



**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 the City of Vandalia (the City), as of and for the year ended December 31, 2001, and have issued our report thereon dated May 31, 2002. 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 certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated May 31, 2002.

**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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to the management of the City in a separate letter dated May 31, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a cursive "Petro".

**Jim Petro**  
Auditor of State

May 31, 2002

CITY OF VANDALIA  
MONTGOMERY COUNTY, OHIO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED DECEMBER 31, 2001

Issued by:  
Linda Chapman  
Finance Director

Prepared by:  
Lori Koch  
Deputy Finance Director





City of Vandalia  
 Montgomery County, Ohio  
 Comprehensive Annual Financial Report  
 For the Year Ended December 31, 2001

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333 James E. Bohanan Memorial Drive • Vandalia, Ohio 45377  
(937) 898-5891

May 31, 2002

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

I am pleased to present the thirteenth Comprehensive Annual Financial Report (CAFR) for the City of Vandalia. This report, for the year ended December 31, 2001, 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 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 seventeen municipalities who pool risk for property, crime, liability, boiler and machinery and public official liability.

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

## 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

During 2001, the City of Vandalia, like a number of cities in the nation, experienced a slight economic downturn.

Ochs Industries filed for bankruptcy and Whirlpool Corporation decided to move their operations to their home office in Michigan. Vandalia employers, with the number of employees ranging from 50 to 100, experienced an average overall loss of 7 percent during 2001. However, other current employers and new employers helped to soften the economic impact of these incidents by maintaining stable income margins and some expansions of current facilities during 2001.

Central Warehouse, a company that specializes in public warehousing, cartage, distribution and order fulfillment, expanded their operations by completing an 80,000 square foot addition in 2001.

Dayton Trane, located in the Northwoods Business Park, expanded their operations by adding a 9,000 square foot building to house their HVAC parts outlet.

All-Seal Home Improvement added a new construction division to their showroom operation located on Poe Avenue.

Parker Hannifin Seal Group, a plastics injection molding company for automotive parts, moved their divisional headquarters to the Northwoods Business Park during the early part of 2002. They currently have 146 employees.

A.F. Leis Company, a manufacturer of artificial joints, has completed construction of their new facility which is located in the Northwoods Business Park, and will seek occupancy during 2002.

Tricom Marketing, an advertising and public relations firm, is constructing a 25,625 square foot building on the corner of South Brown School Road and Industrial Park Drive. They expect to have occupancy of their new facility by the spring of 2003.

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

As part of the ED/GE program, and with the help of the Vandalia Incentive Program for businesses, Smith Industries, an aeronautics engineering corporation, is planning further expansion of their operations in the City.

## 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.

In April of 2002, the Cities of Vandalia and Tipp City formed a joint venture for the purpose of planning, financing, acquiring, constructing, owning, operating and maintaining a water treatment plant and associated facilities. The City Manager, the Finance Director, and the Service Director will serve as the City's representatives on the Board of Participants as specified in, and created pursuant to, the Joint Venture Agreement.

## 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 second year the City has prepared financial statements following GASB Statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments." GASB 34 created 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's Discussion and Analysis of the City. This discussion follows this letter of transmittal, providing an assessment of the City finances for 2001 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's governmental and proprietary funds was \$1,364,420 for the year ended December 31, 2001, which represents an annual interest yield of 6.65 percent of the total receipts for the year. 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 market value of the pooled collateral must equal at least 105 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), for liability and property insurance coverage.

The City is self insured for medical, dental, vision and prescription drug 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, 2000. This was the twelfth year that the government has received this prestigious award. The City is especially proud of this accomplishment since 2000 was also the first year that the City implemented GASB Statement No. 34, "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments."

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 continued effort in helping gather 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, 2000

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.



*Thomas A. Druce*  
President

*Jeffrey L. Esser*  
Executive Director

City of Vandalia  
Montgomery County, Ohio  
List of Principal Officials  
December 31, 2001

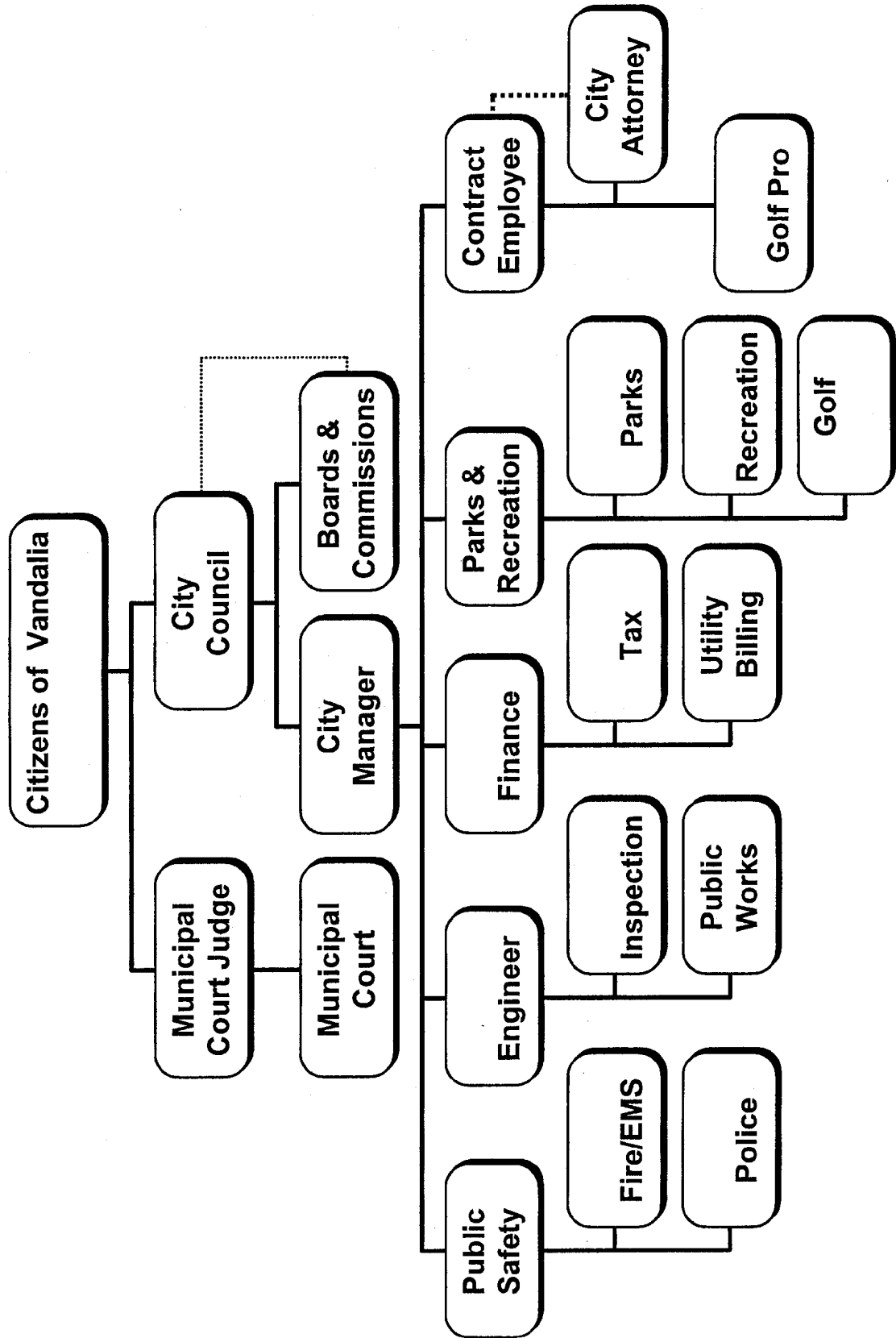
ELECTED OFFICIALS

MAYOR	William Loy
VICE MAYOR	Mike Blakesly
COUNCIL MEMBERS	Doug Adkins Candice Farst Dave Lewis Joyce Orange 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 - 2001



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STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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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, 2001, 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, 2001, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 31, 2002, 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.

City of Vandalia  
Montgomery County  
Report of Independent Accountants  
Page 2

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

May 31, 2002



City of Vandalia  
Montgomery County, Ohio  
Management's Discussion and Analysis  
For The Year Ended December 31, 2001

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## **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 year ended December 31, 2001.

### **FINANCIAL HIGHLIGHTS**

- The City's total net assets decreased \$0.8 million. While net assets of governmental activities decreased \$876,796 (1.8%), net assets of business-type activities increased by \$132,940 (.56%).
- The general fund transfers out equaled \$3.7 million. \$2.7 million in transfers for capital acquisitions, repairs and equipment, and \$1.0 million for debt service obligations.
- Business-type operations reflected an operating loss, however business-type unrestricted net assets are \$8.1 million.
- Capital assets used in governmental activities increased \$413,209. This represents a much smaller increase than 2000 due to the construction of the City's new Recreation Center being completed in 2000.

### **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, 2001

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

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

- **Governmental Activities** – Most of the City's services are reported here including police, fire, public works, recreation, judicial, and legislative and executive.
- **Business-Type Activities** – These services include 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, Golf, 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, 2001

**Fiduciary Funds** - The City is the fiscal agent for the Tri-Cities North Regional Wastewater Treatment Authority (Tri-Cities), and is responsible for the investment of Tri-Cities 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 2001 compared to 2000.

Table 1  
Net Assets  
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2000	2001	2000	2001	2000	2001
<b>Assets</b>						
Current And Other Assets	\$26.2	\$22.9	\$3.2	\$3.0	\$29.4	\$25.9
Capital Assets, Net	40.1	40.5	15.7	15.8	55.8	56.3
Investment in Joint Venture	0.0	0.0	5.4	5.6	5.4	5.6
<b>Total Assets</b>	<u>66.3</u>	<u>63.4</u>	<u>24.3</u>	<u>24.4</u>	<u>90.6</u>	<u>87.8</u>
<b>Liabilities</b>						
Current and Other Liabilities	4.4	2.9	0.5	0.5	4.9	3.4
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	12.6	0.0	0.0	13.0	12.6
<b>Total Liabilities</b>	<u>18.3</u>	<u>16.3</u>	<u>0.5</u>	<u>0.5</u>	<u>18.8</u>	<u>16.8</u>
<b>Net Assets</b>						
Invested in Capital Assets						
Net of Related Debt	27.3	28.1	15.7	15.8	43.0	43.9
Restricted:						
Special Revenue	1.4	1.4	0.0	0.0	1.4	1.4
Debt Services	0.5	0.4	0.0	0.0	0.5	0.4
Capital Projects	4.1	4.1	0.0	0.0	4.1	4.1
Unrestricted	14.7	13.1	8.1	8.1	22.8	21.2
<b>Total Net Assets</b>	<u>\$48.0</u>	<u>47.1</u>	<u>\$23.8</u>	<u>\$23.9</u>	<u>\$71.8</u>	<u>\$71.0</u>

Total net assets of the City as a whole decreased \$.8 million.

