

**CITY OF VANDALIA
MONTGOMERY COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

CITY OF VANDALIA
MONTGOMERY COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the City Council:

We have audited the financial statements of City of Vandalia (the City) , Montgomery County, as of and for the year ended December 31, 2000, and have issued our report thereon dated June 26, 2001, wherein we noted that the City implemented Governmental Accounting Standards Board statement numbers 33, 34 and 36 and Interpretation 6. 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.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to management of the City in a separate letter dated June 26, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated June 26, 2001.

City of Vandalia
Report of Independent Accountants on Compliance
and on Internal Control Required by *Government Auditing Standards*
Page 2

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

JIM PETRO
Auditor of State

June 26, 2001

CITY OF VANDALIA
MONTGOMERY COUNTY, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2000

Issued by:
Finance Department

Prepared by:
Linda Chapman
Finance Director

City of Vandalia
Montgomery County, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2000

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333 James E. Bohanan Memorial Drive • Vandalia, Ohio 45377
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June 28, 2001

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

I am pleased to present the twelfth Comprehensive Annual Financial Report (CAFR) for the City of Vandalia. This report, for the fiscal year ended December 31, 2000, contains the financial statements and other financial and statistical data that provide complete and full disclosure of all material financial aspects of the City of Vandalia ("the City"). The responsibility for the accuracy and completeness of all data presented, and the fairness of the presentation, rests with the City, specifically with the City Finance Director's office.

This CAFR is divided into three sections as follows:

1. The Introductory Section contains the table of contents, letter of transmittal, certificate of achievement, a list of principal officials, and an organization chart of the City.
2. The Financial Section begins with the Report of Independent Accountants and includes the Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the City's financial position and operating results, the Combining Statements for nonmajor funds and other schedules that provide detailed information relative to the Basic Financial Statements.
3. The Statistical Section presents social and economic data and financial trend information, and demonstrates the fiscal capacity of the City.

CITY OVERVIEW

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

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

CITY ORGANIZATION AND REPORTING ENTITY

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 managers 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.

Component units are 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 approves their budget, the issuance of their debt or the levying of their taxes. Currently the City does not have any component units.

The City has representation on the board of one entity. The City is associated with the Tri-Cities North Regional Wastewater Authority (Tri-Cities), which is defined as a joint venture. 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. This organization is presented in Note 13.

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

ITEMS OF LOCAL INTEREST

Parks and Recreation

The City contains nine parks covering 165 acres and provides year-round recreational and educational programs for its citizens.

The Vandalia Senior Citizens Center offers a number of classes, workshops, outings, and health programs for those 55 and older.

Cassel Hills, an 18-hole, par 71 golf course with pro shop and restaurant, gives Miami Valley residents a scenic spot for golfing and dining.

Culture and Education

Vandalia has many nearby educational facilities, churches, cultural resources, parks and playgrounds. Numerous colleges and universities in the surrounding metropolitan area provide excellent opportunities and facilities for higher educational study to citizens of Vandalia.

The Miami Valley Career-Technology Center offers various areas of study, primarily to provide education in the industrial and commercial field. In addition, an adult education program offers courses in a wide variety of subjects.

The Dayton-Montgomery County Public Library has been serving Vandalia as well as Butler and Harrison Townships since its dedication in December of 1907. The Library's 19,000 square feet hold more than 60,000 volumes.

Transportation

The Dayton International Airport is located in Vandalia and offers full commercial air passenger and freight service by many major airlines.

Several motor transport companies are based in the area and, together with those of the adjacent metropolitan areas, provide reliable freight transportation to and from the City.

An extensive network of interstate and state highways, including I-75, I-275, I-70 and State Routes 4, 25 and 48 serves the City and surrounding communities.

ECONOMIC CONDITIONS AND OUTLOOK

The City was able to maintain a stable economic position during 2000.

Although, Delphi, our largest employer had a reduction in force of approximately 10% and Ochs Industries downsized their operation, other employers were able to expand their operations, keeping the City's economic position positive during 2000.

The following additions and changes helped to maintain this stability.

Eurnad America, located in the Scholz Industrial Park, outgrew their facility in 2000. They purchased an additional 5,000 square foot office building to house administrative staff.

Central Transport expanded their facility along Dixie Drive.

Other companies that experienced growth were Evenflo, Unibuilt, Projects Unlimited and Trugreen-Chemlawn.

Bastech, Inc., a company that produces rapid prototypes for tools and equipment, expanded their operation by relocating to a larger building on Image Drive.

Daychem Laboratories, a developer and producer of high performance polymers, purchased a property on Industrial Park Drive. They will begin their relocation by building their new facility in 2001.

During the latter part of 2000 and early 2001, Oberer Construction Company submitted plans for a retail shopping center and A.F. Leis Company, a manufacturer of artificial joints, signed a construction contract for a new facility in the Northwoods commercial park.

To further enhance potential economic development opportunities, City Council joined the Montgomery County ED/GE program. The ED/GE program is a combined economic development/tax-sharing program, whose participants included Montgomery County, Montgomery County Townships, Villages and Cities.

MAJOR INITIATIVES

In 1996, the City issued debt in the amount of \$13,675,000 for the purpose of constructing a recreation center, a justice center and the renovation of the municipal building. The 43,000 sq. ft. Justice Center was completed by May 15, 1999, and now houses the police department and the municipal court. The renovation of the municipal building was completed by year-end 1999. Construction of the 59,000 sq. ft. Recreational Facility was completed in 2000.

In conjunction with the building projects, the City upgraded the telecommunications system for the City, which included a new phone system and internal and external e-mail.

In June of 1996, the Cities of Vandalia, Tipp City and Huber Heights formed a joint venture known as the Tri-Cities North Regional Wastewater Authority. The Miami Conservancy District deeded the wastewater facility and all of the assets associated with the facility to the joint venture.

FINANCIAL INFORMATION

Internal Control Structure and Budgetary Controls

Development of the City's accounting system included consideration of internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing financial statements. The concept of reasonable assurance states that internal control should be evaluated to insure that the expense associated with providing internal controls does not exceed the benefit expected to be derived from their implementation. 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.

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.

Financial Condition

This is the first year the City has prepared financial statements following GASB Statement 34, "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments." GASB 34 creates new basic financial statements for reports as follows:

Government-wide financial statements - These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by many businesses. The government-wide statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

Fund financial statements - These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

Statements of budgetary comparisons - These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transaction on a basis of cash receipts, disbursements and encumbrances.

As part of this new reporting model, management is responsible for preparing a Management Discussion and Analysis of the City. This discussion follows this letter of transmittal, providing an assessment of the City finances for 2000 and the outlook for the future.

Cash Management

In August 1994 the City adopted a new investment policy and hired BondTech, Inc. as an investment consultant. With the guidance of BondTech, the City pursues an aggressive cash management program by expediting the receipt of revenues and prudently investing available cash pursuant to the City's investment policy. The total interest earned by the City was \$2,353,212 for the year ended December 31, 2000, which represents an annual interest yield of 7.9 percent of the total receipts for the year; and a 277.9 percent increase in investment earnings in governmental and enterprise funds from 1999. A majority of the City's deposits are collateralized by pooled collateral. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 110 percent of the public funds on deposit. The collateral is held by trustees, including the Federal Reserve Bank and designated third party trustees of the financial institutions. The City regularly reviews the market value of the pool to insure that adequate collateral is being provided.

In 1998, the City implemented GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools." This statement established accounting and reporting guidelines for government investments and investment pools. Certain investments, which were reported at cost in years prior to 1998, are now reported at fair value.

Risk Management

The City is a member of a joint insurance pool, Miami Valley Risk Management Association, Inc. (MVRMA, Inc.), for liability and property insurance coverage.

The City is self insured for medical, dental, vision, prescription drug and life benefits for employees. A self-insurance internal service fund receives \$583 per employee each month from the other funds as a "premium." All claims are reviewed by a third party administrator and are paid by the City from money in the Hospital Care Internal Service Fund. The City purchases stop-loss insurance that reimburses the fund for claims exceeding \$30,000 per person per year.

The City pays the State Workers' Compensation System a fee which is an experience based rate charged upon each \$100 of payroll.

OTHER INFORMATION

Independent Audit

An audit team from Auditor of State Jim Petro's Office has performed this year's audit. The results of the audit are presented in the Report of Independent Accountants.

Awards

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, 1999. This was the eleventh 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 GFOA.

Acknowledgments

Sincere appreciation is extended to the many people who have contributed their time and effort to prepare this report. The Finance Department Staff is to be commended for their input and commitment.

I would also like to express appreciation to the Ted Rusen, the City Engineer, and his staff for their effort in gathering and preparing the infrastructure information presented in the report.

Finally, I would like to express appreciation to Mr. Jim Petro, Auditor of State, and his Local Government Services staff for their guidance and assistance in preparing this report.

Linda Chapman
Finance Director

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, 1999

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



Anne Spray Kinney
President

Jeffrey L. Esser
Executive Director

City of Vandalia
Montgomery County, Ohio
List of Principal Officials
December 31, 2000

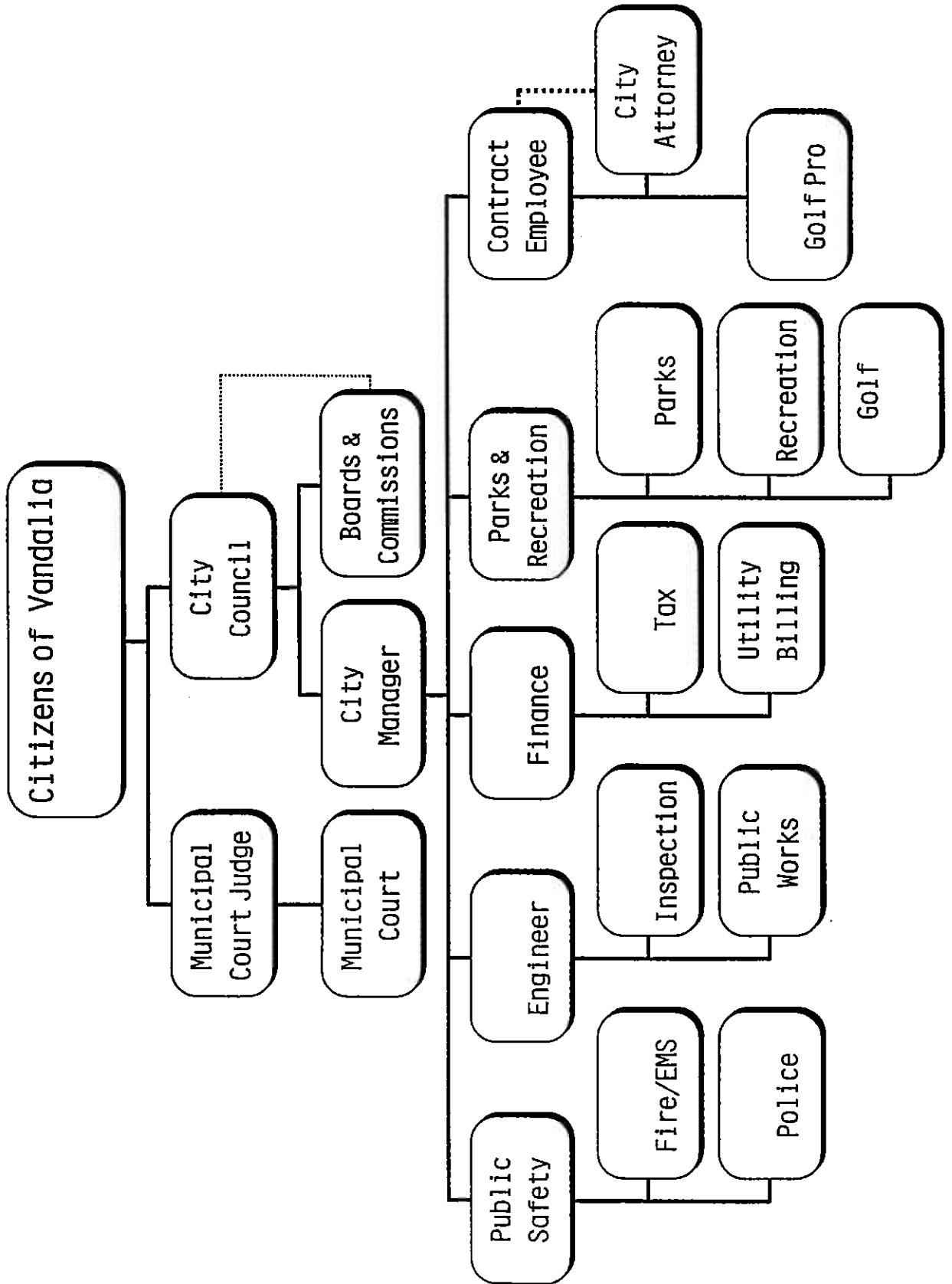
ELECTED OFFICIALS

MAYOR	William Loy
VICE MAYOR	Arlene Setzer
COUNCIL MEMBERS	Candace Farst Doug Atkins Joyce Orange-Smith Michael Blakesley Jack Shirley

APPOINTED OFFICIALS

CITY MANAGER	Bruce E. Sucher
FINANCE DIRECTOR	Linda Chapman
CITY ATTORNEY	G. Jack Davis
CHIEF OF POLICE	Douglas Knight
CITY ENGINEER/SERVICE DIRECTOR	Theodore Rusen
FIRE CHIEF	John Sands
PARKS AND RECREATION DIRECTOR	Dean Nardecchia

City of Vandalia, Ohio Organization Chart - 2000



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OFFICE OF THE AUDITOR

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the City Council:

We have audited the accompanying basic financial statements of the City of Vandalia, Montgomery County, (the City) as of and for the year ended December 31, 2000, as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the City of Vandalia, as of December 31, 2000, and the results of its operations and the cash flows of its proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 4, during the year ended December 31, 2000, the City adopted Governmental Accounting Standards Board Statements 33, 34, 36 and Interpretation 6.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon.

We performed our audit to form an opinion on the basic financial statements of the City, taken as a whole. The combining and individual fund statements and schedules listed in the table of contents are presented for additional analysis and are not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects, in relation to the basic financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

JIM PETRO
Auditor of State

June 26, 2001

City of Vandalia
Montgomery County, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2000

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Vandalia's discussion and analysis of the annual financial reports provides a review of the financial performance for the fiscal year ending December 31, 2000.

FINANCIAL HIGHLIGHTS

- The City's total net assets increased \$1.7 million. While net assets of governmental activities increased \$2.0 million (4.33%), net assets of business-type activities decreased by \$279,946 (1%).
- The general fund transfers out equaled \$5.3 million. \$4.2 million in transfers for capital acquisitions, repairs and equipment, \$1.0 million for debt service obligations, and the remainder for support of special revenue fund recreation programs.
- Business-type operations reflected an operating loss, however business-type unrestricted net assets are \$8.1 million.
- Capital assets used in governmental activities increased \$8.2 million. A large portion of this was due to the construction of the City's new Recreation Center, which opened April 8, 2001.

USING THIS ANNUAL FINANCIAL REPORT

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

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

REPORTING THE CITY AS A WHOLE

Statement of Net Assets and the Statement of Activities

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

City of Vandalia
Montgomery County, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2000

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

In the Statement of Net Assets and the Statement of Activities, the city is divided into two kinds of activities.

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the City's major funds begins on page 9. 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 of Vandalia's major funds are General, Capital Improvement, Recreation Center, Sewer and Water.

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

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

City of Vandalia
Montgomery County, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2000

Fiduciary Funds - The City is the fiscal agent for the Tri-Cities North Regional Wastewater Treatment Authority (TCA), and is responsible for the investment of TCA funds. All of the City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE CITY AS A WHOLE

As stated previously, the Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2000 compared to 1999.

Table 1
Net Assets
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2000	1999	2000	1999	2000	1999
Assets						
Current And Other Assets	\$26.2	\$32.5	\$3.2	\$3.4	\$29.4	\$35.9
Capital Assets, Net	40.1	28.9	15.7	15.8	55.8	44.7
Construction in Progress	0.0	2.9	0.0	0.0	0.0	2.9
Investment in Joint Venture	0.0	0.0	5.4	5.4	5.4	5.4
Total Assets	66.3	64.3	24.3	24.6	90.6	88.9
Liabilities						
Current and Other Liabilities	4.4	4.1	0.5	0.5	4.9	4.6
Long-Term Liabilities:						
Due within One Year	0.9	0.8	0.0	0.0	0.9	0.8
Due in More Than One Year	13.0	13.4	0.0	0.0	13.0	13.4
Total Liabilities	18.3	18.3	0.5	0.5	18.8	18.8
Net Assets						
Invested in Capital Assets						
Net of Debt	27.3	18.6	15.7	15.8	43.0	34.4
Restricted:						
Special Revenue	1.4	1.3	0.0	0.0	1.4	1.3
Debt Services	0.5	0.5	0.0	0.0	0.5	0.5
Capital Projects	4.1	10.9	0.0	0.0	4.1	10.9
Unrestricted	14.7	14.7	8.1	8.3	22.8	23.0
Total Net Assets	\$48.0	\$46.0	\$23.8	\$24.1	\$71.8	\$70.1

Total net assets increased \$1.7 million.

City of Vandalia
Montgomery County, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2000

Net assets of the City's governmental activities increased by \$2.0 million, with unrestricted net assets decreasing \$24,892. Even though unrestricted net assets decreased, the reader should be aware that previous year's unrestricted funds were used for funding various capital projects such as street improvements and equipment purchases.

The net assets of the City's business type activities decreased by \$279,946. Each activity reported an operating loss during 2000. Current liabilities were nominally less than 1999. The City strives to control operation expenses for business-type activities in order to maintain stability in charges for service rates.

The golf activity's operating loss of \$43,778 was due in part to an increase in contractual services for the repair and maintenance of the facility that was not anticipated in the original budget. Although the Golf course was intended to be operated as a business-type activity, historically, council has not set fees adequate to cover all operating expenses. Even though this operation has governmental support, the decision to reflect it as a business-type activity was a management decision.

