

City of Vandalia, Ohio



**Comprehensive Annual Financial Report
For the year ended
December 31, 2011**



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Vandalia, Montgomery County, prepared by Plattenburg & Associates, Inc., for the audit period January 1, 2011 through December 31, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 21, 2012

CITY OF VANDALIA
Montgomery County, Ohio

Comprehensive Annual Financial Report

Year Ended December 31, 2011

Issued by:
Director of Finance



City of Vandalia, Ohio
 Comprehensive Annual Financial Report
 Year Ended December 31, 2011

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Introductory Section



333 James E. Bohanan Memorial Drive
Vandalia, Ohio 45377

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June 25, 2012

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

The Comprehensive Annual Financial Report (CAFR) of the City of Vandalia, Ohio for the year ended December 31, 2011 is hereby submitted for your review. I am pleased to report that this is the twenty third CAFR the City has prepared.

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

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

Plattenburg & Associates, Inc., Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Vandalia's financial statements for the year ended December 31, 2011. The independent auditors' report is located at the front of the financial section of this report.

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

Profile of the City

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

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

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

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

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

The City is associated with the Tri-Cities North Regional Wastewater Authority (TCA) and the Northern Area Water Authority (NAWA), which are defined as joint ventures. A joint venture is a legal entity or other organization that results from a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. These organizations are presented in Note 15.

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

The City is also a member of the Economic Development/Government Equity Program (ED/GE), a jointly governed organization which promotes developing plans and programs designed to assure that County resources are efficiently used, economic growth is properly balanced, and that county economic development is coordinated with that of the State of Ohio and other local governments. This organization is presented in Note 16.

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

Local Economy

Vandalia experienced job growth and business expansion during 2011 and the first part of 2012.

During the summer of 2010, one of the City's top ten employers, Inteva, decided to relocate its operation to 707 Crossroads Court. The company is a manufacturing, and engineering supply company serving clients around the world with value added innovative solutions. The City received approval for a \$125,000 ED/GE Grant to help support a \$775,357 total project.

The project consisted of relocation from the former site to a new stand alone space at 707 Crossroads Court along with leasehold improvements and capital asset improvements that will improve operating efficiencies. The City's diligent efforts saved the company from relocating to various other sites including a location in Michigan. This effort helped to maintain \$180,000 per year in income tax revenue that would have been lost if the company would have relocated away from the City. Inteva opened its doors at the Crossroads site in March, 2011.

In the fall of 2011, Vandalia welcomed a new business to the City. Special Waste Systems relocated from Miamisburg, and brought along 15 employees. The company completes recycling and special waste removal services for various commercial businesses, and government agencies across several states. The business is located on Scholz Drive off Brown School Road and recently held an Earth Day Recycling Event that was free to the citizens of our City.

Xcel Sports Medicine is a privately owned and operated sports medicine facility dedicated to the treatment of athletic and orthopedic injuries and problems, as well as the pursuit of wellness and fitness. In May 2011, the company completed the construction of a new, state of the art facility at 830 Falls Creek Drive.

In 2011, Carter Logistics was in the process of constructing a new logistics facility at a cost of \$7.5 million in Vandalia. Carter is a world-class logistics company focused on the automotive industry. The company provides value to its clients by helping reduce transportation costs, lower inventories, and provide continuously dependable service. The company encountered a small setback last fall when a very strong wind storm collapsed a portion of the roof of the facility. Since then, the contractor has pushed hard to get the project close to completion with a potential opening in May or June of 2012. This project will potentially bring 100 new jobs with an estimated \$4.6 million annual payroll.

Beau Townsend Ford added the luxury brand Lincoln to its product offerings recently, and completed renovations and improvements to its facility on National Rd. The dealership also started an expansion of its collision center located on Foley Drive during the 4th quarter of 2011. Project is scheduled for completion in the 2nd or 3rd quarter of 2012.

Joseph Airport Toyota/Scion acquired a new brand recently with the purchase of a Hyundai line of vehicles. The dealership constructed a new building just to the west of its existing facility on National Road. The new facility will allow for the creation of 20 to 25 new jobs in the next few years. Business continues to thrive at this location, and management is thrilled to offer a new product line to the mix.

All Service Plastic Molding (ASPM), a company with locations in Fairborn and Harrison Township, has selected Vandalia as the site for a consolidation project that will bring more than 160 jobs to the City. ASPM considered sites throughout the Dayton region for a project that will consolidate two warehouses, a production facility, and the company's administrative offices. Construction on a 140,000 square foot facility began in the fall of 2011. This project included various resource partners and collaboration from Montgomery County with utilization of the EDGE grant, as well as State level incentives. ASPM is targeting the 3rd quarter of 2012 to begin operations from the new facility located on Falls Creek Dr. ASPM will be relocating close to 200 jobs upon completion, and projects hiring an additional 100 employees in the next 3 to 5 years.

Columbia Engineered Rubber, currently located off Webster Street in Harrison Township, is moving its operation to the former Masonite Building on Center Drive, off Brown School Road. The company, which manufactures specialty rubber components, currently has 50 employees on the payroll with plans to add an additional 25 over the next five years. City staff was able to assist the company with a \$50,000 EDGE grant from Montgomery County, and also receive a funding commitment from the State for a portion of the building acquisition.

Crown Solutions, a subsidiary of Veolia Water Solutions & Technologies completed a 70,000 square foot building expansion project at 913 Industrial Park Drive. This project will add approximately 140 jobs over the next five years. Crown Solutions is a water treatment company that has operated out of facilities on Brown School Road for the past six years. The new facility is being used primarily as a fabrication space to manufacture water and waste water treatment equipment.

After just five years in the Northwoods Business Park, FedEx Ground announced plans to expand its existing Vandalia operation. The company began construction in late 2011 on a 46,000 square foot expansion which will allow the company to expand its reach in the Dayton region. The expansion will mean more jobs in Vandalia, as the company plans to hire as many as 25 new people once construction is complete. FedEx is a worldwide shipping and delivery company that offers a broad base of transportation, e-commerce and business services.

With the completion of the land swap between the schools and the City, we are excited about the opportunity to develop the former Morton Middle School site located on National Road. There is an approximate 8 acre tract of land that will be available for future and office retail use upon the completion of the demolition project which is targeted to be done in the 2nd or 3rd quarter of 2012.

The unemployment in Vandalia's region (Dayton, OH SMA) in 2011 was above the national and state averages. The Dayton area had an unemployment rate of 8.5% in 2011, compared to 8.3% nationally and 7.6% for the State of Ohio.

The City continues to spend its valuable resources on public safety and public works related expenses, as well as recreation activities and general governmental categories. The City's dedication to public safety is evident in the fact that 21.2% and 9.5% of the governmental expenditures are spent towards police and fire protection, respectively.

The City also places a high emphasis on sponsoring recreation programs for its citizens. The 17.6% of governmental expenditures spent for recreation during 2011 is consistent with past years.

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

Major Initiatives

The City of Vandalia teamed up with eight neighboring municipalities to purchase electricity for street lights at group rates. The partnership managed by the Miami Valley Communications Council will save Vandalia \$138,000 in electricity for street lights over the next five years.

In 2011, the City of Vandalia resurfaced fourteen streets at a cost of \$381,000. The project, funded primarily through the Safe and Stable income tax levy, included the repair of broken sidewalks and curbs with no assessment costs levied on the homeowner.

Dellings Drive was completely reconstructed in 2011 at a cost of \$329,000. The water main was replaced, and the base and top coats of the roadway were replaced.

The Division of Fire was awarded a \$30,000 grant from FEMA. This grant enabled the city to purchase two additional thermal imaging cameras. These cameras allow firefighters working inside a fire the ability to see through the heavy smoke and more rapidly locate trapped victims.

In 2011, the Vandalia Sports Complex served as a host site for the 25th Annual Warrior Soccer Classic. The event was held over Memorial Day weekend and attracted over 500 teams to the Miami Valley. This brought in thousands of dollars to local businesses.

The Finance department made some improvements to the lobby area. New lighting was installed to give the lobby a brighter appearance, and a printer was installed to the existing computer terminal so that citizens are now able to print a receipt while using the terminal to pay income tax and utility bills.

In addition to the construction that is happening by private sector businesses, the Vandalia Butler City School District recently completed a \$40 million construction project which resulted in 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. As part of the high school construction, the schools upgraded the football field and track to new synthetic surfaces as well as new grandstands for the home and visitor sides of the stadium.

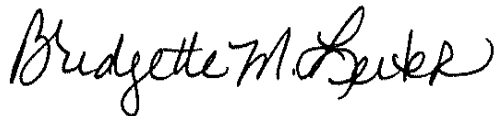
In January 2012, the City entered into an agreement with the Ohio Department of Transportation (ODOT) for phase 3 of the Dixie Drive Roadway Improvement. The City share of this project is \$692,000 of which the City will be reimbursed \$292,000 from the State of Ohio Public Works Commission. The State will complete this project by the end of the year.

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, 2010. This was the twenty second year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

A handwritten signature in black ink that reads "Bridgette M. Leiter". The signature is written in a cursive style with a large, prominent initial "B".

Bridgette Leiter
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Vandalia
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2010

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.



Linda C. Davison

President

Jeffrey R. Emer

Executive Director

City of Vandalia
Montgomery County, Ohio
List of Principal Officials
December 31, 2011

Elected Officials

Mayor
William Loy

Vice Mayor
H. David Brusman Jr.

Council Members
Mike Blakesly
Joyce Orange
Dave Gerhard
Candice Farst
David Lewis

Appointed Officials

City Manager
Robert L. Anderson II

Director of Finance
Bridgette Leiter (March 2012 – current)

Acting Director of Finance
Kathleen Cornett (thru March 2012)

City Attorney
Gerald McDonald

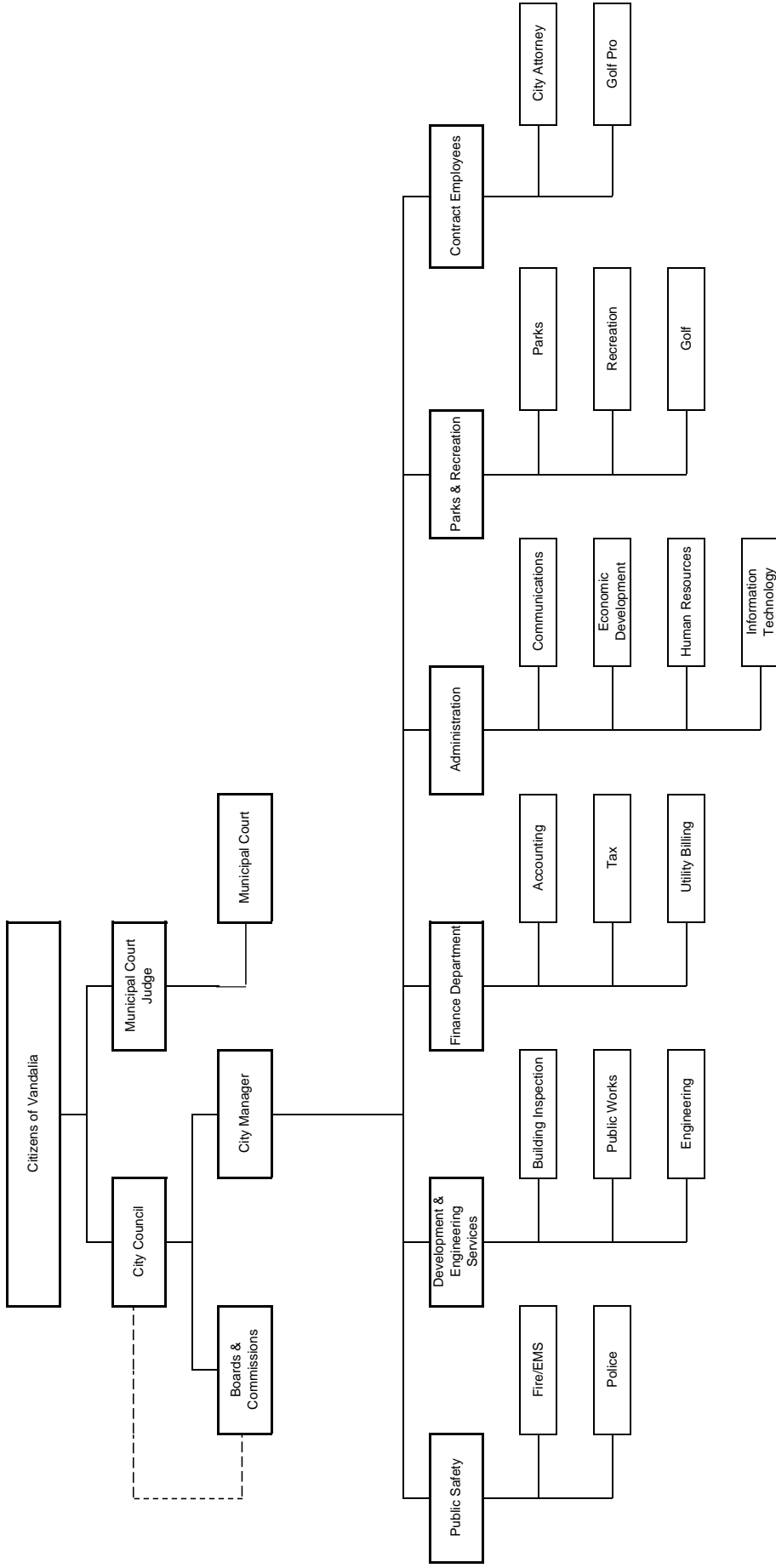
Assistant City Manager
Greg Shackelford

Chief of Police
Douglas Knight

Fire Chief
Chad Follick

Parks and Recreation Director
Steve Clark

City of Vandalia, Ohio
 Organizational Chart
 December 31, 2011





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, 2011, 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, 2011, 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.

As described in Note 3 to the financial statements, during the year ended December 31, 2011, the City implemented Governmental Accounting Standards Board ("GASB") Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*".

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2012, 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.
June 25, 2012

City of Vandalia, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2011
(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, 2011. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the transmittal letter, basic financial statements and notes to enhance their understanding of the City's financial performance.

Financial Highlights

- The City's total net assets increased \$246,701 during 2011. Net assets of the governmental activities decreased \$36,898, while net assets of business-type activities increased by \$283,599.
- General revenues, for governmental activities, accounted for \$15,073,602, or 68% of total governmental activities revenue. Program specific revenues accounted for \$7,476,388 or 32% of total governmental activities revenue.
- Governmental activities net capital assets decreased \$427,573, due to current year depreciation expense and assets transferred to business-type during the year.
- The City had \$22,586,888 in expenses related to governmental activities; \$7,476,388 of these expenses was offset by program specific charges for services, grants, contributions, or interest. General revenues (primarily taxes) of \$15,073,602, was not sufficient to offset these program expenses.
- The general fund, the City's largest major governmental fund, had revenues of \$20,375,414 in 2011, or 88.5% of total governmental funds. Expenditures of the general fund were \$16,891,022, or 71.6% of total governmental funds. The general fund balance increased \$923,241, or 7.4% in 2011.
- Business-type operations reflected an operating loss of \$14,334 during 2011, and business-type unrestricted net assets are at \$10,898,051.

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, 2011
(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, 2011
(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 2011 compared to 2010:

City of Vandalia, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2011
(Unaudited)

Table 1
Net Assets

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	Activities <u>2011</u>	Activities <u>2010</u>	Activities <u>2011</u>	Activities <u>2010</u>	Activities <u>2011</u>	Activities <u>2010</u>
<u>Assets</u>						
Current and other assets	\$ 29,247,587	\$ 29,926,523	\$ 2,971,339	\$ 2,652,052	\$ 32,218,926	\$ 32,578,575
Capital assets	53,779,314	54,206,887	18,332,521	18,100,914	72,111,835	72,307,801
Investment in joint venture	-	-	8,390,886	8,715,401	8,390,886	8,715,401
Total assets	<u>83,026,901</u>	<u>84,133,410</u>	<u>29,694,746</u>	<u>29,468,367</u>	<u>112,721,647</u>	<u>113,601,777</u>
<u>Liabilities</u>						
Other liabilities	9,215,051	9,420,219	312,201	341,171	9,527,252	9,761,390
Long-term liabilities outstanding	<u>13,415,573</u>	<u>14,280,016</u>	<u>151,973</u>	<u>180,223</u>	<u>13,567,546</u>	<u>14,460,239</u>
Total liabilities	<u>22,630,624</u>	<u>23,700,235</u>	<u>464,174</u>	<u>521,394</u>	<u>23,094,798</u>	<u>24,221,629</u>
<u>Net Assets</u>						
Invested in capital assets, net of related debt	42,619,594	42,469,073	18,332,521	18,100,914	60,952,115	60,569,987
Restricted	2,032,828	5,776,138	-	-	2,032,828	5,776,138
Unrestricted	<u>15,743,855</u>	<u>12,187,964</u>	<u>10,898,051</u>	<u>10,846,059</u>	<u>26,641,906</u>	<u>23,034,023</u>
Total net assets	<u>\$ 60,396,277</u>	<u>\$ 60,433,175</u>	<u>\$ 29,230,572</u>	<u>\$ 28,946,973</u>	<u>\$ 89,626,849</u>	<u>\$ 89,380,148</u>

As displayed in Table 1, total net assets of the City as a whole, increased \$246,701 from 2010 to 2011. This was due to a decrease in long-term liabilities.

Total net assets of the City's governmental activities decreased by \$36,898, and unrestricted net assets increased \$3,555,891 from 2010 to 2011. The decrease in governmental net assets can be attributed to a decrease in capital assets as mentioned above, a decrease in cash and a decrease in the land held for resale.

The net assets of the City's business type activities increased by \$283,599. Two of the three enterprise funds reported an operating loss during 2011. Overall, operating expenses decreased \$92,405 from the prior year. 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, 2011, and revenue and expense comparisons to 2010.

City of Vandalia, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2011
(Unaudited)

Table 2
Changes in Net Assets

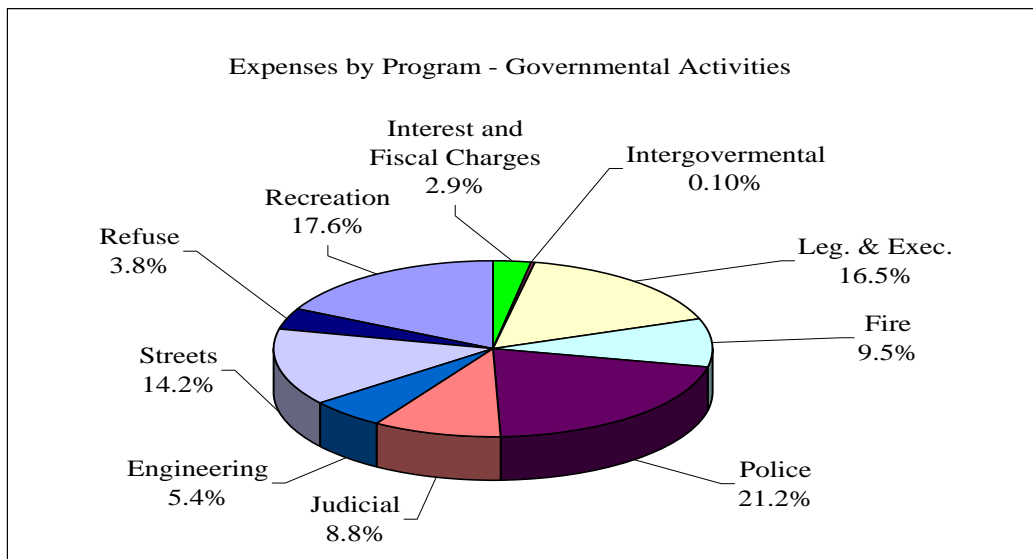
	Governmental Activities		Business-Type Activities		Total	Total
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Revenues						
Program revenues:						
Charges for services	\$ 5,384,950	\$ 5,350,691	\$ 4,371,027	\$ 4,414,239	\$ 9,755,977	\$ 9,764,930
Operating grants, contributions, and interest	1,272,681	727,898	-	99,751	1,272,681	827,649
Capital grants and contributions	818,757	2,501,327	1,052	9,019	819,809	2,510,346
General revenues:						
Property taxes	1,548,086	1,989,379	-	-	1,548,086	1,989,379
Income taxes	11,709,263	10,889,271	-	-	11,709,263	10,889,271
Grants and entitlements	1,764,465	1,539,008	-	-	1,764,465	1,539,008
Payment in lieu of taxes	107,720	108,512	-	-	107,720	108,512
Gain on sale of capital assets	11,040	-	-	-	11,040	-
Investment earnings	492,580	254,451	-	287	492,580	254,738
Other	59,415	131,464	56,523	65,062	115,938	196,526
Total revenues	<u>23,168,957</u>	<u>23,492,001</u>	<u>4,428,602</u>	<u>4,588,358</u>	<u>27,597,559</u>	<u>28,080,359</u>
Program Expenses						
Governmental Activities:						
General government						
Legislative and executive	3,731,173	3,623,099	-	-	3,731,173	3,623,099
Judicial system	1,995,444	1,958,928	-	-	1,995,444	1,958,928
Public safety						
Police	4,778,170	4,487,750	-	-	4,778,170	4,487,750
Fire	2,133,203	2,044,038	-	-	2,133,203	2,044,038
Public works						
Engineer	1,226,624	1,194,884	-	-	1,226,624	1,194,884
Streets	3,211,126	3,064,219	-	-	3,211,126	3,064,219
Refuse	863,750	770,926	-	-	863,750	770,926
Recreation	3,958,580	3,984,048	-	-	3,958,580	3,984,048
Intergovernmental	27,280	-	-	-	27,280	-
Interest and fiscal charges	661,538	736,084	-	-	661,538	736,084
Business-Type Activities:						
Water	-	-	2,057,812	1,912,399	2,057,812	1,912,399
Sewer	-	-	1,741,089	450,852	1,741,089	450,852
Golf	-	-	965,069	1,087,328	965,069	1,087,328
Total program expenses	<u>22,586,888</u>	<u>21,863,976</u>	<u>4,763,970</u>	<u>3,450,579</u>	<u>27,350,858</u>	<u>25,314,555</u>
Increase in net assets						
before transfers	582,069	1,628,025	(335,368)	1,137,779	246,701	2,765,804
Transfers	(618,967)	(422,575)	618,967	422,575	-	-
Change in net assets	(36,898)	1,205,450	283,599	1,560,354	246,701	2,765,804
Net assets beginning of year	<u>60,433,175</u>	<u>59,227,725</u>	<u>28,946,973</u>	<u>27,386,619</u>	<u>89,380,148</u>	<u>86,614,344</u>
Net assets end of year	<u>\$ 60,396,277</u>	<u>\$ 60,433,175</u>	<u>\$ 29,230,572</u>	<u>\$ 28,946,973</u>	<u>\$ 89,626,849</u>	<u>\$ 89,380,148</u>

City of Vandalia, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2011
(Unaudited)

Governmental Activities

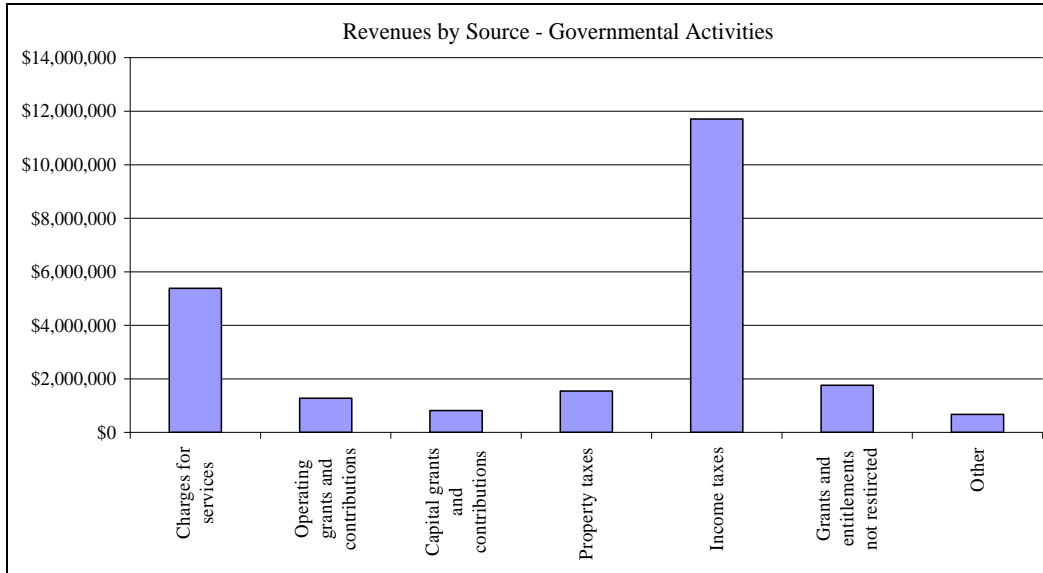
The City 2% income tax effective January 1, 2006 due to a voter approved five year levy in the November 2005 election, is the largest source of revenue for the City of Vandalia. The above table reflects that income tax receipts increased from the prior year.