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Net assets of the City's governmental activities decreased by \$0.9 million, with unrestricted net assets decreasing \$1.6 million. 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 the Webster Street Expansion and other various street projects.

The net assets of the City's business type activities increased by \$132,940. Each activity reported an operating loss during 2001. Current assets, as well as current liabilities were nominally less in 2001 than in 2000. Capital assets, net increased slightly in business-type activities during 2001, due to purchases of new equipment for the golf course, a new dump truck for the sewer department and additions to infrastructure for water. The City also had an increase in its investment in the joint venture from 2000 to 2001. The City strives to control operation expenses for business-type activities in order to maintain stability in charges for services rates.

Table 2 shows the changes in net assets for the year ended December 31, 2001, and revenue and expense comparisons to 2000.

Table 2  
Changes in Net Assets  
(In Millions)

	Governmental Activities		Business-Type Activities		Total	
	2000	2001	2000	2001	2000	2001
Revenues						
Program Revenues:						
Charges for Services	\$2.3	\$2.9	\$3.7	\$3.5	\$6.0	\$6.4
Operating Grants, Contributions and Interest	0.6	0.6	0.0	0.0	0.6	0.6
Capital Grants and Contributions	0.5	1.0	0.2	0.6	0.7	1.6
Total Program Revenues	<u>3.4</u>	<u>4.5</u>	<u>3.9</u>	<u>4.1</u>	<u>7.3</u>	<u>8.6</u>
General Revenues:						
Property Taxes	1.6	1.6	0.0	0.0	1.6	1.6
Income Taxes	11.1	10.3	0.0	0.0	11.1	10.3
Grants and Entitlements	0.9	1.0	0.0	0.0	0.9	1.0
Other	2.0	1.1	0.2	0.6	2.2	1.7
Total General Revenues	<u>15.6</u>	<u>14.0</u>	<u>0.2</u>	<u>0.6</u>	<u>15.8</u>	<u>14.6</u>
Total Revenues	<u>19.0</u>	<u>18.5</u>	<u>4.1</u>	<u>4.7</u>	<u>23.1</u>	<u>23.2</u>

(Continued)

City of Vandalia  
Montgomery County, Ohio  
Management's Discussion and Analysis  
For The Year Ended December 31, 2001

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Changes in Net Assets  
(In Millions)  
(Continued)

	Governmental Activities		Business-Type Activities		Total	
	2000	2001	2000	2001	2000	2001
Program Expenses:						
General Government						
Legislative and Executive	\$2.9	\$3.1	\$0.0	\$0.0	\$2.9	\$3.1
Judicial System	1.2	2.1	0.0	0.0	1.2	2.1
Public Safety						
Police	3.9	3.7	0.0	0.0	3.9	3.7
Fire	1.4	1.8	0.0	0.0	1.4	1.8
Public Works						
Engineer	0.6	0.6	0.0	0.0	0.6	0.6
Streets	3.3	2.4	0.0	0.0	3.3	2.4
Refuse	0.7	1.1	0.0	0.0	0.7	1.1
Recreation	2.3	3.9	0.0	0.0	2.3	3.9
Interest and Fiscal Charges	0.7	0.7	0.0	0.0	0.7	0.7
Golf	0.0	0.0	1.2	1.2	1.2	1.2
Sewer	0.0	0.0	1.3	1.4	1.3	1.4
Water	0.0	0.0	1.9	1.9	1.9	1.9
Total Expenses	<u>17.0</u>	<u>19.4</u>	<u>4.4</u>	<u>4.5</u>	<u>21.4</u>	<u>23.9</u>
Increase (Decrease) in Net Assets	<u>\$2.0</u>	<u>(\$0.9)</u>	<u>(\$0.3)</u>	<u>\$0.2</u>	<u>\$1.7</u>	<u>(\$0.7)</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 2001, income tax revenue, as reported on the statement of activities, declined 7.21% as some of Vandalia's employers continued to reorganize and downsize. Revenues for new businesses and expansions during 2001 will not be realized until 2002.

Charges for services increased 26% and recreation expenses increased 69% during 2001. This was primarily due to the opening of the City's new Recreation Center on April 1, 2001. Even though the Recreation Center did not open until April, staff was hired and operations were underway (creating expenses) in January through March. As the Center continues to operate at a more efficient pace and with revenues being generated throughout an entire year, the gap between revenues and expenses is expected to close.

Administration and council have a quality of life commitment to the citizens and businesses located in Vandalia. With that in mind, council committed through appropriations \$3.2 million for capital assets, equipment and repairs. This is \$.4 million more than ordinance designates must be assigned. These assets included street resurfacing, sidewalk replacements, and safety and street maintenance vehicles.

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Program expenses for 2001 were as follows:	General Government	
	Legislative and Executive	16.15%
	Judicial	10.68%
	Public Safety	28.40%
	Public Works	21.19%
	Recreation	19.91%
	Interest and Fiscal Charges	<u>3.67%</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 15.58% of revenue. Revenues provided by sources other than City residents in the form of operating and capital grants comprise another 8.5%. The remaining revenues are primarily generated locally through property (8.32%) and income taxes (54.60%). City Council relies on these taxes to furnish the quality of life to businesses and citizens to which they and previous councils have always been committed.

***Business-Type Activities***

The City's business-type activities include 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 2001, 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  
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Management's Discussion and Analysis  
For The Year Ended December 31, 2001

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In April, 2002, the City entered into a joint venture with the City of Tipp City to build a water treatment plant. Per the engineer and design rate study, water rates will be increased as necessary to fund this joint venture.

### **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 \$19.3 million and expenditures of \$19.9 million. The General fund balance decreased \$714,988. During 2001 income tax revenue decreased by \$185,306, due to a slower economy. Within the general fund revenues exceeded expenditures by \$3.0 million. Transfers to other funds such as the capital improvement fund, and the general obligation debt service fund equaled \$3.7 million. The funds transferred were used for capital assets, improvements, repairs, and debt.

The capital improvement fund balance decreased \$368,559. Fund balance at December 31, 2001, was \$3,622,121 of which \$3,020,854 is encumbered. Encumbrances are primarily for street related projects (\$1.1 million), water projects (\$.4 million), and sewer projects (\$1.1 million). The recreation center fund balance was \$112,298. The recreation center fund was established to account for expenditures to build the new Recreation Center and interest revenue derived from bond proceeds. The Recreation Center is now completed and this fund will be eliminated in 2002. All other governmental fund balances increased \$113,735.

Each enterprise fund reflects an operating loss for 2001. Unrestricted net assets are adequate to sustain the losses, and the City provides transfers from the general fund as necessary.

The golf activity's operating loss of \$148,499 was due in part to continually increasing rates for contractual services for the repair and maintenance of the facility. 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 services 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. 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. The water fund statement of cash flows has a net cash decrease from operations of \$326,585. This occurred due to maintenance on the City's water towers, which is required about once every seven years.

### ***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 2001, there were three revisions to the General fund budget. The net effect of the revisions to appropriations was zero.

City of Vandalia  
Montgomery County, Ohio  
Management's Discussion and Analysis  
For The Year Ended December 31, 2001

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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 \$17.3 million. The final budgeted amount was \$16.8 million. Several factors contributed to this difference- decrease in income tax revenue, timing of property tax collections, decrease in charges for services, increases in fine and forfeitures, intergovernmental and interest income.

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	2001	2000	2001	2000	2001
Land	\$1.8	\$1.8	\$0.1	\$0.1	\$1.9	\$1.9
Building and Improvements	21.4	21.7	1.9	1.8	23.3	23.5
Equipment	4.7	5.1	0.4	0.5	5.1	5.6
Vehicles	1.4	1.3	0.2	0.2	1.6	1.5
Infrastructure	10.7	10.6	13.2	13.2	23.9	23.8
Totals	<u>\$40.0</u>	<u>\$40.5</u>	<u>\$15.8</u>	<u>\$15.8</u>	<u>\$55.8</u>	<u>\$56.3</u>

Increases in buildings and equipment were primarily as a result of adding the recreation facility.

***Debt***

At December 31, 2001, the City of Vandalia had \$12.39 million in unvoted general obligation and special assessment bonds.

Table 4  
Outstanding Debt at Year End

	Governmental Activity	
	2000	2001
Unvoted General Obligation Bonds:		
Street improvement Bonds	\$14,362	\$11,490
Various Purpose Improvements Bonds	12,550,000	12,210,000
Special Assessment Street Improvement Bonds	210,638	168,510
Total	<u>\$12,775,000</u>	<u>\$12,390,000</u>



City of Vandalia  
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Management's Discussion and Analysis  
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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.

The City's overall legal debt margin was \$26,331,184 at December 31, 2001.