Charges for service for Sewer and Water services have historically been established to ensure that on a cash basis, fees are adequate to cover operations. Council has not set fees with the intention of funding capital improvements or debt service. .25% of income tax revenue is, by ordinance, set aside for governmental and business-type capital improvements; it has been the philosophy of current council and prior councils, that all capital improvements be funded from this source, including business-type operations. This in effect allows council to set sewer and water rates to cover operations only.

Table 2 shows the changes in net assets for the year ended December 31, 2000. Since this is the first year the City has prepared financial statements following GASB Statement 34, revenue and expense comparisons to 1999 are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

Table 2
Changes in Net Assets
(In Millions)

	Governmental Activities 2000	Business-Type Activities 2000	Total 2000
Revenues			
Program Revenues:			
Charges for Services	\$2.3	\$3.7	\$6.0
Operating Grants, Contributions and Interest	0.6	0.0	0.6
Capital Grants and Contributions	0.5	0.2	0.7
Total Program Revenues	3.4	3.9	7.3
General Revenues:			
Property Taxes	1.6	0.0	1.6
Income Taxes	11.1	0.0	11.1
Grants and Entitlements	0.9	0.0	0.9
Other	2.0	0.2	2.2
Total General Revenues	15.6	0.2	15.8
Total Revenues	19.0	4.1	23.1

City of Vandalia
Montgomery County, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2000

Table 2
Changes in Net Assets
(In Millions)
(Continued)

	Governmental Activities 2000	Business-Type Activities 2000	Total 2000
Program Expenses:			
General Government			
Legislative and Executive	\$2.9	\$0.0	\$2.9
Judicial System	1.2	0.0	1.2
Public Safety			
Police	3.9	0.0	3.9
Fire	1.4	0.0	1.4
Public Works			
Engineer	0.6	0.0	0.6
Street	3.3	0.0	3.3
Refuse	0.7	0.0	0.7
Recreation	2.3	0.0	2.3
Interest and Fiscal Charges	0.7	0.0	0.7
Golf	0.0	1.2	1.2
Sewer	0.0	1.3	1.3
Water	0.0	1.9	1.9
Total Expenses	<u>17.0</u>	<u>4.4</u>	<u>21.4</u>
Increase (Decrease) in Net Assets	<u>\$2.0</u>	<u>(\$0.3)</u>	<u>\$1.7</u>

Governmental Activities

The 1.75% income tax is the largest source of revenue for the City of Vandalia. .25% of net income tax received is designated, by ordinance, to capital acquisitions and repairs.

Since 1995, income tax revenue averaged an annual increase of 4.06%. During 2000 a couple of Vandalia's employers went through reorganization and downsizing. However, other companies expanded and new businesses were added to our economic base.

Administration and council has a quality of life commitment to the citizens and businesses located in Vandalia. With that in mind, council committed through appropriations \$4.4 million for capital assets, equipment and repairs. This is \$1.6 million more than ordinance designates must be assigned. These assets included street resurfacing, sidewalk replacements, safety and street maintenance vehicles, as well as recreation equipment.

City of Vandalia
Montgomery County, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2000

Program expenses for 2000 were as follows:	General Government	
	Legislative & Executive	17.29%
	Judicial	7.32%
	Public Safety	31.10%
	Public Works	26.74%
	Recreation	13.26%
	Interest and Fiscal Charges	<u>4.29%</u>
	Total	<u>100.00%</u>

As indicated by governmental program expenses, citizen safety and well being is emphasized. Recreation programs and facilities are considered an integral part of the quality of life factor.

When looking at the sources of income to support governmental activities, it should be noted that charges for services are only 12.36% of revenue. Revenues provided by sources other than City residents in the form of operating and capital grants comprise another 10.41%. The remaining revenues are primarily generated locally through property (8.52%) and income taxes (58.62%). 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 Golf, Sewer and Water.

Golf-Vandalia's Cassel Hills Golf Course is an 18-hole golf course with a restaurant and snack bar. In 1997 the course was voted as "best in the valley" by Dayton Daily Newsreaders. In 2000 there were approximately 35,000 rounds of golf played. Vandalia was one of the first smaller cities in the Miami Valley to have a municipal golf course. As a result, public expectation has been that a public course should have lesser fees than a private golf course. Vandalia's councils have, for the most part, agreed with this expectation by being willing to subsidize operations of the course with transfers from the General Fund.

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. At this time, any capital outlay needed to maintain Vandalia's sewer infrastructure would be provided from income tax revenues.

Water – The City of Vandalia closed their water treatment plant in 1970 and contracted with the City of Dayton to furnish water to the residents of Vandalia. Vandalia owns, maintains and repairs all lines and pumping stations as needed. The City of Vandalia bases increases in water rates upon the rates the City of Dayton charges, and other operational charges associated with maintaining infrastructure and service. The last rate increase was October 1998.

City of Vandalia
Montgomery County, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2000

The City is currently investigating the possibilities of a joint venture with the City of Tipp City to build a water treatment plant.

THE CITY'S FUNDS

Information about the City's major governmental funds begins on page 16. These funds are reported using the modified accrual basis of accounting. All Governmental funds had total revenues of \$19.7 million and expenditures of \$25.3 million. The General fund balance increased \$237,061. During 2000 income tax revenue decreased by \$1,400,056. A one-time payment of bonuses to corporate executives during 1999 constitutes approximately 82% of this decrease. Within the General fund revenues exceeded expenditures by \$5.5 million. Transfers to other funds such as the Capital Improvement fund, GO Debt Service fund, and other special revenue funds equaled \$5.3 million. The funds transferred were used for capital assets, improvements, repairs, debt and support of special revenue recreation programs.

The Capital Improvement fund balance decreased \$117,694. Fund balance at December 31, 2000, was \$3,990,680 of which \$3,850,376 is encumbered primarily for street resurfacing (\$1.4 million), water projects (\$.9 million), and sewer projects (\$.5 million). The Recreation Center fund balance was a negative \$143,080. The Recreation Center fund was established to account for expenditures and interest revenue derived from bond proceeds. Any shortages in the Recreation Center fund will be accounted for in General fund. All other governmental fund balances increased \$358,459.

Each enterprise fund reflects a small operating loss for 2000. Unrestricted net assets are adequate to sustain the losses and the City provides transfers from the general fund as necessary.

The water fund statement of cash flows has a net cash decrease from operations of \$309,774. This occurred due to an extra payment being made during 2000 that should have been paid in 1999. The City of Dayton was installing new software and the 1999/2000 billing was behind schedule, creating this anomaly.

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 2000 there were two revisions to the General fund budget. The net effect of the revisions was an increase in appropriations of \$820,913. An advance of \$600,000 to a capital projects fund, for street construction, accounted for this increase.

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 were \$16 million. The final budgeted amount was \$16.1 million. Several factors contributed to this difference- decrease in income tax revenue, timing of property tax collections, increase in fine and forfeitures and an increase in interest income.

City of Vandalia
 Montgomery County, Ohio
 Management's Discussion and Analysis
 For The Year Ended December 31, 2000

Appropriations are adopted based upon anticipated revenues. However, there were several capital projects that administration and council were committed to, such as street reconstruction and a major renovation of a particular storm sewer. A portion of the general fund beginning cash balance was used to do these projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Table 3
 Capital Assets
 (In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2000	1999	2000	1999	2000	1999
Land	\$1.8	\$1.7	\$0.1	\$0.1	\$1.9	\$1.8
Building and Improvements	21.4	11.9	1.9	1.9	23.3	13.8
Equipment	4.7	3.9	0.4	0.4	5.1	4.3
Vehicles	1.4	1.5	0.2	0.1	1.6	1.6
Infrastructure	10.7	9.9	13.2	13.2	23.9	23.1
Construction in Progress	0.0	2.9	0.0	0.0	0.0	2.9
Totals	\$40.0	\$31.8	\$15.8	\$15.8	\$55.8	\$47.5

Increases in buildings and equipment were primarily as a result of the construction of a new recreation facility and the completion of the municipal building renovation

Debt

At December 31, 2000 the City of Vandalia had \$12.7 million in unvoted general obligation and special assessment bonds.

Table 4
 Outstanding Debt at Year End

	Governmental Activity	
	2000	1999
Unvoted General Obligation Bonds:		
Street improvement Bonds	\$14,361	\$17,233
Various Purpose Improvements Bonds	12,550,000	12,875,000
Special Assessment Street Improvement Bonds	210,637	252,765
Total	\$12,774,998	\$13,144,998

Special Assessment Street Improvement Bonds will be paid with special assessment revenue.

The unvoted General Obligation Bonds for street improvement will be paid with municipal income tax revenue. The Various Purpose Improvement general obligation bonds will be paid with property tax revenues via transfers from the General Fund.

City of Vandalia
Montgomery County, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2000

The City's overall legal debt margin was \$25,116,490 at December 31, 2000.

CONTACTING THE CITY'S FINANCE DEPARTMENT

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 Linda Chapman, Finance Director, City of Vandalia, 333 Bohanan Drive, Vandalia, Ohio 45377.

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City of Vandalia
Montgomery County, Ohio
Statement of Net Assets
December 31, 2000

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$19,964,189	\$2,473,635	\$22,437,824
Cash and Cash Equivalents in Segregated Accounts	99,876	0	99,876
Accounts Receivable	87,089	614,543	701,632
Municipal Income Tax Receivable	2,956,268	0	2,956,268
Accrued Interest Receivable	81,014	0	81,014
Due from Other Governments	827,465	0	827,465
Property and Other Taxes Receivable	1,557,103	0	1,557,103
Special Assessments Receivable	421,451	0	421,451
Notes Receivable	107,720	0	107,720
Equity in Pooled Cash and Cash Equivalents-Deposits	0	25,261	25,261
Materials and Supplies Inventory	71,706	80,942	152,648
Land	1,759,874	126,837	1,886,711
Depreciable Capital Assets, Net	38,330,101	15,620,118	53,950,219
Investment in Joint Venture	0	5,416,260	5,416,260
Total Assets	66,263,856	24,357,596	90,621,452
Liabilities:			
Accounts Payable	431,442	377,804	809,246
Contracts Payable	768,673	0	768,673
Retainage Payable	873,403	0	873,403
Accrued Wages	239,469	17,674	257,143
Due to Other Governments	382,887	23,240	406,127
Deferred Revenue	1,483,895	2,638	1,486,533
Accrued Interest Payable	59,770	0	59,770
Claims Payable	108,817	13,642	122,459
Refundable Deposits	0	25,261	25,261
Long-Term Liabilities:			
Due Within One Year	881,983	47,127	929,110
Due In More Than One Year	13,036,431	35,167	13,071,598
Total Liabilities	18,266,770	542,553	18,809,323
Net Assets:			
Invested in Capital Assets, Net of Related Debt	27,314,977	15,746,955	43,061,932
Restricted for:			
Special Revenue	1,353,956	0	1,353,956
Debt Service	475,774	0	475,774
Capital Projects	4,123,070	0	4,123,070
Unrestricted	14,729,309	8,068,088	22,797,397
Total Net Assets	\$47,997,086	\$23,815,043	\$71,812,129

See accompanying notes to the basic financial statements

City of Vandalia
Montgomery County, Ohio
Statement of Activities
For the Year Ended December 31, 2000

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities:				
General Government				
Legislative and Executive	\$2,936,317	\$175,207	\$0	\$41,232
Judicial System	1,243,329	1,477,267	8,387	0
Public Safety				
Police	3,848,588	19,391	3,549	41,231
Fire	1,430,752	0	986	0
Public Works				
Engineer	567,270	93,394	0	0
Streets	3,278,211	147,562	544,726	113,566
Refuse	694,360	75,006	0	0
Recreation	2,250,409	356,764	0	278,200
Capital Outlay	0	0	0	0
Intergovernmental	0	0	0	0
Debt Service:				
Principal Retirement	0	0	0	0
Interest and Fiscal Charges	728,745	0	0	0
Depreciation	0	0	0	0
Total Governmental Activities	16,977,981	2,344,591	557,648	474,229
Business-Type Activities:				
Golf	1,181,096	1,079,679	0	0
Sewer	1,333,967	1,189,393	0	133,741
Water	1,914,077	1,420,023	0	83,914
Total Business-Type Activities	4,429,140	3,689,095	0	217,655
Totals	\$21,407,121	\$6,033,686	\$557,648	\$691,884

General Revenues:

Property and Other Taxes Levied for

 General Purposes

Municipal Income Taxes Levied for

 General Purposes

 Capital Projects

Grants and Entitlements not Restricted to Specific Programs

Charges for Services not Restricted to Specific Programs

Contributed Capital

Investment in Joint Venture

Unrestricted Investment Earnings

Other

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year - (See Note 4)

Net Assets End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$2,719,878)	\$0	(\$2,719,878)
242,325	0	242,325
(3,784,417)	0	(3,784,417)
(1,429,766)	0	(1,429,766)
(473,876)	0	(473,876)
(2,472,357)	0	(2,472,357)
(619,354)	0	(619,354)
(1,615,445)	0	(1,615,445)
0	0	0
0	0	0
0	0	0
(728,745)	0	(728,745)
<u>0</u>	<u>0</u>	<u>0</u>
(13,601,513)	0	(13,601,513)
0	(101,417)	(101,417)
0	(10,833)	(10,833)
0	(410,140)	(410,140)
<u>0</u>	<u>(522,390)</u>	<u>(522,390)</u>
(13,601,513)	(522,390)	(14,123,903)
1,616,490	0	1,616,490
9,532,283	0	9,532,283
1,588,713	0	1,588,713
942,438	0	942,438
0	0	0
0	41,465	41,465
1,988,257	4,292	1,992,549
93,482	30,086	123,568
(166,601)	166,601	0
<u>15,595,062</u>	<u>242,444</u>	<u>15,837,506</u>
1,993,549	(279,946)	1,713,603
<u>46,003,537</u>	<u>24,094,989</u>	<u>70,098,526</u>
<u>\$47,997,086</u>	<u>\$23,815,043</u>	<u>\$71,812,129</u>

City of Vandalia
Montgomery County, Ohio
Balance Sheet
Governmental Funds
December 31, 2000

	General	Capital Improvement	Recreation Center	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$11,926,254	\$4,383,007	\$1,170,619	\$2,006,190	\$19,486,070
Cash and Cash Equivalents in Segregated Accounts	90,524	0	0	9,352	99,876
Receivables:					
Municipal Income Tax	2,956,268	0	0	0	2,956,268
Property and Other Taxes	1,557,103	0	0	0	1,557,103
Accounts	75,883	0	0	9,447	85,330
Special Assessments	0	53,187	0	368,264	421,451
Accrued Interest	81,014	0	0	0	81,014
Due from Other Governments	519,211	1,745	0	306,509	827,465
Materials and Supplies Inventory	5,108	0	0	66,598	71,706
Advances Receivable	600,000	0	0	0	600,000
Notes Receivable	0	107,720	0	0	107,720
Total Assets	\$17,811,365	\$4,545,659	\$1,170,619	\$2,766,360	\$26,294,003
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	\$218,564	\$131,415	\$40,255	\$41,208	\$431,442
Contracts Payable	0	322,583	446,090	0	768,673
Retainage Payable	0	46,049	827,354	0	873,403
Accrued Wages	217,792	0	0	21,677	239,469
Due to Other Governments	125,519	0	0	4,714	130,233
Deferred Revenue	3,997,812	54,932	0	637,682	4,690,426
Advances Payable	0	0	0	600,000	600,000
Total Liabilities	4,559,687	554,979	1,313,699	1,305,281	7,733,646
Fund Balances:					
Reserved for Encumbrances	2,071,486	3,850,376	449,112	828,968	7,199,942
Reserved for Inventory	5,108	0	0	66,598	71,706
Reserved for Advances	600,000	0	0	0	600,000
Reserved for Unclaimed Monies	16,978	0	0	0	16,978
Reserved for Notes Receivable	0	107,720	0	0	107,720
Unreserved:					
Undesignated, Reported in:					
General Fund	10,558,106	0	0	0	10,558,106
Special Revenue Funds	0	0	0	1,052,151	1,052,151
Debt Service Funds	0	0	0	107,510	107,510
Capital Projects Funds (Deficit)	0	32,584	(592,192)	(594,148)	(1,153,756)
Total Fund Balances(Deficit)	13,251,678	3,990,680	(143,080)	1,461,079	18,560,357
Total Liabilities and Fund Balances	\$17,811,365	\$4,545,659	\$1,170,619	\$2,766,360	\$26,294,003

See accompanying notes to the basic financial statements

City of Vandalia
Montgomery County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
December 31, 2000

Total Governmental Funds Balances \$18,560,357

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

Capital assets used in governmental activities are not financial
resources and therefore are not reported in the funds. 40,089,975

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

Charges for Services	1,100
Grants	634,001
Property and Other Taxes	67,253
Municipal Income Tax	2,082,726
Special Assessments	<u>421,451</u>

Total 3,206,531

The internal service fund is used by management to charge
the costs of insurance to individual funds.