Charges for services increased \$34,259 during 2011. General government program expenses increased \$722,912 during 2011 primarily from an overall increase in operational costs. Expenses related to income tax collections for the cities of Englewood, Brookville and Union also continue to be reflected in the general government program expenses. Recreation program expenses decreased \$25,468 during 2011.



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

City of Vandalia, Ohio
 Management's Discussion and Analysis
 For The Year Ended December 31, 2011
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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 \$5,384,950 represent 23.2% of revenue. Revenues provided by sources other than city residents in the form of operating and capital grants comprise another \$2,091,438, or 9%, and unrestricted grants and entitlements accounted for \$1,764,465, which is another 7.6%. The remaining revenues are primarily generated locally through property taxes, \$1,548,086 or 6.7% and income taxes, \$11,709,263 at 50.5%. 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.

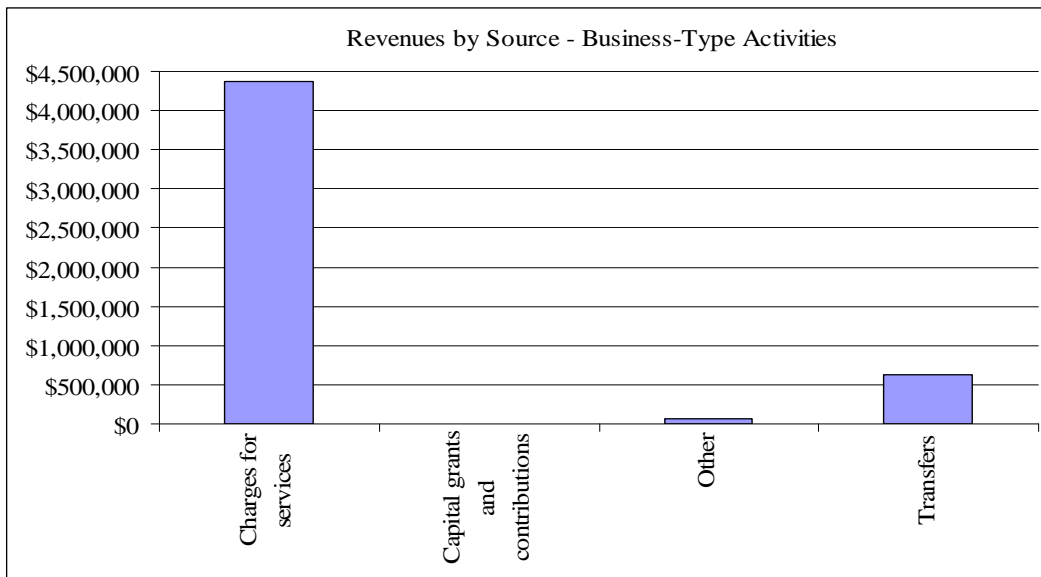
Water – The City of Vandalia closed their water treatment plant in 1970 and contracted with the City of Dayton to furnish water to the residents of Vandalia. Vandalia owns, maintains and repairs all lines and pumping stations as needed. In March, 2002, the City entered into a joint venture with the City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

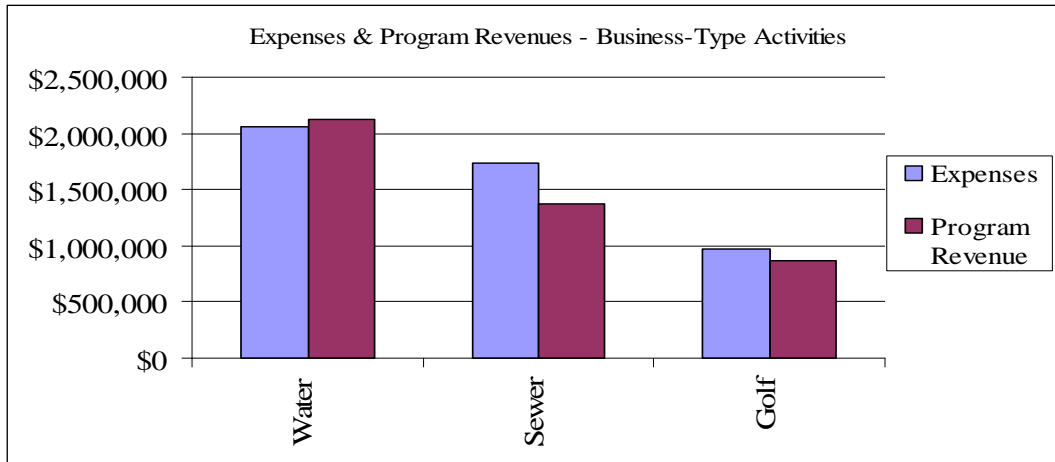
Sewer - The City closed their wastewater treatment facility in 1985. Vandalia then contracted with the Miami Conservancy District for wastewater treatment services. In 1996, the Conservancy District decided they no longer wanted to furnish this service. A joint venture was formed between the Cities of Vandalia, Huber Heights and Tipp City to take over the Conservancy District operation. The joint venture now furnishes waste water treatment services to each city. Each city owns and maintains the infrastructure necessary to furnish service to their citizens. All capital repairs and upkeep of the treatment plant are the responsibility of the joint venture. The joint venture in turn will set costs of service for the cities, based on flow, to maintain the plant. The City of Vandalia will in turn, charge its citizens accordingly. Any capital outlay needed to maintain Vandalia's sewer infrastructure was provided by user fees. Due to the need for current and future capital improvements, maintenance and up keep of enterprise infrastructure, Council decided to implement a 9% sewer rate increase for 2008 and 2009. For 2011, there was no change in the current charge to member cities which is not more than \$1.25 per thousand gallons of usage.

Golf - Vandalia's Cassel Hills Golf Course is an 18-hole golf course with a 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. 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, 2011
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Overall, the City's business-type activities generated \$4.4 million in program revenues during 2011, program expenses were \$4.7 million. Capital contributions of \$620,019 were a result of contributions from other governmental funds and developers. Operating expenses in the business-type activities decreased from the prior year due to the close monitoring of expenses. Charges for services in the sewer department increased in 2011.



Financial Analysis of the Government's Funds

Information about the City's major governmental funds begins on page 18. These funds are reported using the modified accrual basis of accounting. Governmental funds reported revenues of \$23 million and expenditures of \$23.6 million. The general fund net change in fund balance from 2010 to 2011 was an increase of \$923,241. Within the general fund, revenues exceeded expenditures by \$3,484,392. The largest change from 2010 to 2011 is an increase in income tax revenue and a slight increase in overall expenditures due to the close monitoring of expenditures. Transfers to other funds such as the police, fire and street capital improvement, and the general obligation debt service fund equaled \$2.56 million. The funds transferred were used for capital assets, improvements, repairs, and debt.

The capital improvement fund balance decreased by \$1,022,118. Fund balance at December 31, 2011, was \$(542,021), of which \$3,213,169 was nonspendable fund balance (land held for resale). All other governmental funds fund balance decreased by \$462,634 during 2011.

With two of the three enterprise funds reflecting an operating loss for 2011, 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, 2011
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Charges for services for water and sewer services have historically been established to ensure that on a cash basis, fees are adequate to cover operations. In the past, Council has not set fees with the intention of funding capital improvements, however, beginning in 2004, capital items are now charged to the enterprise funds. Therefore, during 2004, Council passed ordinances to implement new fee structures for water and sewer rates. Of the enterprise funds, two of the three funds showed an increase in cash during 2011.

The golf activity's operating loss of \$87,306 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 2011, revisions were made to the general fund budget. These revisions are reflected on the statement of revenues, expenditures and changes in fund balances for the general fund on page 22. Within each departmental function, a department head may make small line item adjustments within their budget, as long as the total operation and maintenance amount does not exceed their original budget allowance.

Original general fund budgeted revenues and other financing sources increased \$723,245, from \$18,754,706 to the final budgeted amount of \$19,477,951 for the fiscal year end December 31, 2011. Municipal income taxes final budget was consistent with actual income tax revenue for the prior year. At the end of the year, actual municipal income revenues were more than the final budget by \$611,812. In addition, property and other taxes was in excess of the final budget by \$66,121.

Original general fund expenditures and other financing uses increased \$236,772, from \$23,593,877 to the final budgeted amount of \$23,830,649. This increase was not due to any one line item. Actual expenditures were \$1,563,531 below final budget expenditures for 2011 due to the close monitoring of expenditures.

City of Vandalia, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2011
(Unaudited)

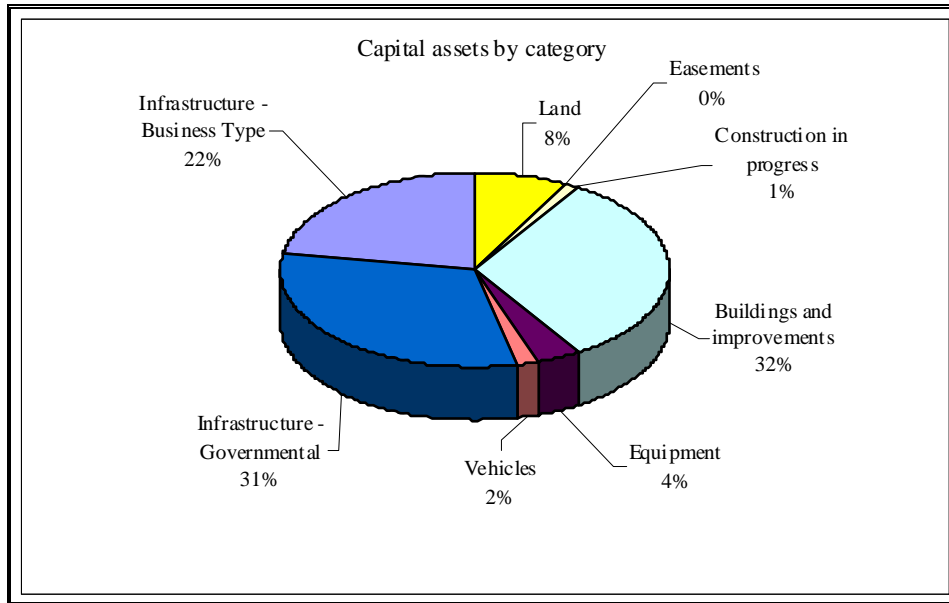
Capital Assets and Debt Administration

Capital Assets

(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	Reclassified		Reclassified		Reclassified	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Land	\$ 5,400,363	\$ 5,400,363	\$ 167,369	\$ 167,369	\$ 5,567,732	\$ 5,567,732
Easements	60,496	60,496	-	-	60,496	60,496
Construction in progress	710,289	642,902	-	-	710,289	642,902
Buildings and improvements	21,888,701	22,477,304	1,379,907	1,435,353	23,268,608	23,912,657
Equipment	2,181,916	2,129,122	506,352	501,829	2,688,268	2,630,951
Vehicles	1,051,553	1,394,168	110,294	154,491	1,161,847	1,548,659
Infrastructure	<u>22,485,996</u>	<u>22,102,532</u>	<u>16,168,599</u>	<u>15,841,872</u>	<u>38,654,595</u>	<u>37,944,404</u>
Total	<u>\$ 53,779,314</u>	<u>\$ 54,206,887</u>	<u>\$ 18,332,521</u>	<u>\$ 18,100,914</u>	<u>\$ 72,111,835</u>	<u>\$ 72,307,801</u>

Capital assets, net of depreciation, in governmental activities decreased from the prior year. Decreases were primarily in due to the transferring of assets to the business-type activities. Capital assets, net of depreciation, for the business-type activities increased by \$231,607, primarily due to current year additions exceeding current year depreciation expense and again the transferring of assets from the governmental activities during the year. See Note 8 of the notes to the basic financial statements for more detailed information on capital assets.



City of Vandalia, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2011
(Unaudited)

Debt

At December 31, 2011, the City of Vandalia had \$11,420,417 in outstanding debt.

Table 4
Outstanding Debt, at Year End

	Governmental Activities	
	<u>2011</u>	<u>2010</u>
Unvoted general obligation bonds		
Various purpose refunding bonds	\$ 7,511,820	\$ 8,086,584
Various purpose limited tax bonds	<u>3,908,597</u>	<u>4,178,800</u>
	<u>\$ 11,420,417</u>	<u>\$ 12,265,384</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 2012. The general obligation debt service fund will retire the debt.

The City's overall legal debt margin was \$27,028,571 at December 31, 2011. See Note 10 & 12 of the notes to the basic financial statements for more detailed information on debt of the City.

Contacting the City's Financial Management

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

City of Vandalia, Ohio
Statement of Net Assets
December 31, 2011

	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in pooled cash and investments	\$ 20,492,224	\$ 2,589,138	\$ 23,081,362
Receivables:			
Income tax	2,126,856	-	2,126,856
Property and other taxes	1,372,508	-	1,372,508
Accounts	594,882	271,803	866,685
Revenue in lieu of taxes receivable	52,022	-	52,022
Special assessments	47,611	-	47,611
Accrued interest	50,899	-	50,899
Due from other governments	1,022,665	-	1,022,665
Materials and supplies inventory	135,588	46,385	181,973
Prepaid items	26,652	-	26,652
Restricted assets:			
Equity in pooled cash and cash equivalents	-	45,857	45,857
Deferred charges	130,667	-	130,667
Investment in joint venture	-	8,390,886	8,390,886
Internal balances	(18,156)	18,156	-
Land held for resale	3,213,169	-	3,213,169
Nondepreciable capital assets	6,171,148	167,369	6,338,517
Depreciable capital assets, net	47,608,166	18,165,152	65,773,318
Total assets	<u>83,026,901</u>	<u>29,694,746</u>	<u>112,721,647</u>
<u>Liabilities:</u>			
Accounts payable	370,427	54,050	424,477
Contracts payable	39,963	-	39,963
Accrued wages and benefits	333,335	21,683	355,018
Matured compensated absences payable	58,918	5,660	64,578
Due to other governments	561,924	22,891	584,815
Due to related parties	-	160,682	160,682
Unearned revenue	1,237,817	1,378	1,239,195
Income tax refunds payable	1,708,983	-	1,708,983
Bond anticipation notes payable	4,580,000	-	4,580,000
Accrued interest payable	71,520	-	71,520
Claims payable	252,164	-	252,164
Refundable deposits	-	45,857	45,857
Long-term liabilities:			
Due within one year	1,817,179	80,343	1,897,522
Due in more than one year	11,598,394	71,630	11,670,024
Total liabilities	<u>22,630,624</u>	<u>464,174</u>	<u>23,094,798</u>
<u>Net assets:</u>			
Invested in capital assets, net of related debt	42,619,594	18,332,521	60,952,115
Restricted for:			
Capital projects	32,195	-	32,195
Debt service	198,605	-	198,605
Other purposes	1,802,028	-	1,802,028
Unrestricted	15,743,855	10,898,051	26,641,906
Total net assets	<u>\$ 60,396,277</u>	<u>\$ 29,230,572</u>	<u>\$ 89,626,849</u>

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Activities
For the Year Ended December 31, 2011

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions
<u>Governmental Activities:</u>				
General government				
Legislative and executive	\$ 3,731,173	\$ 696,792	\$ -	\$ -
Judicial system	1,995,444	1,175,034	-	-
Public safety				
Police	4,778,170	86,486	-	-
Fire	2,133,203	240,209	-	-
Public works				
Engineer	1,226,624	426,990	-	-
Streets	3,211,126	414,283	1,268,551	818,757
Refuse	863,750	865,528	-	-
Recreation	3,958,580	1,479,628	4,130	-
Intergovernmental	27,280	-	-	-
Interest and fiscal charges	661,538	-	-	-
Total governmental activities	<u>22,586,888</u>	<u>5,384,950</u>	<u>1,272,681</u>	<u>818,757</u>
<u>Business-Type Activities:</u>				
Water	2,057,812	2,128,858	-	511
Sewer	1,741,089	1,378,273	-	541
Golf	965,069	863,896	-	-
Total business-type activities	<u>4,763,970</u>	<u>4,371,027</u>	<u>-</u>	<u>1,052</u>
Total primary government	<u>\$ 27,350,858</u>	<u>\$ 9,755,977</u>	<u>\$ 1,272,681</u>	<u>\$ 819,809</u>

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

Change in net assets

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

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (3,034,381)	\$ -	\$ (3,034,381)
(820,410)	-	(820,410)
(4,691,684)	-	(4,691,684)
(1,892,994)	-	(1,892,994)
(799,634)	-	(799,634)
(709,535)	-	(709,535)
1,778	-	1,778
(2,474,822)	-	(2,474,822)
(27,280)	-	(27,280)
(661,538)	-	(661,538)
<u>(15,110,500)</u>	<u>-</u>	<u>(15,110,500)</u>
-	71,557	71,557
-	(362,275)	(362,275)
-	(101,173)	(101,173)
-	(391,891)	(391,891)
\$ (15,110,500)	\$ (391,891)	\$ (15,502,391)
1,548,086	-	1,548,086
11,709,263	-	11,709,263
1,764,465	-	1,764,465
11,040	-	11,040
107,720	-	107,720
492,580	-	492,580
59,415	56,523	115,938
(618,967)	618,967	-
<u>15,073,602</u>	<u>675,490</u>	<u>15,749,092</u>
(36,898)	283,599	246,701
<u>60,433,175</u>	<u>28,946,973</u>	<u>89,380,148</u>
<u>\$ 60,396,277</u>	<u>\$ 29,230,572</u>	<u>\$ 89,626,849</u>

City of Vandalia, Ohio
Balance Sheet
Governmental Funds
December 31, 2011

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and investments	\$ 14,680,882	\$ 879,410	\$ 4,525,369	\$ 20,085,661
Receivables:				
Income tax	2,126,856	-	-	2,126,856
Property and other taxes	1,372,508	-	-	1,372,508
Accounts	533,873	-	48,637	582,510
Revenue in lieu of taxes	-	-	52,022	52,022
Special assessments	14,091	33,520	-	47,611
Accrued interest	50,899	-	-	50,899
Restricted assets:				
Equity in pooled cash and cash equivalents	33,759	-	-	33,759
Due from other governments	361,870	-	660,795	1,022,665
Materials and supplies inventory	8,275	-	127,313	135,588
Land held for resale	-	3,213,169	-	3,213,169
Total assets	<u>\$ 19,183,013</u>	<u>\$ 4,126,099</u>	<u>\$ 5,414,136</u>	<u>\$ 28,723,248</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 179,372	\$ -	\$ 191,055	\$ 370,427
Contracts payable	-	39,963	-	39,963
Accrued wages	311,733	-	21,602	333,335
Matured compensated absences payable	54,900	-	4,018	58,918
Due to other governments	494,606	-	67,318	561,924
Deferred revenue	2,987,632	33,520	677,531	3,698,683
Income tax refunds payable	1,708,983	-	-	1,708,983
Accrued interest payable	-	14,637	-	14,637
Bond anticipation notes payable	-	4,580,000	-	4,580,000
Total liabilities	<u>5,737,226</u>	<u>4,668,120</u>	<u>961,524</u>	<u>11,366,870</u>
Fund balances:				
Nonspendable	42,034	3,213,169	127,313	3,382,516
Restricted	-	-	1,788,921	1,788,921
Committed	360,215	-	2,536,378	2,896,593
Assigned	2,287,384	-	-	2,287,384
Unassigned	10,756,154	(3,755,190)	-	7,000,964
Total fund balances	<u>13,445,787</u>	<u>(542,021)</u>	<u>4,452,612</u>	<u>17,356,378</u>
Total liabilities and fund balances	<u>\$ 19,183,013</u>	<u>\$ 4,126,099</u>	<u>\$ 5,414,136</u>	<u>\$ 28,723,248</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, 2011

Total governmental fund balances \$ 17,356,378

*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. 53,779,314

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. 159,664

The internal balance represents the portion of the internal service fund's
 assets and liabilities that are allocated to the proprietary funds. (18,156)

