

City of Vandalia, Ohio



Comprehensive Annual Financial Report

For the year ended
December 31, 2016



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, 2016 through December 31, 2016. 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

June 2, 2017

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CITY OF VANDALIA
Montgomery County, Ohio

Comprehensive Annual Financial Report

Year Ended December 31, 2016

Issued by:
Director of Finance

City of Vandalia, Ohio
 Comprehensive Annual Financial Report
 Year Ended December 31, 2016

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INTRODUCTORY SECTION

333 James E. Bohanan Memorial Drive
Vandalia, Ohio 45377

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May 17, 2017

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, 2016 is hereby submitted for your review. I am pleased to report that this is the twenty eighth 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 unmodified ("clean") opinion on the City of Vandalia's financial statements for the year ended December 31, 2016. 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 14.

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

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

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

Relevant Financial Policies

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

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

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

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

Local Economy

Calendar year 2016 was another solid year for the City of Vandalia from a development standpoint. There were a few major projects that were finalized, and several others under negotiations.

The biggest highlight of the year was the Grand Opening of Superior Abrasives in November, 2016. The company relocated 85 FTE's from Harrison Township upon the completion of an approximate 84,000 sf light manufacturing and office facility on Fieldstone Way next door to the Fire Station, and across the street from Manufactured Assemblies Corp (MAC). The building is extremely well designed, and of general interest, management elected to utilize a local Artist, Mike Elsas, for the office décor.

Superior is a German owned company (Pferd) that focuses on the manufacturing and distribution of specialty abrasive products such as cartridge rolls, square pads, round pads, and flap wheels. The company had basically outgrown its current space, and had searched rigorously to find a location that would suit its needs.

In addition to a very nice capital investment from Superior, the City was able to leverage the project toward obtaining two different state grants that were applied toward the extension of the existing Fieldstone Way. This 650' extension was completed in the fall, and the new cul-de-sac has opened up an additional 18+/- acres of developable land. Quite a nice bonus to the site, and has helped the City to continue marketing for new development opportunities heading into 2017.

Also, noteworthy in Stonequarry Crossings along Capstone Way, Independent Can Company (ICC), headquartered in Belcamp, Maryland near Baltimore, was in its 2nd full year of operations. ICC is a family owned and operated 4th generation business. The company is very well known for the manufacturing of decorative canisters that are utilized all across the U.S. The company also manufactures nostalgic signage and produces 100% of the Zippo Lighter Fluid Canister business in the world. During 2016, the company's ownership executed the purchase of an existing option of a 5.5 acre lot to the south of the existing facility. The company will continue to consider expansion over the next several years. ICC committed to 30 FTE's in a three-year period, and has hired over 20 employees to date. The future expansion opportunities would certainly create additional employment positions for future consideration.

Manufactured Assemblies Corp (MAC) also expanded again along Fieldstone Way in Stonequarry Crossings during 2015. The company has completed the construction of a 15,000 sf high bay addition to the west side of the facility. This expansion has provided additional space for storage of inventory and finished goods which will continue to support the diversification of product lines and revenue opportunities. Management has also been negotiating with the City to potentially buy additional land, roughly 4 acres, to the west of the new high bay area, and is currently under contract to do so. With over 100 FTE's now, MAC was the first private business to construct in the park, and has been a great supporter of the City for a number of years.

Additionally, from a manufacturing industry perspective, the City has been actively working with an existing business with a possible expansion plan that would add 25-35 new well paid FTE's. The expansion project is in competition with a few other internal locations in Ohio, and out of state, and we are hopeful the project will land here.

On a disappointing note for the City in the manufacturing industry, Delphi located on Northwoods Blvd. was purchased by Mahle in July, 2015. Mahle announced in September, 2015 that the company would be transitioning the existing operations to a site in the City of Dayton. The majority of the operations ceased prior to December 31, 2016. Management has actively been pursuing a buyer for the site, and continues to complete due diligence in order to bring this to fruition. Most of the interest has come from repurpose investors, who would bring in various user types to potentially buy and/or lease space.

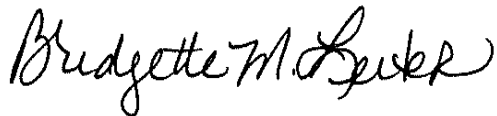
One final noteworthy item is that the former Morton Middle School site which is roughly 10 acres has been sold as of February, 2017. The site was under contract in June, 2016. This is great news for the City, and the property has been sold to a very reputable, regional developer known as Mills Development. According to the initial site plans, there will be at least two medical users on the site, and likely a 3rd under the first phase of the project. The City has worked very well as a team on this project, and will continue to work with the developer to assist with recruiting new potential buyers and/or tenants for the site. We are hopeful that the company(s) will break ground in the Spring 2017. At this time, Council has reviewed and approved site plans for the first few phases of the project.

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, 2015. This was the twenty seventh 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, flowing style.

Bridgette M. Leiter
Director of Finance



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Vandalia
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

City of Vandalia
Montgomery County, Ohio
List of Principal Officials
December 31, 2016

Elected Officials

Mayor

Arlene Setzer

Vice Mayor

David Lewis

Council Members

Bob Ahlers

Dave Gerhard

Mike Blakesly

Candice Farst

Richard Herbst

Appointed Officials

City Manager

Jon Crusey

Director of Finance

Bridgette Leiter

City Attorney

Gerald McDonald

Assistant City Manager

Greg Shackelford

Chief of Police

Douglas Knight

Fire Chief

Chad Follick

Parks and Recreation Director

Steve Clark

Director of Public Service

Rob Cron



CITY OF VANDALIA ORGANIZATIONAL RESPONSIBILITIES

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vandalia, Ohio (the City) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of pension liabilities and pension contributions listed in the table of contents 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2017, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Plattenburg & Associates, Inc.

Dayton, Ohio
May 17, 2017

City of Vandalia, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2016
(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, 2016. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the transmittal letter, basic financial statements and notes to enhance their understanding of the City's financial performance.

Financial Highlights

- The City's total net position increased \$2,234,894 during 2016. The net position of the governmental activities increased \$2,147,544, while the net position of business-type activities increased by \$87,350.
- General revenues, for governmental activities, accounted for \$16,151,551, or 68% of total governmental activities revenue. Program specific revenues accounted for \$7,604,202 or 32% of total governmental activities revenue.
- Governmental activities net capital assets decreased \$290,992, due to current year depreciation expenses exceeding current year additions.
- The City had \$21,598,354 in expenses related to governmental activities; \$7,604,202 of these expenses was offset by program specific charges for services, grants, contributions, or interest. General revenues (primarily taxes) of \$16,151,551 were sufficient to offset these program expenses.
- The general fund, the City's largest major governmental fund, had revenues of \$20,052,031 in 2016, or 83.1% of total governmental funds. Expenditures of the general fund were \$16,115,982, or 76% of total governmental funds. The general fund balance increased \$2,125,516 or 16.0% in 2016.
- Business-type operations reflected an operating income of \$209,436 during 2016, and the business-type unrestricted net position was \$12,364,046.

Using this Comprehensive Annual Financial Report (CAFR)

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

City of Vandalia, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2016
(Unaudited)

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

Reporting the City as a Whole

Statement of Net Position and Statement of Activities

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

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

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

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

City of Vandalia, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2016
(Unaudited)

Reporting the City's Most Significant Funds

Fund Financial Statements

The analysis of the City's major funds begins on page 20. 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, general obligation bond retirement, water, sewer and golf.

Governmental Funds

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

Proprietary Funds

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

Fiduciary Funds

All of the City's fiduciary activities are reported in a separate statement of fiduciary net position. 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.

City of Vandalia, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2016
(Unaudited)

Government-Wide Financial Analysis

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

Table 1 below provides a summary of the City's net position for 2016 compared to 2015:

Table 1
Net Position

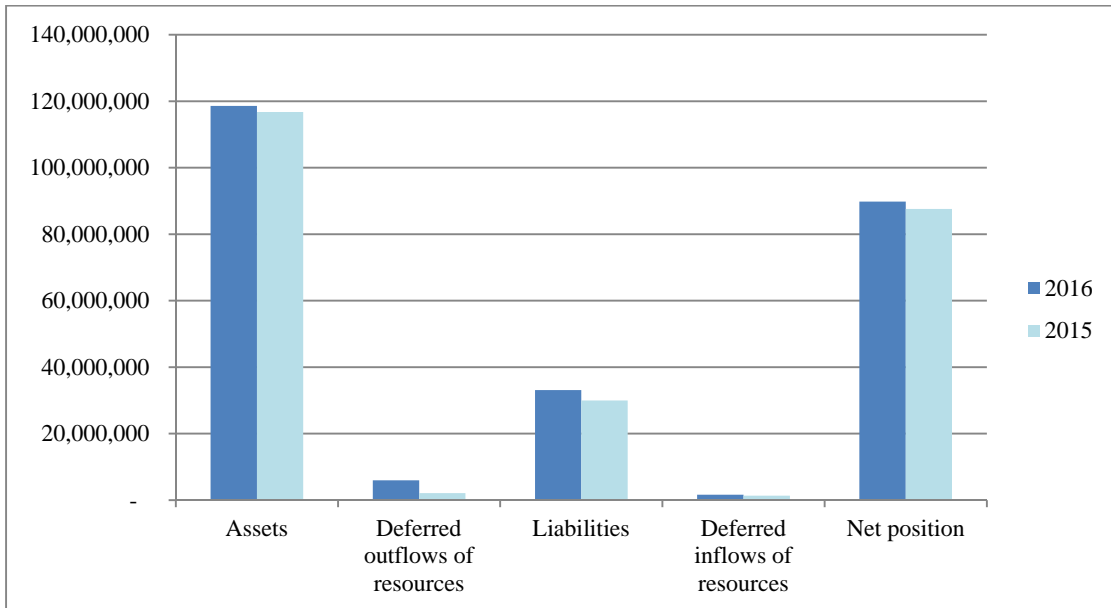
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>						
Current and other assets	\$ 29,057,222	\$ 26,804,028	\$ 5,124,974	\$ 5,270,483	\$ 34,182,196	\$ 32,074,511
Capital assets	56,982,210	57,273,202	18,740,110	18,714,320	75,722,320	75,987,522
Investment in joint venture	-	-	8,671,740	8,683,121	8,671,740	8,683,121
Total assets	<u>86,039,432</u>	<u>84,077,230</u>	<u>32,536,824</u>	<u>32,667,924</u>	<u>118,576,256</u>	<u>116,745,154</u>
<u>Deferred outflows of resources</u>						
Pension	<u>5,522,225</u>	<u>1,980,393</u>	<u>437,849</u>	<u>137,107</u>	<u>5,960,074</u>	<u>2,117,500</u>
<u>Liabilities</u>						
Other liabilities	8,029,972	8,748,751	340,677	565,295	8,370,649	9,314,046
Long-term liabilities:						
Due within one year	1,404,658	1,384,486	126,558	122,032	1,531,216	1,506,518
Due in more than one year:						
Net pension liability	17,863,249	13,628,664	1,137,526	795,131	19,000,775	14,423,795
Other amounts	<u>4,062,400</u>	<u>4,500,629</u>	<u>156,671</u>	<u>206,705</u>	<u>4,219,071</u>	<u>4,707,334</u>
Total liabilities	<u>31,360,279</u>	<u>28,262,530</u>	<u>1,761,432</u>	<u>1,689,163</u>	<u>33,121,711</u>	<u>29,951,693</u>
<u>Deferred inflows of resources</u>						
Property taxes	1,165,617	1,144,707	-	-	1,165,617	1,144,707
Payments in lieu of taxes	73,675	73,891	-	-	73,675	73,891
Pension	<u>344,499</u>	<u>106,452</u>	<u>23,992</u>	<u>13,969</u>	<u>368,491</u>	<u>120,421</u>
Total deferred inflows of resources	<u>1,583,791</u>	<u>1,325,050</u>	<u>23,992</u>	<u>13,969</u>	<u>1,607,783</u>	<u>1,339,019</u>
<u>Net position</u>						
Net investment in capital assets	48,804,352	47,900,553	18,740,110	18,584,910	67,544,462	66,485,463
Restricted	3,939,012	3,929,597	-	-	3,939,012	3,929,597
Unrestricted	<u>5,874,223</u>	<u>4,639,893</u>	<u>12,449,139</u>	<u>12,516,989</u>	<u>18,323,362</u>	<u>17,156,882</u>
Total net position	<u>\$ 58,617,587</u>	<u>\$ 56,470,043</u>	<u>\$ 31,189,249</u>	<u>\$ 31,101,899</u>	<u>\$ 89,806,836</u>	<u>\$ 87,571,942</u>

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As displayed in Table 1, total net position of the City as a whole, increased \$2,234,894 from 2015 to 2016. This was due to an increase in cash and a decrease in liabilities from the prior year.

Total net position of the City's governmental activities increased by \$2,147,544, and the unrestricted net position increased 1,234,330 from 2015 to 2016. The increase in governmental net position as mentioned above is due to an increase in equity in pooled cash and investments, and a decrease in bond anticipation notes payable.

The net position of the City's business type activities increased by \$87,350. Two of the three enterprise funds reported operating income during 2016. Overall, program expenses increased \$138,266 from the prior year and had an increase of \$121,287 in charges for services during 2016. The City strives to control operation expenses for business-type activities in order to maintain stability in charges for services rates.



The City's statement of activities prepared on an accrual basis of accounting includes an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows. The City is also reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting in the statement of net position.

Table 2 shows the changes in net position for the year ended December 31, 2016, and revenue and expense comparisons to 2015.

City of Vandalia, Ohio
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(Unaudited)

Table 2
Changes in Net Position

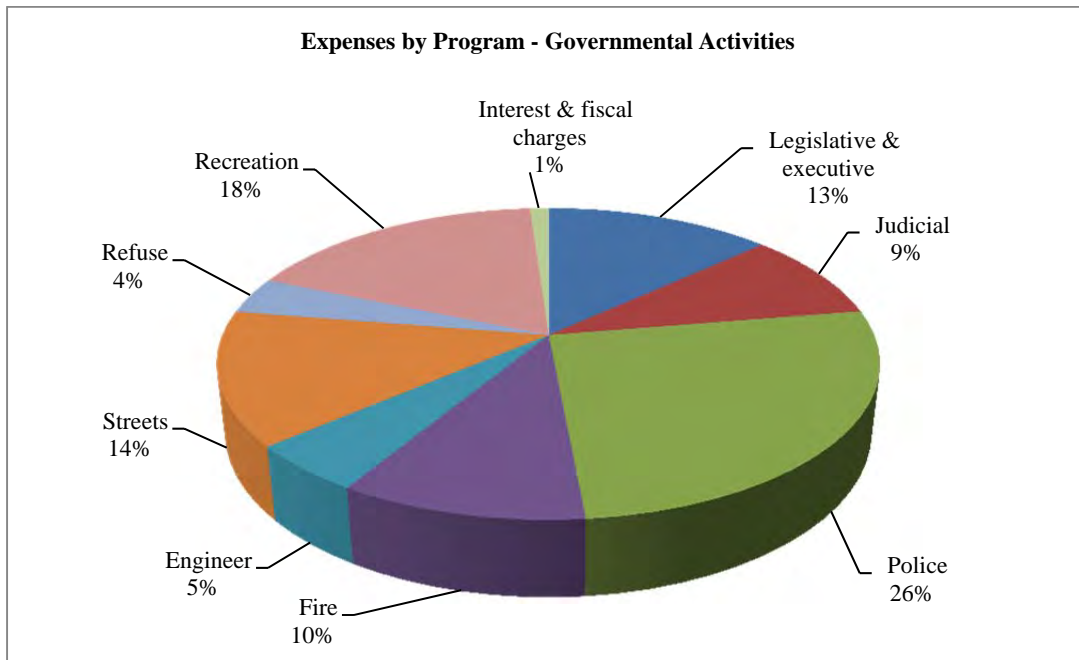
	Governmental Activities		Business-Type Activities		Total	Total
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
Program revenues:						
Charges for services	\$ 6,268,161	\$ 6,090,637	\$ 4,974,726	\$ 4,853,439	\$ 11,242,887	\$ 10,944,076
Operating grants, contributions, and interest	1,184,517	1,458,405	-	-	1,184,517	1,458,405
Capital grants and contributions	151,524	2,399,492	121,799	369,115	273,323	2,768,607
General revenues:						
Property taxes	1,275,653	1,272,611	-	-	1,275,653	1,272,611
Income taxes	14,247,899	13,682,940	-	-	14,247,899	13,682,940
Grants and entitlements	345,958	408,435	-	-	345,958	408,435
Payment in lieu of taxes	115,268	105,453	-	-	115,268	105,453
Gain on sale of capital assets	7,906	-	-	-	7,906	-
Investment earnings	119,752	129,436	-	-	119,752	129,436
Other	39,115	20,103	-	-	39,115	20,103
Total revenues	<u>23,755,753</u>	<u>25,567,512</u>	<u>5,096,525</u>	<u>5,222,554</u>	<u>28,852,278</u>	<u>30,790,066</u>
Program Expenses						
Governmental Activities:						
General government						
Legislative and executive	2,851,137	3,239,364	-	-	2,851,137	3,239,364
Judicial system	1,985,784	1,891,403	-	-	1,985,784	1,891,403
Public safety						
Police	5,641,594	5,106,902	-	-	5,641,594	5,106,902
Fire	2,200,282	2,129,483	-	-	2,200,282	2,129,483
Public works						
Engineer	1,075,594	1,135,423	-	-	1,075,594	1,135,423
Streets	2,993,858	2,864,846	-	-	2,993,858	2,864,846
Refuse	820,926	900,291	-	-	820,926	900,291
Recreation	3,793,318	4,008,981	-	-	3,793,318	4,008,981
Interest and fiscal charges	235,861	209,376	-	-	235,861	209,376
Business-Type Activities:						
Water	-	-	2,010,094	2,151,550	2,010,094	2,151,550
Sewer	-	-	1,944,231	1,694,090	1,944,231	1,694,090
Golf	-	-	1,064,705	1,035,124	1,064,705	1,035,124
Total program expenses	<u>21,598,354</u>	<u>21,486,069</u>	<u>5,019,030</u>	<u>4,880,764</u>	<u>26,617,384</u>	<u>26,366,833</u>
Increase in net position						
before transfers	2,157,399	4,081,443	77,495	341,790	2,234,894	4,423,233
Transfers	(9,855)	(181,628)	9,855	181,628	-	-
Change in net position	<u>2,147,544</u>	<u>3,899,815</u>	<u>87,350</u>	<u>523,418</u>	<u>2,234,894</u>	<u>4,423,233</u>
Net position, beginning of year	<u>56,470,043</u>	<u>52,570,228</u>	<u>31,101,899</u>	<u>30,578,481</u>	<u>87,571,942</u>	<u>83,148,709</u>
Net position, end of year	<u>\$ 58,617,587</u>	<u>\$ 56,470,043</u>	<u>\$ 31,189,249</u>	<u>\$ 31,101,899</u>	<u>\$ 89,806,836</u>	<u>\$ 87,571,942</u>

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Governmental Activities

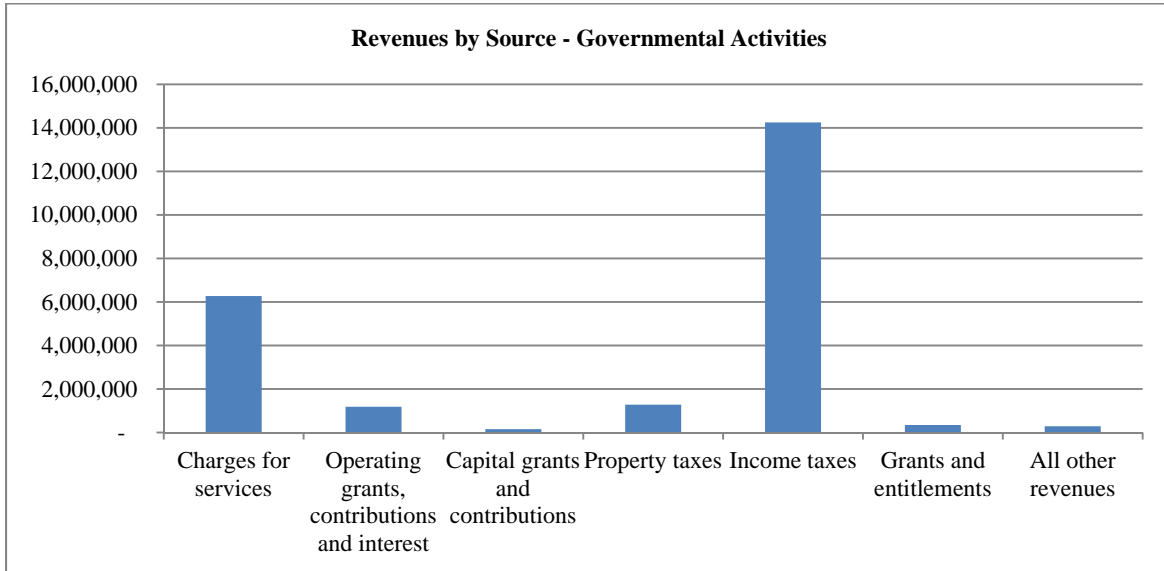
The City 2% income tax effective January 1, 2006, is the largest source of revenue for the City of Vandalia. The above table reflects that income tax receipts increased from the prior year.

Charges for services increased \$177,524 and income tax revenues increased \$564,959 during 2016. Governmental activities program expenses increased \$112,285 during 2016 with increases and decreases in several areas. Expenses related to income tax collections for the municipalities of Brookville, Clayton, Union and West Milton also continue to be reflected in the general government program expenses.



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

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When looking at the sources of income used to support governmental activities, it should be noted that charges for services of \$6,268,161 represent 26.4% of revenue. Revenues provided by sources other than city residents in the form of operating and capital grants comprise another \$1,336,041, or 5.6%, and unrestricted grants and entitlements accounted for \$345,958, which is another 1.5%. The remaining revenues are primarily generated locally through property taxes, \$1,275,653 or 5.4% and income taxes, \$14,247,899 at 60%. City Council relies on these taxes to furnish the quality of life to businesses and citizens to which they and previous councils have always been committed.

Business-Type Activities

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

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

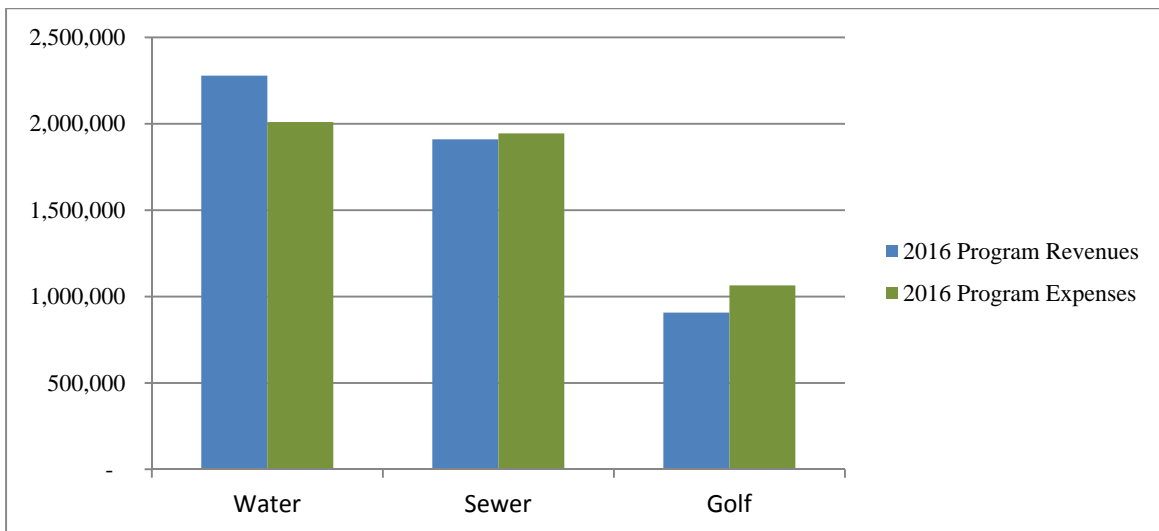
The water treatment plant became fully operational in June of 2007. The City of Dayton implemented water rate increases of 22% in 2005, 34% in January 2006 and 8% in January 2007. The City of Vandalia abandoned the final two years of its rate increases and passed a new ordinance to increase water rates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

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Sewer - The City closed their wastewater treatment facility in 1985. Vandalia then contracted with the Miami Conservancy District for wastewater treatment services. In 1996, the Conservancy District decided they no longer wanted to furnish this service. A joint venture was formed between the Cities of Vandalia, Huber Heights and Tipp City to take over the Conservancy District operation. The joint venture now furnishes waste water treatment services to each city. Each city owns and maintains the infrastructure necessary to furnish service to their citizens. All capital repairs and upkeep of the treatment plant are the responsibility of the joint venture. The joint venture in turn will set costs of service for the cities, based on flow, to maintain the plant. The City of Vandalia will in turn, charge its citizens accordingly. Any capital outlay needed to maintain Vandalia’s sewer infrastructure was provided by user fees. Due to the need for current and future capital improvements, maintenance and up keep of enterprise infrastructure, Council decided to implement a 9% sewer rate increase for 2008 and 2009. For 2016, there was no change in the current charge to member cities which is not more than \$1.25 per thousand gallons of usage.