A portion of the assets and liabilities of the internal service fund
are included in governmental activities in the statement
of net assets. 371,061

Due to other governments includes contractually required
pension contributions not expected to be paid with
expendable available financial resources and therefore
not reported in the funds. (252,654)

Long-term liabilities, including bonds payable and accrued
interest payable, are not due and payable in the current
period and therefore are not reported in the funds:

Accrued Interest on Bonds	(59,770)
General Obligation Bonds	(12,564,361)
Police Pension Liability	(36,717)
Special Assessment Bonds	(210,637)
Compensated Absences	<u>(1,106,699)</u>

Total (13,978,184)

Net Assets of Governmental Activities \$47,997,086

City of Vandalia
Montgomery County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2000

	General	Capital Improvement	Recreation Center	Other Governmental Funds	Total Governmental Funds
Revenues:					
Municipal Income Tax	\$10,976,105	\$0	\$0	\$0	\$10,976,105
Property and Other Taxes	1,578,741	0	0	0	1,578,741
Charges for Services	735,605	0	0	162,379	897,984
Licenses and Permits	127,532	0	0	0	127,532
Fines and Forfeitures	1,027,177	0	0	134,680	1,161,857
Intergovernmental	938,093	75,331	0	1,210,940	2,224,364
Special Assessments	0	21,933	0	78,544	100,477
Interest	1,977,916	10,341	278,200	82,463	2,348,920
Other	91,970	153,342	0	15,150	260,462
Total Revenues	17,453,139	260,947	278,200	1,684,156	19,676,442
Expenditures:					
Current:					
General Government					
Legislative and Executive	2,420,701	0	0	133,284	2,553,985
Judicial System	1,226,689	0	0	0	1,226,689
Public Safety					
Police	3,446,676	0	0	38	3,446,714
Fire	1,118,336	0	0	0	1,118,336
Public Works					
Engineer	565,953	0	0	0	565,953
Streets	672,835	0	0	577,295	1,250,130
Refuse	694,360	0	0	0	694,360
Recreation	1,714,757	0	0	174,075	1,888,832
Capital Outlay	16,477	4,426,963	6,566,892	467,416	11,477,748
Debt Service:					
Principal Retirement	0	0	0	370,000	370,000
Interest and Fiscal Charges	0	0	0	730,221	730,221
Total Expenditures	11,876,784	4,426,963	6,566,892	2,452,329	25,322,968
Excess of Revenues Over (Under) Expenditures	5,576,355	(4,166,016)	(6,288,692)	(768,173)	(5,646,526)
Other Financing Sources (Uses):					
Transfers In	0	4,214,923	0	1,122,482	5,337,405
Transfers Out	(5,337,405)	(166,601)	0	0	(5,504,006)
Total Other Financing Sources (Uses)	(5,337,405)	4,048,322	0	1,122,482	(166,601)
Net Change in Fund Balances	238,950	(117,694)	(6,288,692)	354,309	(5,813,127)
Fund Balances at					
Beginning of Year - Restated (Note 4)	13,014,617	4,108,374	6,145,612	1,102,620	24,371,223
Increase (Decrease) in Reserve for Inventory	(1,889)	0	0	4,150	2,261
Fund Balances (Deficit) at End of Year	\$13,251,678	\$3,990,680	(\$143,080)	\$1,461,079	\$18,560,357

See accompanying notes to the basic financial statements

City of Vandalia
Montgomery County, 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, 2000

Net Change in Fund Balances - Total Governmental Funds (\$5,813,127)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Outlay	10,170,990	
Depreciation	(1,822,475)	
Excess of Capital Outlay over Depreciation Expense		8,348,515

Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Police Pension	464	
GO Bond Principal Payments	327,872	
SA Bond Principal Payments	42,128	
Total long-term debt repayment		370,464

The internal service funds used by management to charge the cost of insurance to individual funds is not reported in the entity wide statement of activities. (205,896)

Some revenues that will not be collected for several months after the City's year end are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues increased by this amount this year. (538,311)

Consumable inventory is reported using the purchase method on a modified accrual basis, but is reported using the consumption method for full accrual. This amount represents the decrease in inventory that took place during the fiscal year. 2,261

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:

Net Decrease in Accrued Interest	1,476	
Increase in Compensated Absences	(150,651)	
Decrease in Intergovernmental Payable	(21,182)	
		(170,357)

Change in Net Assets of Governmental Activities \$1,993,549

The internal service fund used by management to charge the the costs of insurance and workers' compensation to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

Change in Net Assets of Governmental Activities

See accompanying notes to the basic financial statements

City of Vandalia
Montgomery County, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2000

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Favorable (Unfavorable)
Revenues:				
Municipal Income Tax	\$11,077,343	\$10,454,222	\$10,970,377	\$516,155
Property and Other Taxes	1,590,620	1,569,586	1,579,273	9,687
Charges for Services	705,892	699,183	745,548	46,365
Licenses and Permits	103,000	91,359	91,380	21
Fines and Forfeitures	883,925	1,042,941	1,042,983	42
Intergovernmental	633,930	913,819	913,819	0
Interest	1,000,000	1,255,441	1,258,578	3,137
Other	41,400	90,590	91,124	534
Total Revenues	<u>16,036,110</u>	<u>16,117,141</u>	<u>16,693,082</u>	<u>575,941</u>
Expenditures:				
Current:				
General Government				
Legislative and Executive	3,418,960	3,565,335	3,256,696	308,639
Judicial System	1,222,502	1,222,502	1,222,502	0
Public Safety				
Police	3,682,974	3,682,974	3,552,765	130,209
Fire	1,227,546	1,220,817	1,133,792	87,025
Public Works				
Engineer	639,039	638,526	588,690	49,836
Streets	715,941	727,003	695,235	31,768
Refuse	987,820	976,758	836,992	139,766
Recreation	2,063,973	2,063,455	1,772,781	290,674
Capital Outlay	959,107	975,584	975,584	0
Total Expenditures	<u>14,917,862</u>	<u>15,072,954</u>	<u>14,035,037</u>	<u>1,037,917</u>
Excess of Revenues Over Expenditures	<u>1,118,248</u>	<u>1,044,187</u>	<u>2,658,045</u>	<u>1,613,858</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Fixed Assets	1,000	0	0	0
Operating Transfers - Out	(5,271,584)	(5,337,405)	(5,337,405)	0
Advances In	0	558,635	558,635	0
Advances Out	0	(600,000)	(600,000)	0
Total Other Financing Sources (Uses)	<u>(5,270,584)</u>	<u>(5,378,770)</u>	<u>(5,378,770)</u>	<u>0</u>
Net Change in Fund Balance	(4,152,336)	(4,334,583)	(2,720,725)	1,613,858
Fund Balance at Beginning of Year	10,642,582	10,642,582	10,642,582	0
Prior Year Encumbrances Appropriated	1,773,247	1,773,247	1,773,247	0
Fund Balance at End of Year	<u>\$8,263,493</u>	<u>\$8,081,246</u>	<u>\$9,695,104</u>	<u>\$1,613,858</u>

See accompanying notes to the basic financial statements

City of Vandalia
Montgomery County, Ohio
Statement of Net Assets
Proprietary Funds
December 31, 2000

	Enterprise Funds				Internal Service Fund
	Golf	Sewer	Water	Total	
Assets:					
Current Assets					
Equity in Pooled Cash and Cash Equivalents					
Cash Equivalents	\$277,616	\$1,283,790	\$852,289	\$2,413,695	\$538,059
Receivables:					
Accounts	0	294,243	320,080	614,323	1,979
Materials and Supplies Inventory	35,465	0	45,477	80,942	0
Total Current Assets	<u>313,081</u>	<u>1,578,033</u>	<u>1,217,846</u>	<u>3,108,960</u>	<u>540,038</u>
Non-current Assets					
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	0	8,325	16,936	25,261	0
Capital Assets, Net	1,501,027	7,043,270	7,202,658	15,746,955	0
Investment in Joint Venture	0	5,416,260	0	5,416,260	0
Total Assets	<u>1,814,108</u>	<u>14,045,888</u>	<u>8,437,440</u>	<u>24,297,436</u>	<u>540,038</u>
Liabilities:					
Current					
Accounts Payable	14,293	81,313	282,198	377,804	0
Accrued Wages	7,438	5,118	5,118	17,674	0
Compensated Absences Payable	13,749	16,689	16,689	47,127	0
Due to Other Governments	11,447	5,895	5,898	23,240	0
Deferred Revenue	2,638	0	0	2,638	0
Claims Payable	0	0	0	0	122,459
Payable from Restricted Assets:					
Refundable Deposits	0	8,325	16,936	25,261	0
Total Current Liabilities	<u>49,565</u>	<u>117,340</u>	<u>326,839</u>	<u>493,744</u>	<u>122,459</u>
Long-Term Liabilities:					
Compensated Absences Payable	20,855	7,156	7,156	35,167	0
Total Long-Term Liabilities	<u>20,855</u>	<u>7,156</u>	<u>7,156</u>	<u>35,167</u>	<u>0</u>
Total Liabilities	<u>70,420</u>	<u>124,496</u>	<u>333,995</u>	<u>528,911</u>	<u>122,459</u>
Net Assets:					
Invested in Capital Assets, Net of Related Debt	1,501,027	7,043,270	7,202,658	15,746,955	0
Unrestricted	242,661	6,878,122	900,787	8,021,570	417,579
Total Net Assets	<u>\$1,743,688</u>	<u>\$13,921,392</u>	<u>\$8,103,445</u>	<u>23,768,525</u>	<u>\$417,579</u>

Some amounts reported for business-type activities in the statement of net assets are different because internal service fund assets and liabilities are included with business-type activities.

	46,518
Net assets of business-type activities	\$23,815,043

See accompanying notes to the basic financial statements

City of Vandalia
Montgomery County, Ohio
Statement of Revenues, Expenses
and Changes in Net Assets
Proprietary Funds
For the Year Ended December 31, 2000

	Enterprise Funds				Internal Service Fund
	Golf	Sewer	Water	Total	
Operating Revenues:					
Charges for Services	\$1,079,679	\$1,189,393	\$1,420,023	\$3,689,095	\$1,047,354
Other	29,844	121	121	30,086	161,843
Total Operating Revenues	<u>1,109,523</u>	<u>1,189,514</u>	<u>1,420,144</u>	<u>3,719,181</u>	<u>1,209,197</u>
Operating Expenses:					
Personal Services	461,884	213,666	213,836	889,386	0
Contractual Services	367,934	904,665	1,487,193	2,759,792	179,504
Materials and Supplies	219,888	17,690	12,567	250,145	0
Depreciation	71,548	190,925	192,929	455,402	0
Claims	0	0	0	0	1,261,376
Other Operating Expenses	32,047	629	859	33,535	20
Total Operating Expenses	<u>1,153,301</u>	<u>1,327,575</u>	<u>1,907,384</u>	<u>4,388,260</u>	<u>1,440,900</u>
Operating Loss	<u>(43,778)</u>	<u>(138,061)</u>	<u>(487,240)</u>	<u>(669,079)</u>	<u>(231,703)</u>
Non Operating Revenues (Expenses):					
Interest	4,292	0	0	4,292	0
Investment in Joint Venture	0	41,465	0	41,465	0
Loss on Disposal of Fixed Assets	(14,772)	0	(301)	(15,073)	0
Total Non Operating Revenues (Expenses)	<u>(10,480)</u>	<u>41,465</u>	<u>(301)</u>	<u>30,684</u>	<u>0</u>
Loss Before Contributions and Transfers	<u>(54,258)</u>	<u>(96,596)</u>	<u>(487,541)</u>	<u>(638,395)</u>	<u>(231,703)</u>
Capital Contributions	0	133,741	83,914	217,655	0
Transfers In	72,455	2,855	91,291	166,601	0
Change in Net Assets	18,197	40,000	(312,336)	(254,139)	(231,703)
Net Assets at Beginning of Year - Restated (Note 4)	<u>1,725,491</u>	<u>13,881,392</u>	<u>8,415,781</u>		<u>649,282</u>
Net Assets at End of Year	<u>\$1,743,688</u>	<u>\$13,921,392</u>	<u>\$8,103,445</u>		<u>\$417,579</u>

Some amounts reported for business-type activities in the statement of activities are different because the net expense of the internal service fund is reported with business-type activities.

	(25,807)
Change in net assets of business-type activities	<u><u>(\$279,946)</u></u>

See accompanying notes to the basic financial statements

City of Vandalia
Montgomery County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2000

	Enterprise Funds				Internal Service Fund
	Golf	Sewer	Water	Total	
<u>Increase (Decrease) In Cash and Cash Equivalents:</u>					
Cash Flows from Operating Activities:					
Cash Received from Customers	\$1,078,536	\$1,182,841	\$1,416,219	\$3,677,596	\$1,047,534
Other Operating Receipts	29,844	121	121	30,086	177,977
Cash Payments for Employee Services and Benefits	(451,927)	(211,272)	(211,501)	(874,700)	0
Cash Payments to Suppliers for Goods and Services	(589,588)	(941,135)	(1,514,929)	(3,045,652)	(180,006)
Cash Payments for Employee Medical, Dental and Life Insurance Claims	0	0	0	0	(1,280,510)
Other Operating Expenses	(32,291)	(654)	(568)	(33,513)	(20)
Utility Deposits Received	0	1,347	2,735	4,082	0
Utility Deposits Returned	0	(911)	(1,851)	(2,762)	0
Net Cash Provided by (Used for) Operating Activities	<u>34,574</u>	<u>30,337</u>	<u>(309,774)</u>	<u>(244,863)</u>	<u>(235,025)</u>
Cash Flows from Noncapital Financing Activities:					
Transfers - In	<u>72,455</u>	<u>2,855</u>	<u>91,291</u>	<u>166,601</u>	<u>0</u>
Net Cash Provided by Noncapital Financing Activities	<u>72,455</u>	<u>2,855</u>	<u>91,291</u>	<u>166,601</u>	<u>0</u>
Cash Flows from Capital and Related Financing Activities:					
Tap-in Fees	0	23,808	7,785	31,593	0
Acquisition of Capital Assets	<u>(109,462)</u>	<u>(1,296)</u>	<u>(85,746)</u>	<u>(196,504)</u>	<u>0</u>
Net Cash Provided by (Used for) Capital And Related Financing Activities	<u>(109,462)</u>	<u>22,512</u>	<u>(77,961)</u>	<u>(164,911)</u>	<u>0</u>
Cash Flows from Investing Activities:					
Interest	<u>4,292</u>	<u>0</u>	<u>0</u>	<u>4,292</u>	<u>0</u>
Net Cash Provided by Investing Activities	<u>4,292</u>	<u>0</u>	<u>0</u>	<u>4,292</u>	<u>0</u>
Net Increase (Decrease) In Cash and Cash Equivalents	1,859	55,704	(296,444)	(238,881)	(235,025)
Cash and Cash Equivalents Beginning of Year	<u>275,757</u>	<u>1,236,411</u>	<u>1,165,669</u>	<u>2,677,837</u>	<u>773,084</u>
Cash and Cash Equivalents End of Year	<u>\$277,616</u>	<u>\$1,292,115</u>	<u>\$869,225</u>	<u>\$2,438,956</u>	<u>\$538,059</u>

(continued)

City of Vandalia
Montgomery County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2000
(continued)

	Enterprise Funds				Internal Service Fund
	Golf	Sewer	Water	Total	
<u>Reconciliation of Operating Loss to Net Cash Provided by Operating Activities:</u>					
Operating Loss	(\$43,778)	(\$138,061)	(\$487,240)	(\$669,079)	(\$231,703)
Adjustments:					
Depreciation	71,548	190,925	192,929	455,402	0
(Increase)/ Decrease in Assets:					
Accounts Receivable	0	(6,552)	(3,804)	(10,356)	16,314
Materials and Supplies Inventory	3,514	0	(8,811)	(5,297)	0
Increase/ (Decrease) in Liabilities:					
Accounts Payable	(5,524)	(18,805)	(6,067)	(30,396)	(502)
Contracts Payable	0	0	0	0	0
Accrued Wages	2,523	433	376	3,332	0
Compensated Absences Payable	10,135	4,137	4,137	18,409	0
Due to Other Governments	(2,701)	(2,176)	(2,178)	(7,055)	0
Deferred Revenue	(1,143)	0	0	(1,143)	0
Liabilities Payable from Restricted Assets	0	436	884	1,320	0
Claims Payable	0	0	0	0	(19,134)
Net Cash Provided by (Used for) Operating Activities	\$34,574	\$30,337	(\$309,774)	(\$244,863)	(\$235,025)

Noncash Capital Financing Activities:

The sewer and water fund received \$109,933 and \$76,129, respectively, in assets from developers. These amounts are included in capital contributions.

See accompanying notes to the basic financial statements

City of Vandalia
Montgomery County, Ohio
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2000

	Investment Trust	Agency
	Tri-Cities	
	Water Authority	Agency
Assets:		
Cash and Cash Equivalents	\$0	\$22,959
Cash and Cash Equivalents with Fiscal and Escrow Agents	0	130,735
Investments	5,583,346	0
Total Assets	5,583,346	\$153,694
Liabilities:		
Due to Other Governments	0	\$49,718
Undistributed Monies	0	103,976
Total Liabilities	0	\$153,694
Net Assets in Investment Trust Fund	\$5,583,346	

See accompanying notes to the basic financial statements

City of Vandalia
Montgomery County, Ohio
Statement of Changes in Net Assets
Investment Trust Fund
For the Fiscal Year Ended December 31, 2000

	<u>Investment Trust</u>
Additions	
Interest	<u>\$370,187</u>
Increase in Net Assets Resulting From Operations	370,187
Deductions	
Capital Transactions	<u>(166,768)</u>
Increase in Net Assets	203,419
Net Assets Beginning of Year	<u>5,379,927</u>
Net Assets End of Year	<u><u>\$5,583,346</u></u>

See accompanying notes to the basic financial statements

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2000

NOTE 1 - DESCRIPTION OF THE CITY AND REPORTING ENTITY

The City of Vandalia (the City) is a municipal corporation established under the laws of the State of Ohio which operates under its own charter. 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 department managers of the City.

Reporting Entity

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, this includes 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 organizations. 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), which is defined as a joint venture. 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. This organization is presented in Note 13.

The Miami Valley Risk Management Association, Inc. (MVRMA) is a risk sharing insurance pool established for the purpose of enabling the subscribing political subdivisions to obtain liability insurance and providing a formalized, jointly administered self-insurance fund for its members. The members formed a not-for-profit corporation known as Miami Valley Risk Management Association, Inc. for the purpose of administering the pool. The subscribing members of the self-insurance pool include the Cities of Beavercreek, Blue Ash, Indian Hill, Kettering, Maderia, Mason, Miamisburg, Montgomery, Sidney, Springdale, Tipp City, Troy, West Carrollton, Wilmington, Wyoming and Vandalia. The City has no explicit and measurable equity interest in MVRMA and no ongoing financial responsibility for MVRMA.