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

Property and other taxes	\$	111,312	
Income taxes		961,088	
Licenses and permits		100	
Fines and forfeitures		861	
Intergovernmental		872,823	
Special assessments		47,611	
Charges for services		443,215	
Deferred charges		130,667	
Other		23,856	
Total		2,591,533	2,591,533

Accrued interest payable is not due and payable in the current
 period and therefore is not reported in the funds. (56,883)

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

Refunding general obligation bonds	\$	(7,660,000)	
General obligation bonds		(3,875,000)	
Unamortized premium on refunding bonds		(169,689)	
Premium on bonds		(33,597)	
Accounting loss		317,869	
Capital lease payable		(473,832)	
Compensated absences		(1,521,324)	
Total		(13,415,573)	(13,415,573)

Net assets of governmental activities \$ 60,396,277

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, 2011

	General	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Municipal income tax	\$ 11,811,152	\$ -	\$ -	\$ 11,811,152
Property and other taxes	1,614,735	-	107,720	1,722,455
Charges for services	3,250,789	-	434,885	3,685,674
Licenses and permits	149,335	-	-	149,335
Fines and forfeitures	1,164,722	-	246,608	1,411,330
Intergovernmental	1,840,821	726,389	1,101,946	3,669,156
Special assessments	-	7,862	-	7,862
Interest	492,580	-	-	492,580
Other	51,280	13,660	11,304	76,244
Total revenue	<u>20,375,414</u>	<u>747,911</u>	<u>1,902,463</u>	<u>23,025,788</u>
Expenditures:				
Current:				
General government				
Legislative and executive	3,368,000	-	184,392	3,552,392
Judicial system	1,791,313	-	66,890	1,858,203
Public safety				
Police	4,308,481	-	245,935	4,554,416
Fire	1,715,826	-	38,624	1,754,450
Public works				
Engineer	953,392	-	182,158	1,135,550
Streets	615,345	256,937	846,469	1,718,751
Refuse	863,750	-	-	863,750
Recreation	3,241,043	-	259,689	3,500,732
Intergovernmental	-	-	27,280	27,280
Capital outlay	33,872	1,512,854	1,495,786	3,042,512
Debt service:				
Principal retirement	-	-	963,819	963,819
Interest and fiscal charges	-	52,983	562,461	615,444
Total expenditures	<u>16,891,022</u>	<u>1,822,774</u>	<u>4,873,503</u>	<u>23,587,299</u>
Excess of revenues over (under) expenditures	<u>3,484,392</u>	<u>(1,074,863)</u>	<u>(2,971,040)</u>	<u>(561,511)</u>
Other financing sources (uses):				
Transfers - in	-	52,745	2,508,406	2,561,151
Transfers - out	<u>(2,561,151)</u>	<u>-</u>	<u>-</u>	<u>(2,561,151)</u>
Total other financing sources (uses)	<u>(2,561,151)</u>	<u>52,745</u>	<u>2,508,406</u>	<u>-</u>
Net change in fund balance	923,241	(1,022,118)	(462,634)	(561,511)
Fund balances at beginning of year, restated	<u>12,522,546</u>	<u>480,097</u>	<u>4,915,246</u>	<u>17,917,889</u>
Fund balances at end of year	<u>\$ 13,445,787</u>	<u>\$ (542,021)</u>	<u>\$ 4,452,612</u>	<u>\$ 17,356,378</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, 2011

Net change in fund balances - Total governmental funds \$ (561,511)

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	\$	3,042,512	
Capital contributions		92,368	
Capital assets transferred out		(618,967)	
Depreciation expense		(2,779,410)	
Excess of depreciation expense and transfers over capital asset additions and contributions			(263,497)

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. (164,076)

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	\$	(66,649)	
Income taxes		(101,889)	
Fines and forfeitures		(4,990)	
Intergovernmental		90,249	
Special assessments		3,605	
Charges for services		126,745	
Other		(7,310)	
Net change in deferred revenues during the year			39,761

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

Increase in compensated absences	\$	(74,343)	
Amortization of deferred charges		(23,451)	
Decrease in accrued interest		2,390	
Total additional expenditures			(95,404)

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. 69,043

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 870,000

Payment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 93,819

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

Accounting loss	\$	(64,861)	
Premium		39,828	
Total additional expenses			(25,033)

Change in net assets of governmental activities \$ (36,898)

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, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Municipal income tax	\$ 10,200,000	\$ 11,100,000	\$ 11,711,812	\$ 611,812
Property and other taxes	1,803,936	1,566,846	1,632,967	66,121
Charges for services	3,264,325	3,264,325	3,212,061	(52,264)
Licenses and permits	157,100	157,100	149,335	(7,765)
Fines and forfeitures	1,277,700	1,277,700	1,153,816	(123,884)
Intergovernmental	1,680,545	1,740,880	1,845,047	104,167
Interest	300,000	300,000	302,177	2,177
Other	70,100	70,100	59,069	(11,031)
Total revenues	<u>18,753,706</u>	<u>19,476,951</u>	<u>20,066,284</u>	<u>589,333</u>
Expenditures:				
Current:				
General government				
Legislative and executive	6,579,630	6,592,411	5,865,329	727,082
Judicial system	2,062,505	2,062,505	1,824,259	238,246
Public safety				
Police	4,529,225	4,563,176	4,305,020	258,156
Fire	1,885,816	1,931,987	1,780,237	151,750
Public works				
Engineer	932,964	963,924	954,200	9,724
Streets	673,993	674,402	643,494	30,908
Refuse	997,444	997,444	980,373	17,071
Recreation	3,380,042	3,380,042	3,249,448	130,594
Total expenditures	<u>21,041,619</u>	<u>21,165,891</u>	<u>19,602,360</u>	<u>1,563,531</u>
Excess of revenues over (under) expenditures	<u>(2,287,913)</u>	<u>(1,688,940)</u>	<u>463,924</u>	<u>2,152,864</u>
Other financing sources (uses):				
Sale of capital assets	1,000	1,000	17	(983)
Transfers - out	(2,552,258)	(2,664,758)	(2,661,151)	3,607
Total other financing sources (uses)	<u>(2,551,258)</u>	<u>(2,663,758)</u>	<u>(2,661,134)</u>	<u>2,624</u>
Net change in fund balance	(4,839,171)	(4,352,698)	(2,197,210)	2,155,488
Fund balance at beginning of year	10,588,309	10,588,309	10,588,309	-
Prior year encumbrances appropriated	<u>2,979,777</u>	<u>2,979,777</u>	<u>2,979,777</u>	<u>-</u>
Fund balance at end of year	<u>\$ 8,728,915</u>	<u>\$ 9,215,388</u>	<u>\$ 11,370,876</u>	<u>\$ 2,155,488</u>

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2011

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Golf	Total	Internal Service
<u>Assets:</u>					
Current assets:					
Equity in pooled cash and investments	\$ 1,564,009	\$ 551,960	\$ 473,169	\$ 2,589,138	\$ 372,804
Receivables:					
Accounts	164,639	106,598	566	271,803	12,372
Materials and supplies inventory	27,307	-	19,078	46,385	-
Prepaid items	-	-	-	-	26,652
Restricted assets:					
Equity in pooled cash and cash equivalents	30,724	15,133	-	45,857	-
Total current assets	<u>1,786,679</u>	<u>673,691</u>	<u>492,813</u>	<u>2,953,183</u>	<u>411,828</u>
Non-current assets:					
Investment in joint venture	70,838	8,320,048	-	8,390,886	-
Capital assets:					
Land	58,424	-	108,945	167,369	-
Depreciable capital assets, net	7,637,537	9,399,372	1,128,243	18,165,152	-
Total non-current assets	<u>7,766,799</u>	<u>17,719,420</u>	<u>1,237,188</u>	<u>26,723,407</u>	<u>-</u>
Total assets	<u>\$ 9,553,478</u>	<u>\$ 18,393,111</u>	<u>\$ 1,730,001</u>	<u>\$ 29,676,590</u>	<u>\$ 411,828</u>
<u>Liabilities:</u>					
Current liabilities:					
Accounts payable	\$ 40,930	\$ 8,208	\$ 4,912	\$ 54,050	\$ -
Accrued wages and benefits	7,107	7,149	7,427	21,683	-
Compensated absences payable	33,901	33,901	18,201	86,003	-
Due to other governments	6,789	5,522	10,580	22,891	-
Due to related parties	91,297	69,385	-	160,682	-
Unearned revenue	-	-	1,378	1,378	-
Claims payable	-	-	-	-	252,164
Refundable deposits	30,724	15,133	-	45,857	-
Total current liabilities	<u>210,748</u>	<u>139,298</u>	<u>42,498</u>	<u>392,544</u>	<u>252,164</u>
Long-term liabilities:					
Compensated absences payable	27,065	27,065	17,500	71,630	-
Total liabilities	<u>237,813</u>	<u>166,363</u>	<u>59,998</u>	<u>464,174</u>	<u>252,164</u>
<u>Net assets:</u>					
Invested in capital assets	7,695,961	9,399,372	1,237,188	18,332,521	-
Unrestricted	1,619,704	8,827,376	432,815	10,879,895	159,664
Total net assets	<u>\$ 9,315,665</u>	<u>\$ 18,226,748</u>	<u>\$ 1,670,003</u>	<u>29,212,416</u>	<u>\$ 159,664</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.

18,156

Net assets of business-type activities

\$ 29,230,572

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, 2011

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service
	Water	Sewer	Golf	Total	
<u>Operating revenues:</u>					
Charges for services	\$ 2,127,208	\$ 1,376,973	\$ 863,896	\$ 4,368,077	\$ 1,754,106
Tap-in fees	1,650	1,300	-	2,950	-
Other	46,793	1,395	8,335	56,523	18,227
Total operating revenue	<u>2,175,651</u>	<u>1,379,668</u>	<u>872,231</u>	<u>4,427,550</u>	<u>1,772,333</u>
<u>Operating expenses:</u>					
Personal services	311,789	308,138	405,317	1,025,244	-
Contractual services	1,353,512	923,473	295,906	2,572,891	304,234
Supplies and materials	60,379	30,954	154,264	245,597	-
Claims	-	-	-	-	1,391,605
Depreciation	247,924	243,870	77,436	569,230	-
Other	1,938	370	26,614	28,922	-
Total operating expenses	<u>1,975,542</u>	<u>1,506,805</u>	<u>959,537</u>	<u>4,441,884</u>	<u>1,695,839</u>
Operating income (loss)	<u>200,109</u>	<u>(127,137)</u>	<u>(87,306)</u>	<u>(14,334)</u>	<u>76,494</u>
<u>Non-operating expenses:</u>					
Investment in joint venture	(84,351)	(236,365)	-	(320,716)	-
Loss on sale of capital assets	-	-	(8,821)	(8,821)	-
Total non-operating expenses	<u>(84,351)</u>	<u>(236,365)</u>	<u>(8,821)</u>	<u>(329,537)</u>	<u>-</u>
Income (loss) before contributions	<u>115,758</u>	<u>(363,502)</u>	<u>(96,127)</u>	<u>(343,871)</u>	<u>76,494</u>
Capital contributions	<u>240,691</u>	<u>321,997</u>	<u>57,331</u>	<u>620,019</u>	<u>-</u>
Change in net assets	356,449	(41,505)	(38,796)	276,148	76,494
Net assets at beginning of year	<u>8,959,216</u>	<u>18,268,253</u>	<u>1,708,799</u>		<u>83,170</u>
Net assets at end of year	<u>\$ 9,315,665</u>	<u>\$ 18,226,748</u>	<u>\$ 1,670,003</u>		<u>\$ 159,664</u>

Some amounts reported for the business-type activities in the statement of activities are different because a proportionate share of the net expense of the internal service fund is reported with the business-type activities. 7,451

Change in net assets of business-type activities \$ 283,599

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011

	Business-Type Activities - Enterprise Funds				Governmental
	Water	Sewer	Golf	Total	Activities Internal Service
Cash flows from operating activities:					
Cash received from customers	\$ 2,190,747	\$ 1,382,006	\$ 870,779	\$ 4,443,532	\$ -
Cash received from interfund services provided	-	-	-	-	1,760,147
Cash payments for employee services and benefits	(311,916)	(309,443)	(428,977)	(1,050,336)	-
Cash payments to suppliers for goods and services	(1,434,118)	(963,164)	(478,583)	(2,875,865)	-
Cash payments for claims	-	-	-	-	(1,604,085)
Utility deposits received	7,091	3,492	-	10,583	-
Utility deposits returned	(5,726)	(2,820)	-	(8,546)	-
Net cash provided by (used) for operating activities	446,078	110,071	(36,781)	519,368	156,062
Cash flows from capital and related financing activities:					
Tap in fees	511	541	-	1,052	-
Acquisition of capital assets	(188,089)	(2,602)	-	(190,691)	-
Net cash used for capital and related financing activities	(187,578)	(2,061)	-	(189,639)	-
Cash flows from investing activities:					
Investment in joint venture	3,799	-	-	3,799	-
Net cash provided by investing activities	3,799	-	-	3,799	-
Net increase (decrease) in cash and cash equivalents	262,299	108,010	(36,781)	333,528	156,062
Cash and cash equivalents at beginning of year	1,332,434	459,083	509,950	2,301,467	216,742
Cash and cash equivalents at end of year	\$ 1,594,733	\$ 567,093	\$ 473,169	\$ 2,634,995	\$ 372,804
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 200,109	\$ (127,137)	\$ (87,306)	\$ (14,334)	\$ 76,494
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	247,924	243,870	77,436	569,230	-
Change in assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable	15,099	2,339	(566)	16,872	(12,186)
Materials and supplies inventory	8,178	-	(3,358)	4,820	-
Prepaid items	-	-	-	-	(1,586)

(Continued)

City of Vandalia, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2011

	Business-Type Activities - Enterprise Funds				Governmental
	Water	Sewer	Golf	Total	Activities Internal Service
Increase (decrease) in liabilities:					
Accounts payable	30,000	1,132	1,290	32,422	(324)
Contracts payable	(45,482)	-	-	(45,482)	-
Refundable deposits	1,364	672	-	2,036	-
Claims payable	-	-	-	-	93,664
Unearned revenue	-	-	(885)	(885)	-
Accrued wages and benefits	315	357	(1,495)	(823)	-
Compensated absences	(398)	(398)	(21,794)	(22,590)	-
Due to related parties	(10,987)	(9,500)	-	(20,487)	-
Due to other governments	(44)	(1,264)	(103)	(1,411)	-
Net cash provided by (used for) operating activities	\$ 446,078	\$ 110,071	\$ (36,781)	\$ 519,368	\$ 156,062
Non-cash capital and related financing activities:					
Capital contributions received from governmental funds	\$ 240,180	\$ 321,456	57,331	\$ 618,967	\$ -
Total non-cash capital and related financing activities	\$ 240,180	\$ 321,456	\$ 57,331	\$ 618,967	\$ -

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Fiduciary Assets and Liabilities
December 31, 2011

	<u>Agency</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 1,039,086
Cash and cash equivalents in segregated accounts	124,562
Investments	<u>6,644,345</u>
Total assets	<u>\$ 7,807,993</u>
<u>Liabilities:</u>	
Due to other governments	\$ 460,587
Due to employees	4,631
Undistributed monies	95,596
Due to others	<u>7,247,179</u>
Total liabilities	<u>\$ 7,807,993</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 15.

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

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

The City is associated with the Economic Development/Government Equity Program (ED/GE), which is defined as a jointly governed organization. A jointly governed organization is an organization that is governed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility on the part of the participating governments. This organization is presented in Note 16.

B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net 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.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

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.

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.

Revenues - Exchange and Non-exchange Transactions

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

City of Vandalia, Ohio
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Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements, shared revenues and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred 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, 2011, but which were levied to finance year 2012 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.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

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, 2011.

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 2011 amounted to \$492,580 which includes \$209,738 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.

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, 2011 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.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

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 expensed. For proprietary funds and business-type activities, any material amount of interest incurred during the construction of capital assets is also capitalized.

All capital assets are depreciated except for land 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.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

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

M. Accrued Liabilities and Long-Term Obligations

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

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

N. Fund Balance

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

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

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

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

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

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

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

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

O. Net 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. Of the \$2,032,828 in restricted net assets, none were restricted by enabling legislation.

P. Operating Revenues and Expenses

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

Q. Contributions of Capital

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

R. Bond Premiums/Issuance Costs/Accounting Loss

Bond premiums, issuance costs and the accounting loss are deferred and amortized over the term of the bonds using the bonds outstanding line method since the results are not significantly different from the effective interest method.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

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, 2011

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	\$ 923,241
Revenue accruals	(216,767)
Expenditure accruals	(37,153)
Change in fair value of investments - 2010	(153,868)
Change in fair value of investments - 2011	61,522
Perspective differences from funds budgeted as special revenue funds:	
Other financing sources	(100,000)
Expenditures	120,269
Encumbrances (Budget Basis) outstanding at year end	<u>(2,794,454)</u>
Budget Basis	<u>\$ (2,197,210)</u>

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

For 2011, the City has implemented Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions”. GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that compromise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement did not result in a change in total fund balance, but only the classification of fund balance on the City’s financial statements. The implementation of GASB Statement No. 54 had the following effect on fund balance of the major and nonmajor funds as they were previously reported.

	<u>General</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Fund balance at December 31, 2010	\$ 12,142,062	\$ 480,097	\$ 5,295,730	\$ 17,917,889
Change in fund structure	<u>380,484</u>	<u>-</u>	<u>(380,484)</u>	<u>-</u>
Adjusted fund balance at December 1, 2011	<u>\$ 12,522,546</u>	<u>\$ 480,097</u>	<u>\$ 4,915,246</u>	<u>\$ 17,917,889</u>

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

NOTE 4 – FUND BALANCE

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

Fund Balances	<u>General</u>	<u>Capital Improvements</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Nonspendable</u>				
Materials and supplies inventory	\$ 8,275	\$ -	\$ 127,313	\$ 135,588
Land held for resale	-	3,213,169	-	3,213,169
Unclaimed monies	<u>33,759</u>	<u>-</u>	<u>-</u>	<u>33,759</u>
Total nonspendable	<u>42,034</u>	<u>3,213,169</u>	<u>127,313</u>	<u>3,382,516</u>
<u>Restricted for</u>				
Streets and highways	-	-	766,040	766,040
Court activities	-	-	119,712	119,712
Police services	-	-	276,157	276,157
Capital improvements	-	-	371,524	371,524
Debt service payments	<u>-</u>	<u>-</u>	<u>255,488</u>	<u>255,488</u>
Total restricted	<u>-</u>	<u>-</u>	<u>1,788,921</u>	<u>1,788,921</u>
<u>Committed</u>				
Employee retirements	360,215	-	-	360,215
Capital improvements	-	-	2,233,588	2,233,588
Recreation	-	-	76,042	76,042
Stormwater system	<u>-</u>	<u>-</u>	<u>226,748</u>	<u>226,748</u>
Total committed	<u>360,215</u>	<u>-</u>	<u>2,536,378</u>	<u>2,896,593</u>
<u>Assigned</u>				
General government	615,450	-	-	615,450
Public safety	60,797	-	-	60,797
Public works	62,336	-	-	62,336
Recreation	17,157	-	-	17,157
Budget stabilization	915,000	-	-	915,000
Next year's budget	<u>616,644</u>	<u>-</u>	<u>-</u>	<u>616,644</u>
Total assigned	<u>2,287,384</u>	<u>-</u>	<u>-</u>	<u>2,287,384</u>
Unassigned (deficit)	<u>10,756,154</u>	<u>(3,755,190)</u>	<u>-</u>	<u>7,000,964</u>
Total fund balances	<u>\$ 13,445,787</u>	<u>\$ (542,021)</u>	<u>\$ 4,452,612</u>	<u>\$ 17,356,378</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

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 \$9,888,916 and the bank balance was \$10,190,318. Of the bank balance, \$9,208,716 was covered by federal deposit insurance. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", \$981,602 of the City's bank balance was exposed to custodial risk as described above.

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

Investment Type	Fair Value	<u>Investment Maturities (in Years)</u>	
		Less Than 1	1-5
Federal Home Loan Bank Bonds	\$ 2,499,470	\$ -	\$ 2,499,470
Federal Home Loan Mortgage Corporation Bonds	5,010,775	-	5,010,775
Federal National Mortgage Association Bonds	5,051,530	-	5,051,530
GE Interest Plus	23,561	23,561	-
STAR Ohio	27,840	27,840	-
Ohio Municipal Bonds	2,578,450	1,551,323	1,027,127
Investments recorded in agency fund:			
Federal Home Loan Mortgage Corporation Bonds	1,750,487	-	1,750,487
Federal National Mortgage Association Bonds	1,261,775	-	1,261,775
GE Interest Plus	12,382	12,382	-
Total investments recorded in agency fund	<u>3,024,644</u>	<u>12,382</u>	<u>3,012,262</u>
Total investments	<u>\$ 18,216,270</u>	<u>\$ 1,615,106</u>	<u>\$ 16,601,164</u>

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

Investment Type	Fair	Maturity		
	Value	< 1 year	< 2 years	< 3 years
Investments included within pooled funds:				
Negotiable certificates of deposit	\$ 1,159,520	\$ 159,520	\$ 1,000,000	\$ -
Investment reported in agency fund:				
Negotiable certificates of deposit	<u>1,661,156</u>	<u>528,076</u>	<u>961,362</u>	<u>171,718</u>
Total negotiable certificates of deposit	<u>\$ 2,820,676</u>	<u>\$ 687,596</u>	<u>\$ 1,961,362</u>	<u>\$ 171,718</u>

Of the City's negotiable CDs \$2,073,062 is covered by FDIC insurance.

Custodial Credit Risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. All financial institutions and broker/dealers who desire to become qualified for investment transactions with the City must meet a set of prescribed standards and be periodically reviewed. The investments in the Federal Home Loan Bank (FHLB), 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 2011. In addition, some of the agency securities have coupon rates that step-up over the lives of the security.

Credit Risk – The City's investment policy states that investment in commercial paper must have a credit rating of P-1 by Standard & Poor's Corporation or A-1 by Moody's rating service. Obligations of corporate entities must have a debt rating of Aa or better by Standard & Poor's Corporation or Moody's rating service. The City's investments in GE Interest Plus and the mortgage securities have an AAA credit rating. The City's investment in STAR Ohio has an AAAM credit rating. The City's investment in Ohio municipal bonds of \$2,578,450; \$1,802,365 have an AAA3 credit rating, the remaining \$776,085 were not rated.