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

Overall, the City’s business-type activities generated over \$5 million in program revenues during 2016, program expenses also over \$5 million. Operating expenses in the business-type activities had a slight increase from the prior year due to the close monitoring of expenses. Charges for services showed an increase in all three business type activities during 2016.



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

	2016	2015	2016	2015
	Governmental	Governmental	Business-Type	Business-Type
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>
Deferred outflows - pension	\$ 5,522,225	\$ 1,980,393	\$ 437,849	\$ 137,107
Deferred inflows - pension	(344,499)	(106,452)	(23,992)	(13,969)
Net pension liability	<u>(17,863,249)</u>	<u>(13,628,664)</u>	<u>(1,137,526)</u>	<u>(795,131)</u>
Impact of GASB 68 on net position	<u>\$ (12,685,523)</u>	<u>\$ (11,754,723)</u>	<u>\$ (723,669)</u>	<u>\$ (671,993)</u>

Financial Analysis of the Government's Funds

Information about the City's major governmental funds begins on page 20. These funds are reported using the modified accrual basis of accounting. Governmental funds reported revenues of \$24 million and expenditures of \$21 million. The general fund net change in fund balance from 2015 to 2016 was an increase of \$2,125,516. Within the general fund, revenues exceeded expenditures by \$3,936,049. The total revenues of the general fund decreased from 2015 by \$1,166,755. However, expenditures decreased from 2015 by \$692,236. This decrease in expenditures is not due to any one single event. Transfers to other funds such as the capital improvement fund, the general obligation debt service fund and the golf fund equaled \$1.81 million. The funds transferred were used for capital assets, improvements, repairs, and debt.

The capital improvement fund balance increased by \$279,147. Fund balance at December 31, 2016, was \$125,823. The general obligation bond retirement fund balance increased \$830,242 from 2015 to an ending deficit fund balance of \$4,016,187. All other governmental funds fund balance decreased by \$214,193 during 2016.

The City has implemented a series of rate increases in the enterprise funds to help alleviate future fund losses. If unrestricted net position is not sufficient to sustain the losses, the City will provide transfers and advances from the general fund as necessary to cover negative balances. Charges for services for water and sewer services have historically been established to ensure that on a cash basis, fees are adequate to cover operations. In the past, Council has not set fees with the intention of funding capital improvements, however, beginning in 2004, capital items are now charged to the enterprise funds. Therefore, during 2004, Council passed ordinances to implement new fee structures for water and sewer rates. Of the water and sewer funds, sewer showed an increase in cash during 2016.

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The golf activity's operating loss of \$169,256 is attributable to continually increasing costs for contractual services related to repair and maintenance of the facility with only small increases in fees charged. The Golf course is intended to be operated as a business-type activity, however, historically; Council has not set fees adequate to cover all operating expenses. Even though this operation periodically receives governmental support, it is reflected as a business-type activity.

General fund budgeting highlights

The City's budget is adopted on a fund basis. Before the budget is adopted council reviews the detailed work papers of each function within the general fund, and then adopts the budget on a fund basis. During 2016, 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 24. 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 decreased \$2,902, from \$23,073,034 to the final budgeted amount of \$23,070,132 for the fiscal year end December 31, 2016. 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 \$434,555.

Original general fund expenditures and other financing uses increased \$328,550, from \$23,910,992 to the final budgeted amount of \$24,239,542. This increase was due to increases in transfers out and an increase in legislative and executive appropriations. Actual expenditures were \$2,052,664 below final budget expenditures for 2016 due to the close monitoring of expenditures.

Capital Assets and Debt Administration

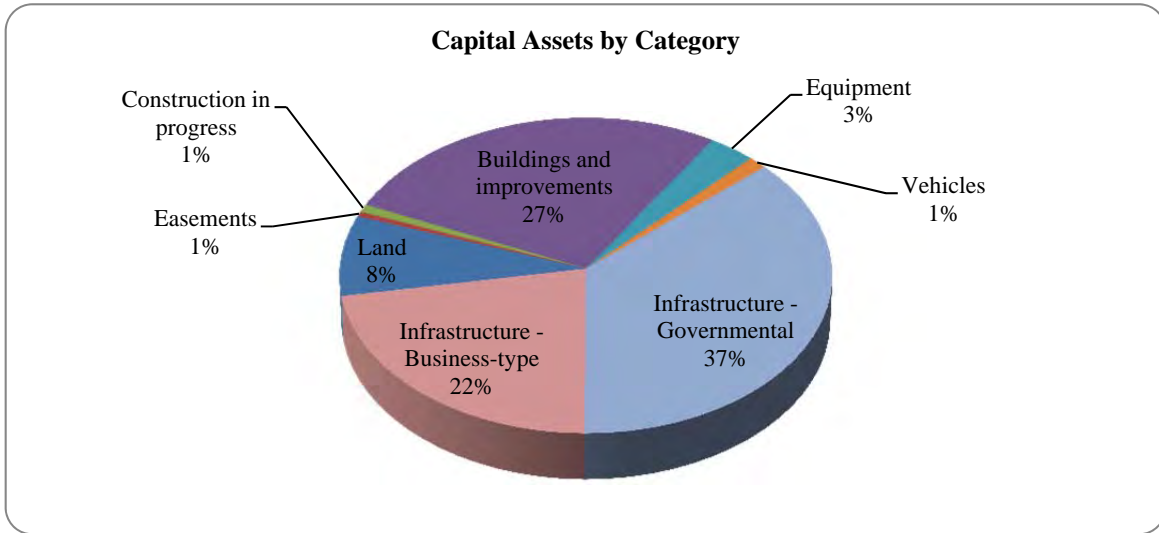
Capital Assets

(Net of Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	\$ 6,104,043	\$ 6,104,043	\$ 167,369	\$ 167,369	\$ 6,271,412	\$ 6,271,412
Easements	376,999	376,999	500	500	377,499	377,499
Construction in progress	359,033	609,892	134,183	-	493,216	609,892
Buildings and improvements	18,727,645	19,345,045	1,249,160	1,293,322	19,976,805	20,638,367
Equipment	2,453,416	2,009,550	402,859	430,329	2,856,275	2,439,879
Vehicles	1,189,825	955,638	-	11,333	1,189,825	966,971
Infrastructure	<u>27,771,249</u>	<u>27,872,035</u>	<u>16,786,039</u>	<u>16,811,467</u>	<u>44,557,288</u>	<u>44,683,502</u>
Total	<u>\$ 56,982,210</u>	<u>\$ 57,273,202</u>	<u>\$ 18,740,110</u>	<u>\$ 18,714,320</u>	<u>\$ 75,722,320</u>	<u>\$ 75,987,522</u>

Capital assets, net of depreciation, in governmental activities decreased from the prior year. This is due to current year depreciation expense exceeding current year additions. Capital assets, net of depreciation, for the business-type activities increased by \$25,790, primarily due to new water and sewer lines and a completed street project during the year. See Note 7 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, 2016
(Unaudited)



Debt

At December 31, 2016, the City of Vandalia had \$10,555,655 in bonds, notes, loans and capital leases.

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

	Governmental Activities		Business-Type Activities		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Unvoted general obligation bonds						
Various purpose limited tax	\$ 2,457,755	\$ 2,761,205	\$ -	\$ -	\$ 2,457,755	\$ 2,761,205
State infrastructure bank loan	1,196,910	1,149,528	-	-	1,196,910	1,149,528
Capital leases	214,193	362,831	91,797	131,020	305,990	493,851
	<u>\$ 3,868,858</u>	<u>\$ 4,273,564</u>	<u>\$ 91,797</u>	<u>\$ 131,020</u>	<u>\$ 3,960,655</u>	<u>\$ 4,404,584</u>

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

The City has short term note obligations being reported in the capital improvement capital projects fund, the general obligation bond retirement debt service fund and the fire equipment capital projects fund in the amounts of \$2,039,000, \$4,076,000 and \$480,000, respectively. Revenues for payment of interest and principal on the bond anticipation notes will result from proceeds from new notes to be issued in 2016. The general obligation debt service fund will retire the debt.

The City's overall legal debt margin was \$32,081,427 at December 31, 2016. See Note 9, 10 and 11 of the notes to the basic financial statements for more detailed information on debt of the City.

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For The Year Ended December 31, 2016
(Unaudited)

Contacting the City's Financial Management

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



City of Vandalia, Ohio
Statement of Net Position
December 31, 2016

	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in pooled cash and investments	\$ 21,905,510	\$ 4,600,308	\$ 26,505,818
Cash and cash equivalents with fiscal agent	497,734	-	497,734
Receivables:			
Income tax	2,276,897	-	2,276,897
Property and other taxes	1,248,236	-	1,248,236
Accounts	657,529	282,296	939,825
Revenue in lieu of taxes receivable	82,255	-	82,255
Special assessments	10,013	-	10,013
Accrued interest	17,362	-	17,362
Due from other governments	708,367	83,837	792,204
Materials and supplies inventory	112,690	20,748	133,438
Prepaid items	41,784	-	41,784
Restricted: equity in pooled cash and cash equivalents	-	52,692	52,692
Investment in joint venture	-	8,671,740	8,671,740
Internal balances	(85,093)	85,093	-
Land held for resale	1,583,938	-	1,583,938
Nondepreciable capital assets	6,840,075	302,052	7,142,127
Depreciable capital assets, net	50,142,135	18,438,058	68,580,193
Total assets	<u>86,039,432</u>	<u>32,536,824</u>	<u>118,576,256</u>
<u>Deferred outflows of resources:</u>			
Pension	<u>5,522,225</u>	<u>437,849</u>	<u>5,960,074</u>
<u>Liabilities:</u>			
Accounts payable	243,773	66,188	309,961
Contracts payable	273,422	-	273,422
Accrued wages and benefits	153,186	9,425	162,611
Matured compensated absences payable	50,233	4,628	54,861
Due to other governments	139,070	9,680	148,750
Due to related parties	-	191,764	191,764
Unearned revenue	3,738	6,300	10,038
Income tax refunds payable	394,973	-	394,973
Bond anticipation notes payable	6,595,000	-	6,595,000
Accrued interest payable	66,111	-	66,111
Claims payable	110,466	-	110,466
Refundable deposits	-	52,692	52,692
Long-term liabilities:			
Due within one year	1,404,658	126,558	1,531,216
Due in more than one year:			
Net pension liability	17,863,249	1,137,526	19,000,775
Other amounts due in more than one year	4,062,400	156,671	4,219,071
Total liabilities	<u>31,360,279</u>	<u>1,761,432</u>	<u>33,121,711</u>
<u>Deferred inflows of resources:</u>			
Property taxes	1,165,617	-	1,165,617
Payments in lieu of taxes	73,675	-	73,675
Pension	344,499	23,992	368,491
Total deferred inflows or resources	<u>1,583,791</u>	<u>23,992</u>	<u>1,607,783</u>
<u>Net position:</u>			
Net investment in capital assets	48,804,352	18,740,110	67,544,462
Restricted for capital projects	1,842,203	-	1,842,203
Restricted for streets and highways	1,582,798	-	1,582,798
Restricted for other purposes	514,011	-	514,011
Unrestricted	5,874,223	12,449,139	18,323,362
Total net position	<u>\$ 58,617,587</u>	<u>\$ 31,189,249</u>	<u>\$ 89,806,836</u>

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Activities
For the Year Ended December 31, 2016

	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	\$ 2,851,137	\$ 1,147,738	\$ -	\$ -
Judicial system	1,985,784	1,564,727	-	-
Public safety				
Police	5,641,594	44,145	6,380	-
Fire	2,200,282	548,979	-	-
Public works				
Engineer	1,075,594	431,929	-	-
Streets	2,993,858	33,038	1,160,821	151,524
Refuse	820,926	987,088	-	-
Recreation	3,793,318	1,510,517	17,316	-
Interest and fiscal charges	235,861	-	-	-
Total governmental activities	<u>21,598,354</u>	<u>6,268,161</u>	<u>1,184,517</u>	<u>151,524</u>
<u>Business-Type Activities:</u>				
Water	2,010,094	2,174,722	-	104,249
Sewer	1,944,231	1,892,558	-	17,550
Golf	1,064,705	907,446	-	-
Total business-type activities	<u>5,019,030</u>	<u>4,974,726</u>	<u>-</u>	<u>121,799</u>
Total primary government	<u>\$ 26,617,384</u>	<u>\$ 11,242,887</u>	<u>\$ 1,184,517</u>	<u>\$ 273,323</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 position

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

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (1,703,399)	\$ -	\$ (1,703,399)
(421,057)	-	(421,057)
(5,591,069)	-	(5,591,069)
(1,651,303)	-	(1,651,303)
(643,665)	-	(643,665)
(1,648,475)	-	(1,648,475)
166,162	-	166,162
(2,265,485)	-	(2,265,485)
(235,861)	-	(235,861)
<u>(13,994,152)</u>	<u>-</u>	<u>(13,994,152)</u>
-	268,877	268,877
-	(34,123)	(34,123)
-	<u>(157,259)</u>	<u>(157,259)</u>
-	77,495	77,495
<u>\$ (13,994,152)</u>	<u>\$ 77,495</u>	<u>\$ (13,916,657)</u>
1,275,653	-	1,275,653
14,247,899	-	14,247,899
345,958	-	345,958
7,906	-	7,906
115,268	-	115,268
119,752	-	119,752
39,115	-	39,115
(9,855)	9,855	-
<u>16,141,696</u>	<u>9,855</u>	<u>16,151,551</u>
2,147,544	87,350	2,234,894
<u>56,470,043</u>	<u>31,101,899</u>	<u>87,571,942</u>
<u>\$ 58,617,587</u>	<u>\$ 31,189,249</u>	<u>\$ 89,806,836</u>

City of Vandalia, Ohio
Balance Sheet
Governmental Funds
December 31, 2016

	General	Capital Improvement	General Obligation Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and investments	\$ 13,686,057	\$ 684,673	\$ 82,535	6,607,644	\$ 21,060,909
Cash and cash equivalents with fiscal agent	497,734	-	-	-	497,734
Receivables:					
Income tax	2,276,897	-	-	-	2,276,897
Property and other taxes	1,248,236	-	-	-	1,248,236
Accounts	486,033	6,840	-	45,510	538,383
Revenue in lieu of taxes	-	-	-	82,255	82,255
Special assessments	-	10,013	-	-	10,013
Accrued interest	17,362	-	-	-	17,362
Restricted assets:					
Equity in pooled cash and cash equivalents	43,511	-	-	-	43,511
Due from other governments	226,034	-	-	482,333	708,367
Materials and supplies inventory	18,297	-	-	94,393	112,690
Interfund loan receivable	577,314	-	-	-	577,314
Land held for resale	-	1,583,938	-	-	1,583,938
Total assets	<u>\$ 19,077,475</u>	<u>\$ 2,285,464</u>	<u>\$ 82,535</u>	<u>\$ 7,312,135</u>	<u>\$ 28,757,609</u>
Liabilities:					
Accounts payable	\$ 127,723	\$ 51,041	\$ -	\$ 64,755	\$ 243,519
Contracts payable	-	43,433	-	229,989	273,422
Interfund payable	-	-	-	577,314	577,314
Accrued wages and benefits	144,624	-	-	8,562	153,186
Matured compensated absences payable	48,180	-	-	2,053	50,233
Due to other governments	128,289	-	-	10,781	139,070
Unearned revenue	3,738	-	-	-	3,738
Income tax refunds payable	394,973	-	-	-	394,973
Accrued interest payable	-	16,154	22,722	2,677	41,553
Bond anticipation notes payable	-	2,039,000	4,076,000	480,000	6,595,000
Total liabilities	<u>847,527</u>	<u>2,149,628</u>	<u>4,098,722</u>	<u>1,376,131</u>	<u>8,472,008</u>
Deferred inflows of resources:					
Property taxes	1,165,617	-	-	-	1,165,617
Payments in lieu of taxes	-	-	-	82,255	82,255
Unavailable revenue - delinquent property taxes	68,732	-	-	-	68,732
Unavailable revenue - other	1,568,796	10,013	-	445,288	2,024,097
Total deferred inflows of resources	<u>2,803,145</u>	<u>10,013</u>	<u>-</u>	<u>527,543</u>	<u>3,340,701</u>
Fund balances:					
Nonspendable	61,808	-	-	94,393	156,201
Restricted	-	125,823	-	3,389,319	3,515,142
Committed	793,528	-	-	2,160,426	2,953,954
Assigned	593,417	-	-	-	593,417
Unassigned	13,978,050	-	(4,016,187)	(235,677)	9,726,186
Total fund balances	<u>15,426,803</u>	<u>125,823</u>	<u>(4,016,187)</u>	<u>5,408,461</u>	<u>16,944,900</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 19,077,475</u>	<u>\$ 2,285,464</u>	<u>\$ 82,535</u>	<u>\$ 7,312,135</u>	<u>\$ 28,757,609</u>

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2016

Total governmental fund balances		\$ 16,944,900
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in funds.		56,982,210
An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		851,300
The internal balance represents the portion of the internal service fund's assets and liabilities that are allocated to the proprietary funds.		(85,093)
Other long-term assets are not available to pay for current-period expenditures and therefore are offset by deferred inflows of resources in the funds:		
Property and other taxes	\$ 68,732	
Income taxes	979,581	
Payments in lieu of taxes	8,580	
Fines and forfeitures	9,457	
Intergovernmental	598,623	
Special assessments	10,013	
Charges for services	408,517	
Other	17,906	
Total	2,101,409	2,101,409
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the funds:		
Deferred outflows - pension	\$ 5,522,225	
Deferred inflows - pension	(344,499)	
Net pension liability	(17,863,249)	
Total	(12,685,523)	(12,685,523)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(24,558)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	\$ (2,445,000)	
Premium on bonds	(12,755)	
State infrastructure bank loan	(1,196,910)	
Capital lease payable	(214,193)	
Compensated absences	(1,598,200)	
Total	(5,467,058)	(5,467,058)
Net position of governmental activities		\$ 58,617,587

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, 2016

	General	Capital Improvement	General Obligation Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues:					
Municipal income tax	\$ 12,695,409	\$ -	\$ -	\$ 1,857,776	\$ 14,553,185
Property and other taxes	1,275,898	-	-	-	1,275,898
Charges for services	3,309,064	-	-	283,556	3,592,620
Licenses and permits	350,406	-	-	-	350,406
Fines and forfeitures	1,248,695	-	-	312,721	1,561,416
Intergovernmental	784,868	289,405	-	1,210,286	2,284,559
Special assessments	-	10,088	-	-	10,088
Interest	119,752	-	-	-	119,752
Payments in lieu of taxes	-	-	-	106,688	106,688
Other	267,939	7,843	-	6,495	282,277
Total revenue	<u>20,052,031</u>	<u>307,336</u>	<u>-</u>	<u>3,777,522</u>	<u>24,136,889</u>
Expenditures:					
Current:					
General government					
Legislative and executive	2,506,022	14,832	-	136,399	2,657,253
Judicial system	1,757,413	-	-	113,087	1,870,500
Public safety					
Police	4,665,403	-	-	364,868	5,030,271
Fire	1,829,501	-	-	92,325	1,921,826
Public works					
Engineer	874,036	4,990	-	155,410	1,034,436
Streets	522,394	11,886	-	996,749	1,531,029
Refuse	820,926	-	-	-	820,926
Recreation	3,106,656	164,367	-	9,393	3,280,416
Capital outlay	33,631	490,832	-	1,738,707	2,263,170
Debt service:					
Principal retirement	-	32,686	57,118	473,227	563,031
Interest and fiscal charges	-	33,430	61,086	144,333	238,849
Issuance costs	-	-	2,750	-	2,750
Total expenditures	<u>16,115,982</u>	<u>753,023</u>	<u>120,954</u>	<u>4,224,498</u>	<u>21,214,457</u>
Excess of revenues over (under) expenditures	<u>3,936,049</u>	<u>(445,687)</u>	<u>(120,954)</u>	<u>(446,976)</u>	<u>2,922,432</u>
Other financing sources (uses):					
Issuance of loans	-	-	-	161,775	161,775
Sale of capital assets	-	24,889	-	-	24,889
Transfers - in	-	699,945	1,022,204	71,008	1,793,157
Transfers - out	<u>(1,810,533)</u>	<u>-</u>	<u>(71,008)</u>	<u>-</u>	<u>(1,881,541)</u>
Total other financing sources (uses)	<u>(1,810,533)</u>	<u>724,834</u>	<u>951,196</u>	<u>232,783</u>	<u>98,280</u>
Net change in fund balance	2,125,516	279,147	830,242	(214,193)	3,020,712
Fund balances at beginning of year	<u>13,301,287</u>	<u>(153,324)</u>	<u>(4,846,429)</u>	<u>5,622,654</u>	<u>13,924,188</u>
Fund balances at end of year	<u>\$ 15,426,803</u>	<u>\$ 125,823</u>	<u>\$ (4,016,187)</u>	<u>\$ 5,408,461</u>	<u>\$ 16,944,900</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, 2016

Net change in fund balances - Total governmental funds		\$ 3,020,712
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.		
In the current period, these amounts are:		
Capital outlay	\$ 2,263,170	
Capital contributions from enterprise fund	78,529	
Depreciation expense	<u>(2,547,428)</u>	
Excess of capital asset additions and contributions over depreciation expense		(205,729)
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.		
		(85,263)
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	\$ (245)	
Income taxes	(305,286)	
Payments in lieu of taxes	8,580	
Fines and forfeitures	949	
Intergovernmental	(188,667)	
Special assessments	(5,440)	
Charges for services	84,406	
Other	<u>16,661</u>	
Net change in deferred inflows of resources during the year		(389,042)
Contractually required pension contributions are reported as expenditures in the governmental funds however, the statement of activities reports these amounts as deferred outflows.		
		1,477,644
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(2,408,444)
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:		
Decrease in compensated absences	\$ 13,351	
Decrease in accrued interest	<u>2,288</u>	
Total additional expenditures		15,639
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.		
		317,321
Repayment of bond and loan principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position.		
		414,393
Payment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		148,638
Loans are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities.		
		(161,775)
The amortization of bond premium is reflected as an expense in the statement of activities.		
		<u>3,450</u>
Change in net position of governmental activities		<u>\$ 2,147,544</u>
See accompanying notes to the basic financial statements.		