**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, 2001

	Governmental Activities	Business-Type Activities	Total
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$17,031,892	\$2,428,893	\$19,460,785
Cash and Cash Equivalents in Segregated Accounts	155,401	0	155,401
Accounts Receivable	103,012	562,413	665,425
Municipal Income Tax Receivable	2,468,073	0	2,468,073
Accrued Interest Receivable	185,361	0	185,361
Due from Other Governments	916,767	0	916,767
Property and Other Taxes Receivable	1,579,240	0	1,579,240
Special Assessments Receivable	273,595	0	273,595
Materials and Supplies Inventory	75,509	59,594	135,103
Notes Receivable	92,615	0	92,615
Equity in Pooled Cash and Cash Equivalents-Deposits	0	26,158	26,158
Internal Balances	(1,027)	1,027	0
Land	1,759,874	126,837	1,886,711
Depreciable Capital Assets, Net	38,777,815	15,627,138	54,404,953
Investment in Joint Venture	0	5,573,976	5,573,976
<b>Total Assets</b>	<b>63,418,127</b>	<b>24,406,036</b>	<b>87,824,163</b>
Liabilities:			
Accounts Payable	266,860	358,074	624,934
Contracts Payable	172,763	0	172,763
Retainage Payable	62,327	0	62,327
Accrued Wages	275,421	19,015	294,436
Due to Other Governments	457,685	31,432	489,117
Matured Compensated Absences Payable	24,665	0	24,665
Deferred Revenue	1,511,536	3,885	1,515,421
Accrued Interest Payable	57,820	0	57,820
Claims Payable	106,016	0	106,016
Refundable Deposits	0	26,158	26,158
Long-Term Liabilities:			
Due Within One Year	821,490	36,336	857,826
Due In More Than One Year	12,586,268	35,652	12,621,920
<b>Total Liabilities</b>	<b>16,342,851</b>	<b>510,552</b>	<b>16,853,403</b>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	28,147,689	15,753,975	43,901,664
Restricted for:			
Special Revenue	1,424,863	0	1,424,863
Debt Service	365,709	0	365,709
Capital Projects	4,052,472	0	4,052,472
Unrestricted	13,084,543	8,141,509	21,226,052
<b>Total Net Assets</b>	<b>\$47,075,276</b>	<b>\$23,895,484</b>	<b>\$70,970,760</b>

See accompanying notes to the basic financial statements

City of Vandalia  
Montgomery County, Ohio  
Statement of Activities  
For the Year Ended December 31, 2001

	Program Revenues			
	Expenses	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions
Governmental Activities:				
General Government				
Legislative and Executive	\$3,128,686	\$179,249	\$0	\$5,595
Judicial System	2,069,616	1,678,498	0	0
Public Safety				
Police	3,697,440	24,419	14,346	0
Fire	1,806,195	0	6,544	0
Public Works				
Engineer	649,080	78,287	0	0
Streets	2,364,088	65,272	595,383	966,095
Refuse	1,093,702	80,041	0	0
Recreation	3,857,728	835,767	0	7,463
Interest and Fiscal Charges	710,608	0	0	0
<b>Total Governmental Activities</b>	<b>19,377,143</b>	<b>2,941,533</b>	<b>616,273</b>	<b>979,153</b>
Business-Type Activities:				
Golf	1,198,058	984,835	0	97,603
Sewer	1,406,115	1,106,379	0	96,184
Water	1,912,460	1,358,944	0	423,421
<b>Total Business-Type Activities</b>	<b>4,516,633</b>	<b>3,450,158</b>	<b>0</b>	<b>617,208</b>
<b>Totals</b>	<b>\$23,893,776</b>	<b>\$6,391,691</b>	<b>\$616,273</b>	<b>\$1,596,361</b>

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  
Investment in Joint Venture  
Unrestricted Investment Earnings  
Other  
Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year - Restated (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
(\$2,943,842)	\$0	(\$2,943,842)
(391,118)	0	(391,118)
(3,658,675)	0	(3,658,675)
(1,799,651)	0	(1,799,651)
(570,793)	0	(570,793)
(737,338)	0	(737,338)
(1,013,661)	0	(1,013,661)
(3,014,498)	0	(3,014,498)
(710,608)	0	(710,608)
<u>(14,840,184)</u>	<u>0</u>	<u>(14,840,184)</u>
0	(115,620)	(115,620)
0	(203,552)	(203,552)
0	(130,095)	(130,095)
<u>0</u>	<u>(449,267)</u>	<u>(449,267)</u>
<u>(14,840,184)</u>	<u>(449,267)</u>	<u>(15,289,451)</u>
1,570,281	0	1,570,281
7,730,756	0	7,730,756
2,576,918	0	2,576,918
997,696	0	997,696
0	157,716	157,716
1,450,330	5,244	1,455,574
17,250	39,404	56,654
(379,843)	379,843	0
<u>13,963,388</u>	<u>582,207</u>	<u>14,545,595</u>
(876,796)	132,940	(743,856)
<u>47,952,072</u>	<u>23,762,544</u>	<u>71,714,616</u>
<u>\$47,075,276</u>	<u>\$23,895,484</u>	<u>\$70,970,760</u>

City of Vandalia  
Montgomery County, Ohio  
Balance Sheet  
Governmental Funds  
December 31, 2001

	General	Capital Improvement	Recreation Center	Other Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Cash Equivalents	\$11,027,236	\$3,628,978	\$148,376	\$2,148,524	\$16,953,114
Cash and Cash Equivalents in Segregated Accounts	139,975	0	0	15,426	155,401
Receivables:					
Municipal Income Tax	2,468,073	0	0	0	2,468,073
Property and Other Taxes	1,579,240	0	0	0	1,579,240
Accounts	66,611	0	0	0	66,611
Special Assessments	0	33,840	0	239,755	273,595
Accrued Interest	185,361	0	0	0	185,361
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	19,040	0	0	0	19,040
Due from Other Governments	490,561	0	0	426,206	916,767
Materials and Supplies Inventory	6,922	0	0	68,587	75,509
Interfund Loan Receivable	600,000	0	0	0	600,000
Notes Receivable	0	92,615	0	0	92,615
<b>Total Assets</b>	<b>\$16,583,019</b>	<b>\$3,755,433</b>	<b>\$148,376</b>	<b>\$2,898,498</b>	<b>\$23,385,326</b>
Liabilities and Fund Balances					
Liabilities:					
Accounts Payable	\$197,448	\$61,419	\$0	\$7,993	\$266,860
Contracts Payable	0	12,810	36,078	123,875	172,763
Retainage Payable	0	25,243	0	37,084	62,327
Accrued Wages	262,458	0	0	12,963	275,421
Due to Other Governments	127,685	0	0	4,736	132,421
Matured Compensated Absences Payable	23,850	0	0	815	24,665
Deferred Revenue	3,718,888	33,840	0	536,218	4,288,946
Interfund Loan Payable	0	0	0	600,000	600,000
<b>Total Liabilities</b>	<b>4,330,329</b>	<b>133,312</b>	<b>36,078</b>	<b>1,323,684</b>	<b>5,823,403</b>
Fund Balances:					
Reserved for Encumbrances	1,391,121	3,020,854	4,936	408,354	4,825,265
Reserved for Inventory	6,922	0	0	68,587	75,509
Reserved for Advances	600,000	0	0	0	600,000
Reserved for Unclaimed Monies	19,040	0	0	0	19,040
Reserved for Notes Receivable	0	92,615	0	0	92,615
Unreserved:					
Undesignated, Reported in:					
General Fund	10,235,607	0	0	0	10,235,607
Special Revenue Funds	0	0	0	1,058,436	1,058,436
Debt Service Funds	0	0	0	125,954	125,954
Capital Projects Funds (Deficit)	0	508,652	107,362	(86,517)	529,497
<b>Total Fund Balances</b>	<b>12,252,690</b>	<b>3,622,121</b>	<b>112,298</b>	<b>1,574,814</b>	<b>17,561,923</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$16,583,019</b>	<b>\$3,755,433</b>	<b>\$148,376</b>	<b>\$2,898,498</b>	<b>\$23,385,326</b>

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, 2001

Total Governmental Fund Balances	\$17,561,923
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.	40,537,689
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Charges for Services	61,805
Grants	660,928
Property and Other Taxes	68,167
Municipal Income Tax	1,599,601
Special Assessments	273,595
Accrued Interest	<u>113,314</u>
Total	2,777,410
The internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.	(9,877)
The internal balance represents the portion of the internal service fund's assets and liabilities that are allocated to the proprietary funds.	(1,027)
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.	(325,264)
Some 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	(57,820)
General Obligation Bonds	(12,221,490)
Special Assessment Bonds	(168,510)
Compensated Absences	<u>(1,017,758)</u>
Total	<u>(13,465,578)</u>
Net Assets of Governmental Activities	<u><u>\$47,075,276</u></u>

See accompanying notes to the basic financial statements

City of Vandalia  
Montgomery County, Ohio  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2001

	General	Capital Improvement	Recreation Center	Other Governmental Funds	Total Governmental Funds
Revenues:					
Municipal Income Tax	\$10,790,799	\$0	\$0	\$0	\$10,790,799
Property and Other Taxes	1,569,367	0	0	0	1,569,367
Charges for Services	1,205,295	0	0	143,291	1,348,586
Licenses and Permits	80,535	0	0	0	80,535
Fines and Forfeitures	1,130,782	0	0	148,525	1,279,307
Intergovernmental	1,023,363	186,183	0	1,352,092	2,561,638
Special Assessments	0	29,481	0	76,379	105,860
Interest	1,337,016	9,102	7,463	5,595	1,359,176
Other	178,595	0	0	8,662	187,257
<b>Total Revenues</b>	<b>17,315,752</b>	<b>224,766</b>	<b>7,463</b>	<b>1,734,544</b>	<b>19,282,525</b>
Expenditures:					
Current:					
General Government					
Legislative and Executive	2,774,075	0	0	102,808	2,876,883
Judicial System	1,367,089	0	0	0	1,367,089
Public Safety					
Police	3,653,528	0	0	935	3,654,463
Fire	1,281,198	0	0	0	1,281,198
Public Works					
Engineer	631,147	0	0	0	631,147
Streets	731,345	0	0	504,051	1,235,396
Refuse	673,746	0	0	0	673,746
Recreation	2,739,761	0	0	166,856	2,906,617
Capital Outlay	452,522	2,900,982	36,085	791,233	4,180,822
Debt Service:					
Principal Retirement	0	0	0	385,000	385,000
Interest and Fiscal Charges	0	0	0	712,558	712,558
<b>Total Expenditures</b>	<b>14,304,411</b>	<b>2,900,982</b>	<b>36,085</b>	<b>2,663,441</b>	<b>19,904,919</b>
Excess of Revenues Over (Under) Expenditures	3,011,341	(2,676,216)	(28,622)	(928,897)	(622,394)
Other Financing Sources (Uses):					
Transfers In	0	2,687,500	0	1,040,643	3,728,143
Transfers Out	(3,728,143)	(379,843)	0	0	(4,107,986)
<b>Total Other Financing Sources (Uses)</b>	<b>(3,728,143)</b>	<b>2,307,657</b>	<b>0</b>	<b>1,040,643</b>	<b>(379,843)</b>
<b>Net Change in Fund Balances</b>	<b>(716,802)</b>	<b>(368,559)</b>	<b>(28,622)</b>	<b>111,746</b>	<b>(1,002,237)</b>
Fund Balances at Beginning of Year - Restated (Note 4)	12,967,678	3,990,680	140,920	1,461,079	18,560,357
Increase in Reserve for Inventory	1,814	0	0	1,989	3,803
<b>Fund Balances at End of Year</b>	<b>\$12,252,690</b>	<b>\$3,622,121</b>	<b>\$112,298</b>	<b>\$1,574,814</b>	<b>\$17,561,923</b>