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 governed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility on the part of the participating governments. This organization is presented in Note 14.

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-wide Financial Statements

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

The statement of net assets presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are 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 business segment or governmental function 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting

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

Governmental Funds

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

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

Capital Improvement Capital Projects Fund - The capital improvement capital projects fund accounts for that portion of municipal income tax designated by Council for the purpose of improving, constructing, maintaining, and purchasing those items necessary to enhance the operation of the City.

Recreation Center Capital Projects Fund - The recreation center capital projects fund accounts for expenditures of bond proceeds to construct a Recreation Center.

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 changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

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

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

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

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

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City's only trust fund is an investment trust fund established to account for the individual investment account of the Tri-Cities joint venture. The City's agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Measurement Focus

Government-wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets.

Fund Financial Statements

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

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

Fiduciary funds are reported using the economic resources measurement focus.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal 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 fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal 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, interest, tuition, grants, fees and rentals.

Deferred Revenue

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

Delinquent property taxes and property taxes for which there is an enforceable legal claim as of December 31, 2000, but which were levied to finance year 2001 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Budgets

An annual appropriated budget is legally required to be prepared for all funds of the City other than agency funds. Council passes appropriations at the fund level. Line item appropriations may be transferred between the accounts with the approval of the City Manager, Finance Director and respective department head. Council must approve any revisions in the budget that alter total fund appropriations. The following are the procedures used by the City in establishing the budgetary data reported in the basic financial statements:

Tax Budget

A tax budget of estimated revenues and expenditures for all funds other than agency funds is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

Estimated Resources

The County Budget Commission determines if the tax budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by October 1. As part of this certification, the City receives the official certificate of estimated resources that states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate of estimated resources can be further amended during the year if the fiscal officer determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased. The amounts reported in the budgetary statements as original represent the amounts in the first official certificate of estimated resources issued during 2000. The amounts reported in the budgetary statements as final reflect the amounts in the final amended official certificate of estimated resources issued during 2000.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Appropriations

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year, for the period January 1 to December 31. The appropriation ordinance may be supplemented during the year by action of Council, as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. During the year, two supplemental appropriation measures were passed. The amounts reported as the original budgeted amounts in the budgetary statements reflect the first appropriated budget for each fund that covered the entire year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and is not re-appropriated.

Encumbrances

As part of formal budgetary control purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end are reported as reservations of fund balances for subsequent-year expenditures of governmental funds.

Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds, except the investment trust fund, are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet.

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

During the year, the City invested in STAROhio, an investment pool managed by the State Treasurer's Office. STAROhio which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2000.

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 is distributed to the general fund, capital improvement, justice center/municipal building and recreation center capital projects funds and the golf enterprise fund. Interest revenue credited to the general fund during 2000 amounted to \$1,977,916, which includes \$970,562 assigned from other City funds.

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

For purposes of the statement of cash flows and for presentation on the statement of net assets/balance sheet, investments with an original maturity of three months or less and investments of the cash management pool are considered to be cash equivalents.

Inventory

On 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. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of the proprietary funds are expensed when used.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2000, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

Restricted Assets

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

Capital Assets

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

City of Vandalia
 Montgomery County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2000

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five hundred dollars. The City’s infrastructure consists of bridges, culverts, curbs, sidewalks, storm sewers, streets, irrigation systems and water and sewer lines. 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 not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets are depreciated except for land and construction in 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:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Improvements	45 years	45 years
Machinery and Equipment	10 to 15 years	10-15 years
Vehicles	6 years	6 years
Infrastructure	65 years	65 years

Interfund Balances

On fund financial statements, long-term interfund loans are classified as “advances to/from other funds” on the balance sheet and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources. These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Compensated Absences

The City reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences." Vacation benefits 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.

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 fiscal year end taking into consideration any limits specified in the City's termination policy. The City records a liability for all accumulated unused vacation time when earned for all employees. 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "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.

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 contractually required pension contributions 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, capital leases and long-term loans are recognized as a liability on the fund financial statements when due.

Fund Balance Reserves

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. As a result, encumbrances, inventories, advances and notes receivable are recorded as a reservation of fund balance.

Net Assets

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

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for golf, waste water treatment, water services and self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed 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.

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.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2000.

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.

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

City of Vandalia
 Montgomery County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2000

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (Continued)

3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. 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 statement.
5. Advances-in and advances-out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

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 General Fund	
GAAP Basis	\$238,950
Net Adjustment for Revenue Accruals	(223,679)
Net Adjustment for Expenditure Accruals	21,761
Change in Fair Value of Investments	(536,378)
Advances	(41,365)
Encumbrances	(2,180,014)
Budget Basis	<u><u>(\$2,720,725)</u></u>

NOTE 4 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR FUND EQUITY

Changes in Accounting Principles

For 2000, the City has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."

GASB 34 creates new basic financial statements for reporting on the City's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2000

NOTE 4 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR FUND EQUITY (Continued)

The government-wide financial statements split the City's programs between business-type and governmental activities. Except for the restatement explained below, the beginning net asset amount for the business-type activities equals fund equity of the enterprise funds from last year. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at December 31, 1999, caused by the elimination of the internal service fund and the conversion to the accrual basis of accounting.

Restatement of Fund Balance

The implementation of these statements had the following effects on fund balance of the major and nonmajor funds of the City as they were previously reported. The transition from governmental fund balance to net assets of the governmental activities is also presented.

	<u>General</u>	<u>Capital Improvement</u>	<u>Recreation Center</u>
Fund Balances, December 31, 1999	\$13,724,238	\$4,108,374	\$6,145,612
Advances Receivable	(781,034)		
Implementation of GASB Interpretation No. 6	34,012	0	0
Adjusted Fund Balance, December 31, 1999	<u>12,977,216</u>	<u>4,108,374</u>	<u>6,145,612</u>
GASB 33 Adjustments:			
Cash and Cash Equivalents in Segregated			
Accounts	100,947	0	0
Municipal Income Tax	1,937,835	0	0
Accounts Receivable	14,645	0	0
Due from Other Funds	(115,592)	0	0
Due from Other Governments	394,414	1,020	0
Deferred Revenue	<u>(2,294,848)</u>	<u>(1,020)</u>	<u>0</u>
GASB 33 Adjusted Fund Balance, December 31, 1999	<u><u>\$13,014,617</u></u>	<u><u>\$4,108,374</u></u>	<u><u>\$6,145,612</u></u>

(continued)

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2000

NOTE 4 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR FUND EQUITY (Continued)

	Nonmajor	Total
Fund Balances, December 31, 1999	\$1,101,894	\$25,080,118
Advances Receivable	0	(781,034)
Implementation of GASB Interpretation No. 6	726	34,738
Adjusted Fund Balance, December 31, 1999	1,102,620	24,333,822
GASB 33 Adjustments:		
Cash and Cash Equivalents in Segregated Accounts		
Accounts	10,870	111,817
Municipal Income Tax	0	1,937,835
Accounts Receivable	1,122	15,767
Due from Other Funds	(11,992)	(127,584)
Due from Other Governments	912,826	1,308,260
Deferred Revenue	(912,826)	(3,208,694)
GASB 33 Adjusted Fund Balance, December 31, 1999	\$1,102,620	24,371,223
GASB 34 Adjustments:		
Capital Assets		31,741,460
Internal Service Fund		576,957
Due to Other Governments		(231,468)
Accrued Interest Payable		(61,246)
Long-Term Liabilities		(14,138,231)
Long-Term (Deferred) Assets		3,744,842
Governmental Activities Net Assets, December 31, 1999		\$46,003,537

Due to other governments and capital assets were misstated in the enterprise funds as of 12/31/99. This restatement had the following effect on fund equity as it was previously reported:

	Golf	Sewer	Water	Total Enterprise
Fund Equity December 31, 1999	\$908,683	\$12,269,495	\$7,287,602	\$20,465,780
Due to Other Governments	(2,575)	0	0	(2,575)
Advances Payable	781,034	0	0	781,034
Capital Assets	38,349	1,611,897	1,128,179	2,778,425
Adjusted Net Assets, December 31, 1999	\$1,725,491	\$13,881,392	\$8,415,781	\$24,022,664

NOTE 5 - DEPOSITS AND INVESTMENTS

Policies and Procedures

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

Authorized dealer/brokers are restricted to Ohio financial institutions, primary government securities dealers, and NASD registered dealers. Interest income is distributed to the funds according to the 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 face value of which is at least 110% of the total value of public monies on deposit at the institution.

Deposits

At year end, the carrying amount of the City's deposits was \$4,920,709 and the bank balance was \$5,000,796. Of the bank balance, \$323,950, was covered by federal deposit insurance. The remaining \$4,676,846 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust departments in the City's name and all state statutory requirements for the investment of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the Federal Deposit Insurance Corporation.

Investments

Whenever there are monies 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 designate(s) may invest such funds subject to the limitations contained within the investment policy, and 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 maximum maturity of any investment is limited to a final stated maturity of seven years or an 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 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.

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2000

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

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

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 percent 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 percent 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 percent of the portfolio.

No delayed settlement transactions exceeding 30 days between the trade date and the settlement date are permitted. Securities will be executed at the best possible bid or offer available in the market at the time of execution.

During 2000, the City continued to diversify its investment portfolio to gain a higher rate of return while still maintaining liquidity and minimizing risk. Investments include U.S. Treasury Notes, Federal Home Loan Bank (FHLB) notes and participation certificates, real estate mortgage investment conduits and mortgage backed securities issued by FNMA and FHLMC.

The FHLB note has an interest rate that varies directly with the Constant Maturity Treasury (CMT), an index of Treasury securities published by the Federal Reserve Board. The note is issued with a coupon floor and a coupon cap which establish a range of possible interest rates for the security regardless of the change in market rates. The security was selected for purchase because the minimum interest rate, when coupled with the discount at the time of purchase, yields a rate of return that exceeds what was available from more conventional securities and that yield will increase if market interest rates increase.

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2000

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

A participation certificate (PC) is a mortgage pass-through security. It represents an interest in a pool of mortgage loans. Holders of the PC receive principal and interest payments as the principal and interest payments on the underlying mortgages are made. For the PCs purchased by the City, FNMA and FHLMC guarantee the timely payment of the mortgage principal and interest payments. The average life of a PC is a measure of when mortgage principal payments are actually received and will vary depending on how quickly the mortgages are paid. If the mortgages in the pool are prepaid because the owners sell their homes, or if interest rates decline and mortgages are prepaid through refinancing, the average life of the PC will shorten. If interest rates increase, the average life of the PC will increase. PCs are fixed income securities; that means that their prices vary as market rates change. PCs are therefore purchased on the open market at a premium or discount. Changes in average life caused by prepayments will affect yield depending on whether the security was purchased at a premium or discount.

A Real Estate Mortgage Investment Conduit (REMIC) is a multi-class security collateralized by mortgage pass-through securities or mortgage loans. Each class of security in the REMIC receives an allocation of the principal and interest payments on the collateral based on the terms in the offering circular. As with PCs, the City is guaranteed the timely payment of the mortgage principal and interest payments and the maturity of the security will fluctuate with changes in interest rates. The risk associated with purchasing a particular class of security in a REMIC depends on the nature of the payments that will be received (principal only, interest only, or both), and the effect on the security of a change in the market rate of interest. The City of Vandalia has only invested in vehicles that earn both principal and interest. The City does not have any principal only or interest only investments.

The City analyzes PCs and REMICs searching for estimated maturities that satisfy the City's liquidity standards and yields that will remain above what is otherwise available even as interest rates fluctuate.

GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that the City's investments be classified in categories of risk. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. STAR Ohio, an investment fund operated by the Ohio State Treasurer, is unclassified since it is not evidenced by securities that exist in physical or book entry form.

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2000

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

	Category 2	Unclassified	Carrying Value	Fair Value
STAR Ohio	\$0	\$190,186	\$190,186	\$190,186
Repurchase Agreements	1,082,029	0	1,082,029	1,082,029
US Treasury Fund Money Market	396,452	0	396,452	396,452
GE Interest	1,096,397	0	1,096,397	1,096,397
Federal Home Loan Bank Notes	5,509,045	0	5,509,045	5,509,045
Federal National Mortgage Association (FNMA) Pool	7,036	0	7,036	7,036
Federal Home Loan Mortgage Corporation (FHLMC) Pool	52,124	0	52,124	52,124
FNMA Medium Term Notes	7,366,075	0	7,366,075	7,366,075
FHLMC Medium Term Notes	7,572,085	0	7,572,085	7,572,085
FHLMC REMICs	51,872	0	51,872	51,872
Bank Trust	55,991	0	55,991	55,991
Total	<u>\$23,189,106</u>	<u>\$190,186</u>	<u>\$23,379,292</u>	<u>\$23,379,292</u>

The classification of cash and cash equivalents, and investments on the basic financial statements is based on criteria set forth in GASB Statement 9. Reconciliation between the classification of cash and investments on the basic financial statements and the classification per GASB Statement 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement 9	\$22,716,655	\$5,583,346
Investments:		
STAR Ohio	(190,186)	190,186
Repurchase Agreements	(140,497)	140,497
GE Interest	(687,501)	687,501
Federal Home Loan Bank Notes	(3,968,825)	3,968,825
Federal National Mortgage Association (FNMA) Pool	(7,036)	7,036
Federal Home Loan Mortgage Corporation (FHLMC) Pool	(52,124)	52,124
FNMA Medium Term Notes	(5,319,594)	5,319,594
FHLMC Medium Term Notes	(7,322,320)	7,322,320
FHLMC REMICs	(51,872)	51,872
Bank Trust	(55,991)	55,991
GASB Statement 3	<u>\$4,920,709</u>	<u>\$23,379,292</u>

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2000

NOTE 6 - RECEIVABLES

Receivables at December 31, 2000, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements, shared revenues, special assessments, accrued interest on investments, accounts (billings for utility service), and notes receivable.

No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

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 2000 for real and public utility property taxes represents collections of the 1999 taxes. Property tax payments received during 2000 for tangible personal property (other than public utility property) is for 2000 taxes.

2000 real property taxes are levied after October 1, 2000, on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2000 real property taxes are collected in and intended to finance 2001.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after October 1, 2000, and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after October 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are 25 percent of true value.

The full tax rate for all City operations for the year ended December 31, 2000, was \$4.14 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2000 property tax receipts were based are as follows:

Real Property	\$271,345,240
Public Utility Property Real	24,020
Public Utility Tangible	9,838,940
Tangible Personal Property	<u>77,220,506</u>
Total Valuation	<u><u>\$358,428,706</u></u>

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

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

City of Vandalia
 Montgomery County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2000

NOTE 6 - RECEIVABLES (Continued)

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, 2000 and for which there is an enforceable legal claim. Although total property tax collections for the next year are measurable, amounts to be received during the available period are not subject to reasonable estimation at December 31, nor were they levied to finance 2000 operations. The receivable is therefore offset by deferred revenue.

Income Taxes

The City levies a 1.75 percent income tax on substantially all income earned within the City. In addition, City residents employed in municipalities having an income tax less than 1.75 percent 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.

The City's income tax ordinance requires .25 percent of the income tax revenues to be used to finance governmental and business-type capital improvements. As a result, this portion of the revenue is transferred into the capital improvement capital projects fund each year. The remaining income tax proceeds are to be used to pay the cost of administering the tax, general fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council. In 2000, the proceeds were allocated to the general fund.

Intergovernmental Receivables

A summary of intergovernmental receivables follows:

	Amounts
Governmental Activities	
Local Government and Local Government	
Revenue Assistance	\$311,016
Estate Tax	105,311
Homestead and Rollback	66,181
Gasoline and Excise Tax	52,371
Motor Vehicle License Fees	231,711
Permissive Motor Vehicle License Tax	22,427
EMS Training and Equipment Grant	1,745
Liquor Licenses	2,020
Immobilization Fees	34,683
Total	\$827,465

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2000

NOTE 6 - RECEIVABLES (Continued)

Notes Receivable

The City sold two tracts of land in January of 1986 and April of 1987 to interested developers. The terms and conditions of the sale were such that the City would specify usage of the property and also carry a mortgage note on the property for the developer.

Capital Projects Fund Type:	
Mortgage note receivable - semi-annual payments are \$5,765, including interest at 8.75%, through August 1, 2005	\$45,896
Mortgage note receivable - semi-annual payments are \$6,339, including interest at 8.75%, through April 1, 2007	<u>61,824</u>
Total	<u><u>\$107,720</u></u>

NOTE 7 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. In 1988, the City joined the Miami Valley Risk Management Association, Inc. (MVRMA) a risk sharing insurance pool. The pool consists of sixteen municipalities who pool risk for property, crime, liability, boiler and machinery and public official liability. The City pays an annual premium to MVRMA for this coverage. The agreement provides that the MVRMA will be self-sustaining through member premiums and excess insurance. The deductible per occurrence for all types of claims is \$2,500. The joint insurance pool will cover additional claims up to \$500,000 for liability, \$150,000 for property and \$5,000 for boiler and machinery.

Excess insurance coverage will cover additional claims up to the limits listed below:

General Liability	\$10,500,000 each occurrence
Automobile Liability	Included with general liability coverage
Public Officials Liability	\$500,000 excess \$500,000 (\$500,000 Aggregate)
	\$10 million excess \$1 million (\$10 million Aggregate per city)
Boiler and Machinery	\$432,383,397 Blanket Limit
Property	\$432,383,397 Blanket Limit
Flood (Property)	\$100,000,000 annual aggregate
Earthquake (Property)	\$100,000,000 annual aggregate

There has been no material change in this coverage from the prior year. Settled claims have not exceeded this commercial coverage in any of the past three years.