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

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

<u>Investment</u>	<u>Percent</u>
Federal Home Loan Bank Bonds	11.88%
Federal Home Loan Mortgage Corporation Bonds	23.82%
Federal National Mortgage Association Bonds	24.01%
Investments recorded in agency fund:	
Federal Home Loan Mortgage Corporation Bonds	8.32%
Federal National Mortgage Association Bonds	6.00%

NOTE 6 – RECEIVABLES

Receivables at December 31, 2011, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements, shared revenues, special assessments, accrued interest on investments and accounts (billings for ambulance service and utility service). No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

Special assessments expected to be collected within one year and in more than one year amount to \$5,428 and \$28,092, respectively, in the capital improvement fund and \$14,091 due in one year for the general fund. As of December 31, 2011, the City had less than \$1,000 in delinquent special assessments outstanding.

Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2011 for real and public utility property taxes represents collections of the 2010 taxes. Property tax payments received during 2011 for tangible personal property (other than public utility property) is for 2011 taxes.

2011 real property taxes are levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35% of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

Public utility property currently is assessed at varying percentages of true value; public utility real property is assessed at 35% of true value. 2011 public utility property taxes became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2011, was \$4.14 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2010 property tax receipts were based are as follows:

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

<u>Property Category</u>	<u>Assessed Value</u>
<u>Real Property</u>	
Residential and agricultural	\$ 238,162,900
Commercial and industrial	120,761,970
Public utilities	40,320
<u>Personal Property</u>	
Public utilities	<u>5,873,700</u>
Total	<u>\$ 364,838,890</u>

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

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Vandalia. The County Auditor periodically remits to the City its portion of the taxes collected. Accrued property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2011, 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 2012 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue.

Income Taxes

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

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

In 2011, all income tax proceeds were allocated to the general fund.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

Due from Other Governments

A summary of due from other governments follows:

	<u>Amounts</u>
<u>Governmental Activities</u>	
Local Government and Local Government	
Revenue Assistance	\$ 193,948
Homestead and Rollback	79,126
Gasoline and Excise Tax	213,924
Motor Vehicle License Fees	420,246
Permissive Motor Vehicle License Tax	25,764
Grants	1,476
Other Reimbursements	<u>88,181</u>
Total	<u>\$ 1,022,665</u>

NOTE 7 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. In 1988, the City joined the Miami Valley Risk Management Association, Inc. (MVRMA) a risk sharing insurance pool. 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 \$500,000 for liability and \$250,000 for property.

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

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.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

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, Medical Mutual. 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 \$35,000 per employee, per year. During 2011, a total of \$1,695,839 was paid in benefits and administrative costs. The liability for unpaid claims cost of \$252,164, reported in the hospital care internal service fund at December 31, 2011, is based on the requirements of Governmental Accounting Standards Board Statement No. 30 and will be processed and paid in 2012. 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 2012, which were incurred in 2011 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>
2010 \$	115,003	1,439,664	1,396,167	158,500
2011 \$	158,500	1,391,605	1,297,941	252,164

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2011, was as follows:

	Reclassified Balance <u>12/31/2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>12/31/2011</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 5,400,363	\$ -	\$ -	\$ 5,400,363
Easements	60,496	-	-	60,496
Construction in progress	<u>642,902</u>	<u>357,894</u>	<u>(290,507)</u>	<u>710,289</u>
Total capital assets, not being depreciated	<u>6,103,761</u>	<u>357,894</u>	<u>(290,507)</u>	<u>6,171,148</u>
Capital assets, being depreciated				
Buildings and improvements	30,851,236	107,444	(7,950)	30,950,730
Equipment	5,322,871	513,491	(349,374)	5,486,988
Vehicles	4,437,717	115,159	(197,189)	4,355,687
Infrastructure				
Storm sewers, bridges and culverts	10,099,790	1,285,907	(559,026)	10,826,671
Streets, sidewalks and curbs	28,044,620	880,272	-	28,924,892
Traffic signals	2,124,549	176,260	-	2,300,809
Street lighting	<u>955,945</u>	<u>-</u>	<u>-</u>	<u>955,945</u>
Total capital assets, being depreciated	<u>81,836,728</u>	<u>3,078,533</u>	<u>(1,113,539)</u>	<u>83,801,722</u>
Less: accumulated depreciation				
Buildings and improvements	(8,373,932)	(688,185)	88	(9,062,029)
Equipment	(3,193,749)	(263,432)	152,109	(3,305,072)
Vehicles	(3,043,549)	(421,294)	160,709	(3,304,134)
Infrastructure				
Storm sewers, bridges and culverts	(4,391,525)	(283,915)	6,550	(4,668,890)
Streets, sidewalks and curbs	(14,335,524)	(955,824)	-	(15,291,348)
Traffic signals	(335,352)	(113,538)	-	(448,890)
Street lighting	<u>(59,971)</u>	<u>(53,222)</u>	<u>-</u>	<u>(113,193)</u>
Total accumulated depreciation	<u>(33,733,602)</u>	<u>(2,779,410)</u>	<u>319,456</u>	<u>(36,193,556)</u>
Total capital assets, being depreciated, net	<u>48,103,126</u>	<u>299,123</u>	<u>(794,083)</u>	<u>47,608,166</u>
Governmental activities capital assets, net	<u>\$ 54,206,887</u>	<u>\$ 657,017</u>	<u>\$ (1,084,590)</u>	<u>\$ 53,779,314</u>

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

Depreciation expense was charged to governmental functions as follows:

General government	
Legislative and executive	\$ 163,472
Judicial system	80,894
Public safety	
Police	177,466
Fire	325,113
Public works	
Engineer	67,827
Streets	1,497,299
Recreation	<u>467,339</u>
Total depreciation expense	<u>\$ 2,779,410</u>

	Reclassified Balance <u>12/31/2010</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>12/31/2011</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 167,369	\$ -	\$ -	\$ 167,369
Capital assets, being depreciated				
Buildings and improvements	2,853,011	-	-	2,853,011
Equipment	949,811	71,648	(27,142)	994,317
Vehicles	645,703	-	(42,938)	602,765
Infrastructure				
Water lines	10,430,324	413,952	-	10,844,276
Sewer lines	15,393,903	324,058	-	15,717,961
Golf cart paths and sprinkler systems	<u>364,253</u>	<u>-</u>	<u>-</u>	<u>364,253</u>
Total capital assets, being depreciated	<u>30,637,005</u>	<u>809,658</u>	<u>(70,080)</u>	<u>31,376,583</u>
Less: accumulated depreciation				
Buildings and improvements	(1,417,658)	(55,446)	-	(1,473,104)
Equipment	(447,982)	(58,304)	18,321	(487,965)
Vehicles	(491,212)	(44,197)	42,938	(492,471)
Infrastructure				
Water lines	(4,087,914)	(166,790)	-	(4,254,704)
Sewer lines	(6,111,528)	(238,320)	-	(6,349,848)
Golf cart paths and sprinkler systems	<u>(147,166)</u>	<u>(6,173)</u>	<u>-</u>	<u>(153,339)</u>
Total accumulated depreciation	<u>(12,703,460)</u>	<u>(569,230)</u>	<u>61,259</u>	<u>(13,211,431)</u>
Total capital assets, being depreciated, net	<u>17,933,545</u>	<u>240,428</u>	<u>(8,821)</u>	<u>18,165,152</u>
Business-type activities capital assets, net	<u>\$ 18,100,914</u>	<u>\$ 240,428</u>	<u>\$ (8,821)</u>	<u>\$ 18,332,521</u>

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

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

Water	\$ 247,924
Sewer	243,870
Golf	<u>77,436</u>
Total depreciation expense	<u>\$ 569,230</u>

NOTE 9 - COMPENSATED ABSENCES

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

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

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

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

NOTE 10 - LONG-TERM DEBT

A schedule of changes in bonds and other long-term obligations of the City during 2011 follows:

	Amount Outstanding <u>12/31/2010</u>	<u>Increases</u>	<u>Decreases</u>	Amount Outstanding <u>12/31/2011</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%	\$ 8,265,000	\$ -	\$ (605,000)	\$ 7,660,000	\$ 625,000
Premium on refunding bonds	204,314	-	(34,625)	169,689	-
Accounting loss	(382,730)	-	64,861	(317,869)	-
2009 Various purpose limited tax bonds, 2.0% - 4.1%	4,140,000	-	(265,000)	3,875,000	275,000
Premium on bonds	38,800	-	(5,203)	33,597	-
Total unvoted general obligation bonds	<u>12,265,384</u>	<u>-</u>	<u>(844,967)</u>	<u>11,420,417</u>	<u>900,000</u>
Other long-term obligations:					
Capital lease	567,651	-	(93,819)	473,832	97,791
Compensated absences	<u>1,446,981</u>	<u>946,870</u>	<u>(872,527)</u>	<u>1,521,324</u>	<u>819,388</u>
Total governmental activities long-term liabilities	<u>\$ 14,280,016</u>	<u>\$ 946,870</u>	<u>\$ (1,811,313)</u>	<u>\$ 13,415,573</u>	<u>\$ 1,817,179</u>
Business-type activities					
Compensated absences	<u>\$ 180,223</u>	<u>\$ 88,397</u>	<u>\$ (116,647)</u>	<u>\$ 151,973</u>	<u>\$ 80,343</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, 2011, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$27,028,571 and the unvoted legal debt margin was \$8,786,627.

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, 2011, are as follows:

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

Year ending December 31,	General obligation bonds		Total
	<u>Principal</u>	<u>Interest</u>	
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	975,000	413,215	1,388,215
2016	1,035,000	370,365	1,405,365
2017-2021	5,985,000	1,060,650	7,045,650
2022-2023	765,000	47,167	812,167
Total	<u>\$ 11,535,000</u>	<u>\$ 3,349,417</u>	<u>\$ 14,884,417</u>

NOTE 11 – CAPITALIZED LEASE

The City entered into a capital lease during 2006 for the acquisition of energy savings equipment. Capital lease payments are reflected as debt service payments in the basic financial statements for the governmental funds. These expenditures are reflected as function expenditures on a budgetary basis.

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

Following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2011:

<u>Year</u>	<u>Lease Payments</u>
2012	\$ 116,631
2013	116,631
2014	116,631
2015	116,631
2016	<u>58,313</u>
Total minimum lease payments	524,837
Less: amount representing interest	<u>(51,005)</u>
Total	<u>\$ 473,832</u>

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

NOTE 12 – SHORT TERM OBLIGATIONS

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

	<u>Balance</u> <u>12/31/2010</u>	<u>Increase</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2011</u>
Capital Projects Fund:				
Capital Improvement, 0.85%	\$ 4,580,000	\$ -	\$(4,580,000)	\$ -
Capital Improvement, 0.85%	<u>-</u>	<u>4,580,000</u>	<u>-</u>	<u>4,580,000</u>
Total	<u>\$ 4,580,000</u>	<u>\$ 4,580,000</u>	<u>\$(4,580,000)</u>	<u>\$ 4,580,000</u>

In August of 2011, the City paid off \$4,580,000 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 2012. The general obligation debt service fund will retire the debt.

NOTE 13 - DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

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

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

Member and employer contributions rates were consistent across all three plans (TP, MD and CP). For the year ended December 31, 2011, City employees were required to contribute 10% of their annual covered salary. The City's contribution rate for 2011 was 14%. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional plan for the years ended December 31, 2011, 2010 and 2009 were \$715,674, \$683,187 and \$533,269 respectively; 89.8% has been contributed for 2011 and 100% for 2010 and 2009. \$73,029 representing the unpaid contribution for fiscal year 2011 is recorded as an intergovernmental payable.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

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, 2011, 2010 and 2009 were \$392,353, \$362,336 and \$370,783 respectively, equal to the required contributions for each year. The full amount has been contributed for 2010 and 2009. 70.63% has been contributed for 2011 with the remainder being reported as a liability. \$115,229 representing the unpaid contribution for fiscal year 2011 is recorded as an intergovernmental payable.

NOTE 14 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage, commonly referred to OPEB (other postemployment benefits). OPERS administers three separate pension plans, the Traditional Pension Plan (TP), the Member-Directed Plan (MD) and the Combined Plan (CP), all of which are described in Note 13.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the traditional pension and the combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care coverage.

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

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

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

The Ohio Revised Code provides statutory authority requiring employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, the City contributed at a rate of 14.0 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2012 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Actual employer contributions which were used to fund postemployment benefits for the years ended December 31, 2011, 2010 and 2009 were \$397,597, \$379,548 and \$533,269 respectively; 89.8% has been contributed for 2011 and 100% for 2010 and 2009. \$40,572 representing the unpaid contribution for fiscal year 2011 is recorded as an intergovernmental payable. The actual contribution and the actuarially required contribution amounts are the same.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1, of each year from 2006 to 2008. Rates for law and public safety employees increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Ohio Police and Firemen's Disability and Pension Fund

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

OP&F provides access postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2010, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's total contributions to OP&F for police and fire healthcare for the years ending December 31, 2011, 2010 and 2009 were \$195,759 \$179,881, and \$184,278 respectively, 70.57 percent has been contributed, for 2011 with the remainder being reported as a liability. \$57,605 representing the unpaid contribution for fiscal year 2011 is recorded as an intergovernmental payable.

NOTE 15 - JOINT VENTURES

Tri-Cities North Regional Wastewater Authority

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

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

The Tri-Cities North Regional Wastewater Authority (Tri-Cities) is a joint venture among the cities of Vandalia, Huber Heights and Tipp City. Tri-Cities is governed by a management board consisting of the city managers of the three cities. The board has complete authority over all aspects of the operation. Tri-Cities supplies all participating residents of the member cities with sewer services. Each city owns the sewage lines located in its city and bills its residents for usage. Continued existence of Tri-Cities is dependent on the City's continued participation and the City does have an equity interest. The percentage of equity interest for each City is based on annual usage and is adjusted each year accordingly. The City's equity interest is \$8,320,048 which represents 26.74% 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 \$877,851 for services provided in 2011. Tri-Cities had five OWDA Loans outstanding at December 31, 2011, in the amounts of \$1,027,274, \$3,165,803, \$1,043,512, \$523,090, and \$702,770 for a total of \$6,462,449. Complete financial statements can be obtained from the Tri-Cities North Regional Wastewater Authority, c/o City of Vandalia, 333 J.E. Bohanan Drive, Vandalia, Ohio 45377.

Northern Area Water Authority

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

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

The Northern Area Water Authority (NAWA) is a joint venture among the cities of Vandalia and Tipp City. NAWA is governed by a management board consisting of the city managers of the two cities. The board has complete authority over all aspects of the operation. NAWA supply the participating residents of the member cities with water services. Each city will own the water lines located in its city and bill its residents for usage. Continued existence of NAWA is dependent on the City's continued participation and the City will have an equity interest in NAWA. During 2011, the City's equity interest is \$70,837 which represents 50% of the total equity of NAWA as of December 31, 2011.

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, 2011, NAWA has borrowed a total of \$21,944,183 against the water treatment plant construction loan. The City of Vandalia paid \$1,274,445 for services provided in 2011. Complete financial statements can be obtained from the Northern Area Water Authority, c/o City of Vandalia, 333 J.E. Bohanan Drive, Vandalia, Ohio 45377.

NOTE 16 - JOINTLY GOVERNED ORGANIZATION

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

The ED/GE Advisory Committee, made up of alternating member entities' representatives, decides which proposed projects will be granted each year. Sales tax revenues, set aside by Montgomery County, are used to fund the projects. Members annually contribute to or receive benefits based on an elaborate zero-based formula designed to distribute growth in contributing communities to those communities experiencing less economic growth. The City has agreed to be a member for ten years, ending December 31, 2019. Members in default of paying contributions will be liable for the contribution, any interest accrued, and penalties. The member will not be entitled to any allocations from ED/GE. The City has did not make any contributions to ED/GE during 2011. Financial information may be obtained by writing to Linda Gum, Administrative Assistant, 451 West Third Street, Dayton, Ohio, 45402.

NOTE 17 - CONTINGENT LIABILITIES

Litigation

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

Federal and State Grants

The City participates in several federally assisted programs. These programs are subject to financial and compliance audits by the grantor or their representative. As of December 31, 2011, the audits of these programs have not been completed. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2011

NOTE 18 - INTERFUND TRANSFERS

Interfund transfers and Due to/from other funds for the year ended December 31, 2011, consisted of the following:

<u>Transfer to</u>	<u>Transfer from</u>	
	<u>General</u>	<u>Total</u>
Capital improvement fund	\$ 52,745	\$ 52,745
Nonmajor governmental funds	<u>2,508,406</u>	<u>2,508,406</u>
Total	<u>\$ 2,561,151</u>	<u>\$ 2,561,151</u>

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

NOTE 19 – OPERATING LEASE

On 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 \$52,200, payable in monthly installments on the first day of each month during 2011.

The following is a schedule of the future minimum lease payments as of December 31, 2011:

<u>Year</u>	<u>Lease Payments</u>
2012	\$ <u>4,350</u>
Total minimum lease payments	4,350
Less: amount representing interest	<u>(30)</u>
Total	<u>\$ 4,320</u>

Combining Statements for Nonmajor Governmental Funds

Combining Statements and Individual Fund Schedules

NONMAJOR SPECIAL REVENUE FUNDS

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

Street

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

State Highway

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

Permissive Motor Vehicle Tax

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

Law Enforcement

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

Drug Law Enforcement

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

OMVI Education and Enforcement

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

OMVI Indigent

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

Computer Legal Research

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

Indigent Drivers Interlock and Alcohol Monitoring (IAM)

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

Baseball Recreation

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

Combining Statements – Nonmajor Governmental Funds (Continued)

NONMAJOR SPECIAL REVENUE FUNDS (Continued)

Soccer Recreation

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

Stormwater

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

Chuck Gabbard Memorial

To account for donations restricted for the police department.

Magistrate

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

NONMAJOR DEBT SERVICE FUNDS

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

General Obligation Bond Retirement

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

NONMAJOR CAPITAL PROJECTS FUNDS

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

Police, Fire and Street Capital Improvements

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

Tax Increment Financing (TIF)

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

Capital Improvement Reserve

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

Facilities Improvement & Maintenance Reserve

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

City of Vandalia, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in pooled cash and investments	\$ 1,446,662	\$ 255,488	\$ 2,823,219	\$ 4,525,369
Receivables:				
Accounts	48,637	-	-	48,637
Revenue in lieu of taxes	-	-	52,022	52,022
Due from other governments	660,795	-	-	660,795
Materials and supplies inventory	127,313	-	-	127,313
Total assets	<u>\$ 2,283,407</u>	<u>\$ 255,488</u>	<u>\$ 2,875,241</u>	<u>\$ 5,414,136</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 26,325	\$ -	\$ 164,730	\$ 191,055
Accrued wages	19,407	-	2,195	21,602
Matured compensated absences payable	4,018	-	-	4,018
Due to other governments	16,136	-	51,182	67,318
Deferred revenue	625,509	-	52,022	677,531
Total liabilities	<u>691,395</u>	<u>-</u>	<u>270,129</u>	<u>961,524</u>
Fund balances:				
Nonspendable	127,313	-	-	127,313
Restricted	1,161,909	255,488	371,524	1,788,921
Committed	302,790	-	2,233,588	2,536,378
Total fund balances	<u>1,592,012</u>	<u>255,488</u>	<u>2,605,112</u>	<u>4,452,612</u>
Total liabilities and fund balances	<u>\$ 2,283,407</u>	<u>\$ 255,488</u>	<u>\$ 2,875,241</u>	<u>\$ 5,414,136</u>

City of Vandalia, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2011

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Property and other taxes	\$ -	\$ -	\$ 107,720	\$ 107,720
Charges for services	434,885	-	-	434,885
Fines and forfeitures	246,608	-	-	246,608
Intergovernmental	1,101,946	-	-	1,101,946
Other	11,303	-	1	11,304
Total revenue	<u>1,794,742</u>	<u>-</u>	<u>107,721</u>	<u>1,902,463</u>
Expenditures:				
Current:				
General government				
Legislative and executive	182,214	-	2,178	184,392
Judicial system	66,890	-	-	66,890
Public safety				
Police	60,426	-	185,509	245,935
Fire	-	-	38,624	38,624
Public works				
Engineer	182,158	-	-	182,158
Streets	755,244	-	91,225	846,469
Recreation	181,586	-	78,103	259,689
Intergovernmental	-	-	27,280	27,280
Capital outlay	237,930	-	1,257,856	1,495,786
Debt service:				
Principal retirement	-	698,819	265,000	963,819
Interest and fiscal charges	-	419,508	142,953	562,461
Total expenditures	<u>1,666,448</u>	<u>1,118,327</u>	<u>2,088,728</u>	<u>4,873,503</u>
Excess of revenues over (under) expenditures	<u>128,294</u>	<u>(1,118,327)</u>	<u>(1,981,007)</u>	<u>(2,971,040)</u>
Other financing sources:				
Transfers - in	<u>-</u>	<u>1,124,513</u>	<u>1,383,893</u>	<u>2,508,406</u>
Net change in fund balance	128,294	6,186	(597,114)	(462,634)
Fund balances at beginning of year, restated	<u>1,463,718</u>	<u>249,302</u>	<u>3,202,226</u>	<u>4,915,246</u>
Fund balances at end of year	<u>\$ 1,592,012</u>	<u>\$ 255,488</u>	<u>\$ 2,605,112</u>	<u>\$ 4,452,612</u>

City of Vandalia, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011

	Street Fund	State Highway Fund	Permissive Motor Vehicle Tax Fund	Law Enforcement Fund	Drug Law Enforcement Fund
Assets:					
Equity in pooled cash and investments	\$ 537,516	\$ 127,524	\$ 51,800	\$ 22,615	\$ 1,580
Receivables:					
Accounts	20,471	-	-	-	-
Due from other governments	586,608	47,562	25,764	-	-
Materials and supplies inventory	127,313	-	-	-	-
Total assets	<u>\$ 1,271,908</u>	<u>\$ 175,086</u>	<u>\$ 77,564</u>	<u>\$ 22,615</u>	<u>\$ 1,580</u>
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 5,246	\$ 3,401	\$ 1,647	\$ -	\$ -
Accrued wages	12,058	-	-	-	-
Matured compensated absences payable	2,754	-	-	-	-
Due to other governments	9,617	-	-	-	-
Deferred revenue	532,785	41,538	22,159	-	-
Total liabilities	<u>562,460</u>	<u>44,939</u>	<u>23,806</u>	<u>-</u>	<u>-</u>
Fund balances:					
Nonspendable	127,313	-	-	-	-
Restricted	582,135	130,147	53,758	22,615	1,580
Committed	-	-	-	-	-
Total fund balances	<u>709,448</u>	<u>130,147</u>	<u>53,758</u>	<u>22,615</u>	<u>1,580</u>
Total liabilities and fund balances	<u>\$ 1,271,908</u>	<u>\$ 175,086</u>	<u>\$ 77,564</u>	<u>\$ 22,615</u>	<u>\$ 1,580</u>

