	2006
General Government				
<i>Council and Clerk</i>				
Number of Ordinances Passed	26	36	24	33
Number of Resolutions Passed	50	32	23	33
Number of Planning Commission docket items	11	12	13	5
Zoning Board of Appeals docket items	12	14	13	9
<i>Finance Department</i>				
Number of payroll checks issued	9,821	10,223	9,685	9,563
Number of checks/ vouchers issued	5,414	5,483	5,244	5,549
Amount of checks written (\$000 omitted)	\$27,569	\$25,584	\$24,980	\$22,684
Interest earnings for fiscal year (cash basis)	\$869,217	\$1,152,344	\$1,257,917	\$934,545
Number of Budget Adjustments issued	8	5	4	4
Agency Ratings - Moody's Financial Services	Aa3	Aa3	Aa3	Aa3
Health Insurance Costs vs General Fund Expenditures %	5.69%	9.59%	9.17%	11.09%
General Fund Receipts (cash basis, \$000 omitted)	\$20,269	\$22,013	\$22,913	\$21,006
General Fund Expenditures (cash basis, \$000 omitted)	\$25,217	\$20,897	\$21,033	\$15,220
General Fund Cash Balances (\$000 omitted)	\$14,974	\$19,921	\$19,205	\$17,325
<i>Income Tax Department</i>				
Number of Individual/Business Returns	21,443	22,735	19,507	19,222
Number of business withholding accounts	3,033	3,870	2,745	2,766
Amount of Penalties and Interest Collected	\$ 79,520	\$ 104,063	\$ 112,388	\$ 107,933
Annual number of withholding forms processed	26,310	27,470	24,810	19,962
Annual number of balance due statements forms processed	5,839	7,103	7,087	7,150
Annual number of estimated payment forms processed	4,508	4,825	4,500	4,391
Annual number of reconciliations of withholdings processed	4,130	4,001	3,964	4,133
<i>Engineer Contracted Services</i>				
Dollar amount of Construction overseen by Engineer	\$1,653,024	\$2,988,960	\$3,894,168	\$2,065,000
<i>Municipal Court</i>				
Number of Civil Cases	2,090	2,339	2,183	1,960
Number of Criminal/Traffic cases	15,779	17,872	18,668	17,394
<i>Vital Statistics</i>				
Certificates Issued				
Number of Births	39,785	41,859	48,606	46,943
Number of Deaths	32,424	34,618	33,397	32,503
Burial Permits Issued	4,864	4,994	4,380	4,771
<i>Civil Service</i>				
Number of police entry tests administered	1	1	1	1
Number of fire entry tests administered	0	0	1	1
Number of police promotional tests administered	1	0	0	0
Number of hires of Police Officers from certified lists	2	0	3	0
Number of hires of Fire/Medics from certified lists	0	5	8	0
Number of promotions from police certified lists	2	0	0	0
<i>Building Department Indicators</i>				
Construction Permits Issued	96	145	169	201
Estimated Value of Construction	\$12,029,682	\$17,258,702	\$22,672,865	\$13,179,670
Number of permits issued	751	910	891	934
Amount of Revenue generated from permits	\$125,340	\$193,684	\$198,035	\$145,285
Revenue generated from above 1,2,3,4	\$125,340	\$193,684	\$198,035	\$145,285

(1) Information prior to 2002 is not available

	2005	2004	2003	2002
	31	36	20	25
	34	32	35	30
	18	7	5	6
	10	26	16	32
	9,076	9,247	9,526	9,814
	4,840	5,188	5,163	5,214
	\$19,125	\$19,383	\$20,151	\$18,293,181
	\$532,194	\$525,379	\$399,166	\$890,570
	3	3	2	2
	Aa3	Aa3	Aa3	Aa3
	12.71%	13.73%	12.36%	13.06%
	\$19,247	\$17,649	\$16,523	\$16,891
	\$14,892	\$14,714	\$14,164	\$13,741
	\$14,379	\$11,669	\$10,406	\$11,044
	19,574	19,788	18,809	10,932
	2,772	3,004	1,607	1,634
\$	162,053	n/a	n/a	n/a
	19,983	24,525	19,704	9,867
	8,399	8,171	5,952	5,059
	4,172	3,924	3,498	1,880
	4,560	3,998	2,793	1,741
	\$335,000	\$1,098,225	\$1,890,000	n/a
	2,122	15,850	17,009	20,915
	15,964	2,051	1,962	1,820
	43,768	42,240	44,806	48,435
	33,652	33,567	35,686	38,136
	4,997	4,843	5,058	5,209
	1	0	1	1
	1	0	0	0
	1	0	0	1
	2	5	0	4
	1	1	0	0
	1	0	0	1
	200	255	228	240
	\$42,337,669	\$22,233,669	\$10,705,485	\$11,703,784
	1,055	1,044	977	967
	\$255,270	\$173,055	\$89,298	\$85,948
	\$255,270	\$173,055	\$89,298	\$85,948

(Continued)