City of Vandalia, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Municipal income tax	\$ 15,000,000	\$ 15,000,000	\$ 15,434,555	\$ 434,555
Property and other taxes	1,207,056	1,207,056	1,277,501	70,445
Charges for services	3,333,131	3,333,131	3,310,108	(23,023)
Licenses and permits	403,900	403,900	355,421	(48,479)
Fines and forfeitures	1,148,500	1,148,500	1,246,248	97,748
Intergovernmental	1,078,697	1,075,795	796,645	(279,150)
Interest	150,000	150,000	146,071	(3,929)
Other	235,750	235,750	271,548	35,798
Total revenues	<u>22,557,034</u>	<u>22,554,132</u>	<u>22,838,097</u>	<u>283,965</u>
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive	4,435,403	4,549,903	3,861,796	688,107
Judicial system	1,860,721	1,860,721	1,727,424	133,297
Public safety				
Police	4,947,649	4,947,649	4,613,831	333,818
Fire	2,176,642	2,181,142	1,838,114	343,028
Public works				
Engineer	952,299	961,349	888,329	73,020
Streets	563,329	563,329	523,237	40,092
Refuse	1,053,997	1,053,997	896,733	157,264
Recreation	3,764,400	3,764,400	3,491,791	272,609
Total expenditures	<u>19,754,440</u>	<u>19,882,490</u>	<u>17,841,255</u>	<u>2,041,235</u>
Excess of revenues over expenditures	<u>2,802,594</u>	<u>2,671,642</u>	<u>4,996,842</u>	<u>2,325,200</u>
Other financing sources (uses):				
Sale of capital assets	1,000	1,000	-	(1,000)
Advances - in	515,000	515,000	-	(515,000)
Advances - out	(515,000)	(515,000)	(577,314)	(62,314)
Transfers - out	(3,641,552)	(3,842,052)	(3,768,309)	73,743
Total other financing sources (uses)	<u>(3,640,552)</u>	<u>(3,841,052)</u>	<u>(4,345,623)</u>	<u>(504,571)</u>
Net change in fund balance	(837,958)	(1,169,410)	651,219	1,820,629
Fund balance at beginning of year	11,780,150	11,780,150	11,780,150	-
Prior year encumbrances appropriated	433,358	433,358	433,358	-
Fund balance at end of year	<u>\$ 11,375,550</u>	<u>\$ 11,044,098</u>	<u>\$ 12,864,727</u>	<u>\$ 1,820,629</u>

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2016

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Golf	Total	Internal Service
<u>Assets:</u>					
Current assets:					
Equity in pooled cash and investments	\$ 1,951,846	\$ 2,464,348	\$ 184,114	\$ 4,600,308	\$ 801,090
Receivables:					
Accounts	158,597	123,699	-	282,296	119,146
Due from other governments	80,523	3,314	-	83,837	-
Materials and supplies inventory	6,390	-	14,358	20,748	-
Prepaid items	-	-	-	-	41,784
Restricted: equity in pooled cash and cash equivalents	35,304	17,388	-	52,692	-
Total current assets	<u>2,232,660</u>	<u>2,608,749</u>	<u>198,472</u>	<u>5,039,881</u>	<u>962,020</u>
Noncurrent assets:					
Investment in joint venture	815,122	7,856,618	-	8,671,740	-
Capital assets:					
Land and easements	58,424	500	108,945	167,869	-
Construction in progress	134,183	-	-	134,183	-
Depreciable capital assets, net	8,312,164	9,144,398	981,496	18,438,058	-
Total noncurrent assets	<u>9,319,893</u>	<u>17,001,516</u>	<u>1,090,441</u>	<u>27,411,850</u>	<u>-</u>
Total assets	<u><u>11,552,553</u></u>	<u><u>19,610,265</u></u>	<u><u>1,288,913</u></u>	<u><u>32,451,731</u></u>	<u><u>962,020</u></u>
<u>Deferred outflows of resources:</u>					
Pension	140,024	132,476	165,349	437,849	-
<u>Liabilities:</u>					
Current liabilities:					
Accounts payable	6,871	56,786	2,531	66,188	254
Accrued wages and benefits	3,087	2,791	3,547	9,425	-
Matured compensated absences payable	1,672	1,671	1,285	4,628	-
Due to other governments	3,395	3,049	3,236	9,680	-
Due to related parties	114,430	77,334	-	191,764	-
Unearned revenue	-	-	6,300	6,300	-
Capital leases payable	20,091	20,092	-	40,183	-
Compensated absences payable	33,006	33,006	20,363	86,375	-
Claims payable	-	-	-	-	110,466
Refundable deposits	35,304	17,388	-	52,692	-
Total current liabilities	<u>217,856</u>	<u>212,117</u>	<u>37,262</u>	<u>467,235</u>	<u>110,720</u>
Long-term liabilities:					
Capital leases payable, net of current portion	25,807	25,807	-	51,614	-
Compensated absences payable	43,516	43,516	18,025	105,057	-
Net pension liability	369,686	350,074	417,766	1,137,526	-
Total long-term liabilities	<u>439,009</u>	<u>419,397</u>	<u>435,791</u>	<u>1,294,197</u>	<u>-</u>
Total liabilities	<u><u>656,865</u></u>	<u><u>631,514</u></u>	<u><u>473,053</u></u>	<u><u>1,761,432</u></u>	<u><u>110,720</u></u>
<u>Deferred inflows of resources:</u>					
Pension	7,773	7,359	8,860	23,992	-
<u>Net position:</u>					
Invested in capital assets	8,504,771	9,144,898	1,090,441	18,740,110	-
Unrestricted	2,523,168	9,958,970	(118,092)	12,364,046	851,300
Total net position	<u><u>\$ 11,027,939</u></u>	<u><u>\$ 19,103,868</u></u>	<u><u>\$ 972,349</u></u>	<u><u>31,104,156</u></u>	<u><u>\$ 851,300</u></u>
Net position reported for business-type activities in the statement of net position is different because they include a proportionate share of the balance of the internal service fund.				<u>85,093</u>	
Net position of business-type activities				<u><u>\$ 31,189,249</u></u>	

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2016

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service
	Water	Sewer	Golf	Total	
<u>Operating revenues:</u>					
Charges for services	\$ 2,077,555	\$ 1,831,257	\$ 907,446	\$ 4,816,258	\$ 2,053,565
Tap-in fees	1,300	1,550	-	2,850	-
Other	56,161	59,751	-	115,912	815,249
Total operating revenue	<u>2,135,016</u>	<u>1,892,558</u>	<u>907,446</u>	<u>4,935,020</u>	<u>2,868,814</u>
<u>Operating expenses:</u>					
Personal services	385,726	371,793	467,873	1,225,392	-
Contractual services	1,369,003	971,419	338,822	2,679,244	460,559
Supplies and materials	34,834	24,621	172,078	231,533	-
Claims	-	-	-	-	2,056,924
Depreciation	228,584	261,020	68,034	557,638	-
Utility deposits returned	-	849	-	849	-
Other	1,033	-	29,895	30,928	-
Total operating expenses	<u>2,019,180</u>	<u>1,629,702</u>	<u>1,076,702</u>	<u>4,725,584</u>	<u>2,517,483</u>
Operating income (loss)	<u>115,836</u>	<u>262,856</u>	<u>(169,256)</u>	<u>209,436</u>	<u>351,331</u>
<u>Nonoperating revenue (expenses):</u>					
Investment in joint venture	39,706	(323,266)	-	(283,560)	-
Loss on sale of capital assets	(30,828)	(47,701)	(19)	(78,548)	-
Interest and fiscal charges	(1,911)	(2,260)	-	(4,171)	-
Total nonoperating revenue (expense)	<u>6,967</u>	<u>(373,227)</u>	<u>(19)</u>	<u>(366,279)</u>	<u>-</u>
Income (loss) before contributions and transfers	<u>122,803</u>	<u>(110,371)</u>	<u>(169,275)</u>	<u>(156,843)</u>	<u>351,331</u>
Capital contributions	104,249	17,550	-	121,799	-
Transfers in	-	-	88,384	88,384	-
Total capital contributions and transfers	<u>104,249</u>	<u>17,550</u>	<u>88,384</u>	<u>210,183</u>	<u>-</u>
Change in net position	227,052	(92,821)	(80,891)	53,340	351,331
Net position at beginning of year	<u>10,800,887</u>	<u>19,196,689</u>	<u>1,053,240</u>		<u>499,969</u>
Net position at end of year	<u>\$ 11,027,939</u>	<u>\$ 19,103,868</u>	<u>\$ 972,349</u>		<u>\$ 851,300</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. 34,010

Change in net position of business-type activities \$ 87,350

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Business-Type Activities - Enterprise Funds				Governmental
	Water	Sewer	Golf	Total	Internal Service
Cash flows from operating activities:					
Cash received from customers	\$ 2,147,400	\$ 1,972,726	\$ 911,568	\$ 5,031,694	\$ -
Cash received from interfund services provided	-	-	-	-	2,836,285
Cash payments for employee services and benefits	(374,552)	(360,362)	(439,454)	(1,174,368)	-
Cash payments to suppliers for goods and services	(1,411,111)	(1,071,573)	(558,863)	(3,041,547)	(470,266)
Cash payments for claims	-	-	-	-	(2,138,678)
Utility deposits received	5,371	2,646	-	8,017	-
Utility deposits returned	(6,722)	(4,159)	-	(10,881)	-
Net cash provided by (used) for operating activities	360,386	539,278	(86,749)	812,915	227,341
Cash flows from noncapital financing activities:					
Transfers from other funds	-	-	88,384	88,384	-
Net cash provided by noncapital financing activities	-	-	88,384	88,384	-
Cash flows from capital and related financing activities:					
Subsidy from state and federal grants	23,726	14,236	-	37,962	-
Interest paid on capital lease	(2,575)	(3,350)	-	(5,925)	-
Principal payment on capital lease	(68,568)	(100,064)	-	(168,632)	-
Proceeds from sale of capital assets	-	-	1,943	1,943	-
Acquisition of capital assets	(546,828)	(88,372)	(28,719)	(663,919)	-
Net cash used for capital and related financing activities	(594,245)	(177,550)	(26,776)	(798,571)	-
Cash flows from investing activities:					
Investment in joint venture	(272,179)	-	-	(272,179)	-
Net cash used for investing activities	(272,179)	-	-	(272,179)	-
Net increase (decrease) in cash and cash equivalents	(506,038)	361,728	(25,141)	(169,451)	227,341
Cash and cash equivalents at beginning of year	2,493,188	2,120,008	209,255	4,822,451	573,749
Cash and cash equivalents at end of year	\$ 1,987,150	\$ 2,481,736	\$ 184,114	\$ 4,653,000	\$ 801,090
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 115,836	\$ 262,856	\$ (169,256)	\$ 209,436	\$ 351,331
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	228,584	261,020	68,034	557,638	-
Change in assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable	12,383	80,169	-	92,552	(32,529)
Materials and supplies inventory	(27)	-	1,380	1,353	-
Prepaid items	-	-	-	-	(9,739)
(Increase) in deferred outflows of resources - pension	(95,110)	(89,925)	(115,707)	(300,742)	-

(Continued)

City of Vandalia, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016

	Business-Type Activities - Enterprise Funds				Governmental
	Water	Sewer	Golf	Total	Activities Internal Service
Increase (decrease) in liabilities:					
Accounts payable	(1,755)	(68,398)	(7,184)	(77,337)	32
Contracts payable	(16,220)	(4,858)	(11,919)	(32,997)	-
Refundable deposits	(1,350)	(665)	-	(2,015)	-
Claims payable	-	-	-	-	(81,754)
Unearned revenue	-	-	4,122	4,122	-
Accrued wages and benefits	1,090	834	2,039	3,963	-
Compensated absences	(7,971)	(6,368)	8,681	(5,658)	-
Due to related parties	11,761	(2,277)	-	9,484	-
Due to other governments	756	557	(615)	698	-
Net pension liability	109,212	103,309	129,874	342,395	-
Decrease in deferred inflows of resources - pension	3,197	3,024	3,802	10,023	-
Net cash provided by (used for) operating activities	\$ 360,386	\$ 539,278	\$ (86,749)	\$ 812,915	\$ 227,341

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Fiduciary Assets and Liabilities
December 31, 2016

	Agency
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 4,464,357
Cash and cash equivalents in segregated accounts	113,338
Investments	2,240,860
Total assets	\$ 6,818,555
 <u>Liabilities:</u>	
Due to other governments	\$ 108,731
Due to employees	6,341
Undistributed monies	111,105
Due to others	6,592,378
Total liabilities	\$ 6,818,555

See accompanying notes to the basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

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

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

The City is associated with the Economic Development/Government Equity Program (ED/GE), which is defined as a jointly governed organization. A jointly governed organization is an organization that is governed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility on the part of the participating governments. This organization is presented in Note 15.

B. Basis of Presentation

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

C. Fund Accounting

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

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

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.

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

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

Proprietary Funds

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

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

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

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

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

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

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

Fiduciary Funds

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

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

D. Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

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

E. Basis of Accounting

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

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

Revenues - Exchange and Nonexchange Transactions

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

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

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

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statements of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenues. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2016, but which were levied to finance year 2017 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported on the government wide statement of net position and the governmental funds balance sheet, and represents receivables/revenues which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, franchise taxes, intergovernmental grants, special assessments, and charges for services. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 12)

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

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 position as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the City's treasury. The cash of the Municipal Court is included in this line item.

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

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

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

For 2016, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Following the Charter and Codified Ordinances of the City as well as Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during 2016 amounted to \$119,752 which includes \$58,633 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 position, except for any net residual amounts due between governmental and business-type activities, which are presented as "Internal Balances".

J. Prepaids

Payments made to vendors for services that will benefit periods beyond December 31, 2016 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure or expense is reported in the year in which services are consumed.

K. Capital Assets

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

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

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

All capital assets are depreciated except for land 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. Net pension liability and pension expense

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

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

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

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

M. Compensated Absences

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

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

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

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

N. Accrued Liabilities and Long-Term Obligations

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

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

O. Fund Balance

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

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

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

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

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

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

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

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

P. Net Position

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

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

Q. Operating Revenues and Expenses

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

R. 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.

S. Bond Premiums/Issuance Costs

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

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

T. 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.

U. 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.

V. Budgetary Process

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

The appropriation resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council.

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

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

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

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

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

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

Net Change in Fund Balance	
	<u>General</u>
GAAP Basis	\$ 2,125,516
Revenue accruals	2,821,793
Expenditure accruals	(3,649,790)
Change in fair value of investments - 2015	10,675
Change in fair value of investments - 2016	(46,402)
Perspective differences from funds budgeted as special revenue funds:	
Other financing sources	(100,000)
Encumbrances (Budget Basis) outstanding at year end	<u>(510,573)</u>
Budget Basis	<u>\$ 651,219</u>

City of Vandalia, Ohio
Notes to the Basic Financial Statements
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NOTE 3 – FUND BALANCE

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

Fund Balances	<u>General</u>	<u>Capital Improvement</u>	<u>General Obligation Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Nonspendable</u>					
Materials and supplies inventory	\$ 18,297	\$ -	\$ -	\$ 94,393	\$ 112,690
Unclaimed monies	43,511	-	-	-	43,511
Total nonspendable	<u>61,808</u>	<u>-</u>	<u>-</u>	<u>94,393</u>	<u>156,201</u>
<u>Restricted for</u>					
Streets and highways	-	-	-	1,179,062	1,179,062
Court activities	-	-	-	304,006	304,006
Police services	-	-	-	209,673	209,673
Capital improvements	-	125,823	-	1,696,578	1,822,401
Total restricted	<u>-</u>	<u>125,823</u>	<u>-</u>	<u>3,389,319</u>	<u>3,515,142</u>
<u>Committed</u>					
Employee retirements	295,794	-	-	-	295,794
Capital improvements	-	-	-	1,656,284	1,656,284
Cultural arts	497,734	-	-	-	497,734
Stormwater system	-	-	-	504,142	504,142
Total committed	<u>793,528</u>	<u>-</u>	<u>-</u>	<u>2,160,426</u>	<u>2,953,954</u>
<u>Assigned</u>					
Various purchases on order*	418,052	-	-	-	418,052
Next year's budget	175,365	-	-	-	175,365
Total assigned	<u>593,417</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>593,417</u>
Unassigned (deficit)	<u>13,978,050</u>	<u>-</u>	<u>(4,016,187)</u>	<u>(235,677)</u>	<u>9,726,186</u>
Total fund balances	<u>\$15,426,803</u>	<u>\$ 125,823</u>	<u>\$(4,016,187)</u>	<u>\$ 5,408,461</u>	<u>\$ 16,944,900</u>

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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.

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7. Prime Commercial Paper issued with a credit rating of P-1 by Standard & Poors Corporation or A-1 by Moody's rating service.
8. Obligations of corporate entities having debt rating of Aa or better by Standard & Poors Corporation or Moody's rating service.

Custodial Credit Risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of the City's cash and deposits is provided by the Federal Deposit Insurance Corporation as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105% of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third parties of the financial institution. The City's policy states that in order to anticipate market changes and provide a level of security for all funds, the collateralization level shall be at least 102% of market value of principal and accrued interest.

Cash on hand At year-end, the City had \$9,570 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 \$16,348,249 and the bank balance was \$17,049,544. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", none 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	Percentage of Investments	Investment Maturities (in years)	
			Less Than 1	1-5
Federal Home Loan Mortgage Corporation Bonds	\$ 5,877,897	33.56%	\$ -	\$ 5,877,897
Federal Home Loan Bank Bonds	2,991,610	17.08%	-	2,991,610
Federal National Mortgage Association Bonds	4,628,065	26.42%	-	4,628,065
Dayton Foundation	497,734	2.84%	497,734	-
STAR Ohio	28,061	0.16%	28,061	-
Investments recorded in agency fund:				
Federal Home Loan Mortgage Corporation Bonds	746,872	4.26%	-	746,872
Federal Home Loan Bank Bonds	498,802	2.85%	-	498,802
Federal National Mortgage Association Bonds	995,185	5.68%	-	995,185
STAR Ohio	<u>1,252,754</u>	<u>7.15%</u>	<u>1,252,754</u>	<u>-</u>
Total investments recorded in agency fund	<u>3,493,613</u>	<u>19.94%</u>	<u>1,252,754</u>	<u>2,240,859</u>
Total investments	<u>\$ 17,516,980</u>	<u>100.00%</u>	<u>\$ 1,778,549</u>	<u>\$ 15,738,431</u>

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The preceding table identifies the City's recurring fair value measurement as of December 31, 2016. As previously discussed Star Ohio is reported at its net asset value. All other investments of the City are valued using quoted market prices (Level 1 inputs).

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

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 2017.

Credit Risk – The City's investment policy states that investment in commercial paper must have a credit rating of P-1 by Standard & Poor's Corporation or A-1 by Moody's rating service. Obligations of corporate entities must have a debt rating of Aa or better by Standard & Poor's Corporation or Moody's rating service. The City's investments in mortgage securities have an AA+ credit rating. The City's investment in STAR Ohio has an AAAM credit rating.

Concentration of Credit Risk – The City's investment policy states that the portfolio shall be diversified so as to avoid concentrations of credit risk from any rated issuer: (1) At the time of purchase, aggregate collateralized investments in the obligations of any financial institution are limited to the greater of \$1,000,000 or 20% of the portfolio, where eligible collateral is defined by the Ohio Revised Code; (2) At the time of purchase, aggregate investments in the obligations of any U.S. corporation and non-collateralized investments in the obligations of any financial institution are limited to the greater of \$500,000 or 10% of the portfolio. Investments in eligible short term investments which can be readily converted to cash within 48 hours are limited to the greater of \$2,500,000 or 30% of the portfolio. More than 5% of the City's investments are in FHLMC, FHLB and FNMA bonds. The table above is the City's allocation as of December 31, 2016.

NOTE 5 – RECEIVABLES

Receivables at December 31, 2016, 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 amount to \$10,013 in the capital improvement fund. As of December 31, 2016, 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 2016 for real and public utility property taxes represents collections of the 2015 taxes. Property tax payments received during 2016 for tangible personal property (other than public utility property) is for 2016 taxes.

City of Vandalia, Ohio
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2016 real property taxes are levied after October 1, 2016, on the assessed value as of January 1, 2016, the lien date. Assessed values are established by State law at 35% of appraised market value. 2016 real property taxes are collected in and intended to finance 2017.

Public utility property currently is assessed at varying percentages of true value; public utility real property is assessed at 35% of true value. 2016 public utility property taxes became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2016, was \$4.14 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2015 property tax receipts were based are as follows:

<u>Property Category</u>	<u>Assessed Value</u>
<u>Real Property</u>	
Residential and agricultural	\$ 220,747,810
Commercial and industrial	102,920,230
Public utilities	40,210
<u>Personal Property</u>	
Public utilities	<u>7,364,480</u>
Total	<u>\$ 331,072,730</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, 2016, and for which there is an enforceable legal claim. In the general fund, the entire receivable has been offset by deferred inflow of resources since the current taxes were not levied to finance 2016 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been recorded as a deferred inflow of resources.

Income Taxes

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

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

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

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

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	\$ 89,280
Homestead and Rollback	77,275
Gasoline and Excise Tax	208,191
Motor Vehicle License Fees	221,604
Permissive Motor Vehicle License Tax	22,196
Grants	19,971
Other	69,850
Total	<u>\$ 708,367</u>

NOTE 6 - RISK MANAGEMENT

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

- Property - \$1,000,000,000 per occurrence
- Liability - \$12,000,000 per occurrence
- Boiler & Machinery - \$100,000,000 per occurrence
- Public Official Liability - \$12,000,000 per occurrence

The deductible per occurrence for all types is \$2,500. Pool coverage is \$10,000 - \$350,000 for boiler and machinery, \$250,000 for property, and \$500,000 for liability. Excess insurance coverage, provided by commercial companies, is the amount in excess of pool coverage to the limits stated above.

The City pays an annual premium to MVRMA that is intended to cover administrative expenses and any claims covered by the pool. MVRMA has the ability to require member cities to make supplemental payments in the event reserves are not adequate to cover claims. An actuarial opinion issued as of December 31, 2016, indicates reserves in excess of anticipated claims. There were no settled claims from these risks that have exceeded commercial insurance coverage for the past three years and there has been no significant reduction in coverages from last year.

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
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The City has elected to provide employee healthcare benefits for its employees through a self-insured program. The City maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides medical, dental, vision and prescription drug coverage, providing a traditional plan with a preferred provider organization (PPO) as well as a high deductible plan with Health Saving Account (HSA). In network deductibles are \$400 for single and \$800 deductible for families in the traditional plan; \$3,000 single and \$6,000 family in the high deductible plan. The City contracts with Medical Mutual of Ohio for network discounts; deductibles are higher and vary for out-of-network claims. A third party administrator, Underwriters Services Corp, processes and pays the claims. The City is paying self-insurance claims and administrative costs from its hospital care internal service fund. An excess coverage insurance (stop loss) policy covers claims in excess of \$45,000 per employee, per year.

During 2016, a total of \$2,517,483 was paid in benefits and administrative costs. The liability for unpaid claims cost of \$110,466, reported in the hospital care internal service fund at December 31, 2016, is based on the requirements of Governmental Accounting Standards Board Statement No. 30 and will be processed and paid in 2017. 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 2017, which were incurred in 2016 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>
2015 \$	199,809	1,941,874	1,949,463	192,220
2016 \$	192,220	2,056,924	2,138,678	110,466

City of Vandalia, Ohio
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NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

	<u>Balance</u> <u>12/31/2015</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2016</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 6,104,043	\$ -	\$ -	\$ 6,104,043
Easements	376,999	-	-	376,999
Construction in progress	<u>609,892</u>	<u>864,270</u>	<u>(1,115,129)</u>	<u>359,033</u>
Total capital assets, not being depreciated	<u>7,090,934</u>	<u>864,270</u>	<u>(1,115,129)</u>	<u>6,840,075</u>
Capital assets, being depreciated				
Buildings and improvements	31,157,995	49,269	-	31,207,264
Equipment	5,898,447	777,695	(258,191)	6,417,951
Vehicles	4,854,719	541,545	(115,306)	5,280,958
Infrastructure				
Storm sewers, bridges and culverts	12,495,796	7,911	-	12,503,707
Streets, sidewalks and curbs	36,631,517	1,005,804	-	37,637,321
Traffic signals	2,481,077	-	-	2,481,077
Street lighting	<u>1,566,371</u>	<u>210,334</u>	<u>-</u>	<u>1,776,705</u>
Total capital assets, being depreciated	<u>95,085,922</u>	<u>2,592,558</u>	<u>(373,497)</u>	<u>97,304,983</u>
Less: accumulated depreciation				
Buildings and improvements	(11,812,950)	(666,669)	-	(12,479,619)
Equipment	(3,888,897)	(262,664)	187,026	(3,964,535)
Vehicles	(3,899,081)	(293,260)	101,208	(4,091,133)
Infrastructure				
Storm sewers, bridges and culverts	(5,550,178)	(186,222)	-	(5,736,400)
Streets, sidewalks and curbs	(18,561,387)	(941,527)	-	(19,502,914)
Traffic signals	(903,798)	(118,696)	-	(1,022,494)
Street lighting	<u>(287,363)</u>	<u>(78,390)</u>	<u>-</u>	<u>(365,753)</u>
Total accumulated depreciation	<u>(44,903,654)</u>	<u>(2,547,428)</u>	<u>288,234</u>	<u>(47,162,848)</u>
Total capital assets, being depreciated, net	<u>50,182,268</u>	<u>45,130</u>	<u>(85,263)</u>	<u>50,142,135</u>
Governmental activities capital assets, net	<u>\$ 57,273,202</u>	<u>\$ 909,400</u>	<u>\$ (1,200,392)</u>	<u>\$ 56,982,210</u>

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

General government	
Legislative and executive	\$ 138,884
Judicial system	86,503
Public safety	
Police	197,773
Fire	201,834
Public works	
Engineer	19,916
Streets	1,485,097
Recreation	417,421
Total depreciation expense	<u>\$ 2,547,428</u>

	Balance <u>12/31/2015</u>	Increases	Decreases	Balance <u>12/31/2016</u>
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 167,369	\$ -	\$ -	\$ 167,369
Easements	500	-	-	500
Construction in progress	<u>-</u>	<u>134,183</u>	<u>-</u>	<u>134,183</u>
Total assets not being depreciated	<u>167,869</u>	<u>134,183</u>	<u>-</u>	<u>302,052</u>
Capital assets, being depreciated				
Buildings and improvements	2,980,867	-	-	2,980,867
Equipment	1,085,229	71,327	(66,852)	1,089,704
Vehicles	472,349	19,093	(58,063)	433,379
Infrastructure				
Water lines	12,331,890	381,817	-	12,713,707
Sewer lines	16,609,386	57,499	(16,828)	16,650,057
Golf cart paths and sprinkler systems	<u>364,253</u>	<u>-</u>	<u>-</u>	<u>364,253</u>
Total capital assets, being depreciated	<u>33,843,974</u>	<u>529,736</u>	<u>(141,743)</u>	<u>34,231,967</u>
Less: accumulated depreciation				
Buildings and improvements	(1,687,545)	(44,162)	-	(1,731,707)
Equipment	(654,900)	(54,227)	22,282	(686,845)
Vehicles	(461,016)	(11,333)	38,970	(433,379)
Infrastructure				
Water lines	(4,971,915)	(188,934)	-	(5,160,849)
Sewer lines	(7,344,839)	(253,080)	-	(7,597,919)
Golf cart paths and sprinkler systems	<u>(177,308)</u>	<u>(5,902)</u>	<u>-</u>	<u>(183,210)</u>
Total accumulated depreciation	<u>(15,297,523)</u>	<u>(557,638)</u>	<u>61,252</u>	<u>(15,793,909)</u>
Total capital assets, being depreciated, net	<u>18,546,451</u>	<u>(27,902)</u>	<u>(80,491)</u>	<u>18,438,058</u>
Business-type activities capital assets, net	<u>\$ 18,714,320</u>	<u>\$ 106,281</u>	<u>\$ (80,491)</u>	<u>\$ 18,740,110</u>

City of Vandalia, Ohio
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Several assets were acquired in the water and sewer funds and subsequently transferred to governmental activities in the amount of \$30,828 in water and \$47,701 in sewer.