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, 2001

Net Change in Fund Balances - Total Governmental Funds (\$1,002,237)

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	2,457,977	
Loss on Assets Sold	(104,702)	
Depreciation	<u>(1,940,066)</u>	
Excess of Capital Outlay over Depreciation Expense and Loss		413,209

Repayment of long-term obligations 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	36,715	
GO Bond Principal Payments	342,872	
SA Bond Principal Payments	<u>42,128</u>	
Total long-term debt repayment		421,715

The internal service fund used by management to charge the cost of insurance to individual funds is reported in the entity wide statement of activities. (383,004)

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 decreased by this amount this year. (348,563)

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 increase in inventory that took place during the year. 3,803

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

Decrease in Accrued Interest Payable	1,950	
Decrease in Compensated Absences Payable	88,941	
Increase in Intergovernmental Payable	<u>(72,610)</u>	
Total expenditures not reported in governmental funds		<u>18,281</u>

Change in Net Assets of Governmental Activities (\$876,796)

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, 2001

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Municipal Income Tax	\$10,750,000	\$10,388,324	\$10,795,869	\$407,545
Property and Other Taxes	1,696,512	1,568,950	1,574,035	5,085
Charges for Services	2,110,839	1,172,998	1,265,230	92,232
Licenses and Permits	113,000	79,195	80,370	1,175
Fines and Forfeitures	933,925	1,095,357	1,095,535	178
Intergovernmental	656,518	1,038,152	1,053,740	15,588
Interest	1,000,000	1,329,419	1,378,642	49,223
Other	41,100	168,926	176,248	7,322
<b>Total Revenues</b>	<b>17,301,894</b>	<b>16,841,321</b>	<b>17,419,669</b>	<b>578,348</b>
Expenditures:				
Current:				
General Government				
Legislative and Executive	4,009,934	4,009,934	3,704,929	305,005
Judicial System	1,466,306	1,466,306	1,373,387	92,919
Public Safety				
Police	3,975,724	3,975,724	3,667,623	308,101
Fire	1,299,897	1,299,897	1,297,453	2,444
Public Works				
Engineer	737,059	737,059	703,702	33,357
Streets	799,124	799,124	734,772	64,352
Refuse	982,646	982,646	823,037	159,609
Recreation	3,014,919	3,006,240	2,732,214	274,026
Capital Outlay	981,943	990,622	979,778	10,844
<b>Total Expenditures</b>	<b>17,267,552</b>	<b>17,267,552</b>	<b>16,016,895</b>	<b>1,250,657</b>
Excess of Revenues Over (Under) Expenditures	34,342	(426,231)	1,402,774	1,829,005
Other Financing Sources (Uses):				
Proceeds from Sale of Fixed Assets	1,000	0	0	0
Operating Transfers - Out	(3,760,511)	(3,760,511)	(3,728,143)	32,368
<b>Total Other Financing Sources (Uses)</b>	<b>(3,759,511)</b>	<b>(3,760,511)</b>	<b>(3,728,143)</b>	<b>32,368</b>
<b>Net Change in Fund Balance</b>	<b>(3,725,169)</b>	<b>(4,186,742)</b>	<b>(2,325,369)</b>	<b>1,861,373</b>
Fund Balance at Beginning of Year	9,695,104	9,695,104	9,695,104	0
Prior Year Encumbrances Appropriated	2,180,014	2,180,014	2,180,014	0
<b>Fund Balance at End of Year</b>	<b>\$8,149,949</b>	<b>\$7,688,376</b>	<b>\$9,549,749</b>	<b>\$1,861,373</b>

See accompanying notes to the basic financial statements

City of Vandalia  
Montgomery County, Ohio  
Statement of Fund Net Assets  
Proprietary Funds  
December 31, 2001

	Enterprise Funds				Internal Service Fund
	Golf	Sewer	Water	Total	
Assets:					
Current Assets					
Equity in Pooled Cash and					
Cash Equivalents	\$245,415	\$1,304,190	\$879,288	\$2,428,893	\$59,738
Accounts Receivable	0	258,041	304,372	562,413	36,401
Materials and Supplies Inventory	32,720	0	26,874	59,594	0
<b>Total Current Assets</b>	<b>278,135</b>	<b>1,562,231</b>	<b>1,210,534</b>	<b>3,050,900</b>	<b>96,139</b>
Non-current Assets					
Restricted Assets:					
Equity in Pooled Cash and Cash Equivalents	0	8,630	17,528	26,158	0
Capital Assets, Net	1,518,005	6,786,218	7,449,752	15,753,975	0
Investment in Joint Venture	0	5,573,976	0	5,573,976	0
<b>Total Non-current Assets</b>	<b>1,518,005</b>	<b>12,368,824</b>	<b>7,467,280</b>	<b>21,354,109</b>	<b>0</b>
<b>Total Assets</b>	<b>1,796,140</b>	<b>13,931,055</b>	<b>8,677,814</b>	<b>24,405,009</b>	<b>96,139</b>
Liabilities:					
Current					
Accounts Payable	20,698	80,426	256,950	358,074	0
Accrued Wages	7,908	5,551	5,556	19,015	0
Compensated Absences Payable	13,070	11,633	11,633	36,336	0
Due to Other Governments	15,035	8,213	8,184	31,432	0
Deferred Revenue	3,885	0	0	3,885	0
Claims Payable	0	0	0	0	106,016
Payable from Restricted Assets:					
Refundable Deposits	0	8,630	17,528	26,158	0
<b>Total Current Liabilities</b>	<b>60,596</b>	<b>114,453</b>	<b>299,851</b>	<b>474,900</b>	<b>106,016</b>
Long-Term Liabilities:					
Compensated Absences Payable	20,706	7,473	7,473	35,652	0
<b>Total Long-Term Liabilities</b>	<b>20,706</b>	<b>7,473</b>	<b>7,473</b>	<b>35,652</b>	<b>0</b>
<b>Total Liabilities</b>	<b>81,302</b>	<b>121,926</b>	<b>307,324</b>	<b>510,552</b>	<b>106,016</b>
Net Assets:					
Invested in Capital Assets	1,518,005	6,786,218	7,449,752	15,753,975	0
Unrestricted	196,833	7,022,911	920,738	8,140,482	(9,877)
<b>Total Net Assets</b>	<b>\$1,714,838</b>	<b>\$13,809,129</b>	<b>\$8,370,490</b>	<b>23,894,457</b>	<b>(\$9,877)</b>

Net assets reported for business-type activities in the statement of net assets is different because internal service fund assets and liabilities are included with business-type activities. It includes a proportionate share of the balance of the internal service fund.

1,027

Net assets of business-type activities

\$23,895,484

See accompanying notes to the basic financial statements

City of Vandalia  
Montgomery County, Ohio  
Statement of Revenues, Expenses  
and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2001

	Enterprise Funds				Internal Service Fund
	Golf	Sewer	Water	Total	
Operating Revenues:					
Charges for Services	\$984,835	\$1,106,379	\$1,358,944	\$3,450,158	\$1,127,481
Other	26,140	10,882	2,382	39,404	110,166
<b>Total Operating Revenues</b>	<b>1,010,975</b>	<b>1,117,261</b>	<b>1,361,326</b>	<b>3,489,562</b>	<b>1,237,647</b>
Operating Expenses:					
Personal Services	445,315	221,139	221,096	887,550	0
Contractual Services	387,037	914,131	1,086,792	2,387,960	308,654
Materials and Supplies	212,597	17,149	387,257	617,003	0
Depreciation	74,865	195,618	205,959	476,442	0
Claims	0	0	0	0	1,356,072
Other Operating Expenses	39,660	167	406	40,233	377
<b>Total Operating Expenses</b>	<b>1,159,474</b>	<b>1,348,204</b>	<b>1,901,510</b>	<b>4,409,188</b>	<b>1,665,103</b>
<b>Operating Loss</b>	<b>(148,499)</b>	<b>(230,943)</b>	<b>(540,184)</b>	<b>(919,626)</b>	<b>(427,456)</b>
Non Operating Revenues (Expenses):					
Interest	5,244	0	0	5,244	0
Investment in Joint Venture	0	157,716	0	157,716	0
Loss on Disposal of Fixed Assets	(16,032)	(46,961)	0	(62,993)	0
<b>Total Non Operating Revenues (Expenses)</b>	<b>(10,788)</b>	<b>110,755</b>	<b>0</b>	<b>99,967</b>	<b>0</b>
<b>Loss Before Contributions and Transfers</b>	<b>(159,287)</b>	<b>(120,188)</b>	<b>(540,184)</b>	<b>(819,659)</b>	<b>(427,456)</b>
Capital Contributions	97,603	96,184	423,421	617,208	0
Transfers In	29,158	0	350,685	379,843	0
<b>Change in Net Assets</b>	<b>(32,526)</b>	<b>(24,004)</b>	<b>233,922</b>	<b>177,392</b>	<b>(427,456)</b>
<b>Net Assets at Beginning of Year - Restated (Note 4)</b>	<b>1,747,364</b>	<b>13,833,133</b>	<b>8,136,568</b>		<b>417,579</b>
<b>Net Assets at End of Year</b>	<b>\$1,714,838</b>	<b>\$13,809,129</b>	<b>\$8,370,490</b>		<b>(\$9,877)</b>