OMVI Education and Enforcement Fund	OMVI Indigent Fund	Computer Legal Research Fund	Indigent Drivers IAM Fund	Baseball Recreation Fund	Soccer Recreation Fund
\$ 2,630	\$ 247,295	\$ 72,400	\$ 54,425	\$ 24,866	\$ 52,937
-	-	-	-	-	-
-	-	-	861	-	-
-	-	-	-	-	-
<u>\$ 2,630</u>	<u>\$ 247,295</u>	<u>\$ 72,400</u>	<u>\$ 55,286</u>	<u>\$ 24,866</u>	<u>\$ 52,937</u>
\$ 221	\$ -	\$ 5,366	\$ -	\$ -	\$ -
-	-	2,147	-	287	199
-	-	296	-	-	-
-	-	1,884	-	800	475
-	-	-	861	-	-
<u>221</u>	<u>-</u>	<u>9,693</u>	<u>861</u>	<u>1,087</u>	<u>674</u>
-	-	-	-	-	-
2,409	247,295	62,707	54,425	-	-
-	-	-	-	23,779	52,263
<u>2,409</u>	<u>247,295</u>	<u>62,707</u>	<u>54,425</u>	<u>23,779</u>	<u>52,263</u>
<u>\$ 2,630</u>	<u>\$ 247,295</u>	<u>\$ 72,400</u>	<u>\$ 55,286</u>	<u>\$ 24,866</u>	<u>\$ 52,937</u>

(Continued)

City of Vandalia, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2011

	Stormwater Fund	Chuck Gabbard Memorial Fund	Magistrate Fund	Total Nonmajor Special Revenue Funds
Assets:				
Equity in pooled cash and investments	\$ 243,661	\$ 2,258	\$ 5,155	\$ 1,446,662
Receivables:				
Accounts	28,166	-	-	48,637
Due from other governments	-	-	-	660,795
Materials and supplies inventory	-	-	-	127,313
Total assets	<u>\$ 271,827</u>	<u>\$ 2,258</u>	<u>\$ 5,155</u>	<u>\$ 2,283,407</u>
Liabilities and fund balances				
Liabilities:				
Accounts payable	\$ 10,444	\$ -	\$ -	\$ 26,325
Accrued wages	3,266	-	1,450	19,407
Matured compensated absences payable	968	-	-	4,018
Due to other governments	2,235	-	1,125	16,136
Deferred revenue	28,166	-	-	625,509
Total liabilities	<u>45,079</u>	<u>-</u>	<u>2,575</u>	<u>691,395</u>
Fund balances:				
Nonspendable	-	-	-	127,313
Restricted	-	2,258	2,580	1,161,909
Committed	226,748	-	-	302,790
Total fund balances	<u>226,748</u>	<u>2,258</u>	<u>2,580</u>	<u>1,592,012</u>
Total liabilities and fund balances	<u>\$ 271,827</u>	<u>\$ 2,258</u>	<u>\$ 5,155</u>	<u>\$ 2,283,407</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, 2011

	Street Fund	State Highway Fund	Permissive Motor Vehicle Tax Fund	Law Enforcement Fund	Drug Law Enforcement Fund
Revenues:					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	102	125
Intergovernmental	975,251	79,074	47,621	-	-
Other	3,235	2,319	-	-	-
Total revenue	<u>978,486</u>	<u>81,393</u>	<u>47,621</u>	<u>102</u>	<u>125</u>
Expenditures:					
Current:					
General government					
Legislative and executive	-	-	-	1,020	-
Judicial system	-	-	-	-	-
Public safety					
Police	-	-	-	-	-
Public works					
Engineer	-	-	-	-	-
Streets	589,029	114,235	51,980	-	-
Recreation	-	-	-	-	-
Capital outlay	165,202	-	42,186	-	-
Total expenditures	<u>754,231</u>	<u>114,235</u>	<u>94,166</u>	<u>1,020</u>	<u>-</u>
Net change in fund balance	224,255	(32,842)	(46,545)	(918)	125
Fund balances at beginning of year	485,193	162,989	100,303	23,533	1,455
Fund balances at end of year	<u>\$ 709,448</u>	<u>\$ 130,147</u>	<u>\$ 53,758</u>	<u>\$ 22,615</u>	<u>\$ 1,580</u>

OMVI Education and Enforcement Fund	OMVI Indigent Fund	Computer Legal Research Fund	Indigent Drivers IAM Fund	Baseball Recreation Fund	Soccer Recreation Fund
\$ -	\$ -	\$ -	\$ -	\$ 109,502	\$ 47,752
1,111	27,674	134,330	20,060	-	-
-	-	-	-	-	-
-	-	-	-	5,164	585
<u>1,111</u>	<u>27,674</u>	<u>134,330</u>	<u>20,060</u>	<u>114,666</u>	<u>48,337</u>
-	-	181,194	-	-	-
-	-	-	-	-	-
426	60,000	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	132,845	48,741
-	-	12,916	-	-	7,626
<u>426</u>	<u>60,000</u>	<u>194,110</u>	<u>-</u>	<u>132,845</u>	<u>56,367</u>
685	(32,326)	(59,780)	20,060	(18,179)	(8,030)
<u>1,724</u>	<u>279,621</u>	<u>122,487</u>	<u>34,365</u>	<u>41,958</u>	<u>60,293</u>
<u>\$ 2,409</u>	<u>\$ 247,295</u>	<u>\$ 62,707</u>	<u>\$ 54,425</u>	<u>\$ 23,779</u>	<u>\$ 52,263</u>

(Continued)

City of Vandalia, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2011

	Stormwater Fund	Chuck Gabbard Memorial Fund	Magistrate Fund	Total Nonmajor Special Revenue Funds
Revenues:				
Charges for services	\$ 277,631	\$ -	\$ -	\$ 434,885
Fines and forfeitures	-	-	63,206	246,608
Intergovernmental	-	-	-	1,101,946
Other	-	-	-	11,303
Total revenue	277,631	-	63,206	1,794,742
Expenditures:				
Current:				
General government				
Legislative and executive	-	-	-	182,214
Judicial system	-	-	66,890	66,890
Public safety				
Police	-	-	-	60,426
Public works				
Engineer	182,158	-	-	182,158
Streets	-	-	-	755,244
Recreation	-	-	-	181,586
Capital outlay	10,000	-	-	237,930
Total expenditures	192,158	-	66,890	1,666,448
Net change in fund balance	85,473	-	(3,684)	128,294
Fund balances at beginning of year	141,275	2,258	6,264	1,463,718
Fund balances at end of year	<u>\$ 226,748</u>	<u>\$ 2,258</u>	<u>\$ 2,580</u>	<u>\$ 1,592,012</u>

City of Vandalia, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2011

	Police, Fire and Street Capital Improvements Fund	TIF Fund	Capital Improvement Reserve Fund	Facilities Improvement & Maintenance Reserve Fund	Total Nonmajor Capital Projects Funds
Assets:					
Equity in pooled cash and investments	\$ 350,220	\$ 216,349	\$ 1,256,650	\$ 1,000,000	\$ 2,823,219
Revenue in lieu of taxes	-	52,022	-	-	52,022
Total assets	\$ 350,220	\$ 268,371	\$ 1,256,650	\$ 1,000,000	\$ 2,875,241
Liabilities and fund balances					
Liabilities:					
Accounts payable	\$ 81,131	\$ 82,812	\$ 787	\$ -	\$ 164,730
Accrued wages	2,195	-	-	-	2,195
Due to other governments	5,346	23,561	22,275	-	51,182
Deferred revenue	-	52,022	-	-	52,022
Total liabilities	88,672	158,395	23,062	-	270,129
Fund balances:					
Restricted	261,548	109,976	-	-	371,524
Committed	-	-	1,233,588	1,000,000	2,233,588
Total fund balances	261,548	109,976	1,233,588	1,000,000	2,605,112
Total liabilities and fund balances	\$ 350,220	\$ 268,371	\$ 1,256,650	\$ 1,000,000	\$ 2,875,241

City of Vandalia, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2011

	Police, Fire and Street Capital Improvements Fund	TIF Fund	Capital Improvement Reserve Fund	Facilities Improvement & Maintenance Reserve Fund	Total Nonmajor Capital Projects Funds
Revenues:					
Property and other taxes	\$ -	\$ 107,720	\$ -	\$ -	\$ 107,720
Other	1	-	-	-	1
Total revenue	<u>1</u>	<u>107,720</u>	<u>-</u>	<u>-</u>	<u>107,721</u>
Expenditures:					
Current:					
General government					
Legislative and executive	-	-	2,178	-	2,178
Public safety					
Police	185,509	-	-	-	185,509
Fire	38,624	-	-	-	38,624
Public works					
Streets	74,256	-	16,969	-	91,225
Recreation	-	-	78,103	-	78,103
Intergovernmental	-	27,280	-	-	27,280
Capital outlay	583,785	82,812	591,259	-	1,257,856
Debt service:					
Principal retirement	265,000	-	-	-	265,000
Interest and fiscal charges	142,953	-	-	-	142,953
Total expenditures	<u>1,290,127</u>	<u>110,092</u>	<u>688,509</u>	<u>-</u>	<u>2,088,728</u>
Excess of revenues under expenditures	<u>(1,290,126)</u>	<u>(2,372)</u>	<u>(688,509)</u>	<u>-</u>	<u>(1,981,007)</u>
Other financing sources:					
Transfers - in	<u>1,383,893</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,383,893</u>
Net change in fund balance	93,767	(2,372)	(688,509)	-	(597,114)
Fund balances at beginning of year					
	<u>167,781</u>	<u>112,348</u>	<u>1,922,097</u>	<u>1,000,000</u>	<u>3,202,226</u>
Fund balances at end of year	<u>\$ 261,548</u>	<u>\$ 109,976</u>	<u>\$ 1,233,588</u>	<u>\$ 1,000,000</u>	<u>\$ 2,605,112</u>

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

MAJOR GENERAL FUND

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

Funds being reported as part of the general fund

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

Employee Retirement Benefits Reserve

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

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Municipal income tax	\$ 10,200,000	\$ 11,100,000	\$ 11,711,812	\$ 611,812
Property and other taxes	1,803,936	1,566,846	1,632,967	66,121
Charges for services	3,264,325	3,264,325	3,212,061	(52,264)
Licenses and permits	157,100	157,100	149,335	(7,765)
Fines and forfeitures	1,277,700	1,277,700	1,153,816	(123,884)
Intergovernmental	1,680,545	1,740,880	1,845,047	104,167
Interest	300,000	300,000	302,177	2,177
Other	70,100	70,100	59,069	(11,031)
Total revenues	18,753,706	19,476,951	20,066,284	589,333
Expenditures:				
Current:				
General government				
Legislative and executive				
Personal services	2,072,817	2,072,817	1,901,989	170,828
Operations and maintenance	4,498,503	4,511,284	3,955,030	556,254
Capital outlay	8,310	8,310	8,310	-
Total legislative and executive	6,579,630	6,592,411	5,865,329	727,082
Judicial system				
Personal services	1,629,932	1,629,932	1,542,975	86,957
Operations and maintenance	432,573	432,573	281,284	151,289
Total judicial system	2,062,505	2,062,505	1,824,259	238,246
Total general government	8,642,135	8,654,916	7,689,588	965,328
Public safety				
Police				
Personal services	4,086,986	4,086,986	3,874,170	212,816
Operations and maintenance	442,239	476,190	430,850	45,340
Total police	4,529,225	4,563,176	4,305,020	258,156
Fire				
Personal services	1,575,834	1,575,834	1,441,576	134,258
Operations and maintenance	309,982	356,153	338,661	17,492
Total fire	1,885,816	1,931,987	1,780,237	151,750
Total public safety	6,415,041	6,495,163	6,085,257	409,906
Public works				
Engineer				
Personal services	840,592	840,592	836,511	4,081
Operations and maintenance	92,372	123,332	117,689	5,643
Total engineer	932,964	963,924	954,200	9,724

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, 2011
(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	116,356	116,356	114,459	1,897
Operations and maintenance	5,890	6,299	5,633	666
Street lighting				
Operations and maintenance	195,693	195,693	176,281	19,412
Street maintenance				
Personal services	345,578	345,578	337,736	7,842
Operations and maintenance	10,476	10,476	9,385	1,091
Total streets	<u>673,993</u>	<u>674,402</u>	<u>643,494</u>	<u>30,908</u>
Refuse				
Operations and maintenance	997,444	997,444	980,373	17,071
Total public works	<u>1,671,437</u>	<u>1,671,846</u>	<u>1,623,867</u>	<u>47,979</u>
Recreation				
Parks				
Personal services	2,396,230	2,396,230	2,363,963	32,267
Operations and maintenance	983,812	983,812	885,485	98,327
Total recreation	<u>3,380,042</u>	<u>3,380,042</u>	<u>3,249,448</u>	<u>130,594</u>
Total expenditures	<u>21,041,619</u>	<u>21,165,891</u>	<u>19,602,360</u>	<u>1,563,531</u>
Excess of revenues over (under) expenditures	<u>(2,287,913)</u>	<u>(1,688,940)</u>	<u>463,924</u>	<u>2,152,864</u>
Other financing sources (uses):				
Sale of capital assets	1,000	1,000	17	(983)
Transfers - out	(2,552,258)	(2,664,758)	(2,661,151)	3,607
Total other financing sources (uses)	<u>(2,551,258)</u>	<u>(2,663,758)</u>	<u>(2,661,134)</u>	<u>2,624</u>
Net change in fund balance	(4,839,171)	(4,352,698)	(2,197,210)	2,155,488
Fund balance at beginning of year	10,588,309	10,588,309	10,588,309	-
Prior year encumbrances appropriated	<u>2,979,777</u>	<u>2,979,777</u>	<u>2,979,777</u>	<u>-</u>
Fund balance at end of year	<u>\$ 8,728,915</u>	<u>\$ 9,215,388</u>	<u>\$ 11,370,876</u>	<u>\$ 2,155,488</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Personal services	12,004	12,004	12,003	1
Public safety				
Police				
Personal services	37,708	37,708	36,815	893
Recreation				
Parks				
Personal services	75,975	75,975	52,533	23,442
Total expenditures	125,687	125,687	101,351	24,336
Excess of revenues under expenditures	(125,687)	(125,687)	(101,351)	24,336
Other financing sources:				
Transfers - in	100,000	100,000	100,000	-
Net change in fund balance	(25,687)	(25,687)	(1,351)	24,336
Fund balance at beginning of year	380,484	380,484	380,484	-
Prior year encumbrances appropriated	1	1	1	-
Fund balance at end of year	<u>\$ 354,798</u>	<u>\$ 354,798</u>	<u>\$ 379,134</u>	<u>\$ 24,336</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, 2011

	<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	\$ 420,000	\$ 1,124,736	\$ 726,389	\$ (398,347)
Special assessments	9,800	9,800	7,862	(1,938)
Other	23,050	23,050	45,099	22,049
Total revenues	<u>452,850</u>	<u>1,157,586</u>	<u>779,350</u>	<u>(378,236)</u>
<u>Expenditures:</u>				
Capital outlay	<u>1,849,673</u>	<u>2,581,941</u>	<u>2,447,371</u>	<u>134,570</u>
Excess of revenues under expenditures	<u>(1,396,823)</u>	<u>(1,424,355)</u>	<u>(1,668,021)</u>	<u>(243,666)</u>
Other financing sources:				
Sale of capital assets	<u>415,000</u>	<u>415,000</u>	<u>382,289</u>	<u>(32,711)</u>
Net change in fund balance	(981,823)	(1,009,355)	(1,285,732)	(276,377)
Fund balance at beginning of year	79,683	79,683	79,683	-
Prior year encumbrances appropriated	<u>1,652,120</u>	<u>1,652,120</u>	<u>1,652,120</u>	<u>-</u>
Fund balance at end of year	<u>\$ 749,980</u>	<u>\$ 722,448</u>	<u>\$ 446,071</u>	<u>\$ (276,377)</u>

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Fund
For the Year Ended December 31, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Intergovernmental	\$ 885,000	\$ 885,000	\$ 968,139	\$ 83,139
Other	3,500	3,500	3,235	(265)
Total revenues	<u>888,500</u>	<u>888,500</u>	<u>971,374</u>	<u>82,874</u>
<u>Expenditures:</u>				
Current:				
Public works				
Streets				
Street maintenance				
Personal services	558,940	558,940	527,858	31,082
Operations and maintenance	239,811	239,811	231,278	8,533
Capital outlay	93,143	168,143	168,142	1
Total expenditures	<u>891,894</u>	<u>966,894</u>	<u>927,278</u>	<u>39,616</u>
Excess of revenues over (under) expenditures	<u>(3,394)</u>	<u>(78,394)</u>	<u>44,096</u>	<u>122,490</u>
Other financing sources:				
Sale of capital assets	-	-	820	820
Net change in fund balance	(3,394)	(78,394)	44,916	123,310
Fund balance at beginning of year	316,229	316,229	316,229	-
Prior year encumbrances appropriated	<u>82,054</u>	<u>82,054</u>	<u>82,054</u>	<u>-</u>
Fund balance at end of year	<u>\$ 394,889</u>	<u>\$ 319,889</u>	<u>\$ 443,199</u>	<u>\$ 123,310</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, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Intergovernmental	\$ 72,000	\$ 72,000	\$ 78,498	\$ 6,498
Other	-	-	2,319	2,319
Total revenues	<u>72,000</u>	<u>72,000</u>	<u>80,817</u>	<u>8,817</u>
<u>Expenditures:</u>				
Current:				
Public works				
Streets				
Street maintenance				
Operations and maintenance	<u>186,529</u>	<u>186,529</u>	<u>182,613</u>	<u>3,916</u>
Net change in fund balance	(114,529)	(114,529)	(101,796)	12,733
Fund balance at beginning of year	126,235	126,235	126,235	-
Prior year encumbrances appropriated	<u>48,529</u>	<u>48,529</u>	<u>48,529</u>	-
Fund balance at end of year	<u>\$ 60,235</u>	<u>\$ 60,235</u>	<u>\$ 72,968</u>	<u>\$ 12,733</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, 2011

	<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	\$ 47,353	\$ 4,353
<u>Expenditures:</u>				
Current:				
Streets				
Street maintenance				
Operations and maintenance	39,214	39,214	38,214	1,000
Capital outlay	53,397	78,397	78,397	-
Total expenditures	<u>92,611</u>	<u>117,611</u>	<u>116,611</u>	<u>1,000</u>
Net change in fund balance	(49,611)	(74,611)	(69,258)	5,353
Fund balance at beginning of year	42,796	42,796	42,796	-
Prior year encumbrances appropriated	<u>55,610</u>	<u>55,610</u>	<u>55,610</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 48,795</u></u>	<u><u>\$ 23,795</u></u>	<u><u>\$ 29,148</u></u>	<u><u>\$ 5,353</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, 2011

	<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	\$ 500	\$ 102	\$ (398)
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Operations and maintenance	23,500	23,500	23,000	500
Net change in fund balance	(23,000)	(23,000)	(22,898)	102
Fund balance at beginning of year	23,533	23,533	23,533	-
Fund balance at end of year	<u>\$ 533</u>	<u>\$ 533</u>	<u>\$ 635</u>	<u>\$ 102</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, 2011

	<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	\$ 69	\$ (131)
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Operations and maintenance	1,000	1,000	-	1,000
Net change in fund balance	(800)	(800)	69	869
Fund balance at beginning of year	1,455	1,455	1,455	-
Fund balance at end of year	<u>\$ 655</u>	<u>\$ 655</u>	<u>\$ 1,524</u>	<u>\$ 869</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, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Fines and forfeitures	\$ 1,000	\$ 1,000	\$ 1,174	\$ 174
<u>Expenditures:</u>				
Current:				
Public safety				
Police				
Operations and maintenance	1,044	1,044	471	573
Net change in fund balance	(44)	(44)	703	747
Fund balance at beginning of year	1,617	1,617	1,617	-
Prior year encumbrances appropriated	44	44	44	-
Fund balance at end of year	<u>\$ 1,617</u>	<u>\$ 1,617</u>	<u>\$ 2,364</u>	<u>\$ 747</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, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Fines and forfeitures	\$ 16,000	\$ 16,000	\$ 27,615	\$ 11,615
Intergovernmental	12,000	12,000	-	(12,000)
Total revenues	<u>28,000</u>	<u>28,000</u>	<u>27,615</u>	<u>(385)</u>
<u>Expenditures:</u>				
Current:				
Public safety				
Police				
Operations and maintenance	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>-</u>
Net change in fund balance	(32,000)	(32,000)	(32,385)	(385)
Fund balance at beginning of year	<u>278,311</u>	<u>278,311</u>	<u>278,311</u>	<u>-</u>
Fund balance at end of year	<u>\$ 246,311</u>	<u>\$ 246,311</u>	<u>\$ 245,926</u>	<u>\$ (385)</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, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Fines and forfeitures	\$ 142,000	\$ 142,000	\$ 133,394	\$ (8,606)
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Personal services	100,767	100,767	99,705	1,062
Operations and maintenance	61,458	61,458	46,993	14,465
Capital outlay	48,772	57,772	55,999	1,773
Total expenditures	<u>210,997</u>	<u>219,997</u>	<u>202,697</u>	<u>17,300</u>
Net change in fund balance	(68,997)	(77,997)	(69,303)	8,694
Fund balance at beginning of year	114,787	114,787	114,787	-
Prior year encumbrances appropriated	<u>6,580</u>	<u>6,580</u>	<u>6,580</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 52,370</u></u>	<u><u>\$ 43,370</u></u>	<u><u>\$ 52,064</u></u>	<u><u>\$ 8,694</u></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, 2011

	<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	\$ 15,000	\$ 15,000	\$ 20,842	\$ 5,842
<u>Expenditures:</u>				
Current:				
Public safety				
Police				
Operations and maintenance	5,000	5,000	-	5,000
Net change in fund balance	10,000	10,000	20,842	10,842
Fund balance at beginning of year	33,122	33,122	33,122	-
Fund balance at end of year	<u>\$ 43,122</u>	<u>\$ 43,122</u>	<u>\$ 53,964</u>	<u>\$ 10,842</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, 2011