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

Water	\$ 228,584
Sewer	261,020
Golf	<u>68,034</u>
Total depreciation expense	<u>\$ 557,638</u>

NOTE 8 - COMPENSATED ABSENCES

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

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

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

NOTE 9 – SHORT TERM OBLIGATIONS

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

City of Vandalia, Ohio
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	Balance <u>12/31/2015</u>	Increase	Decreases	Balance <u>12/31/2016</u>
Capital projects fund:				
Capital improvement, 2.00%	\$ -	\$ 2,039,000	\$ -	\$ 2,039,000
Capital improvement, 1.50%	2,039,000	-	(2,039,000)	-
Capital facilities, 1.75%	395,590	-	(395,590)	-
Various purpose fire engine, 1.75%	-	480,000	-	480,000
Debt service fund:				
Refunding various purpose, 1.75%	-	4,076,000	-	4,076,000
Refunding various purpose, 1.50%	<u>4,893,000</u>	<u>-</u>	<u>(4,893,000)</u>	<u>-</u>
Total governmental activities	<u>\$ 7,327,590</u>	<u>\$ 6,595,000</u>	<u>\$ (7,327,590)</u>	<u>\$ 6,595,000</u>
Water fund:				
Capital facilities, 1.75%	\$ 48,957	\$ -	\$ (48,957)	\$ -
Sewer fund:				
Capital facilities, 1.75%	<u>80,453</u>	<u>-</u>	<u>(80,453)</u>	<u>-</u>
Total business-type activities	<u>\$ 129,410</u>	<u>\$ -</u>	<u>\$ (129,410)</u>	<u>\$ -</u>

In August of 2016, the City paid off \$2,039,000 in bond anticipation notes and issued \$2,039,000 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 2017.

In September of 2016, the City paid off \$4,893,000 in bond anticipation notes and issued \$4,556,000 in bond anticipation notes. The bond anticipation notes were issued for a current refunding of the 2004 Refunding Various Purpose bonds during 2014 and for a new fire truck. The general obligation bond retirement debt service fund will retire these debts.

The City also paid off bond anticipation notes in the amount of \$525,000 that were used for the Fieldstone way project.

City of Vandalia, Ohio
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For The Year Ended December 31, 2016

NOTE 10 - LONG-TERM DEBT

A schedule of changes in bonds and other long-term obligations of the City during 2016 follows:

	Amount Outstanding <u>12/31/2015</u>	<u>Increases</u>	<u>Decreases</u>	Amount Outstanding <u>12/31/2016</u>	Amount Due in <u>One Year</u>
Governmental activities					
<u>Unvoted general obligation bonds</u>					
2009 Various purpose limited tax					
bonds, 2.0% - 4.1%	\$ 2,745,000	\$ -	\$ (300,000)	\$ 2,445,000	\$ 310,000
Premium on bonds	<u>16,205</u>	-	<u>(3,450)</u>	<u>12,755</u>	-
Total unvoted general obligation bonds	<u>2,761,205</u>	-	<u>(303,450)</u>	<u>2,457,755</u>	<u>310,000</u>
Loans:					
2014 State infrastructure bank loan	<u>1,149,528</u>	<u>161,775</u>	<u>(114,393)</u>	<u>1,196,910</u>	<u>141,551</u>
Other long-term obligations:					
Capital lease	362,831	-	(148,638)	214,193	93,760
Compensated absences	<u>1,611,551</u>	<u>808,104</u>	<u>(821,455)</u>	<u>1,598,200</u>	<u>859,347</u>
Total other long-term obligations	<u>1,974,382</u>	<u>808,104</u>	<u>(970,093)</u>	<u>1,812,393</u>	<u>953,107</u>
Net pension liability:					
OPERS	6,059,443	2,609,289	-	8,668,732	-
OP&F	<u>7,569,221</u>	<u>1,625,296</u>	-	<u>9,194,517</u>	-
Total net pension liability	<u>13,628,664</u>	<u>4,234,585</u>	-	<u>17,863,249</u>	-
Total governmental activities long-term liabilities	<u>\$ 19,513,779</u>	<u>\$ 5,204,464</u>	<u>\$ (1,387,936)</u>	<u>\$ 23,330,307</u>	<u>\$ 1,404,658</u>
Business-type activities					
Other long-term obligations:					
Capital lease	\$ 131,020	\$ -	\$ (39,223)	\$ 91,797	\$ 40,183
Compensated absences	<u>197,717</u>	<u>76,524</u>	<u>(82,809)</u>	<u>191,432</u>	<u>86,375</u>
Total other long-term obligations	<u>328,737</u>	<u>76,524</u>	<u>(122,032)</u>	<u>283,229</u>	<u>126,558</u>
Net pension liability:					
OPERS	<u>795,131</u>	<u>342,395</u>	-	<u>1,137,526</u>	-
Total business-type activities long-term liabilities	<u>\$ 1,123,868</u>	<u>\$ 418,919</u>	<u>\$ (122,032)</u>	<u>\$ 1,420,755</u>	<u>\$ 126,558</u>

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

City of Vandalia, Ohio
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During 2014, the City entered into a State Infrastructure Bank (SIB) direct loan with the Ohio Department of Transportation (ODOT) in the amount of \$1,776,000 of which \$308,334 was received in 2014, \$866,421 during 2015 and \$161,775 during 2016, respectively. The remaining amount is anticipated to be received in 2017.

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

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

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

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2016, are as follows:

Year ending December 31,	General Obligation Bonds		
	Principal	Interest	Total
2017	\$ 310,000	\$ 96,015	\$ 406,015
2018	325,000	85,165	410,165
2019	335,000	72,978	407,978
2020	345,000	59,577	404,577
2021	365,000	45,777	410,777
2022-2023	765,000	47,168	812,168
Total	<u>\$ 2,445,000</u>	<u>\$ 406,680</u>	<u>\$ 2,851,680</u>

Year ending December 31,	State SIB Loan		
	Principal	Interest	Total
2017	\$ 141,551	\$ 36,089	\$ 177,640
2018	160,040	32,731	192,771
2019	164,877	27,894	192,771
2020	169,861	22,911	192,772
2021	174,995	17,776	192,771
2022-2023	385,586	20,950	406,536
Total	<u>\$ 1,196,910</u>	<u>\$ 158,351</u>	<u>\$ 1,355,261</u>

**Loan is not yet finalized above schedule is estimated

NOTE 11 – CAPITALIZED LEASE

During a previous year, the City entered into a capital lease. From the lease proceeds, governmental activities and business-type activities acquired four vehicles and a front loader for the public works department. These assets were capitalized and reported as additions to capital assets in the amount of \$461,016 in the governmental activities and \$197,578 in the business-type activities. The City entered into a capital lease for the acquisition of energy savings equipment. These assets consisting of equipment have been capitalized in the amount of \$340,993 in the governmental activities. These capital assets are being depreciated over their estimated useful lives.

City of Vandalia, Ohio
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Capital lease payments are reflected as debt service payments in the basic financial statements for the governmental funds. These expenditures are reflected as function expenditures on a budgetary basis. The capitalized amount equals a portion of the present value of the future minimum lease payments and the down payment respectively, at the time of acquisition.

Following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2016:

<u>Year</u>	Lease Payments Governmental <u>Activities</u>	Lease Payments Business-type <u>Activities</u>
2017	\$ 97,908	\$ 41,961
2018	97,908	41,961
2019	<u>24,478</u>	<u>10,490</u>
Total minimum lease payments	220,294	94,412
Less: amount representing interest	<u>(6,101)</u>	<u>(2,615)</u>
Total	<u>\$ 214,193</u>	<u>\$ 91,797</u>

The final payment was made during 2016 on the energy savings equipment lease.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

Net pension liability

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

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

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

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

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

Ohio Public Employees Retirement System

Plan Description – City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. 1.) The Traditional Pension Plan (TP) - a cost-sharing, multiple-employer defined benefit pension plan. 2.) The Member-Directed Plan (MD) - a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Members accumulate retirement assets equal to the value of the member and (vested) employer contributions, plus any investment earnings thereon. 3.) The Combined Plan (CP) - a cost-sharing, multiple-employer defined benefit pension plan. Employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the MD. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; the following disclosure focuses on the traditional plan.

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

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

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

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

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

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

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

	<u>State and Local</u>
2016 Statutory maximum contribution rates	
Employer	14.00 %
Employee	10.00 %
2016 Actual contribution rates	
Employer:	
Pension	12.00 %
Post-employment health care benefits	<u>2.00</u>
Total employer	<u>14.00 %</u>
Employee	<u>10.00 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$892,132 for 2016. Of this amount, \$75,280 is reported as an intergovernmental payable.

City of Vandalia, Ohio
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Ohio Police and Fire Pension Fund

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

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

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

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

City of Vandalia, Ohio
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	<u>Police</u>	<u>Firefighters</u>
2016 Statutory maximum contribution rates		
Employer	19.50%	24.00%
Employee:		
January 1, 2016 through December 31, 2016	12.25%	12.25%
2016 Actual contribution rates		
Employer:		
Pension	19.00%	23.50%
Post-employment health care benefits	<u>0.50%</u>	<u>0.50%</u>
Total employer	<u>19.50%</u>	<u>24.00%</u>
Employee:		
January 1, 2016 through December 31, 2016	12.25%	12.25%

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$689,000 for 2016. Of this amount \$54,394 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net pension liability - prior measurement date	0.056832%	0.146112%	
Proportion of the net pension liability - current measurement date	<u>0.056614%</u>	<u>0.142926%</u>	
Change in proportionate share	<u>-0.000218%</u>	<u>-0.003186%</u>	
Proportionate share of the net pension liability	\$9,806,258	\$9,194,517	\$19,000,775
Pension expense	\$1,337,618	\$1,225,990	\$2,563,608

City of Vandalia, Ohio
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At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F	Total
Deferred outflows of resources			
Net difference between projected and actual earnings on pension plan investments	\$ 2,882,427	\$ 1,496,515	\$4,378,942
City contributions subsequent to the measurement date	892,132	689,000	1,581,132
Total deferred outflows of resources	\$ 3,774,559	\$ 2,185,515	\$ 5,960,074
Deferred inflows of resources			
Differences between expected and actual experience	\$ 189,476	\$ 25,818	\$ 215,294
Changes in proportion and differences between City contributions and proportionate share of contributions	17,348	135,849	153,197
Total deferred inflows of resources	\$ 206,824	\$ 161,667	\$ 368,491

\$1,581,132 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Year ending December 31:			
2017	\$ 622,411	\$ 362,925	\$ 985,336
2018	668,502	362,925	1,031,427
2019	732,397	362,925	1,095,322
2020	652,293	283,148	935,441
2021	-	(31,148)	(31,148)
Thereafter	-	(5,927)	(5,927)
Total	\$ 2,675,603	\$ 1,334,848	\$ 4,010,451

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

City of Vandalia, Ohio
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Wage inflation	3.75 percent
Future salary increases, including inflation COLA or Ad Hoc COLA	4.25 to 10.05 percent including wage inflation 3 percent, simple
Investment rate of return	8 percent
Actuarial cost method	Individual entry age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

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

OPERS manages investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the Member-Directed retiree medical accounts funded through the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4% for 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

<u>Asset class</u>	<u>Target allocation</u>	<u>Weighted average long-term expected real rate of return (arithmetic)</u>
Fixed income	23.00%	2.31%
Domestic equities	20.70%	5.84%
Real estate	10.00%	4.25%
Private equity	10.00%	9.25%
International equities	18.30%	7.40%
Other investments	<u>18.00%</u>	<u>4.59%</u>
Total	<u>100.00%</u>	<u>5.27%</u>

City of Vandalia, Ohio
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Discount Rate The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease	Current discount rate	1% Increase
	<u>(7.00%)</u>	<u>(8.00%)</u>	<u>(9.00%)</u>
City's proportionate share of the net pension liability	\$ 15,623,766	\$ 9,806,258	\$ 4,899,376

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2015 is based on the results of an actuarial valuation date of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2015, are presented below:

Valuation date	January 1, 2015
Actuarial cost method	Entry age normal
Investment rate of return	8.25 percent
Projected salary increases	4.25 percent to 11 percent
Payroll increases	3.75 percent
Inflation assumptions	3.25 percent
Cost of living adjustments	2.60 percent and 3.00 percent

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2015 are summarized below:

Asset class	Target <u>Allocation</u>	10 year expected <u>real rate of return**</u>	30 year expected <u>real rate of return**</u>
Cash and cash equivalents	0.00%	0.00%	0.00%
Domestic equity	16.00%	6.50%	7.80%
Non-US equity	16.00%	6.70%	8.00%
Core fixed income *	20.00%	3.50%	5.35%
Global inflation protected *	20.00%	3.50%	4.73%
High yield	15.00%	6.35%	7.21%
Real estate	12.00%	5.80%	7.43%
Private markets	8.00%	9.50%	10.73%
Timber	5.00%	6.55%	7.35%
Master limited partnerships	<u>8.00%</u>	9.65%	10.75%
 Total	 <u>120.00%</u>		

* levered 2x

**numbers are net of expected inflation

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

Discount Rate The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

	1% Decrease <u>(7.25%)</u>	Current discount rate <u>(8.25%)</u>	1% Increase <u>(9.25%)</u>
City's proportionate share of the net pension liability	\$ 12,126,336	\$ 9,194,517	\$ 6,710,977

NOTE 13 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage, commonly referred to as OPEB (other postemployment benefits). The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional plan (TP) – a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan (MD) – a defined contribution plan; and the combined plan (CO) – a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. Please see the Plan Statement in the OPERS 2015 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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 2016, 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.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2016. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the RMA for participants in the Member-Directed Plan for 2016 was 4.0%.

Actual employer contributions which were used to fund postemployment benefits for the years ended December 31, 2016, 2015, and 2014 were \$153,287, \$140,244 and \$145,040 respectively; 91.8% has been contributed for 2016 and 100% for 2015 and 2014. \$12,547 representing the unpaid contribution for fiscal year 2016 is recorded as an intergovernmental payable. The actual contribution and the actuarially required contribution amounts are the same.

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.

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 OP&F, 140 East Town Street, Columbus, Ohio 43215-5164. That report is also available on OP&F's website at www.op-f.org.

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

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

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. The portion of employer contributions allocated to healthcare was 0.5% of covered payroll from January 1, 2016 through December 31, 2016. 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, 2016, 2015 and 2014 were \$17,382, \$15,446 and \$15,088 respectively, 92.1 percent has been contributed, for 2016 with the remainder being reported as a liability. \$1,370 representing the unpaid contribution for fiscal year 2016 is recorded as an intergovernmental payable.

NOTE 14 - JOINT VENTURES

Tri-Cities North Regional Wastewater Authority

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

The Tri-Cities North Regional Wastewater Authority (Tri-Cities) is a joint venture among the cities of Vandalia, Huber Heights and Tipp City. Tri-Cities is governed by a management board consisting of the city managers of the three cities. The board has complete authority over all aspects of the operation. Tri-Cities supplies all participating residents of the member cities with sewer services. Each city owns the sewage lines located in its city and bills its residents for usage. Continued existence of Tri-Cities is dependent on the City's continued participation and the City does have an equity interest. The percentage of equity interest for each City is based on annual usage and is adjusted each year accordingly. The City's equity interest is \$7,856,618 which represents 26.12% of the total equity in Tri-Cities. Tri-Cities is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. The City of Vandalia paid \$858,989 for services provided in 2016. Tri-Cities had three OWDA Loans outstanding at December 31, 2016, in the amounts of \$542,634, \$1,776,890 and \$5,156,696 for a total of \$7,476,220. Complete financial statements can be obtained from the Tri-Cities North Regional Wastewater Authority, c/o City of Vandalia, 333 J.E. Bohanan Drive, Vandalia, Ohio 45377.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

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 2016, the City's equity interest is \$815,122 which represents 50% of the total equity of NAWA as of December 31, 2016.

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, 2016, NAWA has two outstanding loans with OWDA in the amount of \$19,488,376 and \$528,004 for the water treatment plant construction. The City of Vandalia paid \$1,449,690 for services provided in 2016. Complete financial statements can be obtained from the Northern Area Water Authority, c/o City of Vandalia, 333 J.E. Bohanan Drive, Vandalia, Ohio 45377.

NOTE 15 - JOINTLY GOVERNED ORGANIZATION

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

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

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 2016. Financial information may be obtained by writing to Linda Gum, Administrative Assistant, 451 West Third Street, Dayton, Ohio, 45402.

NOTE 16 - CONTINGENT LIABILITIES

Litigation

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

Federal and State Grants

The City participates in several federally assisted programs. These programs are subject to financial and compliance audits by the grantor or their representative. As of December 31, 2016, the audits of these programs have not been completed. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 17 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers and Due to/from other funds for the year ended December 31, 2016, consisted of the following:

<u>Transfer to</u>	<u>Transfer from</u>	<u>General obligation</u>	<u>Total</u>
	<u>General</u>	<u>bond retirement</u>	
<u>Governmental activities:</u>			
Capital improvement fund	\$ 699,945	\$ -	\$ 699,945
General obligation bond retirement fund	1,022,204	-	1,022,204
Other governmental funds	-	71,008	71,008
	<u>1,722,149</u>	<u>71,008</u>	<u>1,793,157</u>
<u>Business-Type activities:</u>			
Golf fund	88,384	-	88,384
Total	<u>\$ 1,810,533</u>	<u>\$ 71,008</u>	<u>\$1,881,541</u>

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

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

Interfund balances at December 31, 2016 consisted of the following:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General fund	\$ 577,314	\$ -
Other governmental funds	-	577,314

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of December 31, 2016, all interfund loans outstanding are anticipated to be repaid by 2017.

NOTE 18 – OPERATING LEASE

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

The following is a schedule of the future minimum lease payments as of December 31, 2016:

	<u>Lease Payments</u>
2017	\$ 45,355
2018	45,365
Total minimum lease payments	90,720
Less: amount representing interest	(3,100)
Total	<u>\$ 87,620</u>

NOTE 19 – ACCOUNTABILITY

At December 31, 2016, the following funds had a deficit fund balance:

	<u>Deficit fund balance</u>
General obligation bond retirement fund	\$ 4,016,187
<u>Other governmental funds:</u>	
Fire equipment	235,677

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2016

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

The fund balance deficits are largely the result of the recognition of liabilities in accordance with generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 20 – COMMITMENTS

At December 31, 2016, the City has a construction commitment for a street project. This commitment is in the police, fire, and street capital improvements capital project fund for \$65,000, the OPWC capital project fund for \$65,000 and the sewer fund for \$100,000.

The fire equipment fund has a commitment in the amount of \$249,114 for a new fire truck and the capital improvement fund has a commitment for \$171,180 for new computer equipment.

NOTE 21 – TAX ABATEMENTS

Real estate tax abatements

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

Income tax abatements

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

During 2016, the City abated property taxes totaling \$230,242 within the Community Reinvestment Areas and made incentive payments in the amount of \$320,328.

Required Supplementary Information

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

	2016	2015	2014
Ohio Public Employees Retirement System (OPERS) - Traditional Plan			
City's proportion of the net pension liability	0.056614%	0.056832%	0.056832%
City's proportionate share of the net pension liability	\$ 9,806,258	\$ 6,854,574	\$ 6,699,752
City's covered employee payroll	\$ 6,801,825	\$ 7,034,450	\$ 7,245,408
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	144.17%	97.44%	92.47%
Plan fiduciary net position as a percentage of total pension liability	81.08%	86.45%	86.36%
	2016	2015	2014
Ohio Police and Fire Pension Fund			
City's proportion of the net pension liability	0.142926%	0.146112%	0.146112%
City's proportionate share of the net pension liability	\$ 9,194,517	\$ 7,569,221	\$ 7,116,122
City's covered employee payroll	\$ 3,032,927	\$ 2,934,843	\$ 2,300,410
City's proportionate share of the net pension liability as a percentage of its covered employee payroll	303.16%	257.91%	309.34%
Plan fiduciary net position as a percentage of total pension liability	66.77%	71.71% (2)	73.00% (2)

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

(2) Restated during 2015.

City of Vandalia, Ohio
Required Supplementary Information
Schedule of City Contributions
Last Four Years (1)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Ohio Public Employees Retirement System (OPERS) - Traditional Plan				
Contractually required contribution	\$ 892,132	\$ 816,219	\$ 844,134	\$ 941,903
Contributions in relation to contractually required contribution	<u>(892,132)</u>	<u>(816,219)</u>	<u>(844,134)</u>	<u>(941,903)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered employee payroll	\$ 7,434,433	\$ 6,801,825	\$ 7,034,450	\$ 7,245,408
Contributions as a percentage of covered employee payroll	12.00%	12.00%	12.00%	13.00%
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Ohio Police and Fire Pension Fund				
Contractually required contribution	\$ 689,000	\$ 609,315	\$ 597,534	\$ 392,910
Contributions in relation to contractually required contribution	<u>(689,000)</u>	<u>(609,315)</u>	<u>(597,534)</u>	<u>(392,910)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered employee payroll	\$ 3,429,567	\$ 3,032,927	\$ 2,934,843	\$ 2,300,410
Contributions as a percentage of covered employee payroll	20.09%	20.09%	20.36%	17.08%

(1) Information prior to 2013 is not available.

City of Vandalia, Ohio
Notes to Required Supplementary Information
For the Year Ended December 31, 2016

Ohio Public Employees Retirement System - Traditional Plan

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for year 2014, 2015 and 2016.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for year 2014, 2015 and 2016. See the notes to the basic financials for the methods and assumptions in this calculation.

Ohio Police and Fire Pension Fund

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for year 2014, 2015 and 2016.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for year 2014, 2015 and 2016. See the notes to the basic financials for the methods and assumptions in this calculation.

Combining Statements for Nonmajor Governmental Funds

Combining Statements and Individual Fund Schedules

NONMAJOR SPECIAL REVENUE FUNDS

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

Street

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

State Highway

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

Permissive Motor Vehicle Tax

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

Law Enforcement

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

Drug Law Enforcement

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

OMVI Education and Enforcement

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

OMVI Indigent

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

Computer Legal Research

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

Indigent Drivers Interlock and Alcohol Monitoring (IAM)

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

Combining Statements – Nonmajor Governmental Funds (Continued)

NONMAJOR SPECIAL REVENUE FUNDS (Continued)

Soccer Recreation

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

Police Continuous Professional Training

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

Stormwater

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

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 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.

Dixie Drive Phase 3 Widening Project

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

Stonequarry Crossings Tax Increment Financing (TIF)

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

Community Development Block Grant

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

Fieldstone Way Construction

To account for the receipt and dispersal of all resources restricted for the extension of Fieldstone Way.