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

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2000

NOTE 7 - RISK MANAGEMENT (Continued)

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 plans with a \$100 deductible for single and \$200 deductible for families and \$60,000 in term life insurance. A third party administrator, Underwriters Safety & Claims, processes and pays the claims. The City is paying self-insurance claims and administrative costs from its insurance internal service fund. An excess coverage insurance (stop loss) policy covers claims in excess of \$30,000 per employee. During 2000, a total of \$1,440,900 was paid in benefits and administrative costs. The liability for unpaid claims cost of \$122,459, reported in the self insurance internal service fund at December 31, 2000, is based on the requirements of Governmental Accounting Standards Board Statement 10. Statement 10 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 2001 which were incurred in 2000.

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:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
1999	\$87,320	\$1,089,436	\$1,035,163	\$141,593
2000	141,593	1,261,376	1,280,510	122,459

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2000, was as follows:

	Balance 12/31/99	Additions	Deductions	Balance 12/31/00
Governmental Activities				
Capital Assets, not being depreciated:				
Land	\$1,698,249	\$61,625	\$0	\$1,759,874
Construction in Progress	2,872,542	0	(2,872,542)	0
Total Capital Assets, not being Depreciated	4,570,791	61,625	(2,872,542)	1,759,874
Capital Assets, being Depreciated:				
Buildings and Improvements	14,110,760	9,879,989	0	23,990,749
Equipment	9,172,096	1,346,562	(503,466)	10,015,192
Vehicles	3,214,343	426,952	(251,292)	3,390,003
Infrastructure	21,729,253	1,533,727	0	23,262,980
Total Capital Assets, being Depreciated	48,226,452	13,187,230	(754,758)	60,658,924

(Continued)

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2000

NOTE 8 - CAPITAL ASSETS (Continued)

	Balance 12/31/99	Additions	Deductions	Balance 12/31/00
Less Accumulated Depreciation:				
Buildings and Improvements	(\$2,233,602)	(\$312,887)	\$0	(\$2,546,489)
Equipment	(5,301,046)	(383,798)	381,417	(5,303,427)
Vehicles	(1,686,494)	(440,393)	168,018	(1,958,869)
Infrastructure	(11,834,641)	(685,397)	0	(12,520,038)
Total Accumulated Depreciation	<u>(21,055,783)</u>	<u>(1,822,475)*</u>	<u>549,435</u>	<u>(22,328,823)</u>
Total Capital Assets, being Depreciated, net	<u>27,170,669</u>	<u>11,364,755</u>	<u>(205,323)</u>	<u>38,330,101</u>
Governmental Activities Capital Assets, Net	<u><u>\$31,741,460</u></u>	<u><u>\$11,426,380</u></u>	<u><u>(\$3,077,865)</u></u>	<u><u>\$40,089,975</u></u>
Business-Type Activities				
Capital Assets, not being depreciated:				
Land	\$126,837	\$0	\$0	\$126,837
Capital Assets, being Depreciated:				
Buildings and Improvements	2,761,169	0	0	2,761,169
Equipment	753,786	110,037	(64,987)	798,836
Vehicles	276,140	83,594	(14,359)	345,375
Infrastructure	19,744,342	188,935	0	19,933,277
Total Capital Assets, being Depreciated	<u>23,535,437</u>	<u>382,566</u>	<u>(79,346)</u>	<u>23,838,657</u>
Less Accumulated Depreciation:				
Building and Improvements	(848,876)	(56,263)	0	(905,139)
Equipment	(371,591)	(46,983)	49,914	(368,660)
Vehicles	(156,240)	(45,207)	14,359	(187,088)
Infrastructure	(6,450,703)	(306,949)	0	(6,757,652)
Total Accumulated Depreciation	<u>(7,827,410)</u>	<u>(455,402)</u>	<u>64,273</u>	<u>(8,218,539)</u>
Total Capital Assets, being Depreciated, net	<u>15,708,027</u>	<u>(72,836)</u>	<u>(15,073)</u>	<u>15,620,118</u>
Business-Type Activities Capital Assets, Net	<u><u>\$15,834,864</u></u>	<u><u>(\$72,836)</u></u>	<u><u>(\$15,073)</u></u>	<u><u>\$15,746,955</u></u>

* Depreciation expense was charged to governmental functions as follows:

General Government	
Legislative and Executive	\$198,960
Judicial	28,472
Public Safety	
Police	166,338
Fire	300,654
Public Works	
Engineer	22,547
Streets	846,338
Recreation	259,166
Total Depreciation Expense	<u><u>\$1,822,475</u></u>

City of Vandalia
 Montgomery County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2000

NOTE 9 - COMPENSATED ABSENCES

Accumulated Unpaid Vacation

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

Accumulated Unpaid Sick Leave

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

Accumulated Unpaid Compensatory Time

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

NOTE 10 - LONG-TERM DEBT

A schedule of changes in bonds and other long-term obligations of the City during 1999, follows:

	Amount Outstanding 12/31/99	Additions	Deletions	Amount Outstanding 12/31/00	Amounts Due in One Year
Governmental Activities					
<u>Unvoted General Obligation Bonds</u>					
5.9% - 7.15% - 1990					
Street Improvement	\$17,233	\$0	\$2,872	\$14,361	\$2,872
5.75% - 5.85% - 1996					
Various Purpose Improvement Bonds	12,875,000	0	325,000	12,550,000	340,000
Total Unvoted General Obligation Bonds	12,892,233	0	327,872	12,564,361	342,872
<u>Special Assessment Bonds</u>					
5.9% - 7.15% - 1990					
Street Improvement	252,765	0	42,128	210,637	42,128
Police Pension	37,179	0	464	36,715	484
Compensated Absences	956,048	150,653	0	1,106,701	496,499
Total Governmental Activities	<u>\$14,138,225</u>	<u>\$150,653</u>	<u>\$370,464</u>	<u>\$13,918,414</u>	<u>\$881,983</u>

City of Vandalia
 Montgomery County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2000

NOTE 10 - LONG-TERM DEBT (Continued)

	Amount Outstanding 12/31/99	Additions	Deletions	Amount Outstanding 12/31/00	Amounts Due in One Year
Proprietary Activities					
Compensated Absences	\$63,885	\$18,409	\$0	\$82,294	\$47,127

The Special Assessment Street Improvement Bonds will be paid with special assessment revenue. The unvoted General Obligation Bonds for Street Improvement will be paid with municipal income tax revenue, and the Various Purpose Improvement Bonds will be paid with transfers from General Fund property tax revenues. The Special Assessment bond issues are backed by the full faith and credit of the City. In the event that an assessed property owner fails to make payments, the City will be required to pay the related debt. The police pension is paid from revenues of the general fund. Compensated absences and the due to other governments (which represents contractually required pension contributions paid outside the available period) will be paid from the general fund, the street, computer legal research, baseball recreation, and soccer recreation special revenue funds, and the golf, sewer and water enterprise funds.

As of December 31, 2000, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$25,116,490 and the unvoted legal debt margin was \$7,195,055. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2000 are as follows:

Year Ending December 31	General Obligations	Special Assessment	Police Pension Liability	Total
2001	\$1,040,643	\$56,915	\$2,039	\$1,099,597
2002	1,039,806	54,029	2,039	1,095,874
2003	1,037,922	51,101	2,039	1,091,062
2004	1,039,959	48,131	2,039	1,090,129
2005	1,040,645	45,142	2,039	1,087,826
2006-2010	5,196,288	0	10,195	5,206,483
2011-2015	5,208,850	0	10,195	5,219,045
2016-2020	5,209,655	0	10,195	5,219,850
2021-2035	1,037,330	0	22,429	1,059,759
Totals	<u>\$21,851,098</u>	<u>\$255,318</u>	<u>\$63,209</u>	<u>\$22,169,625</u>

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Public Employees Retirement System

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2000

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. For calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. The 2000 employer pension contribution rate for the City was 6.54 percent of covered payroll, reduced from 9.35 percent in 1999. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were \$246,305, \$284,296, and \$251,947, respectively. The full amount has been contributed for 1999 and 1998. 71 percent has been contributed for 2000, with the remainder being presented as "due to other governments" in the governmental activities column of the statement of net assets.

Ohio Police and Fire Pension Fund

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

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 12.25 percent for police and 16.75 percent for firefighters. For 1999, the City contributions were 12.5 percent for police and 17 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for police and firefighters were \$137,539 and \$50,980 for the year ended December 31, 2000, \$159,095 and \$49,037 for the year ended December 31, 1999, \$157,397 and \$43,170 for the year ended December 31, 1998. The full amount has been contributed for 1999 and 1998. 28 percent and 26 percent, respectively, have been contributed for 2000, with the remainder being presented as "due to other governments" in the governmental activities column of the statement of net assets.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2000, the unfunded liability of the City was \$36,717 payable in semi-annual payments through the year 2035. This is an accounting liability of the City which will not vary.

NOTE 12 - POSTEMPLOYMENT BENEFITS

Public Employees Retirement System

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2000 employer contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2000. For 1999, the contribution rate was 13.55 percent of covered payroll; 4.20 percent was the portion that was used to fund health care.

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2000

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The number of active contributing participants was 401,339. The City's actual contributions for 2000 which were used to fund postemployment benefits were \$152,251. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 1999, (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

Police and Firemen's Disability and Pension Fund

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.25 percent of covered payroll was applied to the postemployment health care program during 2000. For 1999 the percent used to fund healthcare was 7 percent. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for 2000 that were used to fund postemployment benefits were \$67,980 for police and \$13,587 for fire. The OP&F's total health care expenses for the year ended December 31, 1999, (the latest information available) were \$95,004,633, which was net of member contributions of \$5,518,098. The number of OP&F participants eligible to receive health care benefits as of December 31, 1999, was 12,467 for police and 9,807 for firefighters.

NOTE 13 - JOINT VENTURE

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 \$5,416,260 which represents 27.09 percent 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 \$867,627 for services provided in 2000. 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.

NOTE 14 - JOINTLY GOVERNED ORGANIZATION

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

The ED/GE Advisory Committee, made up 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 nine years, ending December 31, 2001. Any member in default of paying its contributions will be liable for the amount of the contribution, any interest accrued, and penalties. During this time, the member will not be entitled to any allocations from ED/GE. Financial information may be obtained by writing to Linda Gum, Administrative Assistant, 451 West Third Street, Dayton, Ohio, 45402.

City of Vandalia
 Montgomery County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2000

NOTE 15 - CONTRACTUAL COMMITMENTS

As of December 31, 2000, the City had contractual commitments as follows:

<u>Company</u>	<u>Project</u>	Amount Remaining On Contract
Associated Excavating, Inc.	N. Dixie Water Main Extension	\$403,389
Brumbaugh Construction Company	Builder - Municipal Building Renovation	146,859
Brumbaugh Construction Company	Fire Station Addition	112,870
Coate Construction	Stonequarry Road Widening	224,491
GEOSPEC, Inc.	Consulting Services - Airport	93,694
Monarch Construction	Builder - Recreation Center	1,812,069
Mainline Road and Bridge Construction, Inc.	Webster Street Construction	514,500
Miami Valley International	Dump Truck	65,091

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.

Rebateable Arbitrage

The Internal Revenue Code requires that the proceeds of tax exempt debt be expended by the City within a certain schedule. The purpose of this requirement is to prevent the City from generating what the federal government considers excessive revenue by investing the borrowed money at rates that exceed the interest rate on the debt. If the debt proceeds are retained by the City beyond the scheduled deadlines, the City is required to pay to the federal government a portion of the interest earnings. For the 1996 Various Purpose Improvement Bonds, the City has not met the expenditure schedule. The City may be required to make a payment to the federal government. In Bond Counsel's opinion, the liability, if any, will not be material.

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, 2000, the audits of certain 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.

Combining Statements and
Individual Fund Schedules

Combining Statements - Nonmajor Governmental Funds

NONMAJOR SPECIAL REVENUE FUNDS

To account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditures for specified purposes.

Baseball Recreation

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

Computer Legal Research

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

Drug Law Enforcement

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

Law Enforcement

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

OMVI Education and Enforcement

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

OMVI Indigent

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

Permissive Motor Vehicle Tax

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

Soccer Recreation

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

State Highway

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

Street

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

(Continued)

Combining Statements - Nonmajor Governmental Funds
(Continued)

NONMAJOR DEBT SERVICE FUNDS

To account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

General Obligation Bond Retirement

To account for transfers from General Fund property tax revenue to pay for general obligation bonded debt.

Street Special Assessment Bond Retirement

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

NONMAJOR CAPITAL PROJECTS FUNDS

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

Homestretch Road

To account for expenditures of Issue II grant funds.

Justice Center/Municipal Building

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

Webster Street

To account for expenditures of Issue II grant funds.

City of Vandalia
Montgomery County, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2000

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$1,078,142	\$107,510	\$820,538	\$2,006,190
Cash and Cash Equivalents in Segregated Accounts	9,352	0	0	9,352
Receivables:				
Accounts	9,447	0	0	9,447
Special Assessments	0	368,264	0	368,264
Due from Other Governments	306,509	0	0	306,509
Materials and Supplies Inventory	66,598	0	0	66,598
Total Assets	<u>\$1,470,048</u>	<u>\$475,774</u>	<u>\$820,538</u>	<u>\$2,766,360</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$41,208	\$0	\$0	\$41,208
Accrued Wages	21,677	0	0	21,677
Due to Other Governments	4,714	0	0	4,714
Deferred Revenue	269,418	368,264	0	637,682
Advances Payable	0	0	600,000	600,000
Total Liabilities	<u>337,017</u>	<u>368,264</u>	<u>600,000</u>	<u>1,305,281</u>
Fund Balances:				
Reserved for Encumbrances	14,282	0	814,686	828,968
Reserved for Inventory	66,598	0	0	66,598
Unreserved:				
Undesignated, Reported in:				
Special Revenue Funds	1,052,151	0	0	1,052,151
Debt Service Funds	0	107,510	0	107,510
Capital Projects Funds (Deficit)	0	0	(594,148)	(594,148)
Total Fund Balances	<u>1,133,031</u>	<u>107,510</u>	<u>220,538</u>	<u>1,461,079</u>
Total Liabilities and Fund Balances	<u>\$1,470,048</u>	<u>\$475,774</u>	<u>\$820,538</u>	<u>\$2,766,360</u>

City of Vandalia
Montgomery County, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2000

	<u>Baseball Recreation</u>	<u>Computer Legal Research</u>	<u>Drug Law Enforcement</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$59,251	\$177,032	\$1,450
Cash and Cash Equivalents in Segregated Accounts	0	8,592	0
Receivables:			
Accounts	0	844	0
Due from Other Governments	0	0	0
Materials and Supplies Inventory	<u>0</u>	<u>0</u>	<u>0</u>
 Total Assets	 <u><u>\$59,251</u></u>	 <u><u>\$186,468</u></u>	 <u><u>\$1,450</u></u>
 Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$49	\$1,578	\$0
Accrued Wages	0	2,462	0
Due to Other Governments	413	754	0
Deferred Revenue	<u>0</u>	<u>0</u>	<u>0</u>
 Total Liabilities	 <u>462</u>	 <u>4,794</u>	 <u>0</u>
 Fund Balances:			
Reserved for Encumbrances	97	2,684	0
Reserved for Inventory	0	0	0
Unreserved:			
Undesignated, Reported in:			
Special Revenue Funds	<u>58,692</u>	<u>178,990</u>	<u>1,450</u>
 Total Fund Balances	 <u>58,789</u>	 <u>181,674</u>	 <u>1,450</u>
 Total Liabilities and Fund Balances	 <u><u>\$59,251</u></u>	 <u><u>\$186,468</u></u>	 <u><u>\$1,450</u></u>

<u>Law Enforcement</u>	<u>OMVI Education and Enforcement</u>	<u>OMVI Indigent</u>	<u>Permissive Motor Vehicle Tax</u>	<u>Soccer Recreation</u>	<u>State Highway</u>
\$215	\$467	\$196,948	\$101,969	\$33,529	\$84,868
0	75	685	0	0	0
0	0	100	0	887	0
0	0	0	22,427	0	13,584
0	0	0	0	0	0
<u>\$215</u>	<u>\$542</u>	<u>\$197,733</u>	<u>\$124,396</u>	<u>\$34,416</u>	<u>\$98,452</u>
\$0	\$0	\$0	\$13,073	\$49	\$5,042
0	0	0	0	317	0
0	0	0	0	252	0
0	0	0	20,097	0	10,977
<u>0</u>	<u>0</u>	<u>0</u>	<u>33,170</u>	<u>618</u>	<u>16,019</u>
0	0	0	7,020	889	2,493
0	0	0	0	0	0
<u>215</u>	<u>542</u>	<u>197,733</u>	<u>84,206</u>	<u>32,909</u>	<u>79,940</u>
<u>215</u>	<u>542</u>	<u>197,733</u>	<u>91,226</u>	<u>33,798</u>	<u>82,433</u>
<u>\$215</u>	<u>\$542</u>	<u>\$197,733</u>	<u>\$124,396</u>	<u>\$34,416</u>	<u>\$98,452</u>

(Continued)

City of Vandalia, Ohio
Montgomery County, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2000
(Continued)

	Street	Total Nonmajor Special Revenue Funds
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$422,413	\$1,078,142
Cash and Cash Equivalents in Segregated Accounts	0	9,352
Receivables:		
Accounts	7,616	9,447
Due from Other Governments	270,498	306,509
Materials and Supplies Inventory	66,598	66,598
 Total Assets	 \$767,125	 \$1,470,048
 Liabilities and Fund Balances:		
Liabilities:		
Accounts Payable	\$21,417	\$41,208
Accrued Wages	18,898	21,677
Due to Other Governments	3,295	4,714
Deferred Revenue	238,344	269,418
 Total Liabilities	 281,954	 337,017
 Fund Balances:		
Reserved for Encumbrances	1,099	14,282
Reserved for Inventory	66,598	66,598
Unreserved:		
Undesignated, Reported in: Special Revenue Funds	417,474	1,052,151
 Total Fund Balances	 485,171	 1,133,031
 Total Liabilities and Fund Balances	 \$767,125	 \$1,470,048