	<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	\$ 115,700	\$ 115,700	\$ 109,502	\$ (6,198)
Other	4,700	4,700	5,256	556
Total revenues	<u>120,400</u>	<u>120,400</u>	<u>114,758</u>	<u>(5,642)</u>
<u>Expenditures:</u>				
Current:				
Recreation				
Parks				
Personal services	48,558	48,558	40,948	7,610
Operations and maintenance	77,750	77,750	76,520	1,230
Capital outlay	18,615	18,615	16,513	2,102
Total expenditures	<u>144,923</u>	<u>144,923</u>	<u>133,981</u>	<u>10,942</u>
Net change in fund balance	(24,523)	(24,523)	(19,223)	5,300
Fund balance at beginning of year	<u>44,091</u>	<u>44,091</u>	<u>44,091</u>	<u>-</u>
Fund balance at end of year	<u>\$ 19,568</u>	<u>\$ 19,568</u>	<u>\$ 24,868</u>	<u>\$ 5,300</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, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Charges for services	\$ 51,500	\$ 51,500	\$ 47,752	\$ (3,748)
Other	900	900	596	(304)
Total revenues	52,400	52,400	48,348	(4,052)
<u>Expenditures:</u>				
Current:				
Recreation				
Parks				
Personal services	24,131	24,131	21,265	2,866
Operations and maintenance	30,056	30,056	28,100	1,956
Capital outlay	24,956	24,956	21,001	3,955
Total expenditures	79,143	79,143	70,366	8,777
Net change in fund balance	(26,743)	(26,743)	(22,018)	4,725
Fund balance at beginning of year	57,273	57,273	57,273	-
Prior year encumbrances appropriated	7,312	7,312	7,312	-
Fund balance at end of year	\$ 37,842	\$ 37,842	\$ 42,567	\$ 4,725

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, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Charges for services	\$ 277,000	\$ 277,000	\$ 277,631	\$ 631
<u>Expenditures:</u>				
Current:				
Public works				
Engineer				
Personal services	125,367	125,367	122,481	2,886
Operations and maintenance	188,981	188,981	183,891	5,090
Capital outlay	4,383	4,383	-	4,383
Total expenditures	<u>318,731</u>	<u>318,731</u>	<u>306,372</u>	<u>12,359</u>
Net change in fund balance	(41,731)	(41,731)	(28,741)	12,990
Fund balance at beginning of year	50,547	50,547	50,547	-
Prior year encumbrances appropriated	<u>123,064</u>	<u>123,064</u>	<u>123,064</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 131,880</u></u>	<u><u>\$ 131,880</u></u>	<u><u>\$ 144,870</u></u>	<u><u>\$ 12,990</u></u>

City of Vandalia, Ohio
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Chuck Gabbard Memorial Fund
 For the Year Ended December 31, 2011

	<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, 2011

	<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	\$ 72,000	\$ 72,000	\$ 62,654	\$ (9,346)
<u>Expenditures:</u>				
Current:				
General government				
Judicial system				
Personal services	71,925	71,925	67,066	4,859
Net change in fund balance	75	75	(4,412)	(4,487)
Fund balance at beginning of year	4,412	4,412	4,412	-
Fund balance at end of year	<u>\$ 4,487</u>	<u>\$ 4,487</u>	<u>\$ -</u>	<u>\$ (4,487)</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, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Debt service:				
Principal retirement	5,278,819	5,278,819	5,278,819	-
Interest and fiscal charges	478,439	478,439	472,253	6,186
Total expenditures	<u>5,757,258</u>	<u>5,757,258</u>	<u>5,751,072</u>	<u>6,186</u>
Excess of revenues under expenditures	<u>(5,757,258)</u>	<u>(5,757,258)</u>	<u>(5,751,072)</u>	<u>6,186</u>
Other financing sources:				
Bond anticipation notes issued	4,580,000	4,580,000	4,580,000	-
Transfers - in	1,177,258	1,177,258	1,177,258	-
Total other financing sources	<u>5,757,258</u>	<u>5,757,258</u>	<u>5,757,258</u>	<u>-</u>
Net change in fund balance	-	-	6,186	6,186
Fund balance at beginning of year	<u>249,303</u>	<u>249,303</u>	<u>249,303</u>	<u>-</u>
Fund balance at end of year	<u>\$ 249,303</u>	<u>\$ 249,303</u>	<u>\$ 255,489</u>	<u>\$ 6,186</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, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Other	\$ -	\$ -	\$ 1	\$ 1
<u>Expenditures:</u>				
Current:				
Public safety				
Police				
Personal services	97,697	97,697	89,972	7,725
Capital outlay	211,379	281,384	280,717	667
Total police	309,076	379,081	370,689	8,392
Fire				
Capital outlay	207,510	207,510	206,751	759
Total public safety	516,586	586,591	577,440	9,151
Public works				
Streets				
Capital outlay	373,149	398,149	398,149	-
Debt service:				
Principal retirement	265,000	265,000	265,000	-
Interest and fiscal charges	142,953	142,953	142,953	-
Total expenditures	1,297,688	1,392,693	1,383,542	9,151
Excess of revenues under expenditures	(1,297,688)	(1,392,693)	(1,383,541)	9,152
Other financing sources:				
Transfers - in	1,275,000	1,387,500	1,383,893	(3,607)
Net change in fund balance	(22,688)	(5,193)	352	5,545
Fund balance at beginning of year	108,566	108,566	108,566	-
Prior year encumbrances appropriated	88,548	88,548	88,548	-
Fund balance at end of year	<u>\$ 174,426</u>	<u>\$ 191,921</u>	<u>\$ 197,466</u>	<u>\$ 5,545</u>

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
TIF Fund
For the Year Ended December 31, 2011

	<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	\$ 68,950	\$ 107,720	\$ 107,720	\$ -
<u>Expenditures:</u>				
Current:				
Capital outlay	16,200	106,200	101,231	4,969
Net change in fund balance	52,750	1,520	6,489	4,969
Fund balance at beginning of year	112,348	112,348	112,348	-
Fund balance at end of year	<u>\$ 165,098</u>	<u>\$ 113,868</u>	<u>\$ 118,837</u>	<u>\$ 4,969</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Capital outlay	795,058	995,058	979,325	15,733
Net change in fund balance	(795,058)	(995,058)	(979,325)	15,733
Fund balance at beginning of year	1,550,985	1,550,985	1,550,985	-
Prior year encumbrances appropriated	390,426	390,426	390,426	-
Fund balance at end of year	<u>\$ 1,146,353</u>	<u>\$ 946,353</u>	<u>\$ 962,086</u>	<u>\$ 15,733</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, 2011

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

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2011

	<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	\$ 2,103,100	\$ 2,103,100	\$ 2,142,818	\$ 39,718
Tap-in fees	12,000	12,000	1,650	(10,350)
Utility deposits received	-	-	7,091	7,091
Other	48,000	48,000	46,793	(1,207)
Total revenues	<u>2,163,100</u>	<u>2,163,100</u>	<u>2,198,352</u>	<u>35,252</u>
<u>Expenses:</u>				
Current:				
Personal services	322,525	322,525	311,916	10,609
Contractual services	1,569,279	1,569,279	1,367,471	201,808
Materials and supplies	62,293	72,331	71,952	379
Capital outlay	243,066	243,066	233,531	9,535
Utility deposits returned	-	-	5,726	(5,726)
Other	200	200	1,938	(1,738)
Total expenses	<u>2,197,363</u>	<u>2,207,401</u>	<u>1,992,534</u>	<u>214,867</u>
Change in fund equity	(34,263)	(44,301)	205,818	250,119
Fund equity at beginning of year	1,091,513	1,091,513	1,091,513	-
Prior year encumbrances appropriated	<u>240,920</u>	<u>240,920</u>	<u>240,920</u>	<u>-</u>
Fund equity at end of year	<u>\$ 1,298,170</u>	<u>\$ 1,288,132</u>	<u>\$ 1,538,251</u>	<u>\$ 250,119</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, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Charges for services	\$ 1,381,400	\$ 1,381,400	\$ 1,380,587	\$ (813)
Tap-in fees	13,000	13,000	1,300	(11,700)
Utility deposits received	-	-	3,492	3,492
Other	-	-	661	661
Total revenues	1,394,400	1,394,400	1,386,040	(8,360)
<u>Expenses:</u>				
Current:				
Personal services	316,641	316,641	309,443	7,198
Contractual services	989,317	989,317	950,657	38,660
Materials and supplies	39,463	46,810	46,141	669
Utility deposits returned	1,450	1,450	3,140	(1,690)
Other	-	-	50	(50)
Total expenses	1,346,871	1,354,218	1,309,431	44,787
Change in fund equity	47,529	40,182	76,609	36,427
Fund equity at beginning of year	432,778	432,778	432,778	-
Prior year encumbrances appropriated	26,305	26,305	26,305	-
Fund equity at end of year	\$ 506,612	\$ 499,265	\$ 535,692	\$ 36,427

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, 2011

	<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	\$ 907,200	\$ 907,200	\$ 863,124	\$ (44,076)
Other	5,350	5,350	7,769	2,419
Total revenues	<u>912,550</u>	<u>912,550</u>	<u>870,893</u>	<u>(41,657)</u>
<u>Expenses:</u>				
Current:				
Personal services	464,758	464,758	428,977	35,781
Contractual services	332,560	332,560	306,557	26,003
Materials and supplies	188,325	190,801	178,166	12,635
Other	29,904	29,904	29,151	753
Total expenses	<u>1,015,547</u>	<u>1,018,023</u>	<u>942,851</u>	<u>75,172</u>
Operating loss	<u>(102,997)</u>	<u>(105,473)</u>	<u>(71,958)</u>	<u>33,515</u>
Non-operating revenues				
Interest	250	250	-	(250)
Proceeds from sales of capital assets	-	-	3,726	3,726
Total non-operating revenues	<u>250</u>	<u>250</u>	<u>3,726</u>	<u>3,476</u>
Change in fund equity	(102,747)	(105,223)	(68,232)	36,991
Fund equity at beginning of year	491,885	491,885	491,885	-
Prior year encumbrances appropriated	<u>18,064</u>	<u>18,064</u>	<u>18,064</u>	<u>-</u>
Fund equity at end of year	<u>\$ 407,202</u>	<u>\$ 404,726</u>	<u>\$ 441,717</u>	<u>\$ 36,991</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, 2011

	<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	\$ 1,529,180	\$ 1,529,180	\$ 1,754,106	\$ 224,926
Other	50,000	50,000	6,041	(43,959)
Total revenues	<u>1,579,180</u>	<u>1,579,180</u>	<u>1,760,147</u>	<u>180,967</u>
<u>Expenses:</u>				
Current:				
Contractual services	306,144	306,144	306,144	-
Claims	1,306,456	1,306,456	1,297,941	8,515
Total expenses	<u>1,612,600</u>	<u>1,612,600</u>	<u>1,604,085</u>	<u>8,515</u>
Change in fund equity	(33,420)	(33,420)	156,062	189,482
Fund equity at beginning of year	183,322	183,322	183,322	-
Prior year encumbrances appropriated	<u>33,420</u>	<u>33,420</u>	<u>33,420</u>	<u>-</u>
Fund equity at end of year	<u>\$ 183,322</u>	<u>\$ 183,322</u>	<u>\$ 372,804</u>	<u>\$ 189,482</u>



Combining Statements – Fiduciary Funds

AGENCY FUNDS

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

Building Standards

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

Northern Area Water Authority

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

Municipal Court

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

Multi-District Tax Fund

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

Performance Bond

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

Tri-Cities North Regional Wastewater Authority

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

Employee Flex Account

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

City of Vandalia, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2011

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Building Standards				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 275	\$ 3,639	\$ 2,936	\$ 978
Total assets	<u>\$ 275</u>	<u>\$ 3,639</u>	<u>\$ 2,936</u>	<u>\$ 978</u>
<u>Liabilities:</u>				
Due to other governments	\$ 275	\$ 3,639	\$ 2,936	\$ 978
Total liabilities	<u>\$ 275</u>	<u>\$ 3,639</u>	<u>\$ 2,936</u>	<u>\$ 978</u>

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Northern Area Water Authority				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 642,869	\$ 2,595,845	\$ 2,635,880	\$ 602,834
Total assets	<u>\$ 642,869</u>	<u>\$ 2,595,845</u>	<u>\$ 2,635,880</u>	<u>\$ 602,834</u>
<u>Liabilities:</u>				
Due to others	\$ 642,869	\$ 2,595,845	\$ 2,635,880	\$ 602,834
Total liabilities	<u>\$ 642,869</u>	<u>\$ 2,595,845</u>	<u>\$ 2,635,880</u>	<u>\$ 602,834</u>

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Municipal Court				
<u>Assets:</u>				
Cash and cash equivalents in segregated accounts	\$ 116,063	\$ 1,521,384	\$ 1,512,885	\$ 124,562
Total assets	<u>\$ 116,063</u>	<u>\$ 1,521,384</u>	<u>\$ 1,512,885</u>	<u>\$ 124,562</u>
<u>Liabilities:</u>				
Due to other governments	\$ 41,780	\$ 543,161	\$ 538,264	\$ 46,677
Undistributed monies	74,283	978,223	974,621	77,885
Total liabilities	<u>\$ 116,063</u>	<u>\$ 1,521,384</u>	<u>\$ 1,512,885</u>	<u>\$ 124,562</u>

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Multi-District Tax fund				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 345,476	\$ 9,161,649	\$ 9,093,887	\$ 413,238
Total assets	<u>\$ 345,476</u>	<u>\$ 9,161,649</u>	<u>\$ 9,093,887</u>	<u>\$ 413,238</u>
<u>Liabilities:</u>				
Due to other governments	\$ -	\$ 412,932	\$ -	\$ 412,932
Undistributed monies	345,476	8,748,717	9,093,887	306
Total liabilities	<u>\$ 345,476</u>	<u>\$ 9,161,649</u>	<u>\$ 9,093,887</u>	<u>\$ 413,238</u>

City of Vandalia, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2011

	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Performance Bond				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 17,405	\$ -	\$ -	\$ 17,405
Total assets	<u>\$ 17,405</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,405</u>
<u>Liabilities:</u>				
Undistributed monies	\$ 17,405	\$ -	\$ -	\$ 17,405
Total liabilities	<u>\$ 17,405</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,405</u>
	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Tri-Cities North Regional Wastewater Authority				
<u>Assets:</u>				
Investments	\$ 6,668,771	\$ 4,139,272	\$ 4,163,698	\$ 6,644,345
Total assets	<u>\$ 6,668,771</u>	<u>\$ 4,139,272</u>	<u>\$ 4,163,698</u>	<u>\$ 6,644,345</u>
<u>Liabilities:</u>				
Due to others	\$ 6,668,771	\$ 4,139,272	\$ 4,163,698	\$ 6,644,345
Total liabilities	<u>\$ 6,668,771</u>	<u>\$ 4,139,272</u>	<u>\$ 4,163,698</u>	<u>\$ 6,644,345</u>
	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Employee Flex Account				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 6,157	\$ 71,667	\$ 73,193	\$ 4,631
Total assets	<u>\$ 6,157</u>	<u>\$ 71,667</u>	<u>\$ 73,193</u>	<u>\$ 4,631</u>
<u>Liabilities:</u>				
Due to employees	\$ 6,157	\$ 71,667	\$ 73,193	\$ 4,631
Total liabilities	<u>\$ 6,157</u>	<u>\$ 71,667</u>	<u>\$ 73,193</u>	<u>\$ 4,631</u>
	Balance January 1, 2011	Additions	Deletions	Balance December 31, 2011
Totals				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 1,012,182	\$ 11,832,800	\$ 11,805,896	\$ 1,039,086
Cash and cash equivalents in segregated accounts	116,063	1,521,384	1,512,885	124,562
Investments	6,668,771	4,139,272	4,163,698	6,644,345
Total assets	<u>\$ 7,797,016</u>	<u>\$ 17,493,456</u>	<u>\$ 17,482,479</u>	<u>\$ 7,807,993</u>
<u>Liabilities:</u>				
Due to other governments	\$ 42,055	\$ 959,732	\$ 541,200	\$ 460,587
Due to employees	6,157	71,667	73,193	4,631
Undistributed monies	437,164	9,726,940	10,068,508	95,596
Due to others	7,311,640	6,735,117	6,799,578	7,247,179
Total liabilities	<u>\$ 7,797,016</u>	<u>\$ 17,493,456</u>	<u>\$ 17,482,479</u>	<u>\$ 7,807,993</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 - S14
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	S15 - S19
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	S20 - S21
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	S22 - S29

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

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<u>Governmental Activities</u>					
Invested in capital assets, net of related debt	\$ 32,026,709	\$ 31,647,933	\$ 32,543,285	\$ 33,073,481	\$ 32,617,097
Restricted	6,203,695	4,570,563	4,543,818	4,668,371	5,164,000
Unrestricted	<u>13,069,246</u>	<u>12,961,542</u>	<u>14,439,093</u>	<u>15,932,867</u>	<u>21,393,154</u>
Total governmental activities net assets	<u>\$ 51,299,650</u>	<u>\$ 49,180,038</u>	<u>\$ 51,526,196</u>	<u>\$ 53,674,719</u>	<u>\$ 59,174,251</u>
<u>Business-Type Activities</u>					
Invested in capital assets, net of related debt	\$ 15,831,497	\$ 17,235,721	\$ 16,904,597	\$ 17,560,983	\$ 17,541,180
Unrestricted	<u>8,202,422</u>	<u>8,231,386</u>	<u>8,146,092</u>	<u>7,861,688</u>	<u>7,999,421</u>
Total business-type activities net assets	<u>\$ 24,033,919</u>	<u>\$ 25,467,107</u>	<u>\$ 25,050,689</u>	<u>\$ 25,422,671</u>	<u>\$ 25,540,601</u>
<u>Primary Government</u>					
Invested in capital assets, net of related debt	\$ 47,858,206	\$ 48,883,654	\$ 49,447,882	\$ 50,634,464	\$ 50,158,277
Restricted	6,203,695	4,570,563	4,543,818	4,668,371	5,164,000
Unrestricted	<u>21,271,668</u>	<u>21,192,928</u>	<u>22,585,185</u>	<u>23,794,555</u>	<u>29,392,575</u>
Total primary government net assets	<u>\$ 75,333,569</u>	<u>\$ 74,647,145</u>	<u>\$ 76,576,885</u>	<u>\$ 79,097,390</u>	<u>\$ 84,714,852</u>

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$	35,381,805	\$ 36,535,266	\$ 39,122,829	\$ 42,469,073	\$ 42,619,594
	4,872,447	4,489,010	5,991,019	5,776,138	2,032,828
	<u>21,683,362</u>	<u>21,281,556</u>	<u>14,113,877</u>	<u>12,187,964</u>	<u>15,743,855</u>
\$	<u>61,937,614</u>	<u>62,305,832</u>	<u>59,227,725</u>	<u>60,433,175</u>	<u>60,396,277</u>
\$	17,331,384	\$ 18,165,790	\$ 18,217,454	\$ 18,100,914	\$ 18,332,521
	10,272,138	9,385,576	9,169,165	10,846,059	10,898,051
	<u>27,603,522</u>	<u>27,551,366</u>	<u>27,386,619</u>	<u>28,946,973</u>	<u>29,230,572</u>
\$	52,713,189	\$ 54,701,056	\$ 57,340,283	\$ 60,569,987	\$ 60,952,115
	4,872,447	4,489,010	5,991,019	5,776,138	2,032,828
	<u>31,955,500</u>	<u>30,667,132</u>	<u>23,283,042</u>	<u>23,034,023</u>	<u>26,641,906</u>
\$	<u>89,541,136</u>	<u>89,857,198</u>	<u>86,614,344</u>	<u>89,380,148</u>	<u>89,626,849</u>

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

Expenses	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities:					
General government	\$ 4,413,764	\$ 4,929,186	\$ 4,944,560	\$ 5,366,477	\$ 5,460,150
Public safety	5,798,869	5,703,204	5,698,591	6,058,752	6,178,967
Public works	3,781,644	4,223,002	3,877,206	4,432,060	4,240,372
Recreation	3,423,447	3,351,472	3,278,059	3,294,702	3,427,824
Intergovernmental	-	-	-	-	-
Interest and fiscal charges	692,184	680,882	505,688	540,735	580,291
Total governmental activities expenses	<u>18,109,908</u>	<u>18,887,746</u>	<u>18,304,104</u>	<u>19,692,726</u>	<u>19,887,604</u>
Business-Type Activities:					
Water	1,673,614	1,573,771	1,663,004	1,801,203	2,227,291
Sewer	1,375,130	863,893	1,594,333	1,464,646	1,478,904
Golf	1,229,441	1,157,810	1,144,596	1,145,444	1,165,894
Total business-type activities	<u>4,278,185</u>	<u>3,595,474</u>	<u>4,401,933</u>	<u>4,411,293</u>	<u>4,872,089</u>
Total primary government expenses	<u>\$ 22,388,093</u>	<u>\$ 22,483,220</u>	<u>\$ 22,706,037</u>	<u>\$ 24,104,019</u>	<u>\$ 24,759,693</u>
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ 1,704,471	\$ 2,069,469	\$ 1,879,701	\$ 2,111,964	\$ 1,748,666
Public safety	36,878	226,100	517,433	502,942	708,379
Public works	327,226	239,882	885,430	1,331,202	1,186,775
Recreation	1,140,282	1,204,578	1,262,996	1,298,854	1,347,174
Operating grants, contributions and interest	611,107	759,212	801,455	1,626,415	1,165,543
Capital grants and contributions	353,732	395,429	819,364	1,745,069	952,359
Total governmental activities program revenues	<u>4,173,696</u>	<u>4,894,670</u>	<u>6,166,379</u>	<u>8,616,446</u>	<u>7,108,896</u>
Business-Type Activities:					
Charges for services:					
Water	1,422,710	1,574,328	1,458,940	1,568,232	2,249,435
Sewer	1,129,818	1,038,386	1,101,616	1,065,364	1,336,767
Golf	953,877	941,156	944,892	974,608	984,106
Capital grants and contributions	344,929	4,022	9,481	813,061	327,837
Total business-type activities program revenues	<u>3,851,334</u>	<u>3,557,892</u>	<u>3,514,929</u>	<u>4,421,265</u>	<u>4,898,145</u>
Total primary government program revenues	<u>\$ 8,025,030</u>	<u>\$ 8,452,562</u>	<u>\$ 9,681,308</u>	<u>\$ 13,037,711</u>	<u>\$ 12,007,041</u>
Net (expense)/revenue					
Governmental activities	\$ (13,936,212)	\$ (13,993,076)	\$ (12,137,725)	\$ (11,076,280)	\$ (12,778,708)
Business-type activities	(426,851)	(37,582)	(887,004)	9,972	26,056
Total primary government net expense	<u>\$ (14,363,063)</u>	<u>\$ (14,030,658)</u>	<u>\$ (13,024,729)</u>	<u>\$ (11,066,308)</u>	<u>\$ (12,752,652)</u>
General Revenues and Other Changes in Net Assets					
Governmental Activities:					
Property taxes levied for:					
General purposes	\$ 1,660,698	\$ 1,783,553	\$ 1,703,923	\$ 1,652,459	\$ 2,008,091
Income tax levied for:					
General purposes	8,383,939	8,393,096	10,420,056	10,419,773	13,205,994
Capital projects	2,794,646	1,518,509	-	-	-
Grants and entitlements not restricted to specific programs	911,245	837,051	984,588	925,581	1,820,314
Payment in lieu of taxes	-	-	-	-	-
Investment earnings	830,994	336,949	509,985	354,301	1,146,670
Gain on the sale of capital assets	-	-	-	-	-
Other	85,390	124,683	67,812	32,800	159,399
Total governmental activities	<u>14,666,912</u>	<u>12,993,841</u>	<u>13,686,364</u>	<u>13,384,914</u>	<u>18,340,468</u>
Business-Type Activities:					
Investment in joint venture	434,258	93,368	374,117	171,124	-
Investment earnings	5,819	2,660	1,688	2,187	4,717
Other	50,198	45,567	48,549	28,588	24,929
Total business-type activities	<u>490,275</u>	<u>141,595</u>	<u>424,354</u>	<u>201,899</u>	<u>29,646</u>
Total primary government	<u>\$ 15,157,187</u>	<u>\$ 13,135,436</u>	<u>\$ 14,110,718</u>	<u>\$ 13,586,813</u>	<u>\$ 18,370,114</u>
Change in net assets					
Governmental activities	\$ 657,304	\$ (2,328,410)	\$ 1,504,411	\$ 2,148,523	\$ 5,499,532
Business-type activities	136,820	1,433,188	(418,422)	371,982	117,930
Total primary government	<u>\$ 794,124</u>	<u>\$ (895,222)</u>	<u>\$ 1,085,989</u>	<u>\$ 2,520,505</u>	<u>\$ 5,617,462</u>