CITY OF VANDALIA, OHIO
 Operating Indicators by Function/Program
 Last Eight Years (1)

Function/Program	2009	2008	2007	2006
Security of Persons & Property				
<i>Police</i>				
Total Calls for Services	13,335	13,714	13,386	13,429
Number of traffic citations issued	957	1,371	1,417	1,798
Number of parking citations issued	33	49	60	58
Number of criminal arrests	547	703	788	831
Number of accident reports completed	266	316	321	297
Part 1 Offenses (major offenses)	346	114	511	528
Reserve officers hours worked	162	774	860	869
DUI Arrests	88	90	100	97
Prisoners Processed - Temporary Holdings	213	210	215	151
Property damage accidents	193	250	249	227
Fatalities from Motor Vehicle Accidents	1	0	0	1
Gasoline costs of fleet	\$59,080	\$83,611	\$55,758	\$63,195
DARE youth program	400	267	265	259
Community Diversion Program Youths (Be Proud)	0	2	3	1
Volunteer Service Program	0	0	0	136
<i>Fire</i>				
EMS Calls	2,031	1,995	1,943	1,868
Ambulance Billing Collections (net)	\$529,248	\$581,785	\$570,206	\$470,575
Fire Calls	527	850	647	605
Fires with Loss	8	21	3	2
Fires with Losses exceeding \$10K	2	8	3	1
Fire Losses \$	\$471,600	\$609,050	\$172,500	\$17,500
Fire Safety Inspections	473	457	112	106
Number of times Mutual Aid given to Fire and EMS	159	212	156	176
Number of times Mutual Aid received for Fire and EMS	145	85	71	100
Public Health and Welfare				
Cemetery burials	26	24	16	23
Cemetery cremations	5	7	1	4
Cemetery sale of lots	22	47	53	41
Cemetery receipts	\$22,150	\$25,215	\$23,060	\$25,771
Leisure Time Activities				
<i>Recreation</i>				
Recreation Swimming pool receipts	\$43,000	\$46,586	\$42,840	\$42,539
Recreation Mens & Womens Leagues receipts	13,774	12,160	11,450	11,844
Recreation Programs	79,216	85,573	78,868	86,537
Youth Soccer League	31,940	32,880	16,857	12,476
Youth Baseball League	47,468	49,597	25,359	22,151
Facilities rentals	153,177	100,782	97,718	70,303
Total Recreation Department receipts	<u>\$368,575</u>	<u>\$327,578</u>	<u>\$273,092</u>	<u>\$245,850</u>
Community Development				
Grant amounts received due to Economic Development Dept.	\$727,677	\$472,736	\$157,710	\$183,955
Basic Utility Services				
Refuse disposal per year (in tons) January through December	6,036	6,360	6,632	7,294
Refuse disposal costs per year January through December	\$786,883	\$742,000	\$722,000	\$705,000
Annual recycling tonnage (excluding leaf, and compost items)	622	638	788	788

(1) Information prior to 2002 is not available

2005	2004	2003	2002
13,432	13,475	14,103	14,546
2,362	1,962	1,876	1,817
85	55	87	87
745	672	713	898
306	354	340	356
466	470	562	661
850	886	1,237	1,003
132	93	83	80
104	115	171	171
246	275	272	292
0	0	1	1
\$59,802	\$41,797	\$33,294	\$29,774
285	336	261	n/a
3	6	7	n/a
0	0	0	0
1,625	1,578	826	786
\$451,964	\$478,874	\$195,040	\$0
583	550	310	275
4	7	13	8
2	0	3	4
\$37,525	\$47,850	\$148,800	\$2,137,350
91	82	78	57
163	120	115	160
105	146	92	99
27	20	17	18
5	3	2	6
48	53	22	38
\$24,673	\$22,950	\$14,062	\$18,487
\$50,764	\$42,080	\$48,757	\$53,222
12,226	11,164	11,160	13,239
86,877	72,524	82,760	79,808
12,596	7,609	8,108	7,147
19,412	10,352	10,183	9,697
46,985	46,586	35,261	31,599
<u>\$228,860</u>	<u>\$190,315</u>	<u>\$196,229</u>	<u>\$194,712</u>
\$551,948	\$26,596	\$22,791	\$0
6,863	4,865	2,642	3,815
\$611,000	\$611,000	\$570,000	\$625,000
n/a	932	796	796

(Continued)

CITY OF VANDALIA, OHIO
 Operating Indicators by Function/Program
 Last Eight Years (1)