Some amounts reported for business-type activities in the statement of activities are different because a proportionate share of the net expense of the internal service fund is reported with business-type activities. (44,452)

Change in net assets of business-type activities \$132,940

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, 2001

	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	\$986,082	\$1,142,581	\$1,374,652	\$3,503,315	\$1,127,481
Other Operating Receipts	26,140	10,882	2,382	39,404	75,744
Cash Payments for Employee Services and Benefits	(442,085)	(223,127)	(223,111)	(888,323)	0
Cash Payments to Suppliers for Goods and Services	(590,973)	(932,167)	(1,480,454)	(3,003,594)	(308,654)
Cash Payments for Employee Medical, Dental and Life Insurance Claims	0	0	0	0	(1,372,515)
Other Operating Expenses	(39,171)	(167)	(646)	(39,984)	(377)
Utility Deposits Received	0	1,303	2,530	3,833	0
Utility Deposits Returned	0	(998)	(1,938)	(2,936)	0
Net Cash Used for Operating Activities	(60,007)	(1,693)	(326,585)	(388,285)	(478,321)
Cash Flows from Noncapital Financing Activities:					
Transfers - In	29,158	0	350,685	379,843	0
Net Cash Provided by Noncapital Financing Activities	29,158	0	350,685	379,843	0
Cash Flows from Capital and Related Financing Activities:					
Tap-in Fees	0	5,298	3,491	8,789	0
Proceeds from Sale of Fixed Assets	3,709	17,500	0	21,209	0
Acquisition of Capital Assets	(10,305)	(400)	0	(10,705)	0
Net Cash Provided by (Used for) Capital And Related Financing Activities	(6,596)	22,398	3,491	19,293	0
Cash Flows from Investing Activities:					
Interest	5,244	0	0	5,244	0
Net Cash Provided by Investing Activities	5,244	0	0	5,244	0
Net Increase (Decrease) In Cash and Cash Equivalents	(32,201)	20,705	27,591	16,095	(478,321)
Cash and Cash Equivalents Beginning of Year	277,616	1,292,115	869,225	2,438,956	538,059
Cash and Cash Equivalents End of Year	\$245,415	\$1,312,820	\$896,816	\$2,455,051	\$59,738

(Continued)

City of Vandalia  
Montgomery County, Ohio  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2001  
(Continued)

	Enterprise Funds				Internal Service Fund
	Golf	Sewer	Water	Total	
<u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u>					
Operating Loss	(\$148,499)	(\$230,943)	(\$540,184)	(\$919,626)	(\$427,456)
Adjustments:					
Depreciation	74,865	195,618	205,959	476,442	0
(Increase)/ Decrease in Assets:					
Accounts Receivable	0	36,202	15,708	51,910	(34,422)
Materials and Supplies Inventory	2,745	0	18,603	21,348	0
Increase/ (Decrease) in Liabilities:					
Accounts Payable	6,405	(887)	(25,248)	(19,730)	0
Accrued Wages	470	433	438	1,341	0
Compensated Absences Payable	(828)	(4,739)	(4,739)	(10,306)	0
Due to Other Governments	3,588	2,318	2,286	8,192	0
Deferred Revenue	1,247	0	0	1,247	0
Liabilities Payable from Restricted Assets	0	305	592	897	0
Claims Payable	0	0	0	0	(16,443)
Net Cash Used for Operating Activities	(\$60,007)	(\$1,693)	(\$326,585)	(\$388,285)	(\$478,321)

Noncash Capital Financing Activities:

The golf, sewer and water funds received \$97,603, \$90,886 and \$419,930, 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, 2001

	Investment Trust	Agency
	Tri-Cities	Agency
	Water Authority	Agency
Assets:		
Cash and Cash Equivalents	\$0	\$10,097
Cash and Cash Equivalents in Segregated Accounts	0	156,924
Investments	5,669,124	0
	5,669,124	0
Total Assets	5,669,124	\$167,021
Liabilities:		
Due to Other Governments	0	\$69,796
Undistributed Monies	0	97,225
	0	97,225
Total Liabilities	0	\$167,021
Net Assets in Investment Trust Fund	\$5,669,124	

See accompanying notes to the basic financial statements

City of Vandalia  
Montgomery County, Ohio  
Statement of Changes in Fiduciary Net Assets  
Investment Trust Fund  
For the Year Ended December 31, 2001

	<u>Investment Trust</u>
Additions	
Interest	<u>\$325,036</u>
Increase in Net Assets Resulting From Operations	325,036
Deductions	
Capital Transactions	<u>(239,258)</u>
Increase in Net Assets	85,778
Net Assets Beginning of Year	<u>5,583,346</u>
Net Assets End of Year	<u><u>\$5,669,124</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, 2001

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**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 managers of each department in 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, the primary government 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 organization. Component units may also include organizations for which the City authorizes the issuance of debt or the levying of taxes, or determines the budget. There are no component units included as part of this report.

The City is associated with the Tri-Cities North Regional Wastewater Authority (Tri-Cities), which is defined as a joint venture. A joint venture is a legal entity or other organization that is a result of a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. 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, Piqua, 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 an organization that is governed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility on the part of the participating governments. This organization is presented in Note 14.

City of Vandalia  
Montgomery County, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2001

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**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 not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business activity is self-financing or draws from the general revenues of the City.

Fund Financial Statements

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

City of Vandalia  
Montgomery County, Ohio  
Notes to the Basic Financial Statements  
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**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 Fund - The capital improvement 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 Fund - The recreation center 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 the determination of operating income, changes in net assets, financial position and cash flows. Proprietary funds are classified as either enterprise or internal service.

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

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

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

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

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**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. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for building permit fees collected on behalf of the State, municipal court collections that are distributed to various local governments and performance bonds pledged by contractors.

**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.

The investment trust fund is 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; proprietary and fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

**Revenues - Exchange and Non-exchange Transactions**

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

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

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

**Deferred Revenue**

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

Property taxes for which there is an enforceable legal claim as of December 31, 2001, but which were levied to finance year 2002 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  
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Notes to the Basic Financial Statements  
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**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.

**Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the fund level for all funds. The Finance Director, with the approval of the City Manager and respective Department Heads, has been authorized to allocate appropriations to the function and object level within each fund. Council must approve any revisions that alter total fund appropriations.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during 2001.

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

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Notes to the Basic Financial Statements  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**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. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

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

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, 2001.

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 2001 amounted to \$1,337,016, which includes \$658,443 assigned from other City funds.

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

**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. 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.

Inventory reported in governmental and proprietary funds consists of expendable supplies held for consumption.

City of Vandalia  
 Montgomery County, Ohio  
 Notes to the Basic Financial Statements  
 For The Year Ended December 31, 2001

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**Restricted Assets**

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

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

**Interfund/Internal Balances**

On fund financial statements, long-term interfund loans and unpaid amounts for interfund services are classified as “Interfund Loan Receivable/Payable” on the balance sheet. Interfund loans are equally offset by a fund balance reserve account, which indicates that they do not constitute available expendable resources. Interfund balance 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”.

**Capital Assets**

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated 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 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	7 to 65 years	65 years



**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**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. The City records a liability for all accumulated unused vacation time when earned for all employees.

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

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

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

**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 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, unclaimed monies, and notes receivable are recorded as a reservation of fund balance.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**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.

**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.

**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.

City of Vandalia  
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Notes to the Basic Financial Statements  
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**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 are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. 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.

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	
GAAP Basis	(\$716,802)
Net Adjustment for Revenue Accruals	137,555
Net Adjustment for Expenditure Accruals	(234,433)
Change in Fair Value of Investments	(33,638)
Encumbrances	(1,478,051)
Budget Basis	<u><u>(\$2,325,369)</u></u>

**NOTE 4 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCES/NET ASSETS**

For 2001, the City has implemented GASB Statement No. 37, “Basic Financial Statements and Management’s Discussion and Analysis for State and Local Governments: Omnibus”, and Statement No. 38, “Certain Financial Statement Note Disclosures”.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the MD&A, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38 modifies, establishes and rescinds certain financial statement note disclosures.

The implementation of these changes had no effect on fund balances/net assets of the City as they were previously reported.

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Notes to the Basic Financial Statements  
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**NOTE 4 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCES/NET ASSETS** (Continued)

Retainage payable was misstated in the general and recreation center major governmental funds and capital assets were misstated in governmental activities as of December 31, 2000. There was also a small adjustment to the internal balance amount for governmental activities as of December 31, 2000. These restatements had the following effects on fund balances/net assets of governmental-type activities as they were previously reported:

	<u>General</u>	<u>Capital Improvement</u>	<u>Recreation Center</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Type Activities</u>
Fund Balances (Deficit), December 31, 2000	\$13,251,678	\$3,990,680	(\$143,080)	\$1,461,079	\$18,560,357
Retainage Payable	<u>(284,000)</u>	<u>0</u>	<u>284,000</u>	<u>0</u>	<u>0</u>
Adjusted Fund Balances, December 31, 2000	<u>\$12,967,678</u>	<u>\$3,990,680</u>	<u>\$140,920</u>	<u>\$1,461,079</u>	<u>\$18,560,357</u>
Governmental Activities Net Assets, December 31, 2000					\$47,997,086
Capital Assets					(46,053)
Internal Balance					<u>1,039</u>
Adjusted Governmental Activities Net Assets, December 31, 2000					<u>\$47,952,072</u>

Capital assets were misstated in the golf, sewer and water major proprietary funds and business-type activities as of December 31, 2000. There was also a small adjustment to the internal balance amount for business-type activities at December 31, 2000. These restatements had the following effects on net assets of business-type activities as previously reported:

	<u>Golf</u>	<u>Sewer</u>	<u>Water</u>	<u>Total Business Type Activities</u>
Enterprise Funds Net Assets, December 31, 2000	\$1,743,688	\$13,921,392	\$8,103,445	\$23,768,525
Capital Assets	<u>3,676</u>	<u>(88,259)</u>	<u>33,123</u>	<u>(51,460)</u>
Adjusted Enterprise Funds Net Assets, December 31, 2000	<u>\$1,747,364</u>	<u>\$13,833,133</u>	<u>\$8,136,568</u>	<u>\$23,717,065</u>
Business-Type Activities Net Assets, December 31, 2000				\$23,815,043
Capital Assets				(51,460)
Internal Balance				<u>(1,039)</u>
Adjusted Business-Type Activities Net Assets, December 31, 2000				<u>\$23,762,544</u>

None of the above adjustments had a material effect on excess/net income as reported at December 31, 2000.