Fire Equipment

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

OPWC

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

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, 2016

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and investments	\$ 2,195,488	\$ 4,412,156	\$ 6,607,644
Receivables:			
Accounts	45,510	-	45,510
Revenue in lieu of taxes	-	82,255	82,255
Due from other governments	462,362	19,971	482,333
Materials and supplies inventory	94,393	-	94,393
Total assets	<u>\$ 2,797,753</u>	<u>\$ 4,514,382</u>	<u>\$ 7,312,135</u>
Liabilities:			
Accounts payable	\$ 48,916	\$ 15,839	\$ 64,755
Contracts payable	-	229,989	229,989
Interfund payable	-	577,314	577,314
Accrued wages and benefits	6,973	1,589	8,562
Matured compensated absences payable	2,008	45	2,053
Due to other governments	8,263	2,518	10,781
Accrued interest payable	-	2,677	2,677
Bond anticipation notes payable	-	480,000	480,000
Total liabilities	<u>66,160</u>	<u>1,309,971</u>	<u>1,376,131</u>
Deferred inflows of resources:			
Payments in lieu of taxes	-	82,255	82,255
Unavailable revenue - other	440,317	4,971	445,288
Total deferred inflows of resources	<u>440,317</u>	<u>87,226</u>	<u>527,543</u>
Fund balances:			
Nonspendable	94,393	-	94,393
Restricted	1,692,741	1,696,578	3,389,319
Committed	504,142	1,656,284	2,160,426
Unassigned	-	(235,677)	(235,677)
Total fund balances	<u>2,291,276</u>	<u>3,117,185</u>	<u>5,408,461</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,797,753</u>	<u>\$ 4,514,382</u>	<u>\$ 7,312,135</u>

City of Vandalia, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2016

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Municipal income tax	\$ -	\$ 1,857,776	\$ 1,857,776
Charges for services	283,556	-	283,556
Fines and forfeitures	312,721	-	312,721
Intergovernmental	1,142,658	67,628	1,210,286
Payments in lieu of taxes	-	106,688	106,688
Other	6,495	-	6,495
Total revenue	<u>1,745,430</u>	<u>2,032,092</u>	<u>3,777,522</u>
Expenditures:			
Current:			
General government			
Legislative and executive	102,975	33,424	136,399
Judicial system	113,087	-	113,087
Public safety			
Police	40,829	324,039	364,868
Fire	-	92,325	92,325
Public works			
Engineer	155,410	-	155,410
Streets	815,273	181,476	996,749
Recreation	9,393	-	9,393
Capital outlay	280,563	1,458,144	1,738,707
Debt service:			
Principal retirement	58,834	414,393	473,227
Interest and fiscal charges	4,107	140,226	144,333
Total expenditures	<u>1,580,471</u>	<u>2,644,027</u>	<u>4,224,498</u>
Excess of revenues over (under) expenditures	<u>164,959</u>	<u>(611,935)</u>	<u>(446,976)</u>
Other financing sources:			
Issuance of loans	-	161,775	161,775
Transfers - in	-	71,008	71,008
Total other financing sources	<u>-</u>	<u>232,783</u>	<u>232,783</u>
Net change in fund balance	164,959	(379,152)	(214,193)
Fund balances at beginning of year	<u>2,126,317</u>	<u>3,496,337</u>	<u>5,622,654</u>
Fund balances at end of year	<u>\$ 2,291,276</u>	<u>\$ 3,117,185</u>	<u>\$ 5,408,461</u>

City of Vandalia, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016

	Street Fund	State Highway Fund	Permissive Motor Vehicle Tax Fund	Law Enforcement Fund	Drug Law Enforcement Fund
Assets:					
Equity in pooled cash and investments	\$ 1,035,088	\$ 93,469	\$ 43,210	\$ 17,940	\$ 2,195
Receivables:					
Accounts	6,687	-	-	7,661	-
Due from other governments	397,560	32,235	22,196	-	-
Materials and supplies inventory	94,393	-	-	-	-
Total assets	\$ 1,533,728	\$ 125,704	\$ 65,406	\$ 25,601	\$ 2,195
Liabilities:					
Accounts payable	\$ 15,299	\$ 29,473	\$ 3,600	\$ -	\$ -
Accrued wages and benefits	4,337	-	-	-	-
Matured compensated absences payable	1,187	-	-	-	-
Due to other governments	5,450	-	-	-	-
Total liabilities	26,273	29,473	3,600	-	-
Deferred inflows of resources:					
Unavailable revenue - other	345,573	27,477	18,987	7,661	-
Fund balances:					
Nonspendable	94,393	-	-	-	-
Restricted	1,067,489	68,754	42,819	17,940	2,195
Committed	-	-	-	-	-
Total fund balances	1,161,882	68,754	42,819	17,940	2,195
Total liabilities, deferred inflows of resources and fund balances	\$ 1,533,728	\$ 125,704	\$ 65,406	\$ 25,601	\$ 2,195

OMVI Education and Enforcement Fund	OMVI Indigent Fund	Computer Legal Research Fund	Indigent Drivers IAM Fund	Soccer Recreation Fund	Police Continuous Professional Training Fund	Stormwater Fund
\$ 7,063	\$ 173,535	\$ 146,927	\$ 136,408	\$ -	\$ 8,940	\$ 507,044
-	-	-	-	-	-	31,162
-	9,457	-	914	-	-	-
-	-	-	-	-	-	-
<u>\$ 7,063</u>	<u>\$ 182,992</u>	<u>\$ 146,927</u>	<u>\$ 137,322</u>	<u>\$ -</u>	<u>\$ 8,940</u>	<u>\$ 538,206</u>
\$ -	\$ -	\$ 409	\$ -	\$ -	\$ -	\$ 135
-	-	562	-	-	-	1,152
-	-	368	-	-	-	453
-	-	588	-	-	-	1,162
-	-	1,927	-	-	-	2,902
-	9,457	-	-	-	-	31,162
-	-	-	-	-	-	-
7,063	173,535	145,000	137,322	-	8,940	-
-	-	-	-	-	-	504,142
<u>7,063</u>	<u>173,535</u>	<u>145,000</u>	<u>137,322</u>	<u>-</u>	<u>8,940</u>	<u>504,142</u>
<u>\$ 7,063</u>	<u>\$ 182,992</u>	<u>\$ 146,927</u>	<u>\$ 137,322</u>	<u>\$ -</u>	<u>\$ 8,940</u>	<u>\$ 538,206</u>

(Continued)

City of Vandalia, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016

	Chuck Gabbard Memorial Fund	Magistrate Fund	Total Nonmajor Special Revenue Funds
Assets:			
and investments	\$ -	\$ 23,669	\$ 2,195,488
Receivables:			
Accounts	-	-	45,510
Due from other governments	-	-	462,362
Materials and supplies inventory	-	-	94,393
Total assets	<u>\$ -</u>	<u>\$ 23,669</u>	<u>\$ 2,797,753</u>
Liabilities:			
Accounts payable	\$ -	\$ -	\$ 48,916
Accrued wages	-	922	6,973
Matured compensated absences payable	-	-	2,008
Due to other governments	-	1,063	8,263
Total liabilities	<u>-</u>	<u>1,985</u>	<u>66,160</u>
Deferred inflows of resources:			
Unavailable revenue	<u>-</u>	<u>-</u>	<u>440,317</u>
Fund balances:			
Nonspendable	-	-	94,393
Restricted	-	21,684	1,692,741
Committed	-	-	504,142
Total fund balances	<u>-</u>	<u>21,684</u>	<u>2,291,276</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 23,669</u>	<u>\$ 2,797,753</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, 2016

	Street Fund	State Highway Fund	Permissive Motor Vehicle Tax Fund	Law Enforcement Fund	Drug Law Enforcement Fund
Revenues:					
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	7,635	100
Intergovernmental	1,007,714	81,706	46,858	-	-
Other	6,495	-	-	-	-
Total revenue	<u>1,014,209</u>	<u>81,706</u>	<u>46,858</u>	<u>7,635</u>	<u>100</u>
Expenditures:					
Current:					
General government					
Legislative and executive	-	-	-	-	-
Judicial system	-	-	-	-	-
Public safety					
Police	-	-	-	-	-
Public works					
Engineer	-	-	-	-	-
Streets	697,478	91,052	26,743	-	-
Recreation	-	-	-	-	-
Capital outlay	236,145	-	15,000	-	-
Debt service:					
Principal retirement	45,760	-	-	-	-
Interest and fiscal charges	3,194	-	-	-	-
Total expenditures	<u>982,577</u>	<u>91,052</u>	<u>41,743</u>	<u>-</u>	<u>-</u>
Net change in fund balance	31,632	(9,346)	5,115	7,635	100
Fund balances at beginning of year	<u>1,130,250</u>	<u>78,100</u>	<u>37,704</u>	<u>10,305</u>	<u>2,095</u>
Fund balances at end of year	<u>\$ 1,161,882</u>	<u>\$ 68,754</u>	<u>\$ 42,819</u>	<u>\$ 17,940</u>	<u>\$ 2,195</u>

OMVI Education and Enforcement Fund	OMVI Indigent Fund	Computer Legal Research Fund	Indigent Drivers IAM Fund	Soccer Recreation Fund	Continuous Professional Training Fund	Stormwater Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 283,556
956	19,387	139,534	22,355	-	-	-
-	-	-	-	-	6,380	-
-	-	-	-	-	-	-
<u>956</u>	<u>19,387</u>	<u>139,534</u>	<u>22,355</u>	<u>-</u>	<u>6,380</u>	<u>283,556</u>
-	-	102,975	-	-	-	-
-	-	-	-	-	-	-
-	24,499	-	15,157	-	-	-
-	-	-	-	-	-	155,410
-	-	-	-	-	-	-
-	-	-	-	9,393	-	-
-	-	7,243	-	-	-	22,175
-	-	-	-	-	-	13,074
-	-	-	-	-	-	913
<u>-</u>	<u>24,499</u>	<u>110,218</u>	<u>15,157</u>	<u>9,393</u>	<u>-</u>	<u>191,572</u>
956	(5,112)	29,316	7,198	(9,393)	6,380	91,984
6,107	178,647	115,684	130,124	9,393	2,560	412,158
<u>\$ 7,063</u>	<u>\$ 173,535</u>	<u>\$ 145,000</u>	<u>\$ 137,322</u>	<u>\$ -</u>	<u>\$ 8,940</u>	<u>\$ 504,142</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, 2016

	Chuck Gabbard Memorial Fund	Magistrate Fund	Total Nonmajor Special Revenue Funds
Revenues:			
Charges for services	\$ -	\$ -	\$ 283,556
Fines and forfeitures	-	122,754	312,721
Intergovernmental	-	-	1,142,658
Other	-	-	6,495
Total revenue	<u>-</u>	<u>122,754</u>	<u>1,745,430</u>
Expenditures:			
Current:			
General government			
Legislative and executive	-	-	102,975
Judicial system	-	113,087	113,087
Public safety			
Police	1,173	-	40,829
Public works			
Engineer	-	-	155,410
Streets	-	-	815,273
Recreation	-	-	9,393
Capital outlay	-	-	280,563
Debt service:			
Principal retirement	-	-	58,834
Interest and fiscal charges	-	-	4,107
Total expenditures	<u>1,173</u>	<u>113,087</u>	<u>1,580,471</u>
Net change in fund balance	(1,173)	9,667	164,959
Fund balances at beginning of year	<u>1,173</u>	<u>12,017</u>	<u>2,126,317</u>
Fund balances at end of year	<u>\$ -</u>	<u>\$ 21,684</u>	<u>\$ 2,291,276</u>



City of Vandalia, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2016

	Police, Fire and Street Capital Improvements Fund	TIF Fund	Dixie Drive Phase 3 Widening Project Fund	Stonequarry Crossings TIF Fund	Community Development Block Grant Fund
Assets:					
Equity in pooled cash and investments	\$ 1,473,275	\$ 134,553	\$ 310,000	\$ 9,677	\$ -
Receivables:					
Revenue in lieu of taxes	-	58,305	-	23,950	-
Due from other governments	-	-	-	-	15,000
Total assets	\$ 1,473,275	\$ 192,858	\$ 310,000	\$ 33,627	\$ 15,000
Liabilities:					
Accounts payable	\$ 15,839	\$ -	\$ -	\$ -	\$ -
Contracts payable	229,989	-	-	-	-
Interfund payable	-	-	-	-	15,000
Accrued wages and benefits	1,589	-	-	-	-
Matured compensated absences payable	45	-	-	-	-
Due to other governments	2,518	-	-	-	-
Accrued interest payable	-	-	-	-	-
Bond anticipation notes payable	-	-	-	-	-
Total liabilities	249,980	-	-	-	15,000
Deferred inflows of resources:					
Payments in lieu of taxes	-	58,305	-	23,950	-
Unavailable revenue - other	-	-	-	-	-
Total deferred inflows of resources	-	58,305	-	23,950	-
Fund balances:					
Restricted	1,223,295	134,553	310,000	9,677	-
Committed	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	1,223,295	134,553	310,000	9,677	-
Total liabilities, deferred inflows of resources and fund balances	\$ 1,473,275	\$ 192,858	\$ 310,000	\$ 33,627	\$ 15,000

Fieldstone Way Construction Fund	Fire Equipment Fund	OPWC Fund	Capital Improvement Reserve Fund	Facilities Improvement & Maintenance Reserve Fund	Total Nonmajor Capital Projects Funds
\$ -	\$ 736,814	\$ 91,553	\$ 656,284	\$ 1,000,000	\$ 4,412,156
-	-	-	-	-	82,255
-	-	4,971	-	-	19,971
<u>\$ -</u>	<u>\$ 736,814</u>	<u>\$ 96,524</u>	<u>\$ 656,284</u>	<u>\$ 1,000,000</u>	<u>\$ 4,514,382</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,839
-	-	-	-	-	229,989
-	489,814	72,500	-	-	577,314
-	-	-	-	-	1,589
-	-	-	-	-	45
-	-	-	-	-	2,518
-	2,677	-	-	-	2,677
-	480,000	-	-	-	480,000
<u>-</u>	<u>972,491</u>	<u>72,500</u>	<u>-</u>	<u>-</u>	<u>1,309,971</u>
-	-	-	-	-	82,255
-	-	4,971	-	-	4,971
-	-	4,971	-	-	87,226
-	-	19,053	-	-	1,696,578
-	-	-	656,284	1,000,000	1,656,284
-	(235,677)	-	-	-	(235,677)
-	(235,677)	19,053	656,284	1,000,000	3,117,185
<u>\$ -</u>	<u>\$ 736,814</u>	<u>\$ 96,524</u>	<u>\$ 656,284</u>	<u>\$ 1,000,000</u>	<u>\$ 4,514,382</u>

City of Vandalia, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2016

	Police, Fire and Street Capital Improvements Fund	TIF Fund	Dixie Drive Phase 3 Widening Project Fund	Stonequarry Crossings TIF Fund	Community Development Block Grant Fund
Revenues:					
Municipal income tax	\$ 1,857,776	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	31,275	-	15,000
Payments in lieu of taxes	-	72,006	-	34,682	-
Total revenue	<u>1,857,776</u>	<u>72,006</u>	<u>31,275</u>	<u>34,682</u>	<u>15,000</u>
Expenditures:					
Current:					
General government					
Legislative and executive	-	22,505	-	10,919	-
Public safety					
Police	324,039	-	-	-	-
Fire	92,325	-	-	-	-
Public works					
Streets	19,701	-	161,775	-	-
Capital outlay	1,202,513	-	-	-	15,000
Debt service:					
Principal retirement	382,893	-	-	31,500	-
Interest and fiscal charges	137,549	-	-	-	-
Total expenditures	<u>2,159,020</u>	<u>22,505</u>	<u>161,775</u>	<u>42,419</u>	<u>15,000</u>
Excess of revenues over (under) expenditures	<u>(301,244)</u>	<u>49,501</u>	<u>(130,500)</u>	<u>(7,737)</u>	<u>-</u>
Other financing sources:					
Issuance of loans	-	-	161,775	-	-
Transfers - in	-	-	-	-	-
Total other financing sources	<u>-</u>	<u>-</u>	<u>161,775</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(301,244)	49,501	31,275	(7,737)	-
Fund balances at					
beginning of year	<u>1,524,539</u>	<u>85,052</u>	<u>278,725</u>	<u>17,414</u>	<u>-</u>
Fund balances at end of year	<u>\$ 1,223,295</u>	<u>\$ 134,553</u>	<u>\$ 310,000</u>	<u>\$ 9,677</u>	<u>\$ -</u>

Fieldstone Way Construction Fund	Fire Equipment Fund	OPWC Fund	Capital Improvement Reserve Fund	Facilities Improvement & Maintenance Reserve Fund	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,857,776
-	-	21,353	-	-	67,628
-	-	-	-	-	106,688
-	-	21,353	-	-	2,032,092
-	-	-	-	-	33,424
-	-	-	-	-	324,039
-	-	-	-	-	92,325
-	-	-	-	-	181,476
-	233,000	2,300	5,331	-	1,458,144
-	-	-	-	-	414,393
-	2,677	-	-	-	140,226
-	235,677	2,300	5,331	-	2,644,027
-	(235,677)	19,053	(5,331)	-	(611,935)
-	-	-	-	-	161,775
71,008	-	-	-	-	71,008
71,008	-	-	-	-	232,783
71,008	(235,677)	19,053	(5,331)	-	(379,152)
(71,008)	-	-	661,615	1,000,000	3,496,337
\$ -	\$ (235,677)	\$ 19,053	\$ 656,284	\$ 1,000,000	\$ 3,117,185

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

MAJOR GENERAL FUND

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

Funds being reported as part of the general fund

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

Employee Retirement Benefits Reserve

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

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Municipal income tax	\$ 15,000,000	\$ 15,000,000	\$ 15,434,555	\$ 434,555
Property and other taxes	1,207,056	1,207,056	1,277,501	70,445
Charges for services	3,333,131	3,333,131	3,310,108	(23,023)
Licenses and permits	403,900	403,900	355,421	(48,479)
Fines and forfeitures	1,148,500	1,148,500	1,246,248	97,748
Intergovernmental	1,078,697	1,075,795	796,645	(279,150)
Interest	150,000	150,000	146,071	(3,929)
Other	235,750	235,750	271,548	35,798
Total revenues	<u>22,557,034</u>	<u>22,554,132</u>	<u>22,838,097</u>	<u>283,965</u>
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Personal services	1,864,718	1,881,496	1,750,796	130,700
Operations and maintenance	2,570,685	2,661,607	2,104,200	557,407
Capital outlay	-	6,800	6,800	-
Total legislative and executive	<u>4,435,403</u>	<u>4,549,903</u>	<u>3,861,796</u>	<u>688,107</u>
Judicial system				
Personal services	1,636,311	1,636,311	1,555,475	80,836
Operations and maintenance	224,410	224,410	171,949	52,461
Total judicial system	<u>1,860,721</u>	<u>1,860,721</u>	<u>1,727,424</u>	<u>133,297</u>
Total general government	<u>6,296,124</u>	<u>6,410,624</u>	<u>5,589,220</u>	<u>821,404</u>
Public safety				
Police				
Personal services	4,525,186	4,525,186	4,268,515	256,671
Operations and maintenance	422,463	422,463	345,316	77,147
Total police	<u>4,947,649</u>	<u>4,947,649</u>	<u>4,613,831</u>	<u>333,818</u>
Fire				
Personal services	1,838,561	1,838,561	1,527,736	310,825
Operations and maintenance	338,081	342,581	310,378	32,203
Total fire	<u>2,176,642</u>	<u>2,181,142</u>	<u>1,838,114</u>	<u>343,028</u>
Total public safety	<u>7,124,291</u>	<u>7,128,791</u>	<u>6,451,945</u>	<u>676,846</u>
Public works				
Engineer				
Personal services	794,729	803,779	763,162	40,617
Operations and maintenance	157,570	157,570	125,167	32,403
Total engineer	<u>952,299</u>	<u>961,349</u>	<u>888,329</u>	<u>73,020</u>

(Continued)

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2016
(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Street lighting				
Operations and maintenance	172,104	172,104	171,523	581
Street maintenance				
Personal services	376,374	376,374	340,066	36,308
Operations and maintenance	14,851	14,851	11,648	3,203
Total streets	<u>563,329</u>	<u>563,329</u>	<u>523,237</u>	<u>40,092</u>
Refuse				
Operations and maintenance	1,053,997	1,053,997	896,733	157,264
Total public works	<u>2,569,625</u>	<u>2,578,675</u>	<u>2,308,299</u>	<u>270,376</u>
Recreation				
Parks				
Personal services	2,697,971	2,709,271	2,500,268	209,003
Operations and maintenance	1,066,429	1,055,129	991,523	63,606
Total recreation	<u>3,764,400</u>	<u>3,764,400</u>	<u>3,491,791</u>	<u>272,609</u>
Total expenditures	<u>19,754,440</u>	<u>19,882,490</u>	<u>17,841,255</u>	<u>2,041,235</u>
Excess of revenues over expenditures	<u>2,802,594</u>	<u>2,671,642</u>	<u>4,996,842</u>	<u>2,325,200</u>
Other financing sources (uses):				
Sale of capital assets	1,000	1,000	-	(1,000)
Advances - in	515,000	515,000	-	(515,000)
Advances - out	(515,000)	(515,000)	(577,314)	(62,314)
Transfers - out	(3,641,552)	(3,842,052)	(3,768,309)	73,743
Total other financing sources (uses)	<u>(3,640,552)</u>	<u>(3,841,052)</u>	<u>(4,345,623)</u>	<u>(504,571)</u>
Net change in fund balance	(837,958)	(1,169,410)	651,219	1,820,629
Fund balance at beginning of year	11,780,150	11,780,150	11,780,150	-
Prior year encumbrances appropriated	433,358	433,358	433,358	-
Fund balance at end of year	<u>\$ 11,375,550</u>	<u>\$ 11,044,098</u>	<u>\$ 12,864,727</u>	<u>\$ 1,820,629</u>

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Employee Retirement Benefits Reserve Fund (1)
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Current:				
General government				
Judicial system				
Personal services	-	34,000	33,615	385
Public safety				
Police				
Personal services	52,600	52,600	35,580	17,020
Public works				
Engineer				
Personal services	4,600	4,600	-	4,600
Streets				
Street maintenance				
Personal services	10,150	11,550	16,114	(4,564)
Total public works	14,750	16,150	16,114	36
Recreation				
Parks				
Personal services	25,000	29,000	-	29,000
Total expenditures	92,350	131,750	85,309	46,441
Excess of revenues under expenditures	(92,350)	(131,750)	(85,309)	46,441
Other financing sources:				
Transfers - in	100,000	100,000	100,000	-
Net change in fund balance	7,650	(31,750)	14,691	46,441
Fund balance at beginning of year	281,103	281,103	281,103	-
Fund balance at end of year	\$ 288,753	\$ 249,353	\$ 295,794	\$ 46,441

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

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvement Fund
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Intergovernmental	\$ 274,781	\$ 274,781	\$ 289,405	\$ 14,624
Special assessments	9,900	9,900	10,088	188
Other	23,000	23,000	1,003	(21,997)
Total revenues	<u>307,681</u>	<u>307,681</u>	<u>300,496</u>	<u>(7,185)</u>
<u>Expenditures:</u>				
Capital outlay	1,328,020	1,348,520	1,266,227	82,293
Debt service:				
Principal retirement	32,714	32,714	32,686	28
Interest and fiscal charges	2,264	2,264	2,281	(17)
Total expenditures	<u>1,362,998</u>	<u>1,383,498</u>	<u>1,301,194</u>	<u>82,304</u>
Excess of revenues under expenditures	<u>(1,055,317)</u>	<u>(1,075,817)</u>	<u>(1,000,698)</u>	<u>75,119</u>
<u>Other financing sources:</u>				
Sale of capital assets	-	-	155,228	155,228
Transfers - in	652,419	672,919	672,919	-
Total other financing sources	<u>652,419</u>	<u>672,919</u>	<u>828,147</u>	<u>155,228</u>
Net change in fund balance	(402,898)	(402,898)	(172,551)	230,347
Fund balance at beginning of year	168,410	168,410	168,410	-
Prior year encumbrances appropriated	287,134	287,134	287,134	-
Fund balance at end of year	<u>\$ 52,646</u>	<u>\$ 52,646</u>	<u>\$ 282,993</u>	<u>\$ 230,347</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, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Debt service:				
Principal retirement	7,384,708	7,384,708	7,384,708	-
Interest and fiscal charges	111,793	111,793	110,863	930
Bond issuance costs	50,000	50,000	32,299	17,701
Total expenditures	<u>7,546,501</u>	<u>7,546,501</u>	<u>7,527,870</u>	<u>18,631</u>
Excess of revenues under expenditures	<u>(7,546,501)</u>	<u>(7,546,501)</u>	<u>(7,527,870)</u>	<u>18,631</u>
Other financing sources:				
Bond anticipation notes issued	6,115,000	6,115,000	6,115,000	-
Premium on notes issued	50,000	50,000	48,762	(1,238)
Transfers - in	1,383,759	1,383,759	1,377,098	(6,661)
Total other financing sources	<u>7,548,759</u>	<u>7,548,759</u>	<u>7,540,860</u>	<u>(7,899)</u>
Net change in fund balance	2,258	2,258	12,990	10,732
Fund balance at beginning of year	<u>69,545</u>	<u>69,545</u>	<u>69,545</u>	<u>-</u>
Fund balance at end of year	<u>\$ 71,803</u>	<u>\$ 71,803</u>	<u>\$ 82,535</u>	<u>\$ 10,732</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, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Intergovernmental	\$ 975,000	\$ 975,000	\$ 1,020,667	\$ 45,667
Other	21,000	21,000	6,658	(14,342)
Total revenues	<u>996,000</u>	<u>996,000</u>	<u>1,027,325</u>	<u>31,325</u>
<u>Expenditures:</u>				
Current:				
Public works				
Streets				
Street maintenance				
Personal services	622,330	628,780	526,049	102,731
Operations and maintenance	216,607	210,997	173,163	37,834
Capital outlay	<u>271,847</u>	<u>277,457</u>	<u>266,565</u>	<u>10,892</u>
Total streets	<u>1,110,784</u>	<u>1,117,234</u>	<u>965,777</u>	<u>151,457</u>
Debt service:				
Principal retirement	45,800	45,800	45,760	40
Interest and fiscal charges	<u>3,169</u>	<u>3,169</u>	<u>3,194</u>	<u>(25)</u>
Total expenditures	<u>1,159,753</u>	<u>1,166,203</u>	<u>1,014,731</u>	<u>151,472</u>
Net change in fund balance	(163,753)	(170,203)	12,594	182,797
Fund balance at beginning of year	939,044	939,044	939,044	-
Prior year encumbrances appropriated	<u>41,654</u>	<u>41,654</u>	<u>41,654</u>	<u>-</u>
Fund balance at end of year	<u>\$ 816,945</u>	<u>\$ 810,495</u>	<u>\$ 993,292</u>	<u>\$ 182,797</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, 2016