City of Vandalia
Montgomery County, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2000

	<u>General Obligation Bond Retirement</u>	<u>Street Special Assessment Bond Retirement</u>	<u>Total Nonmajor Debt Service Funds</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$31,476	\$76,034	\$107,510
Receivables: Special Assessments	<u>0</u>	<u>368,264</u>	<u>368,264</u>
Total Assets	<u><u>\$31,476</u></u>	<u><u>\$444,298</u></u>	<u><u>\$475,774</u></u>
Liabilities and Fund Balances:			
Liabilities:			
Deferred Revenue	<u>\$0</u>	<u>\$368,264</u>	<u>\$368,264</u>
Total Liabilities	<u>0</u>	<u>368,264</u>	<u>368,264</u>
Fund Balances:			
Unreserved:			
Undesignated, Reported in: Debt Service Funds	<u>31,476</u>	<u>76,034</u>	<u>107,510</u>
Total Fund Balances	<u>31,476</u>	<u>76,034</u>	<u>107,510</u>
Total Liabilities and Fund Balances	<u><u>\$31,476</u></u>	<u><u>\$444,298</u></u>	<u><u>\$475,774</u></u>

City of Vandalia
Montgomery County, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2000

	<u>Justice Center/ Municipal Building</u>	<u>Webster Street</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	<u>\$220,538</u>	<u>\$600,000</u>	<u>\$820,538</u>
Total Assets	<u><u>\$220,538</u></u>	<u><u>\$600,000</u></u>	<u><u>\$820,538</u></u>
Liabilities and Fund Balances:			
Liabilities:			
Advances Payable	<u>\$0</u>	<u>\$600,000</u>	<u>\$600,000</u>
Total Liabilities	<u>0</u>	<u>600,000</u>	<u>600,000</u>
Fund Balances:			
Reserved for Encumbrances	214,686	600,000	814,686
Unreserved:			
Undesignated, Reported in: Capital Projects Funds (Deficits)	<u>5,852</u>	<u>(600,000)</u>	<u>(594,148)</u>
Total Fund Balances	<u>220,538</u>	<u>0</u>	<u>220,538</u>
Total Liabilities and Fund Balances	<u><u>\$220,538</u></u>	<u><u>\$600,000</u></u>	<u><u>\$820,538</u></u>

City of Vandalia, Ohio
Montgomery County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2000

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Charges for Services	\$162,379	\$0	\$0	\$162,379
Fines and Forfeitures	134,680	0	0	134,680
Intergovernmental	578,054	0	632,886	1,210,940
Special Assessments	0	78,544	0	78,544
Interest	0	0	82,463	82,463
Other	15,150	0	0	15,150
Total Revenues	890,263	78,544	715,349	1,684,156
Expenditures:				
Current:				
General Government				
Legislative and Executive	133,284	0	0	133,284
Public Safety				
Police	38	0	0	38
Public Works				
Streets	575,657	1,638	0	577,295
Recreation	174,075	0	0	174,075
Capital Outlay	16,085	0	451,331	467,416
Debt Service:				
Principal Retirement	0	370,000	0	370,000
Interest and Fiscal Charges	0	730,221	0	730,221
Total Expenditures	899,139	1,101,859	451,331	2,452,329
Excess of Revenues Over (Under) Expenditures	(8,876)	(1,023,315)	264,018	(768,173)
Other Financing Sources:				
Operating Transfers In	82,019	1,040,463	0	1,122,482
Total Other Financing Sources	82,019	1,040,463	0	1,122,482
Net Change in Fund Balance	73,143	17,148	264,018	354,309
Fund Balance (Deficit) at Beginning of Year	1,055,738	90,362	(43,480)	1,102,620
Residual Equity Transfers	0	0	0	0
Increase in Reserve for Inventory	4,150	0	0	4,150
Fund Balance at End of Year	\$1,133,031	\$107,510	\$220,538	\$1,461,079

City of Vandalia
Montgomery County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2000

	<u>Baseball Recreation</u>	<u>Computer Legal Research</u>	<u>Drug Law Enforcement</u>
Revenues:			
Charges for Services	\$101,711	\$0	\$0
Fines and Forfeitures	0	124,244	0
Intergovernmental	0	0	0
Other	444	31	0
	<u>102,155</u>	<u>124,275</u>	<u>0</u>
Total Revenues			
Expenditures:			
Current:			
General Government			
Legislative and Executive	0	133,234	50
Public Safety			
Police	0	0	0
Public Works			
Streets	0	0	0
Recreation	113,946	0	0
Capital Outlay	2,019	10,733	0
	<u>115,965</u>	<u>143,967</u>	<u>50</u>
Total Expenditures			
Excess of Revenues Over (Under) Expenditures	<u>(13,810)</u>	<u>(19,692)</u>	<u>(50)</u>
Other Financing Sources:			
Operating Transfers In	<u>49,651</u>	<u>0</u>	<u>0</u>
Total Other Financing Sources			
	<u>49,651</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances			
	35,841	(19,692)	(50)
Fund Balances at			
Beginning of Year	22,948	201,366	1,500
Increase in Reserve for Inventory			
	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances at End of Year			
	<u><u>\$58,789</u></u>	<u><u>\$181,674</u></u>	<u><u>\$1,450</u></u>

Law Enforcement	OMVI Education and Enforcement	OMVI Indigent	Permissive Motor Vehicle Tax	Soccer Recreation	State Highway
\$0	\$0	\$0	\$0	\$60,416	\$0
21	1,470	8,945	0	0	0
0	0	8,387	38,714	0	39,821
0	0	0	0	1,009	0
21	1,470	17,332	38,714	61,425	39,821
0	0	0	0	0	0
0	38	0	0	0	0
0	0	0	41,876	0	36,808
0	0	0	0	60,129	0
0	3,333	0	0	0	0
0	3,371	0	41,876	60,129	36,808
21	(1,901)	17,332	(3,162)	1,296	3,013
0	0	0	0	32,368	0
0	0	0	0	32,368	0
21	(1,901)	17,332	(3,162)	33,664	3,013
194	2,443	180,401	94,388	134	79,420
0	0	0	0	0	0
<u>\$215</u>	<u>\$542</u>	<u>\$197,733</u>	<u>\$91,226</u>	<u>\$33,798</u>	<u>\$82,433</u>

(Continued)

City of Vandalia, Ohio
Montgomery County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2000
(Continued)

	Street	Total Nonmajor Special Revenue Funds
Revenues:		
Charges for Services	\$252	\$162,379
Fines and Forfeitures	0	134,680
Intergovernmental	491,132	578,054
Other	13,666	15,150
	<u>505,050</u>	<u>890,263</u>
Total Revenues		
Expenditures:		
Current:		
General Government		
Legislative and Executive	0	133,284
Public Safety		
Police	0	38
Public Works		
Streets	496,973	575,657
Recreation	0	174,075
Capital Outlay	0	16,085
	<u>496,973</u>	<u>899,139</u>
Total Expenditures		
Excess of Revenues Over (Under) Expenditures	<u>8,077</u>	<u>(8,876)</u>
Other Financing Sources:		
Operating Transfers In	0	82,019
	<u>0</u>	<u>82,019</u>
Total Other Financing Sources		
Net Change in Fund Balances	8,077	73,143
Fund Balances at Beginning of Year	472,944	1,055,738
Increase in Reserve for Inventory	4,150	4,150
	<u>485,171</u>	<u>1,133,031</u>
Fund Balances at End of Year		

City of Vandalia, Ohio
Montgomery County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2000

	General Obligation Bond Retirement	Street Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Revenues:			
Special Assessments	\$0	\$78,544	\$78,544
Total Revenues	<u>0</u>	<u>78,544</u>	<u>78,544</u>
Expenditures:			
Current:			
Public Works			
Streets	0	1,638	1,638
Debt Service:			
Principal Retirement	327,872	42,128	370,000
Interest and Fiscal Charges	712,518	17,703	730,221
Total Expenditures	<u>1,040,390</u>	<u>61,469</u>	<u>1,101,859</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,040,390)</u>	<u>17,075</u>	<u>(1,023,315)</u>
Other Financing Sources:			
Operating Transfers In	1,040,463	0	1,040,463
Total Other Financing Sources	<u>1,040,463</u>	<u>0</u>	<u>1,040,463</u>
Net Change in Fund Balances	73	17,075	17,148
Fund Balances at Beginning of Year	<u>31,403</u>	<u>58,959</u>	<u>90,362</u>
Fund Balances at End of Year	<u><u>\$31,476</u></u>	<u><u>\$76,034</u></u>	<u><u>\$107,510</u></u>

City of Vandalia
Montgomery County, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2000

	Homestretch Road	Justice Center/ Municipal Building	Webster Street	Total Nonmajor Capital Projects Funds
Revenues:				
Intergovernmental	\$162,153	\$0	\$470,733	\$632,886
Interest	0	82,463	0	82,463
Total Revenues	<u>162,153</u>	<u>82,463</u>	<u>470,733</u>	<u>715,349</u>
Expenditures:				
Capital Outlay	162,153	252,280	36,898	451,331
Total Expenditures	<u>162,153</u>	<u>252,280</u>	<u>36,898</u>	<u>451,331</u>
Net Change in Fund Balance	0	(169,817)	433,835	264,018
Fund Balance (Deficit) at Beginning of Year	<u>0</u>	<u>390,355</u>	<u>(433,835)</u>	<u>(43,480)</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$220,538</u></u>	<u><u>\$0</u></u>	<u><u>\$220,538</u></u>

Combining Statements - Fiduciary Funds

AGENCY FUNDS

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

Building Standards

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

Municipal Court

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

Performance Bond

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

City of Vandalia
Montgomery County, Ohio
Combined Statement of Changes
In Assets and Liabilities
Fiduciary Funds
For the Year Ended December 31, 2000

	Balance 01/01/00	Additions	Deletions	Balance 12/31/00
Building Standards				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$288	\$1,062	\$1,255	\$95
Total Assets	\$288	\$1,062	\$1,255	\$95
Liabilities:				
Due to Other Governments	\$288	\$1,062	\$1,255	\$95
Total Liabilities	\$288	\$1,062	\$1,255	\$95
Municipal Court				
Assets:				
Cash and Cash Equivalents with Fiscal and Escrow Agents	\$145,954	\$1,731,326	\$1,746,545	\$130,735
Total Assets	\$145,954	\$1,731,326	\$1,746,545	\$130,735
Liabilities:				
Due to Other Governments	\$56,451	\$1,731,326	\$1,738,154	\$49,623
Undistributed Monies	89,503	0	8,391	81,112
Total Liabilities	\$145,954	\$1,731,326	\$1,746,545	\$130,735
Performance Bonds				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$31,707	\$31,245	\$40,088	\$22,864
Total Assets	\$31,707	\$31,245	\$40,088	\$22,864
Liabilities:				
Undistributed Monies	\$31,707	\$31,245	\$40,088	\$22,864
Total Liabilities	\$31,707	\$31,245	\$40,088	\$22,864
Totals				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$31,995	\$32,307	\$41,343	\$22,959
Cash and Cash Equivalents with Fiscal and Escrow Agents	145,954	1,731,326	1,746,545	130,735
Total Assets	\$177,949	\$1,763,633	\$1,787,888	\$153,694
Liabilities:				
Due to Other Governments	\$56,739	\$1,732,388	\$1,739,409	\$49,718
Undistributed Monies	121,210	31,245	48,479	103,976
Total Liabilities	\$177,949	\$1,763,633	\$1,787,888	\$153,694

Individual Fund Schedules of Revenues, Expenditures/Expenses and
Changes in Fund Balances/Fund Equity - Budget (Non-GAAP Basis) and Actual

City of Vandalia
Montgomery County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2000

	Budgeted Amounts			Variance With Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues:				
Municipal Income Tax	\$11,077,343	\$10,454,222	\$10,970,377	\$516,155
Property and Other Taxes	1,590,620	1,569,586	1,579,273	9,687
Charges for Services	705,892	699,183	745,548	46,365
Licenses and Permits	103,000	91,359	91,380	21
Fines and Forfeitures	883,925	1,042,941	1,042,983	42
Intergovernmental	633,930	913,819	913,819	0
Interest	1,000,000	1,255,441	1,258,578	3,137
Other	41,400	90,590	91,124	534
Total Revenues	16,036,110	16,117,141	16,693,082	575,941
Expenditures:				
Current:				
General Government				
Legislative and Executive				
Personal Services	\$1,153,600	\$1,162,419	\$1,016,888	\$145,531
Operations and Maintenance	2,265,360	2,402,916	2,239,808	163,108
Judicial System				
Personal Services	1,082,733	1,082,733	1,082,733	0
Operations and Maintenance	139,769	139,769	139,769	0
Total General Government	4,641,462	4,787,837	4,479,198	308,639
Public Safety				
Police				
Personal Services	3,122,580	3,122,580	3,075,932	46,648
Operations and Maintenance	560,394	560,394	476,833	83,561
Fire				
Personal Services	1,010,993	1,010,993	935,297	75,696
Operations and Maintenance	216,553	209,824	198,495	11,329
Total Public Safety	4,910,520	4,903,791	4,686,557	217,234
Public Works				
Engineer				
Personal Services	542,721	542,721	501,104	41,617
Operations and Maintenance	96,318	95,805	87,586	8,219
Service Department				
Personal Services	105,113	105,113	99,607	5,506
Operations and Maintenance	5,755	5,755	4,152	1,603
Street Lighting				
Operations and Maintenance	188,130	199,192	199,192	0
Street Maintenance				
Personal Services	411,255	411,255	386,418	24,837
Operations and Maintenance	5,688	5,688	5,866	(178)
Refuse				
Operations and Maintenance	987,820	976,758	836,992	139,766
Total Public Works	2,342,800	2,342,287	2,120,917	221,370

(Continued)

City of Vandalia
Montgomery County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2000
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Recreation				
Parks				
Personal Services	\$1,485,338	\$1,485,338	\$1,278,571	\$206,767
Operations and Maintenance	<u>578,635</u>	<u>578,117</u>	<u>494,210</u>	<u>83,907</u>
Total Recreation	<u>\$2,063,973</u>	<u>\$2,063,455</u>	<u>\$1,772,781</u>	<u>\$290,674</u>
Capital Outlay	<u>959,107</u>	<u>975,584</u>	<u>975,584</u>	<u>0</u>
Total Expenditures	<u>14,917,862</u>	<u>15,072,954</u>	<u>14,035,037</u>	<u>1,037,917</u>
Excess of Revenues Over Expenditures	<u>1,118,248</u>	<u>1,044,187</u>	<u>2,658,045</u>	<u>1,613,858</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Fixed Assets	1,000	0	0	0
Operating Transfers - Out	(5,271,584)	(5,337,405)	(5,337,405)	0
Advances - In	0	558,635	558,635	0
Advances - Out	<u>0</u>	<u>(600,000)</u>	<u>(600,000)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(5,270,584)</u>	<u>(5,378,770)</u>	<u>(5,378,770)</u>	<u>0</u>
Net Change in Fund Balance	(4,152,336)	(4,334,583)	(2,720,725)	1,613,858
Fund Balance at Beginning of Year	10,642,582	10,642,582	10,642,582	0
Prior Year Encumbrances Appropriated	<u>1,773,245</u>	<u>1,773,245</u>	<u>1,773,245</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$8,263,491</u></u>	<u><u>\$8,081,244</u></u>	<u><u>\$9,695,102</u></u>	<u><u>\$1,613,858</u></u>

City of Vandalia
Montgomery County, 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, 2000

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental	\$0	\$75,331	\$75,331	\$0
Special Assessments	15,100	21,933	21,933	0
Other	0	153,342	153,342	0
Total Revenues	15,100	250,606	250,606	0
Expenditures:				
Capital Outlay	8,297,077	8,605,298	8,433,967	171,331
Total Expenditures	8,297,077	8,605,298	8,433,967	171,331
Excess of Revenues Under Expenditures	(8,281,977)	(8,354,692)	(8,183,361)	171,331
Other Financing Sources:				
Repayment of Notes Receivable	11,449	24,207	24,207	0
Operating Transfers - In	4,149,102	4,214,923	4,214,923	0
Total Other Financing Sources	4,160,551	4,239,130	4,239,130	0
Net Change in Fund Balance	(4,121,426)	(4,115,562)	(3,944,231)	171,331
Fund Balance at Beginning Year	597,838	597,838	597,838	0
Prior Year Encumbrances Appropriated	3,517,925	3,517,925	3,517,925	0
Fund Balance (Deficit) at End of Year	(\$5,663)	\$201	\$171,532	\$171,331

City of Vandalia
Montgomery County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Recreation Center Fund
For the Fiscal Year Ended December 31, 2000

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Interest	\$0	\$267,617	\$269,034	\$1,417
Total Revenues	0	267,617	269,034	1,417
Expenditures:				
Capital Outlay	7,009,153	7,019,153	7,016,766	2,387
Total Expenditures	7,009,153	7,019,153	7,016,766	2,387
Net Change in Fund Balance	(7,009,153)	(6,751,536)	(6,747,732)	3,804
Fund Balance at Beginning of Year	113,996	113,996	113,996	0
Prior Year Encumbrances Appropriated	6,909,153	6,909,153	6,909,153	0
Fund Balance at End of Year	<u>\$13,996</u>	<u>\$271,613</u>	<u>\$275,417</u>	<u>\$3,804</u>

City of Vandalia
Montgomery County, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Golf Fund
For the Year Ended December 31, 2000