**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 market value of which is at least 105% 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 \$2,548,542 and the bank balance was \$2,738,777. Of the bank balance, \$500,084, was covered by federal deposit insurance. The remaining \$2,238,693 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 available in the City Treasury, which will not be required to be used for a period of thirty days or more, the Director of Finance or his/her designee(s), may invest such funds. The investments are subject to the limitations contained within the investment policy, and are subject to all applicable laws and regulations.

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

The 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.

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**NOTE 5 - DEPOSITS AND INVESTMENTS** (Continued)

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

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

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 2001, the City continued to diversify its investment portfolio to gain a higher rate of return while still maintaining liquidity and minimizing risk. Investments include STAR Ohio, repurchase agreements, U.S. Treasury Fund Money Market, commercial paper, Federal Home Loan Bank (FHLB) notes and participation certificates, real estate mortgage investment conduits and mortgage backed securities issued by FNMA and FHLMC.

City of Vandalia  
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**NOTE 5 - DEPOSITS AND INVESTMENTS** (Continued)

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.

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, and the US Treasury Fund Money Market are unclassified since they are not evidenced by securities that exist in physical or book entry form.

City of Vandalia  
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**NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)**

	Category		Carrying/Fair Value
	2	Unclassified	
STAR Ohio	\$0	\$198,067	\$198,067
Repurchase Agreements	879,938	0	879,938
US Treasury Fund Money Market	0	382,432	382,432
GE Interest	1,147,415	0	1,147,415
Federal Home Loan Bank Notes	9,400,534	0	9,400,534
Federal National Mortgage Association (FNMA) Medium Term Notes	4,208,444	0	4,208,444
Federal Home Loan Mortgage Corporation (FHLMC) Medium Term Notes	1,531,090	0	1,531,090
FNMA REMICs	2,188,920	0	2,188,920
FHLMC Pool	22,123	0	22,123
FHLMC REMICs	2,912,663	0	2,912,663
Bank Trust	58,321	0	58,321
<b>Total</b>	<b>\$22,349,448</b>	<b>\$580,499</b>	<b>\$22,929,947</b>

The classification of cash and cash equivalents, and investments on the basic financial statements is based on criteria set forth in GASB Statement No. 9. Reconciliation between the classification of cash and investments on the basic financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$19,809,365	\$5,669,124
Certificates of Deposit	750,000	(750,000)
Investments:		
STAR Ohio	(198,067)	198,067
Repurchase Agreements	(69,698)	69,698
GE Interest	(719,492)	719,492
Federal Home Loan Bank Notes	(6,811,442)	6,811,442
Federal National Mortgage Association (FNMA) Medium Term Notes	(3,499,007)	3,499,007
Federal Home Loan Mortgage Corporation (FHLMC) Medium Term Notes	(1,531,090)	1,531,090
FNMA REMICs	(2,188,920)	2,188,920
FHLMC Pool	(22,123)	22,123
FHLMC REMICs	(2,912,663)	2,912,663
Bank Trust	(58,321)	58,321
<b>GASB Statement No. 3</b>	<b>\$2,548,542</b>	<b>\$22,929,947</b>



City of Vandalia  
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**NOTE 6 - RECEIVABLES**

Receivables at December 31, 2001, 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.

Special assessments expected to be collected within one year and in more than one year amount to \$8,380 and \$25,460, respectively, in the capital improvement fund and \$47,952 and \$191,803, respectively, for the other governmental funds.

**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 2001 for real and public utility property taxes represents collections of the 2000 taxes. Property tax payments received during 2001 for tangible personal property (other than public utility property) is for 2001 taxes.

2001 real property taxes are levied after October 1, 2001, on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2001 real property taxes are collected in and intended to finance 2002.

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. 2001 public utility property taxes became a lien December 31, 2000, are levied after October 1, 2001, and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after October 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are 25 percent of true value.

The full tax rate for all City operations for the year ended December 31, 2001, was \$4.14 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2001 property tax receipts were based are as follows:

Real Property	\$278,549,920
Public Utility Property Real	22,580
Public Utility Tangible	9,482,673
Tangible Personal Property	78,703,666
Total Valuation	<u>\$366,758,839</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, 2001

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**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, 2001, and for which there is an enforceable legal claim. In the general fund, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2001 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

**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 2001, the proceeds were allocated to the general fund.

**Due from Other Governments**

A summary of due from other governments follows:

	<u>Amounts</u>
<b>Governmental Activities</b>	
Local Government and Local Government Revenue Assistance	\$322,724
Estate Tax	60,237
Homestead and Rollback	67,753
Gasoline and Excise Tax	52,100
Motor Vehicle License Fees	257,709
Permissive Motor Vehicle License Tax	22,457
Issue II Grant	93,940
Immobilization Fees	39,847
Total	<u><u>\$916,767</u></u>

City of Vandalia  
Montgomery County, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2001

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**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.

Mortgage note receivable - semi-annual payments are \$5,765, including interest at 8.75%, through August 1, 2005	\$38,218
Mortgage note receivable - semi-annual payments are \$6,339, including interest at 8.75%, through April 1, 2007	<u>54,397</u>
Total	<u><u>\$92,615</u></u>
Amount to be Collected In More Than One Year	<u><u>\$68,408</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 seventeen 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 \$497,000 for liability, \$147,500 for property and \$2,500 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)
Boiler and Machinery	\$10 million excess \$1 million (\$10 million Aggregate per city)
Property	\$477,066,039 Blanket Limit
Flood (Property)	\$477,066,039 Blanket Limit
Earthquake (Property)	\$100,000,000 annual aggregate
Employment Practice Liability	\$100,000,000 annual aggregate
	\$500,000 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.

City of Vandalia  
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**NOTE 7 - RISK MANAGEMENT** (Continued)

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

The City has elected to provide employee healthcare benefits for its employees through a self-insured program. The City maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides medical, dental, vision and prescription drug coverage with a \$100 deductible for single and \$200 deductible for families who use providers within the City's preferred provider organization, DirectCare America. Deductions are higher, and vary for out of network claims. A third party administrator, Underwriters Safety & Claims, processes and pays the claims. The City is paying self-insurance claims and administrative costs from its hospital care internal service fund. An excess coverage insurance (stop loss) policy covers claims in excess of \$30,000 per employee, per year. During 2001, a total of \$1,665,103 was paid in benefits and administrative costs. The liability for unpaid claims cost of \$106,016, reported in the Hospital Care internal service fund at December 31, 2001, is based on the requirements of Governmental Accounting Standards Board Statement No. 10. Statement No. 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 2002, which were incurred in 2001.

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
2000	\$141,593	\$1,261,376	\$1,280,510	\$122,459
2001	122,459	1,356,072	1,372,515	106,016

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2001, was as follows:

	Balance 12/31/00	Additions	Deductions	Balance 12/31/01
<b>Governmental Activities</b>				
Capital Assets, not being Depreciated:				
Land	\$1,759,874	\$0	\$0	\$1,759,874
Capital Assets, being Depreciated:				
Buildings and Improvements	23,889,665	801,276	0	24,690,941
Equipment	6,784,151	754,757	(240,909)	7,297,999
Vehicles	3,395,069	296,331	(35,410)	3,655,990
Infrastructure	23,433,361	605,613	0	24,038,974
Total Capital Assets, being Depreciated	57,502,246	2,457,977	(276,319)	59,683,904

City of Vandalia  
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Notes to the Basic Financial Statements  
For The Year Ended December 31, 2001

**NOTE 8 - CAPITAL ASSETS** (Continued)

	Balance 12/31/00	Additions	Deductions	Balance 12/31/01
Less Accumulated Depreciation:				
Buildings and Improvements	(\$2,441,430)	(\$528,106)	\$0	(\$2,969,536)
Equipment	(2,072,386)	(303,294)	150,903	(2,224,777)
Vehicles	(1,958,869)	(409,087)	20,714	(2,347,242)
Infrastructure	(12,664,955)	(699,579)	0	(13,364,534)
Total Accumulated Depreciation	<u>(19,137,640)</u>	<u>(1,940,066) *</u>	<u>171,617</u>	<u>(20,906,089)</u>
Total Capital Assets, being Depreciated, net	<u>38,364,606</u>	<u>517,911</u>	<u>(104,702)</u>	<u>38,777,815</u>
Governmental Activities Capital Assets, Net	<u>\$40,124,480</u>	<u>\$517,911</u>	<u>(\$104,702)</u>	<u>\$40,537,689</u>
 <b>Business-Type Activities</b>				
Capital Assets, not being Depreciated:				
Land	<u>\$126,837</u>	<u>\$0</u>	<u>\$0</u>	<u>\$126,837</u>
Capital Assets, being Depreciated:				
Buildings and Improvements	2,761,169	0	0	2,761,169
Equipment	798,837	137,232	(81,569)	854,500
Vehicles	345,374	65,491	0	410,865
Infrastructure	19,878,838	416,401	(77,365)	20,217,874
Total Capital Assets, being Depreciated	<u>23,784,218</u>	<u>619,124</u>	<u>(158,934)</u>	<u>24,244,408</u>
Less Accumulated Depreciation:				
Building and Improvements	(900,975)	(54,947)	0	(955,922)
Equipment	(370,853)	(49,941)	61,182	(359,612)
Vehicles	(187,088)	(60,108)	0	(247,196)
Infrastructure	(6,756,644)	(311,446)	13,550	(7,054,540)
Total Accumulated Depreciation	<u>(8,215,560)</u>	<u>(476,442)</u>	<u>74,732</u>	<u>(8,617,270)</u>
Total Capital Assets, being Depreciated, net	<u>15,568,658</u>	<u>142,682</u>	<u>(84,202)</u>	<u>15,627,138</u>
Business-Type Activities Capital Assets, Net	<u>\$15,695,495</u>	<u>\$142,682</u>	<u>(\$84,202)</u>	<u>\$15,753,975</u>

City of Vandalia  
Montgomery County, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2001