	<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	\$ 80,000	\$ 80,000	\$ 82,756	\$ 2,756
<u>Expenditures:</u>				
Current:				
Public works				
Streets				
Street maintenance				
Operations and maintenance	108,600	108,600	93,573	15,027
Net change in fund balance	(28,600)	(28,600)	(10,817)	17,783
Fund balance at beginning of year	72,133	72,133	72,133	-
Prior year encumbrances appropriated	1,400	1,400	1,400	-
Fund balance at end of year	<u>\$ 44,933</u>	<u>\$ 44,933</u>	<u>\$ 62,716</u>	<u>\$ 17,783</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, 2016

	<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	\$ 47,000	\$ 47,000	\$ 47,286	\$ 286
<u>Expenditures:</u>				
Current:				
Streets				
Street maintenance				
Operations and maintenance	14,375	14,375	9,118	5,257
Capital outlay	35,000	35,000	35,000	-
Total expenditures	49,375	49,375	44,118	5,257
Net change in fund balance	(2,375)	(2,375)	3,168	5,543
Fund balance at beginning of year	34,067	34,067	34,067	-
Prior year encumbrances appropriated	2,375	2,375	2,375	-
Fund balance at end of year	<u>\$ 34,067</u>	<u>\$ 34,067</u>	<u>\$ 39,610</u>	<u>\$ 5,543</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, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Fines and forfeitures	\$ 500	\$ 500	\$ 7,635	\$ 7,135
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Operations and maintenance	9,569	9,569	9,069	500
Net change in fund balance	(9,069)	(9,069)	(1,434)	7,635
Fund balance at beginning of year	1,236	1,236	1,236	-
Prior year encumbrances appropriated	9,069	9,069	9,069	-
Fund balance at end of year	<u>\$ 1,236</u>	<u>\$ 1,236</u>	<u>\$ 8,871</u>	<u>\$ 7,635</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, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Fines and forfeitures	\$ 100	\$ 100	\$ 75	\$ (25)
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Operations and maintenance	1,000	1,000	-	1,000
Net change in fund balance	(900)	(900)	75	975
Fund balance at beginning of year	2,096	2,096	2,096	-
Fund balance at end of year	\$ 1,196	\$ 1,196	\$ 2,171	\$ 975

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, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Fines and forfeitures	\$ 1,000	\$ 1,000	\$ 935	\$ (65)
<u>Expenditures:</u>				
Current:				
Public safety				
Police				
Operations and maintenance	1,000	1,000	-	1,000
Net change in fund balance	-	-	935	935
Fund balance at beginning of year	6,053	6,053	6,053	-
Fund balance at end of year	\$ 6,053	\$ 6,053	\$ 6,988	\$ 935

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, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Fines and forfeitures	\$ 20,000	\$ 20,000	\$ 19,479	\$ (521)
<u>Expenditures:</u>				
Current:				
Public safety				
Police				
Operations and maintenance	70,000	70,000	24,499	45,501
Net change in fund balance	(50,000)	(50,000)	(5,020)	44,980
Fund balance at beginning of year	177,025	177,025	177,025	-
Fund balance at end of year	\$ 127,025	\$ 127,025	\$ 172,005	\$ 44,980

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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Fines and forfeitures	\$ 140,000	\$ 140,000	\$ 139,320	\$ (680)
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Personal services	76,166	76,166	67,843	8,323
Operations and maintenance	73,676	73,676	36,554	37,122
Capital outlay	33,500	33,500	30,346	3,154
Total expenditures	<u>183,342</u>	<u>183,342</u>	<u>134,743</u>	<u>48,599</u>
Net change in fund balance	(43,342)	(43,342)	4,577	47,919
Fund balance at beginning of year	104,651	104,651	104,651	-
Prior year encumbrances appropriated	<u>6,176</u>	<u>6,176</u>	<u>6,176</u>	<u>-</u>
Fund balance at end of year	<u><u>\$ 67,485</u></u>	<u><u>\$ 67,485</u></u>	<u><u>\$ 115,404</u></u>	<u><u>\$ 47,919</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, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Fines and forfeitures	\$ 20,000	\$ 20,000	\$ 21,768	\$ 1,768
<u>Expenditures:</u>				
Current:				
Public safety				
Police				
Operations and maintenance	12,000	15,500	15,157	343
Net change in fund balance	8,000	4,500	6,611	2,111
Fund balance at beginning of year	129,070	129,070	129,070	-
Fund balance at end of year	<u>\$ 137,070</u>	<u>\$ 133,570</u>	<u>\$ 135,681</u>	<u>\$ 2,111</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, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Other	\$ -	\$ 880	\$ -	\$ (880)
<u>Expenditures:</u>				
Current:				
Recreation				
Parks				
Operations and maintenance	881	10,231	9,393	838
Net change in fund balance	(881)	(9,351)	(9,393)	(42)
Fund balance at beginning of year	8,512	8,512	8,512	-
Prior year encumbrances appropriated	881	881	881	-
Fund balance at end of year	\$ 8,512	\$ 42	\$ -	\$ (42)

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Continuous Professional Training Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ -	\$ 6,380	\$ 6,380
<u>Expenditures:</u>				
Current:				
Public safety				
Total expenditures	-	-	-	-
Net change in fund balance	-	-	6,380	6,380
Fund balance at beginning of year	2,560	2,560	2,560	-
Fund balance at end of year	<u>\$ 2,560</u>	<u>\$ 2,560</u>	<u>\$ 8,940</u>	<u>\$ 6,380</u>

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Stormwater Fund
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Charges for services	\$ 280,000	\$ 280,000	\$ 283,556	\$ 3,556
<u>Expenditures:</u>				
Current:				
Public works				
Engineer				
Personal services	154,983	156,133	140,567	15,566
Operations and maintenance	51,618	51,618	21,575	30,043
Capital outlay	126,928	119,428	36,698	82,730
Total engineer	333,529	327,179	198,840	128,339
Debt service:				
Principal retirement	13,086	13,086	13,074	12
Interest and fiscal charges	907	907	913	(6)
Total expenditures	347,522	341,172	212,827	128,345
Net change in fund balance	(67,522)	(61,172)	70,729	131,901
Fund balance at beginning of year	407,586	407,586	407,586	-
Prior year encumbrances appropriated	10,647	10,647	10,647	-
Fund balance at end of year	\$ 350,711	\$ 357,061	\$ 488,962	\$ 131,901

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, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Current:				
Public safety				
Police				
Operations and maintenance	1,173	1,173	1,173	-
Net change in fund balance	(1,173)	(1,173)	(1,173)	-
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated	1,173	1,173	1,173	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Vandalia, Ohio
 Schedule of Revenues, Expenditures and Changes
 In Fund Balance - Budget (Non-GAAP Basis) and Actual
 Magistrate Fund
 For the Year Ended December 31, 2016

	<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	\$ 130,000	\$ 130,000	\$ 119,607	\$ (10,393)
<u>Expenditures:</u>				
Current:				
General government				
Judicial system				
Personal services	128,195	128,195	112,255	15,940
Net change in fund balance	1,805	1,805	7,352	5,547
Fund balance at beginning of year	6,805	6,805	6,805	-
Fund balance at end of year	<u>\$ 8,610</u>	<u>\$ 8,610</u>	<u>\$ 14,157</u>	<u>\$ 5,547</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, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Current:				
Public safety				
Police				
Personal services	216,341	216,341	196,304	20,037
Capital outlay	783,293	783,293	775,660	7,633
Total police	999,634	999,634	971,964	27,670
Fire				
Capital outlay	293,346	316,646	308,970	7,676
Total public safety	1,292,980	1,316,280	1,280,934	35,346
Public works				
Streets				
Capital outlay	810,000	745,000	484,001	260,999
Debt service:				
Principal retirement	445,779	422,479	382,893	39,586
Interest and fiscal charges	155,125	155,125	137,549	17,576
Total expenditures	2,703,884	2,638,884	2,285,377	353,507
Excess of revenues under expenditures	(2,703,884)	(2,638,884)	(2,285,377)	353,507
Other financing sources:				
Transfers - in	1,825,000	1,825,000	1,857,776	32,776
Net change in fund balance	(878,884)	(813,884)	(427,601)	386,283
Fund balance at beginning of year	842,159	842,159	842,159	-
Prior year encumbrances appropriated	709,739	709,739	709,739	-
Fund balance at end of year	\$ 673,014	\$ 738,014	\$ 1,124,297	\$ 386,283

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, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Payments in lieu of taxes	\$ 71,000	\$ 71,000	\$ 72,006	\$ 1,006
<u>Expenditures:</u>				
Capital outlay	26,500	26,500	22,505	3,995
Net change in fund balance	44,500	44,500	49,501	5,001
Fund balance at beginning of year	85,052	85,052	85,052	-
Fund balance at end of year	<u>\$ 129,552</u>	<u>\$ 129,552</u>	<u>\$ 134,553</u>	<u>\$ 5,001</u>

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Dixie Drive Phase 3 Widening Project Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ -	\$ 31,275	\$ 31,275
<u>Expenditures:</u>				
Capital outlay	613,740	613,740	161,775	451,965
Excess of revenues under expenditures	(613,740)	(613,740)	(130,500)	483,240
Other financing sources:				
Loan proceeds	635,139	635,139	161,775	(473,364)
Net change in fund balance	21,399	21,399	31,275	9,876
Fund balance at beginning of year	278,725	278,725	278,725	-
Fund balance at end of year	<u>\$ 300,124</u>	<u>\$ 300,124</u>	<u>\$ 310,000</u>	<u>\$ 9,876</u>

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Stonequarry Crossings TIF Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Payments in lieu of taxes	\$ 34,000	\$ 34,000	\$ 34,682	\$ 682
<u>Expenditures:</u>				
Capital outlay	11,500	11,500	10,919	581
Debt service:				
Principal retirement	31,500	31,500	31,500	-
Total expenditures	<u>43,000</u>	<u>43,000</u>	<u>42,419</u>	<u>581</u>
Net change in fund balance	(9,000)	(9,000)	(7,737)	1,263
Fund balance at beginning of year	<u>17,414</u>	<u>17,414</u>	<u>17,414</u>	<u>-</u>
Fund balance at end of year	<u>\$ 8,414</u>	<u>\$ 8,414</u>	<u>\$ 9,677</u>	<u>\$ 1,263</u>

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Community Development Block Grant Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Intergovernmental	\$ 15,000	\$ 15,000	\$ -	\$ (15,000)
<u>Expenditures:</u>				
Capital outlay	15,000	15,000	15,000	-
Excess of revenues under expenditures	-	-	(15,000)	(15,000)
Other financing sources:				
Advances - in	-	-	15,000	15,000
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Fieldstone Way Construction Fund
For the Year Ended December 31, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<u>Revenues:</u>				
Intergovernmental	\$ 142	\$ 142	\$ -	\$ (142)
<u>Expenditures:</u>				
Total expenditures	-	-	-	-
Excess of revenues over expenditures	142	142	-	(142)
Other financing uses:				
Transfers - out	(328,010)	(328,010)	(327,868)	142
Net change in fund balance	(327,868)	(327,868)	(327,868)	-
Fund balance at beginning of year	327,868	327,868	327,868	-
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Equipment Fund
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Capital outlay	500,000	500,000	482,114	17,886
Excess of revenues under expenditures	(500,000)	(500,000)	(482,114)	17,886
Other financing sources:				
Bond anticipation notes issued	500,000	500,000	480,000	(20,000)
Advances - in	-	-	489,814	489,814
Total other financing sources	500,000	500,000	969,814	469,814
Net change in fund balance	-	-	487,700	487,700
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ 487,700	\$ 487,700

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
OPWC Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ 36,250	\$ 21,353	\$ (14,897)
<u>Expenditures:</u>				
Capital outlay	-	72,500	72,500	-
Excess of revenues under expenditures	-	(36,250)	(51,147)	(14,897)
Other financing sources:				
Proceeds of OPWC loans	-	36,250	-	(36,250)
Advances - in	-	-	72,500	72,500
Total other financing sources	-	36,250	72,500	36,250
Net change in fund balance	-	-	21,353	21,353
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ 21,353	\$ 21,353

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, 2016

	<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>				
Capital outlay	19,794	19,794	5,331	14,463
Net change in fund balance	(19,794)	(19,794)	(5,331)	14,463
Fund balance at beginning of year	641,821	641,821	641,821	-
Prior year encumbrances appropriated	19,794	19,794	19,794	-
Fund balance at end of year	<u>\$ 641,821</u>	<u>\$ 641,821</u>	<u>\$ 656,284</u>	<u>\$ 14,463</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, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<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 Net Position - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Charges for services	\$ 2,317,000	\$ 2,317,000	\$ 2,089,939	\$ (227,061)
Tap-in fees	10,000	10,000	1,300	(8,700)
Utility deposits received	-	-	5,371	5,371
Other	48,000	48,000	56,161	8,161
Total revenues	2,375,000	2,375,000	2,152,771	(222,229)
Expenses:				
Personal services	406,149	406,714	374,598	32,116
Contractual services	1,629,201	1,627,983	1,599,749	28,234
Materials and supplies	53,884	55,874	43,734	12,140
Capital outlay	752,184	751,412	633,995	117,417
Utility deposits returned	-	-	6,722	(6,722)
Other	1,000	1,000	927	73
Total expenses	2,842,418	2,842,983	2,659,725	183,258
Operating loss	(467,418)	(467,983)	(506,954)	(38,971)
Nonoperating revenues (expenses):				
Intergovernmental	75,000	116,250	23,726	(92,524)
Proceeds of loans	-	41,250	-	(41,250)
Principal retirement	(100,081)	(68,631)	(68,568)	63
Interest	(3,340)	(2,565)	(2,575)	(10)
Total nonoperating revenues (expenses)	(28,421)	86,304	(47,417)	(133,721)
Change in net position	(495,839)	(381,679)	(554,371)	(172,692)
Net position at beginning of year	2,383,863	2,383,863	2,383,863	-
Prior year encumbrances appropriated	109,325	109,325	109,325	-
Net position at end of year	\$ 1,997,349	\$ 2,111,509	\$ 1,938,817	\$ (172,692)

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Net Position - Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for services	\$ 1,729,050	\$ 1,729,050	\$ 1,850,555	\$ 121,505
Tap-in fees	10,000	10,000	1,550	(8,450)
Utility deposits received	-	-	2,646	2,646
Other	60,000	60,000	120,621	60,621
Total revenues	<u>1,799,050</u>	<u>1,799,050</u>	<u>1,975,372</u>	<u>176,322</u>
Expenses:				
Personal services	391,140	391,740	360,408	31,332
Contractual services	932,013	939,023	923,921	15,102
Materials and supplies	41,743	34,084	25,011	9,073
Capital outlay	403,012	403,012	384,517	18,495
Utility deposits returned	200	849	4,159	(3,310)
Total expenses	<u>1,768,108</u>	<u>1,768,708</u>	<u>1,698,016</u>	<u>70,692</u>
Operating income	<u>30,942</u>	<u>30,342</u>	<u>277,356</u>	<u>247,014</u>
Nonoperating revenues (expenses):				
Intergovernmental	-	25,000	14,236	(10,764)
Proceeds of loans	-	25,000	-	(25,000)
Principal retirement	(68,585)	(100,085)	(100,064)	21
Interest	(2,564)	(3,364)	(3,350)	14
Total nonoperating revenues (expenses)	<u>(71,149)</u>	<u>(53,449)</u>	<u>(89,178)</u>	<u>(35,729)</u>
Change in net position	(40,207)	(23,107)	188,178	211,285
Net position at beginning of year	1,976,665	1,976,665	1,976,665	-
Prior year encumbrances appropriated	<u>143,343</u>	<u>143,343</u>	<u>143,343</u>	<u>-</u>
Net position at end of year	<u>\$ 2,079,801</u>	<u>\$ 2,096,901</u>	<u>\$ 2,308,186</u>	<u>\$ 211,285</u>

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Net Position - Budget (Non-GAAP Basis) and Actual
Golf Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Charges for services	\$ 945,450	\$ 945,450	\$ 911,568	\$ (33,882)
Other	175	175	-	(175)
Total revenues	<u>945,625</u>	<u>945,625</u>	<u>911,568</u>	<u>(34,057)</u>
<u>Expenses:</u>				
Personal services	480,784	480,784	439,454	41,330
Contractual services	363,630	396,630	357,627	39,003
Materials and supplies	214,617	214,617	180,113	34,504
Capital outlay	69,499	69,499	60,693	8,806
Other	25,637	25,637	31,142	(5,505)
Total expenses	<u>1,154,167</u>	<u>1,187,167</u>	<u>1,069,029</u>	<u>118,138</u>
Operating loss	<u>(208,542)</u>	<u>(241,542)</u>	<u>(157,461)</u>	<u>84,081</u>
Nonoperating revenues:				
Sale of capital assets	-	-	1,943	1,943
Loss before transfers	<u>(208,542)</u>	<u>(241,542)</u>	<u>(155,518)</u>	<u>86,024</u>
Other financing sources:				
Transfers - in	8,384	42,384	88,384	46,000
Change in net position	(200,158)	(199,158)	(67,134)	132,024
Net position at beginning of year	155,046	155,046	155,046	-
Prior year encumbrances appropriated	54,209	54,209	54,209	-
Net position at end of year	<u>\$ 9,097</u>	<u>\$ 10,097</u>	<u>\$ 142,121</u>	<u>\$ 132,024</u>

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Net Position - Budget (Non-GAAP Basis) and Actual
Hospital Care Fund
For the Year Ended December 31, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
Charges for services	\$ 2,526,607	\$ 2,526,607	\$ 2,051,815	\$ (474,792)
Other	200,000	200,000	784,470	584,470
Total revenues	<u>2,726,607</u>	<u>2,726,607</u>	<u>2,836,285</u>	<u>109,678</u>
<u>Expenses:</u>				
Contractual services	455,758	455,758	470,520	(14,762)
Claims	2,189,641	2,589,641	2,142,430	447,211
Total expenses	<u>2,645,399</u>	<u>3,045,399</u>	<u>2,612,950</u>	<u>432,449</u>
Change in net position	81,208	(318,792)	223,335	542,127
Net position at beginning of year	570,305	570,305	570,305	-
Prior year encumbrances appropriated	<u>3,444</u>	<u>3,444</u>	<u>3,444</u>	<u>-</u>
Net position at end of year	<u>\$ 654,957</u>	<u>\$ 254,957</u>	<u>\$ 797,084</u>	<u>\$ 542,127</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 Brookville, Clayton, and West Milton.

Butler Township JEDD Tax Collection

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

Butler Township JEDZ Tax Collection

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

Performance Bond

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

Tri-Cities North Regional Wastewater Authority

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

Employee Flex Account

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

City of Vandalia, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2016

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Building Standards				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 963	\$ 3,100	\$ 3,161	\$ 902
Total assets	<u>\$ 963</u>	<u>\$ 3,100</u>	<u>\$ 3,161</u>	<u>\$ 902</u>
<u>Liabilities:</u>				
Due to other governments	\$ 963	\$ 3,100	\$ 3,161	\$ 902
Total liabilities	<u>\$ 963</u>	<u>\$ 3,100</u>	<u>\$ 3,161</u>	<u>\$ 902</u>

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Northern Area Water Authority				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 1,728,333	\$ 3,340,689	\$ 2,824,027	\$ 2,244,995
Total assets	<u>\$ 1,728,333</u>	<u>\$ 3,340,689</u>	<u>\$ 2,824,027</u>	<u>\$ 2,244,995</u>
<u>Liabilities:</u>				
Due to others	\$ 1,728,333	\$ 3,340,689	\$ 2,824,027	\$ 2,244,995
Total liabilities	<u>\$ 1,728,333</u>	<u>\$ 3,340,689</u>	<u>\$ 2,824,027</u>	<u>\$ 2,244,995</u>

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Municipal Court				
<u>Assets:</u>				
Cash and cash equivalents in segregated accounts	\$ 152,385	\$ 1,459,744	\$ 1,498,791	\$ 113,338
Total assets	<u>\$ 152,385</u>	<u>\$ 1,459,744</u>	<u>\$ 1,498,791</u>	<u>\$ 113,338</u>
<u>Liabilities:</u>				
Due to other governments	\$ 55,855	\$ 663,217	\$ 672,171	\$ 46,901
Undistributed monies	96,530	796,527	826,620	66,437
Total liabilities	<u>\$ 152,385</u>	<u>\$ 1,459,744</u>	<u>\$ 1,498,791</u>	<u>\$ 113,338</u>

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Multi-District Tax fund				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 228,856	\$ 3,618,144	\$ 3,841,242	\$ 5,758
Total assets	<u>\$ 228,856</u>	<u>\$ 3,618,144</u>	<u>\$ 3,841,242</u>	<u>\$ 5,758</u>
<u>Liabilities:</u>				
Due to other governments	\$ 1,897	-	1,897	-
Undistributed monies	226,959	3,618,144	3,839,345	5,758
Total liabilities	<u>\$ 228,856</u>	<u>\$ 3,618,144</u>	<u>\$ 3,841,242</u>	<u>\$ 5,758</u>

City of Vandalia, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2016

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Butler Township JEDD Tax Collection				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 770	\$ 143,962	\$ 133,417	\$ 11,315
Total assets	<u>\$ 770</u>	<u>\$ 143,962</u>	<u>\$ 133,417</u>	<u>\$ 11,315</u>
<u>Liabilities:</u>				
Due to other governments	\$ 115	\$ 11,315	\$ 115	\$ 11,315
Undistributed monies	655	132,647	133,302	-
Total liabilities	<u>\$ 770</u>	<u>\$ 143,962</u>	<u>\$ 133,417</u>	<u>\$ 11,315</u>

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Butler Township JEDZ Tax Collection				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 50,945	\$ 693,017	\$ 694,349	\$ 49,613
Total assets	<u>\$ 50,945</u>	<u>\$ 693,017</u>	<u>\$ 694,349</u>	<u>\$ 49,613</u>
<u>Liabilities:</u>				
Due to other governments	\$ 7,565	\$ 49,613	\$ 7,565	\$ 49,613
Undistributed monies	43,380	643,404	686,784	-
Total liabilities	<u>\$ 50,945</u>	<u>\$ 693,017</u>	<u>\$ 694,349</u>	<u>\$ 49,613</u>

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Performance Bond				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 38,910	\$ -	\$ -	\$ 38,910
Total assets	<u>\$ 38,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,910</u>
<u>Liabilities:</u>				
Undistributed monies	\$ 38,910	\$ -	\$ -	\$ 38,910
Total liabilities	<u>\$ 38,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 38,910</u>

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Tri-Cities North Regional Wastewater Authority				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 2,722,644	\$ 2,199,356	\$ 2,815,477	\$ 2,106,523
Investments	1,997,312	2,240,860	1,997,312	2,240,860
Total assets	<u>\$ 4,719,956</u>	<u>\$ 4,440,216</u>	<u>\$ 4,812,789</u>	<u>\$ 4,347,383</u>
<u>Liabilities:</u>				
Due to others	\$ 4,719,956	\$ 4,440,216	\$ 4,812,789	\$ 4,347,383
Total liabilities	<u>\$ 4,719,956</u>	<u>\$ 4,440,216</u>	<u>\$ 4,812,789</u>	<u>\$ 4,347,383</u>