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$1,024,396	\$1,075,382	\$1,078,536	\$3,154
Interest	4,491	4,138	4,292	154
Other	16,402	29,766	29,844	78
Total Revenues	<u>1,045,289</u>	<u>1,109,286</u>	<u>1,112,672</u>	<u>3,386</u>
Expenses:				
Current:				
Personal Services	461,956	461,956	451,927	10,029
Contractual Services	311,683	442,201	378,915	63,286
Materials and Supplies	227,266	234,740	233,135	1,605
Other	22,919	32,291	32,291	0
Capital Outlay	8,109	40,171	37,007	3,164
Total Expenses	<u>1,031,933</u>	<u>1,211,359</u>	<u>1,133,275</u>	<u>78,084</u>
Net Change in Fund Balance	13,356	(102,073)	(20,603)	81,470
Fund Balance at Beginning Year	213,128	213,128	213,128	0
Prior Year Encumbrances Appropriated	<u>62,629</u>	<u>62,629</u>	<u>62,629</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$289,113</u></u>	<u><u>\$173,684</u></u>	<u><u>\$255,154</u></u>	<u><u>\$81,470</u></u>

City of Vandalia
Montgomery County, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2000

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Charges for Services	\$1,381,869	\$1,201,745	\$1,206,649	\$4,904
Utility Deposits Received	0	1,384	1,347	(37)
Other	0	121	121	0
Total Revenues	<u>1,381,869</u>	<u>1,203,250</u>	<u>1,208,117</u>	<u>4,867</u>
Expenses:				
Current:				
Personal Services	228,492	228,492	211,272	17,220
Contractual Services	1,136,500	1,136,500	1,023,683	112,817
Materials and Supplies	23,677	23,677	19,919	3,758
Other	654	654	654	0
Utility Deposits Returned	0	911	911	0
Total Expenses	<u>1,389,323</u>	<u>1,390,234</u>	<u>1,256,439</u>	<u>133,795</u>
Net Change in Fund Balance	(7,454)	(186,984)	(48,322)	138,662
Fund Balance at Beginning of Year	1,228,688	1,228,688	1,228,688	0
Prior Year Encumbrances Appropriated	<u>7,723</u>	<u>7,723</u>	<u>7,723</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,228,957</u></u>	<u><u>\$1,049,427</u></u>	<u><u>\$1,188,089</u></u>	<u><u>\$138,662</u></u>

City of Vandalia
Montgomery County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2000

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Charges for Services	\$1,449,633	\$1,417,077	\$1,424,004	\$6,927
Utility Deposits Received	0	2,811	2,735	(76)
Other	100	100	121	21
Total Revenues	1,449,733	1,419,988	1,426,860	6,872
Expenses:				
Current:				
Personal Services	228,492	228,492	211,501	16,991
Contractual Services	1,472,636	1,751,636	1,770,673	(19,037)
Materials and Supplies	46,163	45,780	24,502	21,278
Other	185	568	568	0
Utility Deposits Returned	0	1,851	1,851	0
Total Expenses	1,747,476	2,028,327	2,009,095	19,232
Net Change in Fund Balance	(297,743)	(608,339)	(582,235)	26,104
Fund Balance at Beginning Year	867,925	867,925	867,925	0
Prior Year Encumbrances Appropriated	297,744	297,744	297,744	0
Fund Balance at End of Year	\$867,926	\$557,330	\$583,434	\$26,104

City of Vandalia
Montgomery County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Baseball Recreation Fund
For the Year Ended December 31, 2000

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Charges for Services	\$97,333	\$101,711	\$101,711	\$0
Other	525	444	444	0
Total Revenues	<u>97,858</u>	<u>102,155</u>	<u>102,155</u>	<u>0</u>
Expenditures:				
Current:				
Recreation				
Personal Services	50,197	50,197	37,298	12,899
Operation and Maintenance	94,410	94,410	77,295	17,115
Capital Outlay	4,000	4,000	2,019	1,981
Total Expenditures	<u>148,607</u>	<u>148,607</u>	<u>116,612</u>	<u>31,995</u>
Excess of Revenues Under Expenditures	<u>(50,749)</u>	<u>(46,452)</u>	<u>(14,457)</u>	<u>31,995</u>
Other Financing Sources:				
Operating Transfers - In	49,651	49,651	49,651	0
Total Other Financing Sources	<u>49,651</u>	<u>49,651</u>	<u>49,651</u>	<u>0</u>
Net Change in Fund Balance	(1,098)	3,199	35,194	31,995
Fund Balance at Beginning of Year	22,813	22,813	22,813	0
Prior Year Encumbrances Appropriated	1,098	1,098	1,098	0
Fund Balance at End of Year	<u>\$22,813</u>	<u>\$27,110</u>	<u>\$59,105</u>	<u>\$31,995</u>

City of Vandalia
Montgomery County, 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, 2000

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and Forfeitures	\$134,000	\$126,096	\$126,096	\$0
Other	0	31	31	0
Total Revenues	<u>134,000</u>	<u>126,127</u>	<u>126,127</u>	<u>0</u>
Expenditures:				
Current:				
General Government				
Legislative and Executive				
Personal Services	86,616	86,616	83,862	2,754
Operation and Maintenance	54,076	54,076	54,076	0
Capital Outlay	15,592	15,592	10,733	4,859
Total Expenditures	<u>156,284</u>	<u>156,284</u>	<u>148,671</u>	<u>7,613</u>
Net Change in Fund Balance	(22,284)	(30,157)	(22,544)	7,613
Fund Balance at Beginning of Year	185,961	185,961	185,961	0
Prior Year Encumbrances Appropriated	9,532	9,532	9,532	0
Fund Balance at End of Year	<u><u>\$173,209</u></u>	<u><u>\$165,336</u></u>	<u><u>\$172,949</u></u>	<u><u>\$7,613</u></u>

City of Vandalia
Montgomery County, 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, 2000

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and Forfeitures	<u>\$110</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Revenues	<u>110</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures:				
Current:				
General Government				
Legislative and Executive				
Operation and Maintenance	<u>110</u>	<u>110</u>	<u>50</u>	<u>60</u>
Total Expenditures	<u>110</u>	<u>110</u>	<u>50</u>	<u>60</u>
Net Change in Fund Balance	0	(110)	(50)	60
Fund Balance at Beginning of Year	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,500</u></u>	<u><u>\$1,390</u></u>	<u><u>\$1,450</u></u>	<u><u>\$60</u></u>

City of Vandalia
Montgomery County, 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, 2000

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and Forfeitures	\$500	\$21	\$21	\$0
Total Revenues	<u>500</u>	<u>21</u>	<u>21</u>	<u>0</u>
Expenditures:				
Capital Outlay	500	100	0	100
Total Expenditures	<u>500</u>	<u>100</u>	<u>0</u>	<u>100</u>
Net Change in Fund Balance	0	(79)	21	100
Fund Balance at Beginning of Year	<u>194</u>	<u>194</u>	<u>194</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$194</u></u>	<u><u>\$115</u></u>	<u><u>\$215</u></u>	<u><u>\$100</u></u>

City of Vandalia
Montgomery County, 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, 2000

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and Forfeitures	<u>\$1,500</u>	<u>\$1,450</u>	<u>\$1,450</u>	<u>\$0</u>
Total Revenues	<u>1,500</u>	<u>1,450</u>	<u>1,450</u>	<u>0</u>
Expenditures:				
Current:				
Public Safety				
Police				
Operation and Maintenance	0	38	38	0
Capital Outlay	<u>3,500</u>	<u>3,333</u>	<u>3,333</u>	<u>0</u>
Total Expenditures	<u>3,500</u>	<u>3,371</u>	<u>3,371</u>	<u>0</u>
Net Change in Fund Balance	(2,000)	(1,921)	(1,921)	0
Fund Balance at Beginning of Year	2,230	2,230	2,230	0
Prior Year Encumbrances Appropriated	<u>158</u>	<u>158</u>	<u>158</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$388</u></u>	<u><u>\$467</u></u>	<u><u>\$467</u></u>	<u><u>\$0</u></u>

City of Vandalia
Montgomery County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - (Non-GAAP Basis) and Actual
OMVI Indigent Fund
For the Year Ended December 31, 2000

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and Forfeitures	\$9,000	\$8,809	\$8,809	\$0
Intergovernmental	<u>7,000</u>	<u>8,387</u>	<u>8,387</u>	<u>0</u>
Total Revenues	<u>16,000</u>	<u>17,196</u>	<u>17,196</u>	<u>0</u>
Expenditures:				
Current:				
Public Safety				
Police				
Operation and Maintenance	<u>16,000</u>	<u>16,000</u>	<u>0</u>	<u>16,000</u>
Total Expenditures	<u>16,000</u>	<u>16,000</u>	<u>0</u>	<u>16,000</u>
Net Change in Fund Balance	0	1,196	17,196	16,000
Fund Balance at Beginning of Year	<u>179,752</u>	<u>179,752</u>	<u>179,752</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$179,752</u></u>	<u><u>\$180,948</u></u>	<u><u>\$196,948</u></u>	<u><u>\$16,000</u></u>

City of Vandalia
Montgomery County, 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, 2000

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental	\$35,500	\$38,878	\$38,878	\$0
Total Revenues	35,500	38,878	38,878	0
Expenditures:				
Current:				
Public Works				
Streets				
Operation and Maintenance	50,033	50,033	49,041	992
Total Expenditures	50,033	50,033	49,041	992
Net Change in Fund Balance	(14,533)	(11,155)	(10,163)	992
Fund Balance at Beginning of Year	77,006	77,006	77,006	0
Prior Year Encumbrances Appropriated	15,033	15,033	15,033	0
Fund Balance at End of Year	<u>\$77,506</u>	<u>\$80,884</u>	<u>\$81,876</u>	<u>\$992</u>

City of Vandalia
Montgomery County, 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, 2000

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Charges for Services	\$59,830	\$60,416	\$60,416	0
Other	160	122	122	0
Total Revenues	<u>59,990</u>	<u>60,538</u>	<u>60,538</u>	<u>0</u>
Expenditures:				
Current:				
Recreation				
Personal Services	37,070	37,070	22,402	14,668
Operation and Maintenance	55,447	55,447	38,604	16,843
Total Expenditures	<u>92,517</u>	<u>92,517</u>	<u>61,006</u>	<u>31,511</u>
Excess of Revenues Under Expenditures	<u>(32,527)</u>	<u>(31,979)</u>	<u>(468)</u>	<u>31,511</u>
Other Financing Sources:				
Operating Transfers - In	32,368	32,368	32,368	0
Total Other Financing Sources	<u>32,368</u>	<u>32,368</u>	<u>32,368</u>	<u>0</u>
Net Change in Fund Balance	(159)	389	31,900	31,511
Fund Balance at Beginning of Year	533	533	533	0
Prior Year Encumbrances Appropriated	159	159	159	0
Fund Balance at End of Year	<u>\$533</u>	<u>\$1,081</u>	<u>\$32,592</u>	<u>\$31,511</u>

City of Vandalia
Montgomery County, 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, 2000

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	<u>\$34,769</u>	<u>\$39,707</u>	<u>\$39,707</u>	<u>\$0</u>
Total Revenues	<u>34,769</u>	<u>39,707</u>	<u>39,707</u>	<u>0</u>
Expenditures:				
Current:				
Public Works				
State Highway Maintenance				
Operations and Maintenance	<u>42,471</u>	<u>42,471</u>	<u>40,574</u>	<u>1,897</u>
Total Expenditures	<u>42,471</u>	<u>42,471</u>	<u>40,574</u>	<u>1,897</u>
Net Change in Fund Balance	(7,702)	(2,764)	(867)	1,897
Fund Balance at Beginning of Year	67,803	67,803	67,803	0
Prior Year Encumbrances Appropriated	<u>10,939</u>	<u>10,939</u>	<u>10,939</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$71,040</u></u>	<u><u>\$75,978</u></u>	<u><u>\$77,875</u></u>	<u><u>\$1,897</u></u>

City of Vandalia
Montgomery County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Fund
For the Year Ended December 31, 2000

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$500	\$252	\$252	\$0
Intergovernmental	469,675	489,722	489,722	0
Other	<u>2,530</u>	<u>14,535</u>	<u>14,535</u>	<u>0</u>
Total Revenues	<u>472,705</u>	<u>504,509</u>	<u>504,509</u>	<u>0</u>
Expenditures:				
Current:				
Public Works				
Streets				
Personal Services	336,266	336,266	336,266	0
Operations and Maintenance	<u>163,097</u>	<u>163,097</u>	<u>157,930</u>	<u>5,167</u>
Total Expenditures	<u>499,363</u>	<u>499,363</u>	<u>494,196</u>	<u>5,167</u>
Net Change in Fund Balance	(26,658)	5,146	10,313	5,167
Fund Balance at Beginning of Year	350,624	350,624	350,624	0
Prior Year Encumbrances Appropriated	<u>41,065</u>	<u>41,065</u>	<u>41,065</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$365,031</u></u>	<u><u>\$396,835</u></u>	<u><u>\$402,002</u></u>	<u><u>\$5,167</u></u>

City of Vandalia
Montgomery County, 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, 2000

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Total Revenues	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Expenditures:				
Debt Service:				
Principal Retirement	327,872	327,872	327,872	0
Interest and Fiscal Charges	<u>712,591</u>	<u>712,591</u>	<u>712,518</u>	<u>73</u>
Total Expenditures	<u>1,040,463</u>	<u>1,040,463</u>	<u>1,040,390</u>	<u>73</u>
Excess of Revenues Under Expenditures	<u>(1,040,463)</u>	<u>(1,040,463)</u>	<u>(1,040,390)</u>	<u>73</u>
Other Financing Sources:				
Operating Transfers - In	<u>1,040,463</u>	<u>1,040,463</u>	<u>1,040,463</u>	<u>0</u>
Total Other Financing Sources	<u>1,040,463</u>	<u>1,040,463</u>	<u>1,040,463</u>	<u>0</u>
Net Change in Fund Balance	0	0	73	73
Fund Balance at Beginning of Year	<u>31,403</u>	<u>31,403</u>	<u>31,403</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$31,403</u></u>	<u><u>\$31,403</u></u>	<u><u>\$31,476</u></u>	<u><u>\$73</u></u>

City of Vandalia
Montgomery County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Special Assessment Bond Retirement Fund
For the Year Ended December 31, 2000

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Special Assessments	\$61,835	\$78,544	\$78,544	\$0
Total Revenues	61,835	78,544	78,544	0
Expenditures:				
Current:				
Public Works				
Streets				
Operation and Maintenance	2,004	2,004	1,638	366
Debt Service:				
Principal Retirement	42,128	42,128	42,128	0
Interest and Fiscal Charges	17,703	17,703	17,703	0
Total Expenditures	61,835	61,835	61,469	366
Net Change in Fund Balance	0	16,709	17,075	366
Fund Balance at Beginning of Year	58,959	58,959	58,959	0
Fund Balance at End of Year	\$58,959	\$75,668	\$76,034	\$366

City of Vandalia
Montgomery County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Homestretch Road Fund
For the Year Ended December 31, 2000

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Intergovernmental	\$0	\$162,153	\$162,153	\$0
Total Revenues	0	162,153	162,153	0
Expenditures:				
Capital Outlay	163,153	162,153	162,153	0
Total Expenditures	163,153	162,153	162,153	0
Excess of Revenues Over (Under) Expenditures	(163,153)	0	0	0
Other Financing Uses:				
Advances - Out	0	(124,800)	(124,800)	0
Total Other Financing Uses	0	(124,800)	(124,800)	0
Net Change in Fund Balance	(163,153)	(124,800)	(124,800)	0
Fund Balance at Beginning of Year	124,800	124,800	124,800	0
Fund Balance (Deficit) at End of Year	<u>(\$38,353)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

City of Vandalia
Montgomery County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Justice Center/Municipal Building Fund
For the Year Ended December 31, 2000

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues:				
Interest	\$0	\$20,854	\$21,121	\$267
Total Revenues	0	20,854	21,121	267
Expenditures:				
Capital Outlay	1,035,837	1,032,737	1,027,910	4,827
Total Expenditures	1,035,837	1,032,737	1,027,910	4,827
Net Change in Fund Balance	(1,035,837)	(1,011,883)	(1,006,789)	5,094
Fund Balance at Beginning of Year	26,804	26,804	26,804	0
Prior Year Encumbrances Appropriated	985,837	985,837	985,837	0
Fund Balance (Deficit) at End of Year	(\$23,196)	\$758	\$5,852	\$5,094

City of Vandalia
Montgomery County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balances - Budget (Non-GAAP Basis) and Actual
Webster Street Fund
For the Year Ended December 31, 2000

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budgeted Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	<u>\$470,733</u>	<u>\$470,733</u>	<u>\$470,733</u>	<u>\$0</u>
Total Revenues	<u>470,733</u>	<u>470,733</u>	<u>470,733</u>	<u>0</u>
Expenditures:				
Capital Outlay	<u>636,898</u>	<u>636,898</u>	<u>636,898</u>	<u>0</u>
Total Expenditures	<u>636,898</u>	<u>636,898</u>	<u>636,898</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(166,165)</u>	<u>(166,165)</u>	<u>(166,165)</u>	<u>0</u>
Other Financing Sources (Uses):				
Advances - In	600,000	600,000	600,000	0
Advances - Out	<u>(433,835)</u>	<u>(433,835)</u>	<u>(433,835)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>166,165</u>	<u>166,165</u>	<u>166,165</u>	<u>0</u>
Net Change in Fund Balance	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

City of Vandalia
Montgomery County, Ohio
Schedule of Revenues, Expenses and Charges
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Hospital Care Fund
For the Year Ended December 31, 2000

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$999,783	\$1,047,534	\$1,047,534	\$0
Other	<u>0</u>	<u>177,594</u>	<u>177,977</u>	<u>383</u>
Total Revenues	<u>999,783</u>	<u>1,225,128</u>	<u>1,225,511</u>	<u>383</u>
Expenses:				
Current:				
Contractual Services	130,405	180,405	180,006	399
Claims	873,973	1,283,973	1,280,510	3,463
Other	<u>203</u>	<u>203</u>	<u>20</u>	<u>183</u>
Total Expenses	<u>1,004,581</u>	<u>1,464,581</u>	<u>1,460,536</u>	<u>4,045</u>
Net Change in Fund Balance	(4,798)	(239,453)	(235,025)	4,428
Fund Balance at Beginning of Year	733,706	733,706	733,706	0
Prior Year Encumbrances Appropriated	<u>39,378</u>	<u>39,378</u>	<u>39,378</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$768,286</u></u>	<u><u>\$533,631</u></u>	<u><u>\$538,059</u></u>	<u><u>\$4,428</u></u>

STATISTICAL SECTION

**THE FOLLOWING UNAUDITED STATISTICAL TABLES
REFLECT SOCIAL AND ECONOMIC DATA, FINANCIAL TRENDS AND
FISCAL CAPACITY OF THE CITY**

City of Vandalia
 Montgomery County, Ohio
 General Fund Expenditures By Function
 Last Ten Years

Year	General Government	Public Safety	Public Works	Recreation	Capital Outlay	Total
1991	\$2,581,977	\$2,639,475	\$999,826	\$1,049,712	-	\$4,689,013
1992	2,551,674	2,771,319	1,227,467	1,039,806	-	5,038,592
1993	2,719,018	2,898,597	1,424,307	1,110,023	\$6,471	5,439,398
1994	2,647,379	3,102,356	1,486,401	1,147,626	171,767	5,908,150
1995	2,931,510	3,218,633	1,687,900	1,223,999	5,242	6,135,774
1996	3,071,704	3,472,605	1,685,766	1,340,878	11,817	9,582,770
1997	3,161,057	3,386,547	1,724,898	1,392,744	9,141	9,674,387
1998	3,395,888	3,812,313	2,126,924	1,477,440	13,851	10,826,416
1999	3,756,153	4,258,529	1,882,126	1,557,247	-	11,454,055
2000	3,647,390	4,565,012	1,933,148	1,714,757	16,477	11,876,784

SOURCE: Finance Office, City of Vandalia

Note: Since this is the first year that the City has prepared City-wide statements, no statistical table showing comparisons for full-accrual expense amounts for governmental activities is presented.