	2007	2008	2009	2010	2011
\$	5,906,984	\$ 6,403,491	\$ 7,686,032	\$ 5,582,027	\$ 5,726,617
	6,052,798	6,608,469	6,605,685	6,531,788	6,911,373
	4,224,539	4,430,596	5,881,207	5,030,029	5,301,500
	3,676,239	4,016,239	4,099,980	3,984,048	3,958,580
	-	-	-	-	27,280
	650,699	625,917	758,879	736,084	661,538
	<u>20,511,259</u>	<u>22,084,712</u>	<u>25,031,783</u>	<u>21,863,976</u>	<u>22,586,888</u>
	2,242,417	2,677,281	2,530,623	1,912,399	2,057,812
	1,523,399	1,574,798	1,699,742	450,852	1,741,089
	1,185,618	1,137,838	1,057,710	1,087,328	965,069
	4,951,434	5,389,917	5,288,075	3,450,579	4,763,970
\$	<u>25,462,693</u>	<u>27,474,629</u>	<u>30,319,858</u>	<u>25,314,555</u>	<u>27,350,858</u>
\$	1,873,488	\$ 1,914,426	\$ 1,821,605	\$ 1,871,967	\$ 1,871,826
	673,765	654,686	629,222	663,224	326,695
	1,310,194	1,132,996	1,245,630	1,333,534	1,706,801
	1,397,631	1,461,420	1,468,749	1,481,966	1,479,628
	1,152,379	919,062	1,324,350	727,898	1,272,681
	1,374,031	750,497	2,078,995	2,501,327	818,757
	<u>7,781,488</u>	<u>6,833,087</u>	<u>8,568,551</u>	<u>8,579,916</u>	<u>7,476,388</u>
	2,770,088	1,979,915	2,056,963	2,182,747	2,128,858
	2,333,065	1,072,501	1,254,928	1,300,559	1,378,273
	990,779	951,835	935,518	930,933	863,896
	74,445	103,784	412,108	108,770	1,052
	<u>6,168,377</u>	<u>4,108,035</u>	<u>4,659,517</u>	<u>4,523,009</u>	<u>4,372,079</u>
\$	<u>13,949,865</u>	<u>10,941,122</u>	<u>13,228,068</u>	<u>13,102,925</u>	<u>11,848,467</u>
\$	(12,729,771)	\$ (15,251,625)	\$ (16,463,232)	\$ (13,284,060)	\$ (15,110,500)
	1,216,943	(1,281,882)	(628,558)	1,072,430	(391,891)
\$	<u>(11,512,828)</u>	<u>(16,533,507)</u>	<u>(17,091,790)</u>	<u>(12,211,630)</u>	<u>(15,502,391)</u>
\$	1,976,022	\$ 2,077,147	\$ 1,670,726	\$ 1,989,379	\$ 1,548,086
	13,072,621	11,391,659	9,222,083	10,889,271	11,709,263
	-	-	-	-	-
	1,357,421	1,977,904	1,931,238	1,539,008	1,764,465
	-	-	16,857	108,512	107,720
	1,485,318	1,211,323	622,173	254,451	492,580
	-	-	-	-	11,040
	112,821	154,641	114,904	131,464	59,415
	<u>18,004,203</u>	<u>16,812,674</u>	<u>13,577,981</u>	<u>14,912,085</u>	<u>15,692,569</u>
	-	-	-	-	-
	3,471	1,140	483	287	-
	33,196	35,755	270,472	65,062	56,523
	36,667	36,895	270,955	65,349	56,523
\$	<u>18,040,870</u>	<u>16,849,569</u>	<u>13,848,936</u>	<u>14,977,434</u>	<u>15,749,092</u>
\$	4,337,065	\$ 368,218	\$ (3,078,107)	\$ 1,205,450	\$ (36,898)
	2,190,977	(52,156)	(164,747)	1,560,354	283,599
\$	<u>6,528,042</u>	<u>316,062</u>	<u>(3,242,854)</u>	<u>2,765,804</u>	<u>246,701</u>

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Fund					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Reserved	1,691,270	2,147,547	2,202,106	1,867,705	1,850,259
Unreserved, designated	-	-	-	-	-
Unreserved	9,888,293	9,236,874	10,791,865	13,008,780	16,996,717
Total general fund	<u>\$ 11,579,563</u>	<u>\$ 11,384,421</u>	<u>\$ 12,993,971</u>	<u>\$ 14,876,485</u>	<u>\$ 18,846,976</u>
All Other Governmental Funds					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Reserved	3,039,436	2,202,060	902,290	738,185	4,477,554
Unreserved, reported in:					
Special revenue funds	1,012,272	991,055	1,251,527	1,578,658	1,966,858
Capital projects funds	1,481,985	703,548	1,568,078	1,390,763	(2,060,044)
Debt service funds	140,772	155,114	186,958	411,590	169,257
Total all other governmental funds	<u>\$ 5,674,465</u>	<u>\$ 4,051,777</u>	<u>\$ 3,908,853</u>	<u>\$ 4,119,196</u>	<u>\$ 4,553,625</u>

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Restated 2010</u>	<u>2011</u>
\$	-	\$ -	\$ -	\$ 42,721	\$ 42,034
	-	-	-	380,484	360,215
	-	-	-	1,832,419	2,287,384
	-	-	-	10,266,922	10,756,154
	1,790,777	1,952,111	1,304,239	-	-
	-	-	915,000	-	-
	<u>18,711,875</u>	<u>19,029,818</u>	<u>11,813,674</u>	<u>-</u>	<u>-</u>
\$	<u>20,502,652</u>	<u>20,981,929</u>	<u>14,032,913</u>	<u>12,522,546</u>	<u>13,445,787</u>
\$	-	\$ -	\$ -	\$ 3,763,299	\$ 3,340,482
	-	-	-	1,661,587	1,788,921
	-	-	-	3,165,623	2,536,378
	-	-	-	-	-
	-	-	-	(3,195,166)	(3,755,190)
	6,105,502	6,517,093	8,079,431	-	-
	1,508,082	1,306,895	1,445,453	-	-
	(3,834,063)	(4,158,504)	(1,453,242)	-	-
	<u>219,077</u>	<u>221,577</u>	<u>243,154</u>	<u>-</u>	<u>-</u>
\$	<u>3,998,598</u>	<u>3,887,061</u>	<u>8,314,796</u>	<u>5,395,343</u>	<u>3,910,591</u>

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>REVENUES</u>										
Municipal income taxes	\$ 10,498,954	\$ 10,317,499	\$ 10,523,250	\$ 10,735,700	\$ 12,579,757	\$ 13,278,532	\$ 11,905,601	\$ 9,377,445	\$ 11,031,533	\$ 11,811,152
Property and other taxes	1,591,471	1,706,415	1,743,925	1,708,422	1,972,798	1,922,643	2,118,855	1,691,048	2,081,995	1,722,455
Charges for services	1,683,675	2,267,691	3,192,514	3,077,102	3,210,035	3,451,386	3,625,059	3,544,147	3,647,220	3,685,674
Fines, licenses and permits	1,299,836	1,242,665	1,256,743	1,558,334	1,520,154	1,710,057	1,675,186	1,580,539	1,689,318	1,560,665
Intergovernmental revenues	1,877,336	2,002,376	2,465,614	3,282,145	2,842,184	3,519,044	3,703,037	3,891,817	5,034,523	3,669,156
Special assessments	100,811	102,173	110,424	77,444	74,442	15,459	27,739	17,950	9,606	7,862
Investment income	897,874	286,065	527,580	420,327	1,170,927	1,485,317	1,211,322	622,173	254,537	492,580
Other	230,488	193,587	120,113	82,088	113,944	119,864	146,798	39,536	132,485	76,244
Total revenues	18,180,445	18,118,471	19,940,163	20,941,562	23,484,241	25,502,302	24,413,597	20,764,655	23,881,217	23,025,788
<u>EXPENDITURES</u>										
General government	4,121,211	4,392,538	4,729,410	5,070,770	5,229,572	5,679,146	6,076,275	7,381,632	5,374,258	5,410,595
Public safety	5,162,545	5,080,363	5,173,529	5,446,724	5,673,085	5,643,811	6,105,935	6,105,910	6,096,542	6,308,866
Public works	2,659,067	2,756,101	2,786,256	3,025,121	3,292,098	3,343,736	3,453,508	4,877,949	4,069,538	3,718,051
Recreation	2,845,522	2,796,496	2,695,435	2,792,382	2,864,729	3,158,080	3,418,795	3,558,865	3,486,776	3,500,732
Intergovernmental	-	-	-	-	-	-	-	-	-	27,280
Capital outlay	2,640,846	3,754,872	2,073,833	1,334,942	1,883,575	4,861,768	3,787,251	4,477,252	7,279,564	3,042,512
Debt service:										
Principal retirement	461,971	476,971	626,971	555,000	568,521	619,479	632,844	1,011,352	935,008	963,819
Interest and fiscal charges	693,835	682,627	515,910	509,321	503,396	605,128	606,004	635,638	669,351	615,444
Bond issuance costs	-	-	179,118	-	10,000	-	-	97,735	-	-
Total expenditures	18,584,997	19,939,968	18,780,462	18,734,260	20,024,976	23,911,148	24,080,612	28,146,333	27,911,037	23,587,299
Excess of revenues over (under) expenditures	(404,552)	(1,821,497)	1,159,701	2,207,302	3,459,265	1,591,154	332,985	(7,381,678)	(4,029,820)	(561,511)
<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	3,727,308	2,556,431	2,020,451	1,787,573	2,695,016	4,931,342	4,439,244	6,841,691	4,253,092	2,561,151
Transfer out	(3,800,704)	(2,559,171)	(2,020,451)	(1,787,573)	(2,695,016)	(5,431,342)	(4,439,244)	(6,841,691)	(4,653,092)	(2,561,151)
Total other financing sources (uses)	112,517	877	179,119	15,120	945,655	(490,505)	34,755	4,860,397	(400,000)	-
Net change in fund balance	\$ (292,035)	\$ (1,820,620)	\$ 1,338,820	\$ 2,222,422	\$ 4,404,920	\$ 1,100,649	\$ 367,740	\$ (2,521,281)	\$ (4,429,820)	\$ (561,511)
Debt service as a percentage of noncapital expenditures	7.2%	7.2%	7.9%	6.1%	6.0%	6.4%	6.1%	7.4%	7.8%	7.7%

(1) Modified accrual basis of accounting.

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

Collection Year	Real Property (1)		Public Utility (2)		Tangible Personal Property (3)		Total		Weighted Average Tax Rate	Total City Direct Rate
	Assessed Value	Commercial/Industrial/PU	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
2011	\$ 358,924,870	\$ 40,320	\$ 5,873,700	\$ 15,084,730	\$ -	\$ -	\$ 364,838,890	\$ 1,040,699,558	35.77%	\$ 4.14
2010	361,083,290	37,350	5,638,060	14,479,563	116,150	2,323,000	366,874,850	1,048,575,820	35.77%	\$ 4.14
2009	362,557,370	32,220	5,715,550	14,678,520	696,660	6,966,600	369,001,780	1,057,615,377	35.57%	\$ 4.14
2008	363,742,150	28,420	5,625,360	14,446,947	25,112,712	40,180,339	394,508,642	1,093,971,772	36.71%	\$ 4.14
2007	358,120,300	26,400	6,670,560	17,131,211	43,327,379	346,619,032	408,144,639	1,387,026,529	30.03%	\$ 4.14
2006	347,780,250	42,820	6,942,390	17,829,320	59,956,143	319,766,096	414,721,603	1,331,375,616	31.81%	\$ 4.14
2005	322,144,700	46,520	7,338,730	8,339,466	77,595,931	323,316,379	407,125,881	1,252,202,188	32.51%	\$ 4.14
2004	316,589,440	46,120	7,696,010	8,745,466	71,493,745	285,974,980	395,825,315	1,199,393,474	33.00%	\$ 4.14
2003	310,368,570	45,290	9,896,969	11,246,556	80,095,291	320,381,164	400,406,120	1,218,524,463	32.86%	\$ 4.14
2002	278,549,920	22,580	9,482,673	10,775,765	78,703,666	314,814,664	366,758,839	1,121,511,857	32.70%	\$ 4.14

Source: Montgomery County Auditor

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

(2) Public utility personal property is assessed at 88% of true value for 2002 - 2005, for 2006-2011 half at 88% the other half at 25% of true value.

(3) Tangible personal property is assessed at 25% for 2002 - 2004, 24% for 2005, 18.75% for 2006, 12.5% for 2007, 6.25% for 2008 and 0% for 2009-2011.

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

<u>Year</u>	<u>Current Tax Levy</u>	<u>Current Tax Collections (1)</u>	<u>Deliquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Outstanding Delinquent Taxes to Current Tax Levy</u>	<u>Total Direct Tax Rate</u>
2011	\$ 1,510,433	\$ 1,454,051	\$ 44,039	\$ 1,498,090	99.18%	\$ 39,136	2.59%	\$ 84.02
2010	1,518,862	1,459,807	48,781	1,508,588	99.32%	88,379	5.82%	83.13
2009	1,527,667	1,461,956	44,273	1,506,229	98.60%	107,679	7.05%	82.60
2008	1,633,266	1,584,325	47,460	1,631,785	99.91%	83,409	5.11%	81.32
2007	1,689,719	1,590,666	70,311	1,660,977	98.30%	98,978	5.86%	79.51
2006	1,716,947	1,641,715	54,295	1,696,010	98.78%	77,144	4.49%	73.97
2005	1,685,501	1,656,709	21,698	1,678,407	99.58%	51,822	3.07%	73.97
2004	1,683,046	1,645,698	16,849	1,662,547	98.78%	108,110	6.42%	75.07
2003	1,657,681	1,595,477	58,972	1,654,449	99.81%	152,595	9.21%	68.58
2002	1,518,377	1,487,482	23,079	1,510,561	99.49%	93,628	6.17%	68.88

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		
2011	\$ 1.54	\$ 2.30	\$ 0.30	\$ 4.14	\$ 20.94	\$ 54.61	\$ 2.58	\$ 1.75	\$ 84.02	
2010	1.54	2.30	0.30	4.14	20.94	53.72	2.58	1.75	83.13	
2009	1.54	2.30	0.30	4.14	20.94	53.69	2.58	1.25	82.60	
2008	1.54	2.30	0.30	4.14	20.24	53.11	2.58	1.25	81.32	
2007	1.54	2.30	0.30	4.14	18.24	53.30	2.58	1.25	79.51	
2006	1.54	2.30	0.30	4.14	18.24	47.76	2.58	1.25	73.97	
2005	1.54	2.30	0.30	4.14	18.24	47.76	2.58	1.25	73.97	
2004	1.54	2.30	0.30	4.14	18.24	48.86	2.58	1.25	75.07	
2003	1.54	2.30	0.30	4.14	17.24	44.36	2.58	0.26	68.58	
2002	1.54	2.30	0.30	4.14	17.24	44.66	2.58	0.26	68.88	

Source: Montgomery County Auditor

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CITY OF VANDALIA, OHIO
Schedules of Principal Taxpayers - Real Property
2011 and 2004

	2004			2011		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Taxpayer						
Shoppes at Northwoods	1,867,310	6	0.59%	3,006,970	1	0.84%
Sand Lake Plaza LLC	-		0.00%	2,126,040	2	0.59%
Garrett-Ryan LLC	-		0.00%	1,871,280	3	0.52%
Floriday LLC	-		0.00%	1,705,850	4	0.48%
Timberlake Limited Partners	1,451,520	8	0.46%	1,643,470	5	0.46%
3920 Space Drive Building	-		0.00%	1,583,660	6	0.44%
Delphi Properties Management	-		0.00%	1,314,270	7	0.37%
Vandalia CG LLC	-		0.00%	1,277,510	8	0.36%
The Khoshbin Tower LP	-		0.00%	1,191,240	9	0.33%
303 Corporate Center LLC	-		0.00%	1,133,250	10	0.32%
Dayton Power & Light Co.	4,547,570	2	1.44%	-		0.00%
Delphi Automotive System	4,697,770	1	1.48%	-		0.00%
The Iams Company	2,431,470	4	0.77%	-		0.00%
B-W Limited Partnership	2,526,590	3	0.80%	-		0.00%
Mid-States Development Co.	1,465,140	7	0.46%	-		0.00%
Ohio Bell Telephone Co.	1,934,730	5	0.61%	-		0.00%
Thieman, Ted H.	1,195,620	10	0.38%	-		0.00%
Mazer, Marshall	1,418,020	9	0.45%	-		0.00%
Total of above	<u>\$ 23,535,740</u>		<u>7.44%</u>	<u>\$ 16,853,540</u>		<u>4.71%</u>
Total City	<u>\$ 316,635,560</u>			<u>\$ 358,965,190</u>		

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

CITY OF VANDALIA, OHIO
Schedules of Principal Taxpayers - Public Utility
2011 and 2004

	2004			2011		
	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%	\$ 5,611,020	1	95.53%
Vectren Energy Delivery of Ohio	-		0.00%	383,870	2	6.54%
Buckeye Power Inc.	-		0.00%	870	3	0.01%
Ohio Bell Telephone Co.	1,934,730	2	25.14%	-		0.00%
Total of above	<u>\$ 6,482,300</u>		<u>84.23%</u>	<u>\$ 5,995,760</u>		<u>102.08%</u>
Total City	<u>\$ 7,696,010</u>			<u>\$ 5,873,700</u>		

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

CITY OF VANDALIA, OHIO
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
2011	2.00%	\$ 12,086,039	\$ 9,108,148	75.36%	\$ 1,594,969	13.20%	\$ 1,382,922	11.44%
2010	2.00	11,174,601	8,741,078	78.22	1,185,925	10.61	1,247,598	11.16
2009	2.00	11,422,710	9,110,018	79.75	1,047,443	9.17	1,265,248	11.08
2008	2.00	12,939,570	10,114,059	78.16	1,462,797	11.30	1,362,714	10.53
2007	2.00	13,941,609	10,467,971	75.08	2,118,969	15.20	1,354,469	9.72
2006	2.00	12,460,878	9,361,866	75.13	1,911,160	15.34	1,187,852	9.53
2005	1.75	11,120,405	8,803,549	79.17	1,132,354	10.18	1,184,502	10.65
2004	1.75	10,640,156	8,690,411	81.68	840,464	7.90	1,109,282	10.43
2003	1.75	11,095,428	8,774,067	79.08	1,228,389	11.07	1,092,973	9.85
2002	1.75	11,183,713	8,869,803	79.31	1,246,984	11.15	1,066,926	9.54

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			
2011	\$ 11,535,000	\$ -	\$ -	\$ 4,580,000	\$ 473,832	\$ 16,588,832	4.69%	\$ 1,136
2010	12,405,000	-	-	4,580,000	567,651	17,552,651	4.97%	1,202
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

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

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

Fiscal Year	Governmental Activities (1)		
	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2011	\$ 11,535,000	3.16%	\$ 757
2010	12,405,000	3.38%	814
2009	13,250,000	3.59%	907
2008	9,420,000	2.39%	645
2007	9,970,000	2.44%	683
2006	10,510,000	2.53%	720
2005	11,040,000	2.71%	756
2004	11,552,872	2.92%	791
2003	11,490,746	2.87%	787
2002	11,863,618	3.23%	812

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

CITY OF VANDALIA, OHIO
 Direct and Overlapping Governmental Activities Debt
 December 31, 2011

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	\$ 51,621,060	57.49%	\$ 29,676,947
Montgomery County	61,023,457	3.60%	<u>2,196,844</u>
Subtotal, overlapping debt			31,873,792
City of Vandalia governmental activities direct debt			<u>16,588,832</u>
Total direct and overlapping debt			<u><u>\$ 48,462,624</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, 2011, except for Vandalia-Butler School District which is reported as of June 30, 2011.