City of Vandalia, Ohio
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2016

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Employee Flex Account				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 8,576	\$ 48,800	\$ 51,035	\$ 6,341
Total assets	<u>\$ 8,576</u>	<u>\$ 48,800</u>	<u>\$ 51,035</u>	<u>\$ 6,341</u>
<u>Liabilities:</u>				
Due to employees	\$ 8,576	\$ 48,800	\$ 51,035	\$ 6,341
Total liabilities	<u>\$ 8,576</u>	<u>\$ 48,800</u>	<u>\$ 51,035</u>	<u>\$ 6,341</u>
	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Totals				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 4,779,997	\$ 10,047,068	\$ 10,362,708	\$ 4,464,357
Cash and cash equivalents in segregated accounts	152,385	1,459,744	1,498,791	113,338
Investments	1,997,312	2,240,860	1,997,312	2,240,860
Total assets	<u>\$ 6,929,694</u>	<u>\$ 13,747,672</u>	<u>\$ 13,858,811</u>	<u>\$ 6,818,555</u>
<u>Liabilities:</u>				
Due to other governments	\$ 66,395	\$ 727,245	\$ 684,909	\$ 108,731
Due to employees	8,576	48,800	51,035	6,341
Undistributed monies	406,434	5,190,722	5,486,051	111,105
Due to others	6,448,289	7,780,905	7,636,816	6,592,378
Total liabilities	<u>\$ 6,929,694</u>	<u>\$ 13,747,672</u>	<u>\$ 13,858,811</u>	<u>\$ 6,818,555</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 Position by Component
 Last Ten Years

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	Restated <u>2011</u>
<u>Governmental Activities</u>					
Net investment in capital assets	\$ 35,381,805	\$ 36,535,266	\$ 39,122,829	\$ 42,469,073	\$ 42,488,927
Restricted	4,872,447	4,489,010	5,991,019	5,776,138	2,032,828
Unrestricted	<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>
Total governmental activities net position	<u>\$ 61,937,614</u>	<u>\$ 62,305,832</u>	<u>\$ 59,227,725</u>	<u>\$ 60,433,175</u>	<u>\$ 60,265,610</u>
<u>Business-Type Activities</u>					
Net investment in capital assets	\$ 17,331,384	\$ 18,165,790	\$ 18,217,454	\$ 18,100,914	\$ 18,332,521
Unrestricted	<u>10,272,138</u>	<u>9,385,576</u>	<u>9,169,165</u>	<u>10,846,059</u>	<u>10,898,051</u>
Total business-type activities net position	<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>
<u>Primary Government</u>					
Net investment in capital assets	\$ 52,713,189	\$ 54,701,056	\$ 57,340,283	\$ 60,569,987	\$ 60,821,448
Restricted	4,872,447	4,489,010	5,991,019	5,776,138	2,032,828
Unrestricted	<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>
Total primary government net position	<u>\$ 89,541,136</u>	<u>\$ 89,857,198</u>	<u>\$ 86,614,344</u>	<u>\$ 89,380,148</u>	<u>\$ 89,496,182</u>

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

		Restated (1)			
2012	2013	2014	2015	2016	
\$ 42,909,665	\$ 43,255,312	\$ 45,004,853	\$ 47,900,553	\$ 48,804,352	
3,006,345	3,047,614	3,895,737	3,929,597	3,939,012	
<u>15,722,617</u>	<u>15,697,621</u>	<u>3,669,638</u>	<u>4,639,893</u>	<u>5,874,223</u>	
<u>\$ 61,638,627</u>	<u>\$ 62,000,547</u>	<u>\$ 52,570,228</u>	<u>\$ 56,470,043</u>	<u>\$ 58,617,587</u>	
\$ 18,007,758	\$ 19,044,671	\$ 18,585,891	\$ 18,584,910	\$ 18,740,110	
11,833,535	12,516,865	11,992,590	12,516,989	12,449,139	
<u>\$ 29,841,293</u>	<u>\$ 31,561,536</u>	<u>\$ 30,578,481</u>	<u>\$ 31,101,899</u>	<u>\$ 31,189,249</u>	
\$ 60,917,423	\$ 62,299,983	\$ 63,590,744	\$ 66,485,463	\$ 67,544,462	
3,006,345	3,047,614	3,895,737	3,929,597	3,939,012	
<u>27,556,152</u>	<u>28,214,486</u>	<u>15,662,228</u>	<u>17,156,882</u>	<u>18,323,362</u>	
<u>\$ 91,479,920</u>	<u>\$ 93,562,083</u>	<u>\$ 83,148,709</u>	<u>\$ 87,571,942</u>	<u>\$ 89,806,836</u>	

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

Expenses	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Governmental Activities:					
General government	\$ 5,906,984	\$ 6,403,491	\$ 7,686,032	\$ 5,582,027	\$ 5,726,617
Public safety	6,052,798	6,608,469	6,605,685	6,531,788	6,911,373
Public works	4,224,539	4,430,596	5,881,207	5,030,029	5,328,780
Recreation	3,676,239	4,016,239	4,099,980	3,984,048	3,958,580
Interest and fiscal charges	650,699	625,917	758,879	736,084	661,538
Total governmental activities expenses	<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>
Business-Type Activities:					
Water	2,242,417	2,677,281	2,530,623	1,912,399	2,057,812
Sewer	1,523,399	1,574,798	1,699,742	450,852	1,741,089
Golf	1,185,618	1,137,838	1,057,710	1,087,328	965,069
Total business-type activities	<u>4,951,434</u>	<u>5,389,917</u>	<u>5,288,075</u>	<u>3,450,579</u>	<u>4,763,970</u>
Total primary government expenses	<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>
Program Revenues					
Governmental Activities:					
Charges for services:					
General government	\$ 1,873,488	\$ 1,914,426	\$ 1,821,605	\$ 1,871,967	\$ 1,871,826
Public safety	673,765	654,686	629,222	663,224	326,695
Public works	1,310,194	1,132,996	1,245,630	1,333,534	1,706,801
Recreation	1,397,631	1,461,420	1,468,749	1,481,966	1,479,628
Operating grants, contributions and interest	1,152,379	919,062	1,324,350	727,898	1,272,681
Capital grants and contributions	1,374,031	750,497	2,078,995	2,501,327	818,757
Total governmental activities program revenues	<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>
Business-Type Activities:					
Charges for services:					
Water	2,770,088	1,979,915	2,056,963	2,182,747	2,128,858
Sewer	2,333,065	1,072,501	1,254,928	1,300,559	1,378,273
Golf	990,779	951,835	935,518	930,933	863,896
Operating grants, contributions and interest	-	-	-	-	-
Capital grants and contributions	74,445	103,784	412,108	108,770	1,052
Total business-type activities program revenues	<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>
Total primary government program revenues	<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>
Net (expense)/revenue					
Governmental activities	\$ (12,729,771)	\$ (15,251,625)	\$ (16,463,232)	\$ (13,284,060)	\$ (15,110,500)
Business-type activities	1,216,943	(1,281,882)	(628,558)	1,072,430	(391,891)
Total primary government net expense	<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>
General Revenues and Other Changes in Net Position					
Governmental Activities:					
Property taxes levied for:					
General purposes	\$ 1,976,022	\$ 2,077,147	\$ 1,670,726	\$ 1,989,379	\$ 1,548,086
Income tax levied for:					
General purposes	13,072,621	11,391,659	9,222,083	10,889,271	11,709,263
Grants and entitlements not restricted to specific programs	1,357,421	1,977,904	1,931,238	1,539,008	1,764,465
Payment in lieu of taxes	-	-	16,857	108,512	107,720
Investment earnings	1,485,318	1,211,323	622,173	254,451	492,580
Gain on the sale of capital assets	-	-	-	-	11,040
Other	112,821	154,641	114,904	131,464	59,415
Total governmental activities	<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>
Business-Type Activities:					
Investment earnings	3,471	1,140	483	287	-
Other	33,196	35,755	270,472	65,062	56,523
Total business-type activities	<u>36,667</u>	<u>36,895</u>	<u>270,955</u>	<u>65,349</u>	<u>56,523</u>
Total primary government	<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>
Change in net position					
Governmental activities	\$ 4,337,065	\$ 368,218	\$ (3,078,107)	\$ 1,205,450	\$ (36,898)
Business-type activities	2,190,977	(52,156)	(164,747)	1,560,354	283,599
Total primary government	<u>\$ 6,528,042</u>	<u>\$ 316,062</u>	<u>\$ (3,242,854)</u>	<u>\$ 2,765,804</u>	<u>\$ 246,701</u>

	2012	2013	2014	2015	2016
\$	5,782,863	\$ 5,475,675	\$ 5,520,951	\$ 5,130,767	\$ 4,836,921
	6,811,934	7,174,259	7,124,303	7,236,385	7,841,876
	6,294,260	5,098,906	4,736,869	4,900,560	4,890,378
	3,847,357	3,788,977	4,147,571	4,008,981	3,793,318
	601,289	560,923	569,379	209,376	235,861
	<u>23,337,703</u>	<u>22,098,740</u>	<u>22,099,073</u>	<u>21,486,069</u>	<u>21,598,354</u>
	2,059,071	1,909,167	2,072,336	2,151,550	2,010,094
	1,512,536	1,552,360	1,814,270	1,694,090	1,944,231
	1,042,176	1,097,625	1,019,002	1,035,124	1,064,705
	4,613,783	4,559,152	4,905,608	4,880,764	5,019,030
\$	<u>27,951,486</u>	<u>26,657,892</u>	<u>27,004,681</u>	<u>26,366,833</u>	<u>26,617,384</u>
\$	1,577,135	\$ 2,459,074	\$ 2,435,013	\$ 2,579,526	\$ 2,712,465
	649,206	569,979	569,797	489,852	593,124
	1,400,408	1,474,377	1,424,524	1,544,620	1,452,055
	1,446,534	1,395,800	1,446,891	1,476,639	1,510,517
	1,106,688	1,227,177	1,177,845	1,458,405	1,184,517
	2,004,768	45,000	1,623,771	2,399,492	151,524
	<u>8,184,739</u>	<u>7,171,407</u>	<u>8,677,841</u>	<u>9,948,534</u>	<u>7,604,202</u>
	2,226,641	2,190,856	2,218,971	2,149,396	2,174,722
	1,584,806	1,933,954	1,691,533	1,823,665	1,892,558
	973,947	888,023	885,919	880,378	907,446
	130,340	-	-	-	-
	2,828	1,290,959	2,960	369,115	121,799
	<u>4,918,562</u>	<u>6,303,792</u>	<u>4,799,383</u>	<u>5,222,554</u>	<u>5,096,525</u>
\$	<u>13,103,301</u>	<u>13,475,199</u>	<u>13,477,224</u>	<u>15,171,088</u>	<u>12,700,727</u>
\$	(15,152,964)	\$ (14,927,333)	\$ (13,421,232)	\$ (11,537,535)	\$ (13,994,152)
	304,779	1,744,640	(106,225)	341,790	77,495
\$	<u>(14,848,185)</u>	<u>(13,182,693)</u>	<u>(13,527,457)</u>	<u>(11,195,745)</u>	<u>(13,916,657)</u>
\$	1,505,738	\$ 1,221,094	\$ 1,283,417	\$ 1,272,611	\$ 1,275,653
	13,025,898	12,709,385	13,021,106	13,682,940	14,247,899
	1,556,563	1,098,778	761,023	408,435	345,958
	43,957	84,136	196,368	105,453	115,268
	208,984	20,362	215,329	129,436	119,752
	124,555	-	-	-	7,906
	82,334	131,101	11,046	20,103	39,115
	<u>16,548,029</u>	<u>15,264,856</u>	<u>15,488,289</u>	<u>15,618,978</u>	<u>16,151,551</u>
	-	-	-	-	-
	283,894	-	-	-	-
	<u>283,894</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u>16,831,923</u>	<u>15,264,856</u>	<u>15,488,289</u>	<u>15,618,978</u>	<u>16,151,551</u>
\$	1,373,017	\$ 361,920	\$ 2,264,635	\$ 3,899,815	\$ 2,147,544
	610,721	1,720,243	(303,803)	523,418	87,350
\$	<u>1,983,738</u>	<u>2,082,163</u>	<u>1,960,832</u>	<u>4,423,233</u>	<u>2,234,894</u>

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	Restated <u>2010</u>	<u>2011</u>
General Fund					
Nonspendable	\$ -	\$ -	\$ -	\$ 42,721	\$ 42,034
Committed	-	-	-	380,484	360,215
Assigned	-	-	-	1,832,419	2,287,384
Unassigned	-	-	-	10,266,922	10,756,154
Reserved	1,790,777	1,952,111	1,304,239	-	-
Unreserved, designated	-	-	915,000	-	-
Unreserved	18,711,875	19,029,818	11,813,674	-	-
Total general fund	<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>
All Other Governmental Funds					
Nonspendable	\$ -	\$ -	\$ -	\$ 3,763,299	\$ 3,340,482
Restricted	-	-	-	1,661,587	1,788,921
Committed	-	-	-	3,165,623	2,536,378
Assigned	-	-	-	-	-
Unassigned	-	-	-	(3,195,166)	(3,755,190)
Reserved	6,105,502	6,517,093	8,079,431	-	-
Unreserved, reported in:					
Special revenue funds	1,508,082	1,306,895	1,445,453	-	-
Capital projects funds	(3,834,063)	(4,158,504)	(1,453,242)	-	-
Debt service funds	219,077	221,577	243,154	-	-
Total all other governmental funds	<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>

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

<u>2012</u>	<u>2013</u>	<u>2014 (1)</u>	<u>2015</u>	<u>2016</u>
\$ 50,022	\$ 39,372	\$ 34,636	\$ 27,552	\$ 61,808
442,531	542,531	642,531	281,103	793,528
1,348,736	1,549,018	683,527	708,434	593,417
11,307,767	10,402,258	11,068,945	12,284,198	13,978,050
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 13,149,056</u>	<u>\$ 12,533,179</u>	<u>\$ 12,429,639</u>	<u>\$ 13,301,287</u>	<u>\$ 15,426,803</u>
\$ 2,849,291	\$ 95,238	\$ 115,829	\$ 115,167	\$ 94,393
1,937,880	2,822,178	3,207,520	3,495,329	3,515,142
2,073,419	2,012,467	2,057,468	2,083,166	2,160,426
-	-	-	-	-
(2,074,380)	-	(5,675,573)	(5,070,761)	(4,251,864)
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 4,786,210</u>	<u>\$ 4,929,883</u>	<u>\$ (294,756)</u>	<u>\$ 622,901</u>	<u>\$ 1,518,097</u>

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>REVENUES</u>										
Municipal income taxes	\$ 13,278,532	\$ 11,905,601	\$ 9,377,445	\$ 11,031,533	\$ 11,811,152	\$ 12,554,400	\$ 12,667,627	\$ 13,019,647	\$ 13,873,876	\$ 14,553,185
Property and other taxes	1,922,643	2,097,501	1,674,192	1,973,483	1,614,735	1,533,779	1,232,843	1,281,724	1,276,849	1,275,898
Charges for services	3,451,386	3,625,059	3,544,147	3,647,220	3,685,674	3,485,052	3,463,040	3,669,349	3,750,556	3,592,620
Fines, licenses and permits	1,710,057	1,675,186	1,580,539	1,689,318	1,560,665	1,639,877	1,828,789	1,796,072	1,866,756	1,911,822
Intergovernmental revenues	3,519,044	3,703,037	3,891,817	5,034,523	3,669,156	3,544,825	2,712,119	3,562,887	3,817,380	2,284,559
Special assessments	15,459	27,739	17,950	9,606	7,862	10,231	7,757	6,018	24,246	10,088
Investment income	1,485,317	1,211,322	622,173	254,537	492,580	208,984	20,362	215,329	129,436	119,752
Payments in lieu of taxes	-	21,354	16,856	108,512	107,720	43,956	84,136	196,368	105,453	106,688
Other	119,864	146,798	39,536	132,485	76,244	103,708	545,020	309,685	164,552	282,277
Total revenues	25,502,302	24,413,597	20,764,655	23,881,217	23,025,788	23,124,812	22,561,693	24,057,079	25,009,104	24,136,889
<u>EXPENDITURES</u>										
General government	5,679,146	6,076,275	7,381,632	5,374,258	5,410,595	5,496,187	5,276,604	5,252,837	4,894,718	4,527,753
Public safety	5,643,811	6,105,935	6,105,910	6,096,542	6,308,866	6,187,676	6,822,655	6,832,743	6,813,125	6,952,097
Public works	3,343,736	3,453,508	4,877,949	4,069,538	3,745,331	4,884,241	3,844,621	3,433,779	3,419,534	3,386,391
Recreation	3,158,080	3,418,795	3,558,865	3,486,776	3,500,732	3,349,081	3,389,173	3,731,450	3,623,674	3,280,416
Capital outlay	4,861,768	3,787,251	4,477,252	7,279,564	3,042,512	1,190,438	2,135,887	3,589,683	4,407,748	2,263,170
Debt service:										
Principal retirement	619,479	632,844	1,011,352	935,008	963,819	997,791	1,021,931	6,847,216	520,306	563,031
Interest and fiscal charges	605,128	606,004	635,638	669,351	615,444	580,937	543,026	359,838	201,615	238,849
Bond issuance costs	-	-	97,735	-	-	-	-	-	5,500	2,750
Current refunding	-	-	-	-	-	-	-	149,300	-	-
Total expenditures	23,911,148	24,080,612	28,146,333	27,911,037	23,587,299	22,686,351	23,033,897	30,196,846	23,886,220	21,214,457
Excess of revenues over (under) expenditures	1,591,154	332,985	(7,381,678)	(4,029,820)	(561,511)	438,461	(472,204)	(6,139,767)	1,122,884	2,922,432
<u>OTHER FINANCING SOURCES (USES)</u>										
Proceeds of loans	-	-	-	-	-	-	-	308,334	866,421	161,775
Proceeds of bonds	-	-	4,755,000	-	-	-	-	-	-	-
Inception of capital lease	-	-	-	-	-	-	-	461,016	-	-
Premium on bonds issued	-	-	50,304	-	-	-	-	-	-	-
Sale of capital assets	9,495	34,755	55,093	-	-	140,427	-	42,238	-	24,889
Transfers in	4,931,342	4,439,244	6,841,691	4,253,092	2,561,151	3,855,648	4,047,930	3,456,840	3,338,920	1,793,157
Transfer out	(5,431,342)	(4,439,244)	(6,841,691)	(4,653,092)	(2,561,151)	(3,855,648)	(4,047,930)	(3,456,840)	(3,538,920)	(1,881,541)
Total other financing sources (uses)	(490,505)	34,755	4,860,397	(400,000)	-	140,427	-	811,588	666,421	98,280
Net change in fund balance	\$ 1,100,649	\$ 367,740	\$ (2,521,281)	\$ (4,429,820)	\$ (561,511)	\$ 578,888	\$ (472,204)	\$ (5,328,179)	\$ 1,789,305	\$ 3,020,712
Debt service as a percentage of noncapital expenditures	6.4%	6.1%	7.0%	7.8%	7.7%	7.3%	7.5%	27.1%	3.7%	4.2%

(1) Modified accrual basis of accounting.

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

Collection Year	Real Property (1)		Public Utility (2)		Tangible Personal Property (3)		Total		Weighted Average Tax Rate	Total City Direct Rate	
	Assessed Value	Commercial/Industrial/PU	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value			Estimated Actual Value
2016	\$ 323,668,040	\$ 40,210	\$ 924,880,714	\$ 7,364,480	\$ 18,913,324	\$ -	\$ -	\$ 331,072,730	\$ 943,794,038	35.98%	\$ 4.14
2015	326,292,560	39,830	932,378,257	7,254,310	18,630,387	-	-	333,586,700	951,008,644	35.98%	4.14
2014	335,503,500	39,180	958,693,371	7,037,090	18,072,527	-	-	342,579,770	976,765,898	35.98%	4.14
2013	332,400,670	37,770	949,824,114	6,375,710	16,373,983	-	-	338,814,150	966,198,097	35.90%	4.14
2012	334,185,190	45,420	954,944,600	5,995,890	15,398,536	-	-	340,226,500	970,343,136	35.84%	4.14
2011	358,924,870	40,320	1,025,614,829	5,873,700	15,084,730	-	-	364,838,890	1,040,699,558	35.77%	4.14
2010	361,083,290	37,350	1,031,773,257	5,638,060	14,479,563	116,150	2,323,000	366,874,850	1,048,575,820	35.77%	4.14
2009	362,557,370	32,220	1,035,970,257	5,715,530	14,678,520	696,660	6,966,600	369,001,780	1,057,615,377	35.57%	4.14
2008	363,742,150	28,420	1,039,344,486	5,625,360	14,446,947	25,112,712	40,180,339	394,508,642	1,093,971,772	36.71%	4.14
2007	358,120,300	26,400	1,023,276,286	6,670,560	17,131,211	43,327,379	346,619,032	408,144,639	1,387,026,529	30.03%	4.14

65

Source: Montgomery County Auditor

- (1) Real estate value is assessed at 35% of appraised market value.
- (2) Public utility personal property is assessed at 88% of true value for half of 2007-2016, the other half at 25% of true value.
- (3) Tangible personal property is assessed at 12.5% for 2007, 6.25% for 2008 and 0% for 2009-2016.

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>
2016	\$ 1,370,641	\$ 1,346,397	\$ 35,325	\$ 1,381,722	98.23%	\$ 33,702	2.46%	\$ 95.45
2015	1,381,049	1,332,247	44,994	1,377,241	99.72%	33,976	2.46%	94.53
2014	1,418,280	1,357,528	10,260	1,367,788	96.44%	37,865	2.67%	93.50
2013	1,402,691	1,367,332	32,882	1,400,214	99.82%	33,275	2.37%	86.54
2012	1,408,538	1,363,912	42,503	1,406,415	99.85%	30,429	2.16%	84.92
2011	1,510,433	1,454,051	44,039	1,498,090	99.18%	39,136	2.59%	84.02
2010	1,518,862	1,459,807	48,781	1,508,588	99.32%	88,379	5.82%	83.13
2009	1,527,667	1,461,956	44,273	1,506,229	98.60%	107,679	7.05%	82.60
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

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

Source: Montgomery County Auditor

CITY OF VANDALIA, OHIO
Schedules of Principal Taxpayers - Real Property
2016 and 2007

	2007			2016		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Taxpayer						
MO Northwoods LLC	\$ 2,044,630	5	0.57%	\$ 2,496,310	1	0.77%
Sand Lake Plaza LLC	-		0.00%	2,281,150	2	0.70%
Garrett-Ryan LLC	-		0.00%	1,936,960	3	0.60%
DDC Hotels Inc	-		0.00%	1,805,900	4	0.56%
Floriday LLC	-		0.00%	1,770,840	5	0.55%
Mahle Behr Properties Management	-		0.00%	1,612,800	6	0.50%
3920 Space Drive Building	-		0.00%	1,551,620	7	0.48%
Eurand America Inc.	-		0.00%	1,532,820	8	0.47%
Mehland Developers	-		0.00%	1,454,070	9	0.45%
CDSF LTD	-		0.00%	1,363,030	10	0.42%
Dayton Power & Light Co.	4,732,760	1	1.32%	-		0.00%
Delphi Automotive System	4,657,770	2	1.30%	-		0.00%
The Iams Company	3,038,100	3	0.85%	-		0.00%
B-W Limited Partnership	2,311,430	4	0.65%	-		0.00%
Ohio Bell Telephone Co.	1,255,810	6	0.35%	-		0.00%
Mid-States Development Co.	1,658,110	7	0.46%	-		0.00%
Timberlake Limited Partners	1,596,670	8	0.45%	-		0.00%
ABMD, LTD.	1,488,920	9	0.42%	-		0.00%
Thieman, Ted H.	1,243,410	10	0.35%	-		0.00%
Total of above	<u>\$ 24,027,610</u>		<u>6.72%</u>	<u>\$ 17,805,500</u>		<u>5.51%</u>
Total City	<u>\$ 358,146,700</u>			<u>\$ 323,708,250</u>		

Source: Montgomery County Auditor.

CITY OF VANDALIA, OHIO
Schedules of Principal Taxpayers - Public Utility
2016 and 2007

	2007			2016		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<u>Taxpayer</u>						
Dayton Power	\$ 4,732,760	1	70.95%	\$ 7,112,070	1	96.57%
Vectren Energy Delivery of Ohio	-		0.00%	716,320	2	9.73%
Buckeye Power Inc.	-		0.00%	910	3	0.01%
Ohio Bell Telephone Co.	1,255,810	2	18.83%	-		0.00%
Total of above	<u>\$ 5,988,570</u>		<u>89.78%</u>	<u>\$ 7,829,300</u>		<u>106.31%</u>
Total City	<u>\$ 6,670,560</u>			<u>\$ 7,364,480</u>		

Source: Montgomery County Auditor.