Function/Program	2009	2008	2007	2006
Transportation				
Street Improvements - asphalt overlay (linear feet)	34,069	0	487	21,041
Rejuvenating Spray on Streets (Miles)	2	0	0	0
Crackseal Coating Program (Miles)	0	0	0	0
Street Repair (Concrete, asphalt, crack sealing) (hours)	4,711	3,596	4,442	3,130
Mowing (hours)	822	2,296	508	506
Paint Striping (hours)	508	483	744	825
Street Sweeper (hours)	946	897	994	916
Snow & Ice Removal regular hours	816	761	787	186
Sewer and Sanitary calls for service (hours)	768	187	436	575
Fire hydrants (hours)	220	364	336	320
Catch basin (hours)	3,245	2,490	3,370	3,711
Water and Water calls for service (hours)	3,701	3,877	3,726	2,852
Leaf collection (hours)	1,356	1,526	1,362	1,300
Holiday lights setup (hours)	138	0	40	152
Burial services (hours)	292	325	562	714
Equipment repair/body shop (hours)	3,850	1,991	1,743	1,153
Sign department (hours)	2,517	2,661	1,626	1,386
Building maintenance (hours)	1,054	756	376	451
Other (hours)	1,464	1,407	4,096	4,478
Water Department				
Water Rates per 1st 300 Cu ft of water used (2,250 gallons)	\$ 13.34	\$ 12.58	\$ 13.55	\$ 11.71
Avg. number of water accounts billed monthly (Cu. Ft.)	5,532	5,369	1,999	1,979
Total Water Collections Annually (Including P&I)	\$2,087,631	\$2,376,917	\$2,441,414	\$2,130,132
Wastewater Department				
Wastewater Rates per 1st 300 Cu ft of water used	\$3.65	\$3.02	\$2.92	\$2.92
Total flow of wastewater treatment plant (Millions of Gallons)	2,852	2,901	2,748	3,507
Average daily flow (Millions of gallons per day)	8	9	8	10
Tons of dry sludge removed	644.81	685.20	701.10	842.50

Source: City of Vandalia

(1) Information prior to 2002 is not available

2005	2004	2003	2002
0	1,800	9,125	16,480
0	0	0	0
0	0	0	10
4,926	3,047	3,801	2,275
408	660	1,341	1,206
612	722	1,180	1,394
766	1,048	1,369	1,082
579	782	1,038	431
466	428	220	667
216	660	390	92
4,029	1,240	846	1,337
2,660	3,125	3,023	1,704
1,222	1,521	1,472	1,544
254	222	342	188
486	499	458	610
1,392	1,429	1,853	1,544
1,171	1,455	1,610	1,642
428	616	1,332	1,248
3,556	4,269	4,457	4,138
\$ 11.10	\$ 9.57	\$ 9.26	\$ 8.97
1,954	1,897	1,831	1,812
\$1,489,814	\$1,410,603	\$1,359,046	\$1,407,216
\$2.78	\$2.65	\$2.65	\$2.65
3,422	3,230	3,663	3,370
9	9	10	9
823.24	945.14	677.56	846.73

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

Function/Program	2009	2008	2007	2006	2005	2004	2003	2002	2001	2000
General Government										
Square Footage Occupied	23,843	23,843	23,843	23,843	23,843	23,843	23,843	23,843	23,843	23,843
Administrative Vehicles	2	1	2	2	2	5	5	5	5	5
Inspection Vehicles	8	8	8	7	7	8	8	8	10	8
Municipal Court Vehicles	2	2	2	2	2	2	2	2	2	2
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Square Footage of Building	43,219	43,219	43,219	43,219	43,219	43,219	43,219	43,219	43,219	43,219
Vehicles	21	21	20	21	20	21	20	19	18	18
Fire										
Stations	2	2	2	2	2	2	2	2	2	2
Number of fire hydrants	770	765	763	750	723	723	633	633	633	633
Square Footage of Building	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000
Vehicles	19	18	18	17	17	17	17	19	18	18
Recreation										
Number of Parks	11	11	11	9	9	9	9	9	9	9
Number of Pools	1	1	1	1	1	1	1	1	1	1
Number of Golf Courses	1	1	1	1	1	1	1	1	1	1
Number of Tennis Courts	11	11	10	10	10	10	10	10	10	10
Number of Baseball Fields	15	15	15	15	15	15	15	15	15	15
Number of Senior Centers	1	1	1	1	1	1	1	1	1	1
Number of Soccer Fields	12	12	12	12	12	12	12	12	12	12
Square Footage of Recreation Center	58,357	58,357	58,357	58,357	58,357	58,357	58,357	58,357	58,357	0
Vehicles	20	20	21	20	21	22	22	22	22	22
Other Public Works										
Streets (miles)	82.5	83.5	83.5	79.5	79.5	79	79	79	72	72
Service Vehicles	27	25	24	24	23	23	22	23	24	24
Wastewater										
Sanitary Sewers (miles)	73	73	73	63	63	62	56	56	56	56
Storm Sewers (miles)	74	73	72	48	48	46	42	42	42	42
Water Department										
Water Lines (miles)	85	85	84	74	74	73	65	65	65	65
Vehicles	1	1	1	1	1	1	1	1	1	1

Source: City of Vandalia

CITY OF VANDALIA

Yellow Book Report

December 31, 2009

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vandalia (the City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 28, 2010. 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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 May 28, 2010.

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.
May 28, 2010



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
JUNE 24, 2010**