City of Vandalia
Montgomery County, Ohio
General Fund Revenues by Source
Last Ten Years

Year	Municipal Income Tax	Property and Other Taxes	Charges for Services	Licenses and Permits	Fines and Forfeitures	Inter- Governmental	Interest	Other	Total
1991	\$4,363,387	\$952,967	\$431,653	\$64,320	\$869,993	\$568,859	\$287,503	\$57,909	\$7,596,591
1992	5,080,418	1,006,538	524,101	112,287	934,890	495,652	198,872	88,854	8,441,612
1993	5,642,665	1,004,962	507,278	128,975	994,145	630,008	175,063	81,336	9,164,432
1994	8,865,688	1,141,326	591,705	187,845	883,885	697,330	227,067	76,719	12,671,565
1995	9,402,587	1,196,989	795,588	109,080	1,010,187	662,191	581,670	136,520	13,894,812
1996	10,517,757	1,196,276	832,450	120,034	964,813	711,804	748,543	76,588	15,168,265
1997	9,962,903	1,358,819	759,462	131,036	959,961	768,641	1,074,332	48,604	15,063,758
1998	10,723,977	1,370,172	950,615	133,414	1,050,464	720,981	1,209,470	277,239	16,436,332
1999	12,376,161	1,305,833	943,946	170,657	1,050,655	1,014,524	318,175	405,400	17,585,351
2000	10,976,105	1,578,741	735,605	127,532	1,027,177	938,093	1,977,916	91,970	17,453,139

SOURCE: Finance Office, City of Vandalia

Note: In future years, government-wide information will be incorporated into this statistical table.

City of Vandalia
Montgomery County, Ohio
Property Tax Levies and Collections
Last Ten Years

Collection Year	Total Tax Levy	Current Tax Collections	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Tax Levy	Accumulated Outstanding Delinquent Taxes	Percentage of Accumulated Delinquent Taxes To Total Tax Levy
1991	\$964,619	\$930,693	\$25,359	\$956,052	99%	\$70,252	7.28%
1992	975,942	870,606	40,710	911,316	93	73,784	7.56
1993	996,216	893,446	28,948	922,394	93	68,946	6.92
1994	1,071,436	1,000,204	33,766	1,033,970	97	52,884	4.94
1995	1,117,715	1,038,197	32,524	1,070,721	96	42,226	3.78
1996	1,167,689	1,071,780	32,705	1,104,485	95	59,196	5.07
1997	1,313,074	1,172,885	58,456	1,231,341	94	57,923	4.41
1998	1,334,585	1,185,274	65,367	1,250,641	94	49,077	3.68
1999	1,357,402	1,226,054	44,594	1,270,648	94	56,603	4.17
2000	1,463,393	1,307,451	44,532	1,351,983	92	67,252	4.60

SOURCE: County Auditor, Montgomery County, Ohio

City of Vandalia
 Montgomery County, Ohio
 Assessed Value and Estimated
 True Value of Taxable Property
 Last Ten Years

Tax Year	Assessed Real	Assessed Public Utility		Assessed Tangible Personal	Total	Estimated True Value	Percentage of Assessed Value To Estimated True Value
		Real	Tangible				
1991	\$178,257,590	\$29,160	\$11,834,450	\$45,613,552	\$235,734,752	\$651,549,598	36%
1992	180,120,980	30,400	11,979,840	48,500,671	240,631,891	720,700,753	33
1993	197,026,960	33,440	12,101,270	49,639,372	258,801,042	775,338,645	33
1994	202,678,610	25,640	12,276,680	54,998,562	269,979,492	813,100,020	33
1995	207,536,750	26,150	12,877,540	61,610,021	282,050,461	854,110,509	33
1996	234,178,950	28,590	13,022,160	69,937,991	317,167,691	963,714,273	33
1997	236,717,850	32,020	13,106,070	72,507,652	322,363,592	981,352,069	33
1998	244,489,040	35,230	11,615,690	69,545,468	325,685,428	990,022,291	33
1999	268,174,540	31,880	10,736,100	72,418,708	351,361,228	1,068,179,003	33
2000	271,345,240	24,020	9,838,940	77,220,506	358,428,706	1,095,403,380	33

SOURCE: County Auditor; Montgomery County, Ohio

City of Vandalia
Montgomery County, Ohio
Property Tax Rates - Direct and Overlapping Governments
(Per \$1000 of Assessed Valuation)
Last Ten Years

Collection Year	Total City	Vandalia-Butler City Schools	Montgomery County	Miami Valley Career Technology Center	Library	Total
1991	\$4.14	\$44.53	\$13.65	\$1.98	-	\$64.30
1992	4.14	42.91	13.65	1.98	-	62.68
1993	4.14	42.91	13.65	1.98	-	62.68
1994	4.14	42.91	16.14	2.58	-	65.77
1995	4.14	47.86	16.64	2.58	\$0.72	71.94
1996	4.14	47.86	16.64	2.58	0.72	71.94
1997	4.14	45.86	16.64	2.58	0.72	69.94
1998	4.14	45.86	16.64	2.58	0.26	69.48
1999	4.14	45.86	16.64	2.58	0.26	69.48
2000	4.14	45.06	16.64	2.58	0.26	68.68

SOURCE: County Auditor; Montgomery County, Ohio

City of Vandalia
 Montgomery County, Ohio
 Special Assessment Billings and Collections
 Last Ten Years

<u>Collection Year</u>	<u>Billed (1)</u>	<u>Amount Collected (2)</u>	<u>Percent Collected</u>
1991	\$24,938	\$25,359	102%
1992	122,192	122,098	99
1993	115,760	115,743	99
1994	111,207	110,684	99
1995	140,667	139,428	99
1996	124,098	121,462	98
1997	110,053	109,780	99
1998	106,475	106,202	99
1999	97,077	96,905	99
2000	101,818	91,885	90

SOURCE: (1) County Auditor; Montgomery County, Ohio

(2) City's Tax Settlement Sheets

NOTE: This table reflects only those special assessments collected through the County Auditor's Office.

City of Vandalia
 Montgomery County, Ohio
 Ratio of Net General Obligation Bonded Debt
 To Assessed Value and Net Bonded Debt Per Capita
 Last Five Years (1)

Tax Year	Population (2)	Assessed Value	Gross Bonded Debt (3)	Debt Service Monies Available	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Valuation	Net Bonded Debt Per Capita
1996	13,790	\$317,167,691	\$13,675,000	\$31,226	\$13,643,774	4.30%	\$989.40
1997	13,790	322,363,592	13,480,000	31,361	13,448,639	4.17	975.25
1998	13,790	325,685,428	13,185,000	31,361	13,153,639	4.04	953.85
1999	13,790	351,361,228	12,875,000	31,403	12,843,597	3.66	931.37
2000	14,603	358,428,706	12,550,000	31,476	12,518,524	3.49	857.26

(1) The City had no general obligation bonds payable from property taxes prior to 1996.

SOURCE: (2) 1990 and 2000 Census

(3) Excludes general obligation bonded debt payable from municipal income taxes and special assessment bonded debt.

(4) Excludes debt service money available to pay general obligation bonded debt payable from municipal income taxes and special assessment bonded debt.

City of Vandalia
 Montgomery County, Ohio
 Computation of Overall Legal Debt Margin
 December 31, 2000

Assessed Value (1)		<u><u>\$358,428,706</u></u>
Overall Debt Limit (10 1/2% of the Assessed Value)		\$37,635,014
Total Voted and Unvoted Debt Outstanding at December 31, 2000	<u>\$12,774,998</u>	
Less: Exempt Debt		
Unvoted General Obligation Bonds Issued in Anticipation of the Collection of Special Assessments	210,637	
Unvoted General Obligation Bonds Issued in Anticipation of the Collection of Lawfully Available Municipal Income Tax to be Applied to Debt Service	<u>14,361</u>	
Debt Within 10 1/2 Percent Limitation	12,550,000	
Less: Bond Retirement Fund Balance	<u>31,476</u>	
Net Debt Subject to 10 1/2% limitation		<u>12,518,524</u>
Legal debt margin within 10 1/2% limitation		<u><u>\$25,116,490</u></u>

(1) This assessed value represents tax year 2000 assessed valuation.

City of Vandalia
Montgomery County, Ohio
Computation of Unvoted Legal Debt Margin
December 31, 2000

Assessed Value (1)		<u>\$358,428,706</u>
Overall Debt Limit (5 1/2% of the Assessed Value)		\$19,713,579
Total Voted and Unvoted Debt Outstanding at December 31, 2000	<u>\$12,774,998</u>	
Less: Exempt Debt		
Unvoted General Obligation Bonds Issued in Anticipation of the Collection of Special Assessments	210,637	
Unvoted General Obligation Bonds Issued in Anticipation of the Collection of Lawfully Available Municipal Income Tax to be Applied to Debt Service	<u>14,361</u>	
Debt Within 5 1/2 Percent Limitation	12,550,000	
Less: Bond Retirement Fund Balance	<u>31,476</u>	
Net Debt Subject to 5 1/2% limitation		<u>12,518,524</u>
Legal debt margin within 5 1/2% limitation		<u>\$7,195,055</u>

(1) This assessed value represents tax year 2000 assessed valuation.

City of Vandalia
 Montgomery County, Ohio
 Computation of Direct and Overlapping General Obligation Debt
 December 31, 2000

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable To City of Vandalia</u>	<u>Amount Applicable To City of Vandalia</u>
Direct Debt:			
City of Vandalia	\$12,518,524	100.00%	<u>\$12,518,524</u>
Overlapping Debt:			
Montgomery County	43,268,553	3.89	1,683,147
Vandalia-Butler			
City School District	1,750,000	58.46	<u>1,023,050</u>
Total Overlapping Debt			<u>2,706,197</u>
Total Direct and Overlapping Debt			<u><u>\$15,224,721</u></u>

SOURCE: Montgomery County Auditor

NOTE: The percentage of gross indebtedness of the City's overlapping political subdivisions was determined by dividing each overlapping subdivision's assessed value within the City by the subdivision's total assessed value.

The Net Debt Outstanding includes only general obligation debt payable from property taxes.

City of Vandalia
Montgomery County, Ohio
Ratio of Annual Debt Principal and Interest Expenditures
For General Obligation Bonded Debt to Total
General Fund Expenditures
Last Five Years (1)

Year	Debt Principal and Interest (2)	General Fund Expenditures	Ratio
1996	\$0	\$9,582,770	0.00%
1997	1,034,769	9,674,387	0.11
1998	1,032,115	10,826,416	0.10
1999	1,034,873	11,454,055	0.09
2000	1,040,390	11,876,784	0.09

(1) The City had no general obligation bonds payable from property taxes prior to 1996.

(2) Includes only general obligation debt payable from property taxes.

City of Vandalia
Montgomery County, Ohio
Revenue Bond Coverage
Last Ten Years

Year	Operating Revenues	Operating Expenses (1)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
GOLF							
1991	\$857,019	\$825,539	\$31,480	\$45,000	\$18,900	63,900	0.5
1992	776,858	830,817	(53,959)	45,000	16,538	61,538	(0.9)
1993	677,715	868,573	(190,858)	45,000	14,175	59,175	(3.2)
1994	933,242	1,024,795	(91,553)	45,000	11,813	56,813	(1.6)
1995	908,542	1,001,339	(92,797)	45,000	9,450	54,450	(1.7)
1996	852,694	878,740	(26,046)	45,000	7,088	52,088	(0.5)
1997	1,016,904	962,068	54,836	45,000	4,725	49,725	1.1
1998	1,028,941	995,698	33,243	45,000	2,363	47,363	0.7
1999	(a)	(a)	(a)	(a)	(a)	(a)	(a)
2000	(a)	(a)	(a)	(a)	(a)	(a)	(a)

SOURCE: Finance Office, City of Vandalia

(1) Operating expenses do not include depreciation

Note - The sewer enterprise fund has no revenue debt after 1982
The water enterprise fund has no revenue debt after 1990

(a) The golf enterprise fund has no revenue debt after 1998

City of Vandalia
Montgomery County, Ohio
Demographic Statistics
Last Ten Years

<u>Year</u>	<u>Population (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate Montgomery County (3)</u>
1991	13,790	3,557	5.7%
1992	13,790	3,546	6.3
1993	13,790	3,612	5.4
1994	13,790	3,535	4.9
1995	13,790	3,435	4.0
1996	13,790	3,515	4.4
1997	13,790	3,640	4.0
1998	13,790	3,564	4.1
1999	13,790	3,560	3.8
2000	14,603	3,550	3.8

SOURCE: (1) 1990 and 2000 Census

(2) Vandalia-Butler Board of Education

(3) Ohio Bureau of Employment Services

City of Vandalia
Montgomery County, Ohio
Property Values, Construction and Bank Deposits
Last Ten Years

Year	Property Values (1)	Residential Construction (2)		Commercial Construction (2)		County Bank Deposits (3)
		Number of Permits	Value	Number of Permits	Value	
1991	\$509,307,400	38	\$4,383,350	176	\$9,312,500	\$6,728,755,000
1992	514,631,371	43	4,347,531	62	8,773,993	4,068,798,000
1993	562,934,171	65	9,119,000	75	8,430,845	3,834,335,000
1994	579,081,743	58	8,370,400	88	9,156,475	4,034,766,000
1995	592,962,142	65	11,085,550	79	7,255,654	3,995,114,000
1996	669,082,714	61	10,918,125	81	10,382,823	3,899,145,000
1997	676,336,714	46	8,401,100	106	13,581,121	3,530,314,000
1998	698,540,114	61	10,057,827	56	11,496,840	3,264,705,000
1999	766,212,971	54	8,382,445	103	22,997,366	2,994,378,000
2000	775,272,114	33	5,625,950	62	21,750,852	191,473,000

SOURCE: (1) Estimated True Real Property Values Excluding Public Utility Real Property
(2) City of Vandalia Building Department
(3) Federal Reserve Bank of Cleveland, no main office in the City of Vandalia

City of Vandalia
Montgomery County, Ohio
Principal Taxpayers
December 31, 2000

<u>Taxpayer</u>	<u>2000 Real Property Assessed Value (1)</u>	<u>Percentage of Total Assessed Value (1)</u>
1. Dayton Power & Light Co.	\$7,424,910	2.06%
2. Delphi Automotive System	4,425,870	1.23
3. B-W Limited Partnership	2,546,740	0.71
4. Ohio Bell Telephone Co.	1,989,640	0.55
5. The Iams Company	2,451,330	0.68
6. Mid-States Development Co.	1,465,140	0.41
7. Whirlpool Realty	1,312,430	0.36
8. Thieman, Ted H.	1,164,490	0.32
9. Nationwide Life Insurance	1,151,440	0.32
10. Marriott Residence Inn	1,101,150	0.31
	<u>\$25,033,140</u>	<u>6.94%</u>

(1) Assessed value represents tax year 2000 assessed valuation.

SOURCE: County Auditor; Montgomery County, Ohio

City of Vandalia
 Montgomery County, Ohio
 Miscellaneous Statistics
 December 31, 2000

Year of Incorporation	1958
Form of Government	Charter - Council/Manager
Area	11.75 miles
Miles of Streets	72 Miles
Number of Street Lights	35
Police Protection:	
Number of Stations	1
Number of Policemen and Officers	32
Number of Patrol Units	23
Education (K-12) (Public only)	
Number of Schools	6
Number of Teachers	233
Number of Students	3550
Municipal Water Department	
Miles of Water Mains	65 Miles
Number of Fire Hydrants	633
Sewers:	
Miles of Sanitary Sewers	56 Miles
Miles of Storm Sewers	42 Miles
Building Permits Issued During 1999	95
Recreation and Culture:	
Number of Parks	9
Number of Libraries	1
Number of Senior Citizens Centers	1
Golf Courses	1
Clubhouse/Restaurants	1
Swimming Pools	1
Tennis Courts	10
Recreation Center	1
Employees	143

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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CITY OF VANDALIA
MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 26, 2001**