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
2016	2.00%	\$ 15,434,555	\$ 11,575,620	75.00%	\$ 2,291,415	14.85%	\$ 1,567,520	10.16%
2015	2.00	14,449,582	10,791,743	74.69	2,226,693	15.41	1,431,146	9.90
2014	2.00	13,873,413	10,518,990	75.82	1,953,374	14.08	1,401,049	10.10
2013	2.00	13,234,807	10,015,750	75.68	1,826,881	13.80	1,392,176	10.52
2012	2.00	12,947,429	9,590,711	74.07	1,978,254	15.28	1,378,464	10.65
2011	2.00	12,086,039	9,108,148	75.36	1,594,969	13.20	1,382,922	11.44
2010	2.00	11,174,601	8,741,078	78.22	1,185,925	10.61	1,247,598	11.16
2009	2.00	11,422,710	9,110,018	79.75	1,047,443	9.17	1,265,248	11.08
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

Source: City income tax records.

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

Fiscal Year	Governmental Activities (1)			Business-Type	Total Primary Government	Percentage of Personal Income	Total Debt Per Capita
	General Obligation Bonds	Loan Payable	Capital Leases	Capital Leases			
2016	\$ 2,457,755	\$ 1,196,910	\$ 214,193	\$ 91,797	\$ 3,960,655	0.95%	\$ 260
2015	2,761,205	1,149,528	362,831	131,020	4,404,584	1.06%	289
2014	3,060,025	308,334	562,910	169,306	4,100,575	0.99%	269
2013	9,644,015	-	274,110	-	9,918,125	2.39%	651
2012	10,543,316	-	376,041	-	10,919,357	2.63%	716
2011	11,420,417	-	473,832	-	11,894,249	2.86%	780
2010	12,265,384	-	567,651	-	12,833,035	3.09%	842
2009	13,083,289	-	657,659	-	13,740,948	3.89%	941
2008	9,109,619	-	744,011	-	9,853,630	2.79%	675
2007	9,635,744	-	826,855	-	10,462,599	2.96%	716

(1) Details regarding the City's outstanding debt can be found in Note 10 & 11 in the current financial statements.

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

Fiscal Year	Governmental Activities (1)		
	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
2016	\$ 2,457,755	0.74%	\$ 161
2015	2,761,205	0.83%	181
2014	3,060,025	0.89%	201
2013	9,644,015	2.85%	633
2012	10,543,316	3.10%	692
2011	11,420,417	3.13%	749
2010	12,265,384	3.34%	804
2009	13,083,289	3.55%	896
2008	9,109,619	2.31%	624
2007	9,635,744	2.36%	660

(1) Details regarding the City's outstanding debt can be found in Note 10 & 11 in the current financial statements.

CITY OF VANDALIA, OHIO
 Direct and Overlapping Governmental Activities Debt
 December 31, 2016

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	\$ 56,531,525	56.33%	\$ 31,844,208
Montgomery County	34,844,165	3.69%	<u>1,285,750</u>
Subtotal, overlapping debt			33,129,958
City of Vandalia governmental activities direct debt			<u>3,868,858</u>
Total direct and overlapping debt			<u><u>\$ 36,998,816</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, 2016, except for Vandalia-Butler School District which is reported as of June 30, 2016.

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

Legal Debt Margin Calculation for Year Ending December 31, 2016	<u>Unvoted</u>	<u>Overall</u>
Total assessed valuation	\$ 331,072,730	\$ 331,072,730
Debt limitation - 5.5% of assessed valuation	<u>18,209,000</u>	
Debt limitation - 10.5% of assessed valuation		<u>34,762,637</u>
Debt applicable to limitation:		
Gross indebtedness	10,555,655	10,555,655
Exempt debt:		
Bond anticipation notes	(6,595,000)	(6,595,000)
State infrastructure bank loan	(1,196,910)	(1,196,910)
Amount available in debt service fund	<u>(82,535)</u>	<u>(82,535)</u>
Total debt applicable to limitation	<u>2,681,210</u>	<u>2,681,210</u>
Legal debt margin	<u>\$ 15,527,790</u>	<u>\$ 32,081,427</u>

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Debt limit	\$ 42,855,187	\$ 41,423,407	\$ 38,745,187	\$ 38,521,859	\$ 38,308,083	\$ 35,723,783	\$ 35,575,486	\$ 35,970,876	\$ 35,026,604	\$ 34,762,637
Total net debt applicable to limit	9,750,923	9,184,580	13,006,846	12,155,698	11,279,512	10,627,927	9,695,024	9,450,099	3,185,511	2,681,210
Legal debt margin	\$ 33,104,264	\$ 32,238,827	\$ 25,738,341	\$ 26,366,161	\$ 27,028,571	\$ 25,095,856	\$ 25,880,462	\$ 26,520,777	\$ 31,841,093	\$ 32,081,427
Total net debt applicable to limit as a percentage of debt limit	22.75%	22.17%	33.57%	31.56%	29.44%	29.75%	27.25%	26.27%	9.09%	7.71%

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>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>GENERAL BONDED DEBT</u>										
Debt service	999,887	996,927	1,409,691	1,408,129	1,409,648	1,414,384	1,406,946	1,245,640	409,615	405,765
General governmental expenditures	23,911,148	24,080,612	28,146,333	27,911,037	23,587,299	22,686,351	23,033,897	30,196,846	23,886,220	21,214,457
Ratio of debt service to general governmental expenditures	4.18%	4.14%	5.01%	5.05%	5.98%	6.23%	6.11%	4.13%	1.71%	1.91%

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

CITY OF VANDALIA, OHIO
 Schedule of Principal Employers
 2007 and 2016

<u>Employer (1)</u>	<u>Industry</u>	<u>2016</u>			<u>2007</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	1,143	1	3.18%	-		0.00%
Vandalia - Butler Schools	Schools	502	2	1.39%	390	3	1.05%
GE Aviation (formerly Smiths Aerospace)	Aerospace Engineering & Manufacturing	482	3	1.34%	417	2	1.12%
All Service Plastic Molding	Injection Molding	471	4	1.31%	-		0.00%
City of Vandalia	Local Government	360	5	1.00%	371	4	1.00%
SAIA Burgess, Inc. (formerly Johnson Controls)	Electronics Manufacturing	339	6	0.94%	315	5	0.85%
Mahle Behr	Automotive Manufacturing & Engineering	308	7	0.86%	-		0.00%
Kroger Limited Partnership	Grocery Retail	305	8	0.85%	-		0.00%
Adare Pharmaceuticals Inc. (formerly Aptalis Pharmatech)	Specialty Pharmaceutical Company	261	9	0.73%	-		0.00%
Dayton Freight Lines, Inc.	Trucking Company	255	10	0.71%	-		0.00%
Delphi Automotive System)	Automotive Manufacturing & Engineering	-		0.00%	1,141	1	3.08%
Coorstek Medical LLC (formerly IMDS Holding Corp)	Medical Device Design & Manufacturing	-		0.00%	287	6	0.77%
P&G Pet Care (formerly Iams)	Headquarters - Cat & Dog Food	-		0.00%	242	7	0.65%
Evenflo	Headquarters - Juvenile Products Manufacturer	-		0.00%	192	8	0.52%
Eurand	Pharmaceutical and biopharmaceutical products	-		0.00%	157	9	0.42%
Lion Apparel	Work Uniforms & Custom Corporate Apparel	-		0.00%	124	10	0.33%
		<u>4,426</u>		<u>12.28%</u>	<u>3,636</u>		<u>9.78%</u>

Source: City Income Tax Department W2 Audit Listing.

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

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

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

(1) Source: U. S. Census
 (a) Years 2007 through 2009 - 2000 Federal Census
 (b) Years 2010 through 2016 - 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	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
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	5.00	5.50	5.50	6.50	6.00	6.00	6.00	6.50	6.50
Tax	4.50	8.00	8.50	8.50	8.50	9.50	11.00	10.50	9.00	9.00
City Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Law	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Administration	7.00	6.50	6.50	6.50	8.00	6.50	7.00	7.50	7.00	7.50
Engineer	7.50	9.50	9.50	9.50	9.50	8.50	9.00	9.50	9.00	10.00
Planning	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	0.00
Court	24.50	26.00	26.00	26.00	26.00	26.00	29.00	30.00	27.50	29.00
Public Building	7.00	7.50	7.50	7.50	8.50	18.00	18.00	17.00	19.00	20.00
Security of Persons and Property										
Police	32.00	32.00	32.00	32.00	32.00	32.00	32.00	31.00	32.00	35.00
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	9.00	9.00	9.00	9.00	9.00	10.50	12.00	12.00	12.00	12.50
Fire	46.50	37.50	37.50	37.50	37.50	40.50	49.00	43.00	44.00	42.00
Fire - Secretary - Other	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Leisure Time Activities										
Recreation	126.00	119.00	119.00	119.00	123.50	103.50	122.00	112.50	118.00	110.00
Municipal Pool	3.00	4.50	4.50	4.50	8.50	5.50	7.00	4.50	6.00	6.00
Golf Course	24.00	21.50	21.50	21.50	22.50	20.00	25.00	29.50	32.50	32.00
Transportation										
Service	18.00	18.00	18.00	18.00	20.00	20.50	21.00	19.50	19.00	20.00
Basic Utility Services										
Water	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00
Wastewater	1.00	1.00	1.00	1.00	1.00	0.00	0.00	0.00	0.00	0.00
Totals:	<u>328.00</u>	<u>317.00</u>	<u>318.00</u>	<u>318.00</u>	<u>333.00</u>	<u>320.00</u>	<u>361.00</u>	<u>345.50</u>	<u>354.50</u>	<u>351.50</u>

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

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

Function/Program	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
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	3	3	3	3	2	2	2	2	1	2
Inspection Vehicles	7	7	7	7	8	8	8	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	25	25	21	21	21	21	21	21	21	20
Fire										
Stations	3	3	3	3	3	3	3	2	2	2
Number of fire hydrants	802	802	770	770	770	770	770	770	765	763
Square Footage of Building	33,443	33,443	33,443	33,443	33,443	33,443	33,443	18,000	18,000	18,000
Vehicles	15	15	17	17	17	16	16	19	18	18
Recreation										
Number of Parks	11	11	11	11	11	11	11	11	11	11
Number of Pools	1	1	1	1	1	1	1	1	1	1
Number of Golf Courses	1	1	1	1	1	1	1	1	1	1
Number of Tennis Courts	11	11	11	11	11	11	11	11	11	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	21	21	20	20	20	20	20	20	20	21
Other Public Works										
Streets (miles)	86.0	86.0	86.0	86.0	86.0	86.0	89.0	82.5	83.5	83.5
Service Vehicles	26	26	24	24	24	29	29	27	25	24
Wastewater										
Sanitary Sewers (miles)	74	74	74	74	73	73	73	73	73	73
Storm Sewers (miles)	78	78	78	77	76	76	75	74	73	72
Water Department										
Water Lines (miles)	87	87	87	87	85	85	85	85	85	84
Vehicles	1	1	1	1	1	1	1	1	1	1

Source: City of Vandalia

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

Function/Program	2016	2015	2014	2013	2012
General Government					
<i>Council and Clerk</i>					
Number of Ordinances Passed	36	26	33	18	16
Number of Resolutions Passed	103	111	74	64	45
Number of Planning Commission docket items	44	1	1	14	8
Zoning Board of Appeals docket items	17	5	12	13	6
<i>Finance Department</i>					
Number of payroll checks issued	87	104	116	117	212
Number of payroll direct deposits issued	9,161	9,854	9,571	9,580	9,061
Number of checks/ vouchers issued	3,988	4,426	4,917	4,774	4,339
Amount of checks written (\$000 omitted)	\$15,231	\$18,278	\$20,342	\$19,613	\$16,016
Interest earnings for fiscal year (cash basis)	\$146,071	\$137,269	\$138,696	\$161,018	\$231,689
Number of Budget Adjustments issued	3	4	7	6	6
Agency Ratings - Moody's Financial Services	Aa2	Aa2	Aa2	Aa2	Aa2
Health Insurance Costs vs General Fund Expenditures %	7.02%	7.94%	6.68%	7.67%	8.55%
General Fund Receipts (cash basis, \$000 omitted)	\$22,808	\$21,971	\$20,829	\$20,856	\$20,496
General Fund Expenditures (cash basis, \$000 omitted)	\$21,673	\$21,131	\$21,980	\$21,885	\$21,111
General Fund Cash Balances (\$000 omitted)	\$13,263	\$12,128	\$11,288	\$12,439	\$13,468
<i>Income Tax Department</i>					
Number of Individual/Business Returns	12,949	22,605	24,212	23,466	14,984
Number of business withholding accounts	2,649	2,331	3,604	3,604	3,296
Amount of Penalties and Interest Collected	\$ 122,520	\$ 113,693	\$ 118,174	\$ 109,648	\$ 112,041
Annual number of withholding forms processed	21,906	32,757	36,703	44,153	26,641
Annual number of balance due statements forms processed	6,257	10,626	10,431	8,759	6,252
Annual number of estimated payment forms processed	3,508	5,613	5,779	5,397	3,564
Annual number of reconciliations of withholdings processed	2,649	4,617	4,360	4,321	2,640
<i>Engineer Contracted Services</i>					
Dollar amount of Construction overseen by Engineer	\$1,531,693	\$1,047,864	\$512,644	\$831,792	\$1,266,695
<i>Municipal Court</i>					
Number of Civil Cases	1,807	1,628	2,065	2,040	2,040
Number of Criminal/Traffic cases	14,471	14,293	14,000	12,398	11,754
<i>Civil Service</i>					
Number of police entry tests administered	1	1	0	1	1
Number of fire entry tests administered	1	1	0	0	0
Number of police promotional tests administered	0	0	0	0	0
Number of hires of Police Officers from certified lists	2	0	1	0	0
Number of hires of Fire/Medics from certified lists	2	0	0	0	0
Number of promotions from police certified lists	1	0	0	0	0
<i>Building Department Indicators</i>					
Construction Permits Issued	72	71	69	85	83
Estimated Value of Construction	\$4,680,457	\$21,137,691	\$8,783,595	\$31,879,840	\$12,735,073
Number of permits issued	739	815	754	750	750
Amount of Revenue generated from permits	\$138,914	\$202,980	\$110,652	\$162,512	\$166,082
Revenue generated from above 1,2,3,4	\$138,914	\$202,980	\$110,652	\$162,512	\$166,082

2011	2010	2009	2008	2007
23	16	26	36	24
59	73	50	32	23
9	7	11	12	13
12	9	12	14	13
152	2,887	9,821	10,223	9,685
9,072	6,728	0	0	0
4,994	4,420	5,414	5,483	5,244
\$24,159	\$25,311	\$27,569	\$25,584	\$24,980
\$302,177	\$482,534	\$869,217	\$1,152,344	\$1,257,917
5	2	8	5	4
Aa2	Aa2	Aa3	Aa3	Aa3
6.82%	8.20%	5.69%	8.06%	6.80%
\$20,059	\$19,407	\$20,269	\$22,013	\$22,913
\$19,467	\$20,891	\$25,217	\$21,297	\$21,033
\$14,083	\$13,491	\$14,974	\$19,921	\$19,205
22,614	23,042	21,443	22,735	19,507
2,520	3,248	3,033	3,870	2,745
\$ 106,639	\$ 102,271	\$ 79,520	\$ 104,063	\$ 112,388
38,118	31,205	26,310	27,470	24,810
9,808	9,521	5,839	7,103	7,087
5,325	5,045	4,508	4,825	4,500
3,446	4,146	4,130	4,001	3,964
\$1,157,591	\$2,240,166	\$1,653,024	\$2,988,960	\$3,894,168
3,029	2,284	2,090	2,339	2,183
14,269	14,666	15,779	17,872	18,668
0	0	1	1	1
0	1	0	0	1
0	0	1	0	0
0	1	2	0	3
0	1	0	5	8
0	0	2	0	0
78	97	96	145	169
\$17,119,415	\$52,879,415	\$12,029,682	\$17,258,702	\$22,672,865
761	725	751	910	891
\$140,656	\$210,717	\$125,340	\$193,684	\$198,035
\$140,656	\$210,717	\$125,340	\$193,684	\$198,035

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

Function/Program	2016	2015	2014	2013	2012
Security of Persons & Property					
<i>Police</i>					
Total Calls for Services	13,545	12,983	13,610	14,029	14,241
Number of traffic citations issued	1,213	1,365	1,342	1,372	1,370
Number of parking citations issued	103	61	100	101	90
Number of criminal arrests	626	574	622	678	761
Number of accident reports completed	339	312	270	259	239
Part 1 Offenses (major offenses)	400	521	440	418	461
Reserve officers hours worked	320	235	6	88	786
DUI Arrests	75	86	101	69	67
Prisoners Processed - Temporary Holdings	67	78	124	143	179
Property damage accidents	263	229	210	199	178
Fatalities from Motor Vehicle Accidents	0	2	0	0	0
Gasoline costs of fleet	\$42,436	\$62,658	\$80,138	\$85,806	\$91,232
DARE youth program	0	0	0	255	260
Community Diversion Program Youths (Be Proud)	0	0	0	0	0
Volunteer Service Program	207	139	164	0	0
<i>Fire</i>					
EMS Calls	2,526	2,441	2,199	2,932	2,721
Ambulance Billing Collections (net)	\$451,399	\$521,946	\$500,094	\$499,769	\$472,184
Fire Calls	1,066	859	1,056	956	754
Fires with Loss	11	78	30	28	21
Fires with Losses exceeding \$10K	5	7	5	1	7
Fire Losses \$	\$408,852	\$749,186	\$87,850	\$51,300	\$921,550
Fire Safety Inspections	332	721	801	408	368
Number of times Mutual Aid given to Fire and EMS	121	96	79	262	247
Number of times Mutual Aid received for Fire and EMS	83	105	63	150	192
Public Health and Welfare					
Cemetery burials	29	27	27	16	26
Cemetery cremations	11	3	18	12	8
Cemetery sale of lots	30	29	46	64	43
Cemetery receipts	\$27,267	\$25,273	\$30,778	\$37,876	\$30,178
Leisure Time Activities					
<i>Recreation</i>					
Recreation Swimming pool receipts	\$49,242	\$44,568	\$36,525	\$31,896	\$38,150
Recreation Mens & Womens Leagues receipts	39,781	40,697	42,743	46,295	41,948
Recreation Programs	108,290	100,509	99,033	95,015	95,980
Youth Soccer League	32,674	30,920	33,378	30,202	28,965
Youth Baseball League	37,729	35,838	38,024	42,134	43,929
Facilities rentals	58,113	59,922	98,894	102,826	134,581
Total Recreation Department receipts	<u>\$325,829</u>	<u>\$312,454</u>	<u>\$348,597</u>	<u>\$348,368</u>	<u>\$383,553</u>
Community Development					
Grant amounts received due to Economic Development Dept.	\$0	\$25,000	\$500,000	\$500,000	\$475,000
Basic Utility Services					
Refuse disposal per year (in tons) January through December	5,615	5,511	5,466	5,509	5,770
Refuse disposal costs per year January through December	\$862,134	\$870,856	\$912,886	\$880,000	\$855,695
Annual recycling tonnage (excluding leaf, and compost items)	718	666	662	719	644

2011	2010	2009	2008	2007
14,395	13,496	13,335	13,714	13,386
801	1,052	957	1,371	1,417
113	72	33	49	60
596	596	547	703	788
246	256	266	316	321
425	462	346	114	511
415	119	162	774	860
90	77	88	90	100
177	146	213	210	215
192	206	193	250	249
0	0	1	0	0
\$101,826	\$70,170	\$59,080	\$83,611	\$55,758
294	293	400	267	265
0	0	0	2	3
0	0	0	0	0
2,266	2,062	2,031	1,995	1,943
\$548,836	\$554,865	\$529,248	\$581,785	\$570,206
470	455	527	850	647
7	7	8	21	3
2	2	2	8	3
\$76,200	\$197,110	\$471,600	\$609,050	\$172,500
300	477	473	457	112
184	116	159	212	156
118	167	145	85	71
29	34	26	24	16
5	2	5	7	1
34	53	22	47	53
\$29,938	\$40,914	\$22,150	\$25,215	\$23,060
\$51,388	\$54,193	\$43,000	\$46,586	\$42,840
50,892	49,863	13,774	12,160	11,450
86,748	92,790	79,216	85,573	78,868
31,051	33,230	31,940	32,880	16,857
44,368	43,767	47,468	49,597	25,359
152,995	155,517	153,177	100,782	97,718
<u>\$417,442</u>	<u>\$429,360</u>	<u>\$368,575</u>	<u>\$327,578</u>	<u>\$273,092</u>
\$628,748	\$109,957	\$727,677	\$472,736	\$157,710
5,805	5,835	6,036	6,360	6,632
\$843,000	\$805,000	\$786,883	\$742,000	\$722,000
723	683	622	638	788

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

Function/Program	2016	2015	2014	2013	2012
Transportation					
Street Improvements - asphalt overlay (linear feet)	21,152	17,773	13,310	15,963	30,121
Rejuvenating Spray on Streets (Miles)	0	0	0	0	0
Crackseal Coating Program (Miles)	0	0	0	0	0
Street Repair (Concrete, asphalt, crack sealing) (hours)	3,361	3,895	3,758	3,750	4,066
Mowing (hours)	690	562	658	962	1,310
Paint Striping (hours)	1,180	784	872	1,118	1,313
Street Sweeper (hours)	1,084	993	849	758	1,086
Snow & Ice Removal regular hours	488	844	735	910	376
Sewer and Sanitary calls for service (hours)	124	1,234	794	643	892
Fire hydrants (hours)	244	356	401	528	220
Catch basin (hours)	1,932	2,705	2,489	1,898	2,494
Water and Water calls for service (hours)	2,044	2,006	3,039	2,503	2,851
Leaf collection (hours)	1,660	1,454	1,792	1,512	1,904
Holiday lights setup (hours)	240	310	244	384	408
Burial services (hours)	564	431	516	278	417
Equipment repair/body shop (hours)	3,528	3,542	3,738	3,960	3,521
Sign department (hours)	2,898	2,764	2,838	3,079	2,112
Building maintenance (hours)	1,242	1,178	1,382	1,004	1,334
Other (hours)	1,886	1,325	1,365	1,476	1,740
Water Department					
Water Rates per 1st 300 Cu ft of water used (2,250 gallons)	\$ 13.34	\$ 13.34	\$ 13.34	\$ 13.34	\$ 13.34
Avg. number of water accounts billed monthly (Cu. Ft.)	5,390	5,425	5,444	5,427	5,418
Total Water Collections Annually (Including P&I)	\$2,084,024	\$2,074,955	\$2,079,548	\$2,112,547	\$2,196,006
Wastewater Department					
Wastewater Rates per 1st 300 Cu ft of water used	\$4.86	\$4.86	\$4.86	\$4.86	\$4.86
Total flow of wastewater treatment plant (Millions of Gallons)	3,655	3,803	2,958	3,540	3,141
Average daily flow (Millions of gallons per day)	10	8	8	10	9

Source: City of Vandalia

2011	2010	2009	2008	2007
21,714	39,807	34,069	0	487
0	2	2	0	0
0	0	0	0	0
4,340	5,169	4,711	3,596	4,442
1,176	556	822	2,296	508
668	660	508	483	744
1,030	980	946	897	994
890	1,205	816	761	787
558	596	768	187	436
291	212	220	364	336
1,196	2,344	3,245	2,490	3,370
3,003	2,893	3,701	3,877	3,726
1,798	1,735	1,356	1,526	1,362
296	297	138	0	40
469	730	292	325	562
3,631	3,960	3,850	1,991	1,743
2,375	2,097	2,517	2,661	1,626
896	779	1,054	756	376
1,846	1,677	1,464	1,407	4,096
\$ 13.34	\$ 13.34	\$ 13.34	\$ 12.58	\$ 13.55
5,480	5,409	5,389	5,369	1,999
\$2,118,302	\$2,130,194	\$2,087,631	\$2,376,917	\$2,441,414
\$4.42	\$4.02	\$3.65	\$3.02	\$2.92
3,890	2,852	2,852	2,901	2,748
11	8	8	9	8



CITY OF VANDALIA



Yellow Book Report

December 31, 2016

**INDEPENDENT AUDITOR'S 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, in accordance with the 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, 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, Ohio (the City), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 17, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plattenburg & Associates, Inc.

Dayton, Ohio

May 17, 2017

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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
JUNE 15, 2017