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**NOTE 8 - CAPITAL ASSETS** (Continued)

\*Depreciation expense was charged to governmental functions as follows:

General Government	
Legislative and Executive	\$165,027
Judicial	83,177
Public Safety	
Police	222,203
Fire	241,177
Public Works	
Engineer	24,450
Streets	784,076
Recreation	419,956
Total Depreciation Expense	<u><u>\$1,940,066</u></u>

**NOTE 9 - COMPENSATED ABSENCES**

**Accumulated Unpaid Vacation**

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

**Accumulated Unpaid Sick Leave**

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

**Accumulated Unpaid Compensatory Time**

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

City of Vandalia  
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For The Year Ended December 31, 2001

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**NOTE 10 - LONG-TERM DEBT**

A schedule of changes in bonds and other long-term obligations of the City during 2001, follows:

	Amount Outstanding 12/31/00	Additions	Deletions	Amount Outstanding 12/31/01	Amounts Due in One Year
<b>Governmental Activities</b>					
<u>Unvoted General Obligation Bonds</u>					
5.9% - 7.15% - 1990					
Street Improvement	\$14,362	\$0	\$2,872	\$11,490	\$2,872
5.75% - 5.85% - 1996					
Various Purpose Improvement Bonds	12,550,000	0	340,000	12,210,000	355,000
Total Unvoted General Obligation Bonds	12,564,362	0	342,872	12,221,490	357,872
<u>Special Assessment Debt with Governmental Commitment</u>					
5.9% - 7.15% - 1990					
Street Improvement	210,638	0	42,128	168,510	42,128
Police Pension	36,715	0	36,715	0	0
Compensated Absences	1,106,699	74,253	163,194	1,017,758	421,490
Total Governmental Activities	<u>\$13,918,414</u>	<u>\$74,253</u>	<u>\$584,909</u>	<u>\$13,407,758</u>	<u>\$821,490</u>
<b>Proprietary Activities</b>					
Compensated Absences	<u>\$82,294</u>	<u>\$0</u>	<u>\$10,306</u>	<u>\$71,988</u>	<u>\$36,336</u>

The Special Assessment Street Improvement Bonds were issued in 1990, in the amount of \$660,000 for the purpose of various street improvements and will be paid with special assessment revenue. The unvoted General Obligation Bonds for Street Improvement were also issued in 1990, in the amount of \$45,000 for the purpose of various street improvements and will be paid with municipal income tax revenue. The General Obligation Various Purpose Improvement Bonds were issued in 1996, in the amount of \$13,675,000 for various capital improvements and 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 was paid off in 2001, from revenues of the general fund. Compensated absences will be paid from the general fund, the street, and computer legal research special revenue funds, and the golf, sewer and water enterprise funds.

As of December 31, 2001, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$26,331,184 and the unvoted legal debt margin was \$7,993,242. Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2001 are as follows:

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**NOTE 10 - LONG-TERM DEBT** (Continued)

Year Ending December 31,	General Obligation Bonds		Special Assessment Bonds		Total
	Principal	Interest	Principal	Interest	
2002	\$357,872	\$681,933	\$42,128	\$11,901	\$1,093,834
2003	372,872	665,050	42,128	8,973	1,089,023
2004	392,872	647,086	42,128	6,004	1,088,090
2005	412,874	627,771	42,126	3,013	1,085,784
2006	430,000	607,068	0	0	1,037,068
2007-2011	2,525,000	2,675,300	0	0	5,200,300
2012-2016	3,325,000	1,883,013	0	0	5,208,013
2017-2021	4,405,000	801,743	0	0	5,206,743
Totals	<u>\$12,221,490</u>	<u>\$8,588,964</u>	<u>\$168,510</u>	<u>\$29,891</u>	<u>\$21,008,855</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.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. The 2001 employer pension contribution rate for the City was 9.25 percent of covered payroll, an increase from 6.54 percent in 2000. 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, 2001, 2000, and 1999 were \$526,351, \$372,789, and \$456,309, respectively. The full amount has been contributed for 2000 and 1999. 74 percent has been contributed for 2001, with the remainder being presented as "due to other governments" in the governmental activities column of the statement of net assets.



**NOTE 11 - DEFINED BENEFIT PENSION PLANS** (Continued)

**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 12.00 percent for police and 16.50 percent for firefighters. For 2000, the City contributions were 12.25 percent for police and 16.75 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for police and firefighters were \$251,195 and \$86,130 for the year ended December 31, 2001, \$276,658 and \$94,926 for the year ended December 31, 2000, and \$257,197 and \$67,939 for the year ended December 31, 1999. The full amount has been contributed for 2000 and 1999. 58 percent and 59 percent, respectively, have been contributed for 2001, 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. The City has retired this obligation during 2001.

**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 2001 employer contribution rate was 13.55 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2001. For 2000, the contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care.

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, 2000, 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.

City of Vandalia  
Montgomery County, Ohio  
Notes to the Basic Financial Statements  
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**NOTE 12 - POSTEMPLOYMENT BENEFITS** (Continued)

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 411,076. The City's actual contributions for 2001 which were used to fund postemployment benefits were \$251,127. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 2000, (the latest information available) were \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$14,364.6 million and \$2,628.7 million, respectively.

**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 7.5 percent of covered payroll was applied to the postemployment health care program during 2001. For 2000, the percent used to fund healthcare was 7.25 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 2001 that were used to fund postemployment benefits were \$137,657 for police and \$35,397 for fire. The OP&F's total health care expenses for the year ended December 31, 2000, (the latest information available) were \$106,160,054, which was net of member contributions of \$5,657,431. The number of OP&F participants eligible to receive health care benefits as of December 31, 2000, was 12,853 for police and 10,037 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 \$5,573,976 which represents 27.06 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 \$866,909 for services provided in 2001. 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 ten years, ending December 31, 2010. 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, 2001

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**NOTE 15 - CONTRACTUAL COMMITMENTS**

As of December 31, 2001, the City had contractual commitments as follows:

<u>Company</u>	<u>Project</u>	<u>Amount Remaining On Contract</u>
Brumbaugh Construction Company	Municipal Building Renovation	\$119,981
Coate Construction	Stonequarry Road Widening	158,645
Finfrock Construction Inc.	Mulberry Road Water Main Phase I	124,000
Monarch Construction	Recreation Center	237,775
Mainline Road and Bridge Construction, Inc.	Waterline – County	44,767
R.R. Gergens	Webster Street Construction	169,456

**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. The City’s status on this will be re-evaluated by Bond Counsel in October, 2003.

**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, 2001, 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.

City of Vandalia  
Montgomery County, Ohio  
Notes to the Basic Financial Statements  
For The Year Ended December 31, 2001

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**NOTE 17 - INTERFUND BALANCES AND TRANSFERS**

Interfund transfers for the year ended December 31, 2001, consisted of the following:

Transfer to	Transfer From		Total
	General Fund	Capital Improvement	
Capital Improvement	\$2,687,500	\$0	\$2,687,500
Other Governmental	1,040,643	0	1,040,643
Golf	0	29,158	29,158
Water	0	350,685	350,685
	<u>\$3,728,143</u>	<u>\$379,843</u>	<u>\$4,107,986</u>

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

Interfund balances at December 31, 2001, consisted of a \$600,000 interfund loan from the general fund to the webster street capital projects fund for reimbursable expenses. The balance is a result of the time lag between the dates that the reimbursable expenditures occurred, and the revenue to re-pay the funds will be available.

**NOTE 18 – SUBSEQUENT EVENT**

In April of 2002, the Cities of Vandalia and Tipp City formed a joint venture for the purpose of planning, financing, acquiring, constructing, owning, operating and maintaining a water treatment plant and associated facilities. The City Manager, the Finance Director, and the Service Director will serve as the City’s representatives on the Board of Participants as specified in, and created pursuant to, the Joint Venture Agreement.

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Combining Statements and  
Individual Fund Schedules

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## 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.

Justice Center/Municipal Building

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

Stonequarry Road

To account for expenditures Issue II grant funds.

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, 2001

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$1,071,338	\$125,954	\$951,232	\$2,148,524
Cash and Cash Equivalents in Segregated Accounts	15,426	0	0	15,426
Receivables:				
Special Assessments	0	239,755	0	239,755
Due from Other Governments	332,266	0	93,940	426,206
Materials and Supplies Inventory	68,587	0	0	68,587
<b>Total Assets</b>	<b>\$1,487,617</b>	<b>\$365,709</b>	<b>\$1,045,172</b>	<b>\$2,898,498</b>
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	\$7,993	\$0	\$0	\$7,993
Contracts Payable	0	0	123,875	123,875
Accrued Wages	12,963	0	0	12,963
Due to Other Governments	4,736	0	0	4,736
Retainage Payable	0	0	37,084	37,084
Matured Compensated Absences Payable	815	0	0	815
Deferred Revenue	296,463	239,755	0	536,218
Interfund Loan Payable	0	0	600,000	600,000
<b>Total Liabilities</b>	<b>322,970</b>	<b>239,755</b>	<b>760,959</b>	<b>1,323,684</b>
Fund Balances:				
Reserved for Encumbrances	37,624	0	370,730	408,354
Reserved for Inventory	68,587	0	0	68,587
Unreserved:				
Undesignated, Reported in:				
Special Revenue Funds	1,058,436	0	0	1,058,436
Debt Service Funds	0	125,954	0	125,954
Capital Projects Funds (Deficit)	0	0	(86,517)	(86,517)
<b>Total Fund Balances</b>	<b>1,164,647</b>	<b>125,954</b>	<b>284,213</b>	<b>1,574,814</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$1,487,617</b>	<b>\$365,709</b>	<b>\$1,045,172</b>	<b>\$2,898,498</b>

City of Vandalia  
Montgomery County, Ohio  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2001