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

	<u>Unvoted</u>	<u>Overall</u>										
Legal Debt Margin Calculation for Year Ending December 31, 2011			<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>2010</u>	<u>2011</u>
Total assessed valuation	\$ 364,838,890	\$ 364,838,890										
Debt limitation - 5.5% of assessed valuation	<u>20,066,139</u>											
Debt limitation - 10.5% of assessed valuation		<u>38,308,083</u>										
Debt applicable to limitation:												
Gross indebtedness	16,115,000	16,115,000										
Exempt debt:												
Bond anticipation notes	(4,580,000)	(4,580,000)										
Amount available in debt service fund	(255,488)	(255,488)										
Total debt applicable to limitation	<u>11,279,512</u>	<u>11,279,512</u>										
Legal debt margin	<u>\$ 8,786,627</u>	<u>\$ 27,028,571</u>										
Debt limit	\$ 38,509,678	\$ 41,561,658	\$ 38,509,678	\$ 42,042,643	\$ 41,561,658	\$ 42,748,218	\$ 43,545,768	\$ 42,855,187	\$ 41,423,407	\$ 38,745,187	\$ 38,521,859	\$ 38,308,083
Total net debt applicable to limit	11,855,000	11,190,000	11,855,000	11,190,000	11,550,000	10,786,430	10,340,426	9,750,923	9,184,580	13,006,846	12,155,698	11,279,512
Legal debt margin	\$ 26,654,678	\$ 30,852,643	\$ 26,654,678	\$ 30,852,643	\$ 30,011,658	\$ 31,961,788	\$ 33,205,342	\$ 33,104,264	\$ 32,238,827	\$ 25,738,341	\$ 26,366,161	\$ 27,028,571
Total net debt applicable to limit as a percentage of debt limit	30.78%	26.62%	30.78%	26.62%	27.79%	25.23%	23.75%	22.75%	22.17%	33.57%	31.56%	29.44%

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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<u>GENERAL BONDED DEBT</u>										
Debt service	\$ 1,036,123	1,034,438	1,029,498	1,016,103	1,013,602	999,887	996,927	1,409,691	1,408,129	1,409,648
General governmental expenditures	\$ 18,584,997	19,939,968	18,780,462	18,734,260	20,024,976	23,911,148	24,080,612	28,146,333	27,911,037	23,587,299
Ratio of debt service to general governmental expenditures	5.58%	5.19%	5.48%	5.42%	5.06%	4.18%	4.14%	5.01%	5.05%	5.98%

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

CITY OF VANDALIA, OHIO
 Schedule of Principal Employers
 2005 and 2011

<u>Employer (1)</u>	<u>Industry</u>	<u>2011</u>			<u>2005</u>		
		<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
CBS Personnel Services	Employment Agency	827	1	1.67%	-		0.00%
Vandalia - Butler Schools	Schools	608	2	1.23%	396	3	1.22%
City of Vandalia	Local Government	494	3	1.00%	325	6	1.00%
GE Aviation (formerly Smiths Aerospace)	Aerospace Engineering & Manufacturing	474	4	0.96%	466	2	1.43%
Delphi Automotive System	Automotive Manufacturing & Engineering	277	5	0.56%	1,557	1	4.79%
SAIA Burgess, Inc. (formerly Johnson Controls)	Electronics Manufacturing	272	6	0.55%	365	4	1.12%
Leis Medical	Medical Device Design & Manufacturing	263	7	0.53%	346	5	1.06%
Kroger Limited Partnership	Grocery Retail	216	8	0.44%	-		0.00%
Projects Unlimited	Transportation	206	9	0.42%	-		0.00%
Beua Townsend Ford, Inc.	Automotive Sales & Service	194	10	0.39%	-		0.00%
Evenflo	Headquarters - Juvenile Products Manufacturer	-		0.00%	209	10	0.64%
P&G Pet Care (formerly Iams)	Headquarters - Cat & Dog Food	-		0.00%	282	7	0.87%
Cintas Corporation	Work Uniforms & Custom Corporate Apparel	-		0.00%	229	8	0.70%
Mazer Corporation	Headquarters - Services to Educational Publishers	-		0.00%	215	9	0.66%
		<u>3,831</u>		<u>7.75%</u>	<u>4,390</u>		<u>13.49%</u>

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

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

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

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita (1)	Median Household Income (1)	Median Age (1)	Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	City of Vandalia Unemployment Rate (3)	Average Sales Price of Residential Property (4)	Total Assessed Property Value (4)
2011	15,246	\$ 415,514,484	\$ 27,254	\$ 49,539	41.3	3,095	3,331	8.5%	\$ 166,450	\$364,838,890
2010	15,246	415,514,484	27,254	49,539	41.3	3,095	3,351	10.1%	124,840	366,874,850
2009	14,603	353,377,997	24,199	44,463	38.1	2,215	3,422	11.4%	122,681	369,001,780
2008	14,603	353,377,997	24,199	44,463	38.1	2,215	3,411	7.2%	137,168	394,508,642
2007	14,603	353,377,997	24,199	44,463	38.1	2,215	3,440	6.1%	153,002	408,144,639
2006	14,603	353,377,997	24,199	44,463	38.1	2,215	3,434	5.9%	154,180	414,721,603
2005	14,603	353,377,997	24,199	44,463	38.1	2,215	3,382	6.3%	162,350	407,125,881
2004	14,603	353,377,997	24,199	44,463	38.1	2,215	3,518	6.5%	148,250	395,825,315
2003	14,603	353,377,997	24,199	44,463	38.1	2,215	3,471	6.4%	138,290	400,406,120
2002	14,603	353,377,997	24,199	44,463	38.1	2,215	3,466	6.0%	136,680	366,758,839

(1) Source: U. S. Census
(a) Years 2002 through 2009 - 2000 Federal Census
(b) Years 2010 through 2011 - 2010 Federal Census
(2) Source: Ohio Department of Education
(3) Source: Ohio Department of Job and Family Services
(4) Source: Montgomery County Auditor
(5) Computation of per capita personal income multiplied by population

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

Function/Program	2011	2010	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	7.00	7.00
Finance	6.00	6.00	6.00	6.50	6.50	7.50	6.00	7.00	6.50	8.00
Tax	9.50	11.00	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	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	1.00	1.00	0.00
Administration	6.50	7.00	7.50	7.00	7.50	7.00	6.50	4.00	5.00	5.00
Engineer	8.50	9.00	9.50	9.00	10.00	9.50	9.00	9.00	9.50	9.50
Planning	1.00	1.00	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	0.00	0.00
Court	26.00	29.00	30.00	27.50	29.00	26.00	29.00	27.00	25.00	25.00
Public Building	18.00	18.00	17.00	19.00	20.00	20.00	19.50	18.50	19.50	22.50
Security of Persons and Property										
Police	32.00	32.00	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	0.00	0.00
Police - Dispatchers/Office/Other	10.50	12.00	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	0.00	0.00
Police - Animal Wardens	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Fire	40.50	49.00	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	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	0.00	0.00
Leisure Time Activities										
Recreation	103.50	122.00	112.50	118.00	110.00	102.50	101.00	104.00	123.00	123.00
Municipal Pool	5.50	7.00	4.50	6.00	6.00	4.00	3.50	5.00	2.00	7.50
Golf Course	20.00	25.00	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	0.00	0.00
Economic Development	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Transportation										
Service	20.50	21.00	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	0.00	0.00
Basic Utility Services										
Water	2.00	2.00	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	0.00	0.00
Totals:	<u>320.00</u>	<u>361.00</u>	<u>345.50</u>	<u>354.50</u>	<u>351.50</u>	<u>335.50</u>	<u>325.00</u>	<u>330.00</u>	<u>342.00</u>	<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.

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

Function/Program	2011	2010	2009	2008
General Government				
<i>Council and Clerk</i>				
Number of Ordinances Passed	23	16	26	36
Number of Resolutions Passed	59	73	50	32
Number of Planning Commission docket items	9	7	11	12
Zoning Board of Appeals docket items	12	9	12	14
<i>Finance Department</i>				
Number of payroll checks issued	152	2,887	9,821	10,223
Number of checks/ vouchers issued	4,994	4,420	5,414	5,483
Amount of checks written (\$000 omitted)	\$24,159	\$25,311	\$27,569	\$25,584
Interest earnings for fiscal year (cash basis)	\$302,177	\$482,534	\$869,217	\$1,152,344
Number of Budget Adjustments issued	5	2	8	5
Agency Ratings - Moody's Financial Services	Aa2	Aa2	Aa3	Aa3
Health Insurance Costs vs General Fund Expenditures %	6.82%	8.20%	5.69%	8.06%
General Fund Receipts (cash basis, \$000 omitted)	\$20,059	\$19,407	\$20,269	\$22,013
General Fund Expenditures (cash basis, \$000 omitted)	\$19,467	\$20,891	\$25,217	\$21,297
General Fund Cash Balances (\$000 omitted)	\$14,083	\$13,491	\$14,974	\$19,921
<i>Income Tax Department</i>				
Number of Individual/Business Returns	22,614	23,042	21,443	22,735
Number of business withholding accounts	2,520	3,248	3,033	3,870
Amount of Penalties and Interest Collected	\$ 106,639	\$ 102,271	\$ 79,520	\$ 104,063
Annual number of withholding forms processed	38,118	31,205	26,310	27,470
Annual number of balance due statements forms processed	9,808	9,521	5,839	7,103
Annual number of estimated payment forms processed	5,325	5,045	4,508	4,825
Annual number of reconciliations of withholdings processed	3,446	4,146	4,130	4,001
<i>Engineer Contracted Services</i>				
Dollar amount of Construction overseen by Engineer	\$1,157,591	\$2,240,166	\$1,653,024	\$2,988,960
<i>Municipal Court</i>				
Number of Civil Cases	3,029	2,284	2,090	2,339
Number of Criminal/Traffic cases	14,269	14,666	15,779	17,872
<i>Vital Statistics</i>				
Certificates Issued				
Number of Births	32,312	36,262	39,785	41,859
Number of Deaths	31,196	31,544	32,424	34,618
Burial Permits Issued	4,963	5,132	4,864	4,994
<i>Civil Service</i>				
Number of police entry tests administered	0	0	1	1
Number of fire entry tests administered	0	1	0	0
Number of police promotional tests administered	0	0	1	0
Number of hires of Police Officers from certified lists	0	1	2	0
Number of hires of Fire/Medics from certified lists	0	1	0	5
Number of promotions from police certified lists	0	0	2	0
<i>Building Department Indicators</i>				
Construction Permits Issued	78	97	96	145
Estimated Value of Construction	\$17,119,415	\$52,879,415	\$12,029,682	\$17,258,702
Number of permits issued	761	725	751	910
Amount of Revenue generated from permits	\$140,656	\$210,717	\$125,340	\$193,684
Revenue generated from above 1,2,3,4	\$140,656	\$210,717	\$125,340	\$193,684

2007	2006	2005	2004	2003	2002
24	33	31	36	20	25
23	33	34	32	35	30
13	5	18	7	5	6
13	9	10	26	16	32
9,685	9,563	9,076	9,247	9,526	9,814
5,244	5,549	4,840	5,188	5,163	5,214
\$24,980	\$22,684	\$19,125	\$19,383	\$20,151	\$18,293,181
\$1,257,917	\$934,545	\$532,194	\$525,379	\$399,166	\$890,570
4	4	3	3	2	2
Aa3	Aa3	Aa3	Aa3	Aa3	Aa3
6.80%	9.35%	12.71%	13.73%	12.36%	13.06%
\$22,913	\$21,006	\$19,247	\$17,649	\$16,523	\$16,891
\$21,033	\$18,060	\$14,892	\$14,714	\$14,164	\$13,741
\$19,205	\$17,325	\$14,379	\$11,669	\$10,406	\$11,044
19,507	19,222	19,574	19,788	18,809	10,932
2,745	2,766	2,772	3,004	1,607	1,634
\$ 112,388	\$ 107,933	\$ 162,053	n/a	n/a	n/a
24,810	19,962	19,983	24,525	19,704	9,867
7,087	7,150	8,399	8,171	5,952	5,059
4,500	4,391	4,172	3,924	3,498	1,880
3,964	4,133	4,560	3,998	2,793	1,741
\$3,894,168	\$2,065,000	\$335,000	\$1,098,225	\$1,890,000	n/a
2,183	1,960	2,122	15,850	17,009	20,915
18,668	17,394	15,964	2,051	1,962	1,820
48,606	46,943	43,768	42,240	44,806	48,435
33,397	32,503	33,652	33,567	35,686	38,136
4,380	4,771	4,997	4,843	5,058	5,209
1	1	1	0	1	1
1	1	1	0	0	0
0	0	1	0	0	1
3	0	2	5	0	4
8	0	1	1	0	0
0	0	1	0	0	1
169	201	200	255	228	240
\$22,672,865	\$13,179,670	\$42,337,669	\$22,233,669	\$10,705,485	\$11,703,784
891	934	1,055	1,044	977	967
\$198,035	\$145,285	\$255,270	\$173,055	\$89,298	\$85,948
\$198,035	\$145,285	\$255,270	\$173,055	\$89,298	\$85,948

(Continued)

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

Function/Program	2011	2010	2009	2008
Security of Persons & Property				
<i>Police</i>				
Total Calls for Services	14,395	13,496	13,335	13,714
Number of traffic citations issued	801	1,052	957	1,371
Number of parking citations issued	113	72	33	49
Number of criminal arrests	596	596	547	703
Number of accident reports completed	246	256	266	316
Part 1 Offenses (major offenses)	425	462	346	114
Reserve officers hours worked	415	119	162	774
DUI Arrests	90	77	88	90
Prisoners Processed - Temporary Holdings	177	146	213	210
Property damage accidents	192	206	193	250
Fatalities from Motor Vehicle Accidents	0	0	1	0
Gasoline costs of fleet	\$101,826	\$70,170	\$59,080	\$83,611
DARE youth program	294	293	400	267
Community Diversion Program Youths (Be Proud)	0	0	0	2
Volunteer Service Program	0	0	0	0
<i>Fire</i>				
EMS Calls	2,266	2,062	2,031	1,995
Ambulance Billing Collections (net)	\$548,836	\$554,865	\$529,248	\$581,785
Fire Calls	470	455	527	850
Fires with Loss	7	7	8	21
Fires with Losses exceeding \$10K	2	2	2	8
Fire Losses \$	\$76,200	\$197,110	\$471,600	\$609,050
Fire Safety Inspections	300	477	473	457
Number of times Mutual Aid given to Fire and EMS	184	116	159	212
Number of times Mutual Aid received for Fire and EMS	118	167	145	85
Public Health and Welfare				
Cemetery burials	29	34	26	24
Cemetery cremations	5	2	5	7
Cemetery sale of lots	34	53	22	47
Cemetery receipts	\$29,938	\$40,914	\$22,150	\$25,215
Leisure Time Activities				
<i>Recreation</i>				
Recreation Swimming pool receipts	\$51,388	\$54,193	\$43,000	\$46,586
Recreation Mens & Womens Leagues receipts	50,892	49,863	13,774	12,160
Recreation Programs	86,748	92,790	79,216	85,573
Youth Soccer League	31,051	33,230	31,940	32,880
Youth Baseball League	44,368	43,767	47,468	49,597
Facilities rentals	152,995	155,517	153,177	100,782
Total Recreation Department receipts	<u>\$417,442</u>	<u>\$429,360</u>	<u>\$368,575</u>	<u>\$327,578</u>
Community Development				
Grant amounts received due to Economic Development Dept.	\$628,748	\$109,957	\$727,677	\$472,736
Basic Utility Services				
Refuse disposal per year (in tons) January through December	5,805	5,835	6,036	6,360
Refuse disposal costs per year January through December	\$843,000	\$805,000	\$786,883	\$742,000
Annual recycling tonnage (excluding leaf, and compost items)	723	683	622	638

2007	2006	2005	2004	2003	2002
13,386	13,429	13,432	13,475	14,103	14,546
1,417	1,798	2,362	1,962	1,876	1,817
60	58	85	55	87	87
788	831	745	672	713	898
321	297	306	354	340	356
511	528	466	470	562	661
860	869	850	886	1,237	1,003
100	97	132	93	83	80
215	151	104	115	171	171
249	227	246	275	272	292
0	1	0	0	1	1
\$55,758	\$63,195	\$59,802	\$41,797	\$33,294	\$29,774
265	259	285	336	261	n/a
3	1	3	6	7	n/a
0	136	0	0	0	0
1,943	1,868	1,625	1,578	826	786
\$570,206	\$470,575	\$451,964	\$478,874	\$195,040	\$0
647	605	583	550	310	275
3	2	4	7	13	8
3	1	2	0	3	4
\$172,500	\$17,500	\$37,525	\$47,850	\$148,800	\$2,137,350
112	106	91	82	78	57
156	176	163	120	115	160
71	100	105	146	92	99
16	23	27	20	17	18
1	4	5	3	2	6
53	41	48	53	22	38
\$23,060	\$25,771	\$24,673	\$22,950	\$14,062	\$18,487
\$42,840	\$42,539	\$50,764	\$42,080	\$48,757	\$53,222
11,450	11,844	12,226	11,164	11,160	13,239
78,868	86,537	86,877	72,524	82,760	79,808
16,857	12,476	12,596	7,609	8,108	7,147
25,359	22,151	19,412	10,352	10,183	9,697
97,718	70,303	46,985	46,586	35,261	31,599
<u>\$273,092</u>	<u>\$245,850</u>	<u>\$228,860</u>	<u>\$190,315</u>	<u>\$196,229</u>	<u>\$194,712</u>
\$157,710	\$183,955	\$551,948	\$26,596	\$22,791	\$0
6,632	7,294	6,863	4,865	2,642	3,815
\$722,000	\$705,000	\$611,000	\$611,000	\$570,000	\$625,000
788	788	n/a	932	796	796

(Continued)

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

Function/Program	2011	2010	2009	2008
Transportation				
Street Improvements - asphalt overlay (linear feet)	21,714	39,807	34,069	0
Rejuvenating Spray on Streets (Miles)	0	2	2	0
Crackseal Coating Program (Miles)	0	0	0	0
Street Repair (Concrete, asphalt, crack sealing) (hours)	4,340	5,169	4,711	3,596
Mowing (hours)	1,176	556	822	2,296
Paint Striping (hours)	668	660	508	483
Street Sweeper (hours)	1,030	980	946	897
Snow & Ice Removal regular hours	890	1,205	816	761
Sewer and Sanitary calls for service (hours)	558	596	768	187
Fire hydrants (hours)	291	212	220	364
Catch basin (hours)	1,196	2,344	3,245	2,490
Water and Water calls for service (hours)	3,003	2,893	3,701	3,877
Leaf collection (hours)	1,798	1,735	1,356	1,526
Holiday lights setup (hours)	296	297	138	0
Burial services (hours)	469	730	292	325
Equipment repair/body shop (hours)	3,631	3,960	3,850	1,991
Sign department (hours)	2,375	2,097	2,517	2,661
Building maintenance (hours)	896	779	1,054	756
Other (hours)	1,846	1,677	1,464	1,407
Water Department				
Water Rates per 1st 300 Cu ft of water used (2,250 gallons)	\$ 13.34	\$ 13.34	\$ 13.34	\$ 12.58
Avg. number of water accounts billed monthly (Cu. Ft.)	5,480	5,409	5,389	5,369
Total Water Collections Annually (Including P&I)	\$2,118,302	\$2,130,194	\$2,087,631	\$2,376,917
Wastewater Department				
Wastewater Rates per 1st 300 Cu ft of water used	\$4.42	\$4.02	\$3.65	\$3.02
Total flow of wastewater treatment plant (Millions of Gallons)	3,890	2,852	2,852	2,901
Average daily flow (Millions of gallons per day)	11	8	8	9

Source: City of Vandalia

2007	2006	2005	2004	2003	2002
487	21,041	0	1,800	9,125	16,480
0	0	0	0	0	0
0	0	0	0	0	10
4,442	3,130	4,926	3,047	3,801	2,275
508	506	408	660	1,341	1,206
744	825	612	722	1,180	1,394
994	916	766	1,048	1,369	1,082
787	186	579	782	1,038	431
436	575	466	428	220	667
336	320	216	660	390	92
3,370	3,711	4,029	1,240	846	1,337
3,726	2,852	2,660	3,125	3,023	1,704
1,362	1,300	1,222	1,521	1,472	1,544
40	152	254	222	342	188
562	714	486	499	458	610
1,743	1,153	1,392	1,429	1,853	1,544
1,626	1,386	1,171	1,455	1,610	1,642
376	451	428	616	1,332	1,248
4,096	4,478	3,556	4,269	4,457	4,138
\$ 13.55	\$ 11.71	\$ 11.10	\$ 9.57	\$ 9.26	\$ 8.97
1,999	1,979	1,954	1,897	1,831	1,812
\$2,441,414	\$2,130,132	\$1,489,814	\$1,410,603	\$1,359,046	\$1,407,216
\$2.92	\$2.92	\$2.78	\$2.65	\$2.65	\$2.65
2,748	3,507	3,422	3,230	3,663	3,370
8	10	9	9	10	9

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

Function/Program	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
General Government										
Square Footage Occupied	23,843	23,843	23,843	23,843	23,843	23,843	23,843	23,843	23,843	23,843
Administrative Vehicles	2	2	2	1	2	2	2	5	5	5
Inspection Vehicles	8	8	8	8	8	7	7	8	8	8
Municipal Court Vehicles	2	2	2	2	2	2	2	2	2	2
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Square Footage of Building	43,219	43,219	43,219	43,219	43,219	43,219	43,219	43,219	43,219	43,219
Vehicles	21	21	21	21	20	21	20	21	20	19
Fire										
Stations	3	3	2	2	2	2	2	2	2	2
Number of fire hydrants	770	770	770	765	763	750	723	723	633	633
Square Footage of Building	33,443	33,443	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000
Vehicles	16	16	19	18	18	17	17	17	17	19
Recreation										
Number of Parks	11	11	11	11	11	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	11	11	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	58,357
Vehicles	20	20	20	20	21	20	21	22	22	22
Other Public Works										
Streets (miles)	86.0	89.0	82.5	83.5	83.5	79.5	79.5	79	79	79
Service Vehicles	29	29	27	25	24	24	23	23	22	23
Wastewater										
Sanitary Sewers (miles)	73	73	73	73	73	63	63	62	56	56
Storm Sewers (miles)	76	75	74	73	72	48	48	46	42	42
Water Department										
Water Lines (miles)	85	85	85	85	84	74	74	73	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, 2011

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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vandalia (the City), as of and for the year ended December 31, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 25, 2012 wherein we noted the City adopted GASB Statement No. 54 as disclosed in Note 3. 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

Management of the City is responsible for establishing and maintaining effective 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 June 25, 2012.

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

Plattenburg & Associates, Inc.

Plattenburg & Associates, Inc.
June 25, 2012



Dave Yost • Auditor of State

CITY OF VANDALIA

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 4, 2012