	<u>Baseball Recreation</u>	<u>Computer Legal Research</u>	<u>Drug Law Enforcement</u>
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$38,068	\$125,853	\$1,250
Cash and Cash Equivalents in Segregated Accounts	0	14,213	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>\$38,068</u></u>	<u><u>\$140,066</u></u>	<u><u>\$1,250</u></u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts Payable	\$40	\$256	\$0
Accrued Wages	0	2,079	0
Due to Other Governments	382	571	0
Matured Compensated Absences Payable	0	815	0
Deferred Revenue	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>422</u>	<u>3,721</u>	<u>0</u>
Fund Balances:			
Reserved for Encumbrances	932	4,783	0
Reserved for Inventory	0	0	0
Unreserved, Undesignated	<u>36,714</u>	<u>131,562</u>	<u>1,250</u>
Total Fund Balances	<u>37,646</u>	<u>136,345</u>	<u>1,250</u>
Total Liabilities and Fund Balances	<u><u>\$38,068</u></u>	<u><u>\$140,066</u></u>	<u><u>\$1,250</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>
\$4,135	\$948	\$215,942	\$101,969	\$32,680	\$102,094
0	132	1,081	0	0	0
0	0	0	22,457	0	23,236
0	0	0	0	0	0
<u>\$4,135</u>	<u>\$1,080</u>	<u>\$217,023</u>	<u>\$124,426</u>	<u>\$32,680</u>	<u>\$125,330</u>
\$0	\$0	\$0	\$1,019	\$80	\$3,716
0	0	0	0	0	0
0	0	0	0	198	0
0	0	0	0	0	0
0	0	0	20,119	0	20,726
0	0	0	21,138	278	24,442
0	0	0	12,729	2,985	10,585
0	0	0	0	0	0
4,135	1,080	217,023	90,559	29,417	90,303
<u>4,135</u>	<u>1,080</u>	<u>217,023</u>	<u>103,288</u>	<u>32,402</u>	<u>100,888</u>
<u>\$4,135</u>	<u>\$1,080</u>	<u>\$217,023</u>	<u>\$124,426</u>	<u>\$32,680</u>	<u>\$125,330</u>

(Continued)

City of Vandalia, Ohio  
Montgomery County, Ohio  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2001  
(Continued)

	Street	Total Nonmajor Special Revenue Funds
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$448,399	\$1,071,338
Cash and Cash Equivalents in Segregated Accounts	0	15,426
Due from Other Governments	286,573	332,266
Materials and Supplies Inventory	68,587	68,587
	<u>\$803,559</u>	<u>\$1,487,617</u>
Liabilities and Fund Balances:		
Liabilities:		
Accounts Payable	\$2,882	\$7,993
Accrued Wages	10,884	12,963
Due to Other Governments	3,585	4,736
Matured Compensated Absences Payable	0	815
Deferred Revenue	255,618	296,463
	<u>272,969</u>	<u>322,970</u>
Fund Balances:		
Reserved for Encumbrances	5,610	37,624
Reserved for Inventory	68,587	68,587
Unreserved, Undesignated	456,393	1,058,436
	<u>530,590</u>	<u>1,164,647</u>
Total Fund Balances	<u>530,590</u>	<u>1,164,647</u>
	<u>\$803,559</u>	<u>\$1,487,617</u>
Total Liabilities and Fund Balances	<u>\$803,559</u>	<u>\$1,487,617</u>

City of Vandalia  
Montgomery County, Ohio  
Combining Balance Sheet  
Nonmajor Debt Service Funds  
December 31, 2001

	<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	\$31,506	\$94,448	\$125,954
Receivables: Special Assessments	<u>0</u>	<u>239,755</u>	<u>239,755</u>
Total Assets	<u><u>\$31,506</u></u>	<u><u>\$334,203</u></u>	<u><u>\$365,709</u></u>
Liabilities and Fund Balances:			
Liabilities:			
Deferred Revenue	<u>\$0</u>	<u>\$239,755</u>	<u>\$239,755</u>
Total Liabilities	<u>0</u>	<u>239,755</u>	<u>239,755</u>
Fund Balances:			
Unreserved, Undesignated	<u>31,506</u>	<u>94,448</u>	<u>125,954</u>
Total Fund Balances	<u>31,506</u>	<u>94,448</u>	<u>125,954</u>
Total Liabilities and Fund Balances	<u><u>\$31,506</u></u>	<u><u>\$334,203</u></u>	<u><u>\$365,709</u></u>

City of Vandalia  
Montgomery County, Ohio  
Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2001

	<u>Justice Center/ Municipal Building</u>	<u>Stonequarry Road</u>	<u>Webster Street</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets:				
Equity in Pooled Cash and				
Cash Equivalents	\$197,074	\$158,644	\$595,514	\$951,232
Due from Other Governments	<u>0</u>	<u>0</u>	<u>93,940</u>	<u>93,940</u>
 Total Assets	 <u><u>\$197,074</u></u>	 <u><u>\$158,644</u></u>	 <u><u>\$689,454</u></u>	 <u><u>\$1,045,172</u></u>
 Liabilities and Fund Balances:				
Liabilities:				
Contracts Payable	\$71,505	\$0	\$52,370	\$123,875
Retainage Payable	0	0	37,084	37,084
Interfund Loan Payable	<u>0</u>	<u>0</u>	<u>600,000</u>	<u>600,000</u>
 Total Liabilities	 <u>71,505</u>	 <u>0</u>	 <u>689,454</u>	 <u>760,959</u>
 Fund Balances:				
Reserved for Encumbrances	196,217	158,644	15,869	370,730
Unreserved, Undesignated (Deficit)	<u>(70,648)</u>	<u>0</u>	<u>(15,869)</u>	<u>(86,517)</u>
 Total Fund Balances	 <u>125,569</u>	 <u>158,644</u>	 <u>0</u>	 <u>284,213</u>
 Total Liabilities and Fund Balances	 <u><u>\$197,074</u></u>	 <u><u>\$158,644</u></u>	 <u><u>\$689,454</u></u>	 <u><u>\$1,045,172</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, 2001

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:				
Charges for Services	\$143,291	\$0	\$0	\$143,291
Fines and Forfeitures	148,525	0	0	148,525
Intergovernmental	579,537	0	772,555	1,352,092
Special Assessments	0	76,379	0	76,379
Interest	0	0	5,595	5,595
Other	8,662	0	0	8,662
<b>Total Revenues</b>	<b>880,015</b>	<b>76,379</b>	<b>778,150</b>	<b>1,734,544</b>
Expenditures:				
Current:				
General Government				
Legislative and Executive	102,808	0	0	102,808
Public Safety				
Police	935	0	0	935
Public Works				
Streets	503,031	1,020	0	504,051
Recreation	166,856	0	0	166,856
Capital Outlay	76,758	0	714,475	791,233
Debt Service:				
Principal Retirement	0	385,000	0	385,000
Interest and Fiscal Charges	0	712,558	0	712,558
<b>Total Expenditures</b>	<b>850,388</b>	<b>1,098,578</b>	<b>714,475</b>	<b>2,663,441</b>
Excess of Revenues Over (Under) Expenditures	29,627	(1,022,199)	63,675	(928,897)
Other Financing Sources:				
Transfers In	0	1,040,643	0	1,040,643
<b>Total Other Financing Sources</b>	<b>0</b>	<b>1,040,643</b>	<b>0</b>	<b>1,040,643</b>
Net Change in Fund Balance	29,627	18,444	63,675	111,746
Fund Balance at Beginning of Year	1,133,031	107,510	220,538	1,461,079
Increase in Reserve for Inventory	1,989	0	0	1,989
<b>Fund Balance at End of Year</b>	<b>\$1,164,647</b>	<b>\$125,954</b>	<b>\$284,213</b>	<b>\$1,574,814</b>

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, 2001

	<u>Baseball Recreation</u>	<u>Computer Legal Research</u>	<u>Drug Law Enforcement</u>
Revenues:			
Charges for Services	\$90,246	\$0	\$0
Fines and Forfeitures	0	133,386	0
Intergovernmental	0	0	0
Other	583	651	0
Total Revenues	<u>90,829</u>	<u>134,037</u>	<u>0</u>
Expenditures:			
Current:			
General Government			
Legislative and Executive	0	102,608	200
Public Safety			
Police	0	0	0
Public Works			
Streets	0	0	0
Recreation	111,972	0	0
Capital Outlay	0	76,758	0
Total Expenditures	<u>111,972</u>	<u>179,366</u>	<u>200</u>
Net Change in Fund Balances	(21,143)	(45,329)	(200)
Fund Balances at			
Beginning of Year	58,789	181,674	1,450
Increase in Reserve for Inventory	0	0	0
Fund Balances at End of Year	<u><u>\$37,646</u></u>	<u><u>\$136,345</u></u>	<u><u>\$1,250</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>
\$0	\$0	\$0	\$0	\$53,045	\$0
3,920	1,473	9,746	0	0	0
0	0	9,544	39,098	0	39,817
0	0	0	0	443	0
<u>3,920</u>	<u>1,473</u>	<u>19,290</u>	<u>39,098</u>	<u>53,488</u>	<u>39,817</u>
0	0	0	0	0	0
0	935	0	0	0	0
0	0	0	27,036	0	21,362
0	0	0	0	54,884	0
0	0	0	0	0	0
<u>0</u>	<u>935</u>	<u>0</u>	<u>27,036</u>	<u>54,884</u>	<u>21,362</u>
3,920	538	19,290	12,062	(1,396)	18,455
215	542	197,733	91,226	33,798	82,433
0	0	0	0	0	0
<u>\$4,135</u>	<u>\$1,080</u>	<u>\$217,023</u>	<u>\$103,288</u>	<u>\$32,402</u>	<u>\$100,888</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, 2001  
 (Continued)

	Street	Total Nonmajor Special Revenue Funds
Revenues:		
Charges for Services	\$0	\$143,291
Fines and Forfeitures	0	148,525
Intergovernmental	491,078	579,537
Other	6,985	8,662
	498,063	880,015
Total Revenues		
Expenditures:		
Current:		
General Government		
Legislative and Executive	0	102,808
Public Safety		
Police	0	935
Public Works		
Streets	454,633	503,031
Recreation	0	166,856
Capital Outlay	0	76,758
	454,633	850,388
Total Expenditures		
Net Change in Fund Balances	43,430	29,627
Fund Balances at		
Beginning of Year	485,171	1,133,031
Increase in Reserve for Inventory	1,989	1,989
Fund Balances at End of Year	\$530,590	\$1,164,647

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, 2001

	General Obligation Bond Retirement	Street Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Revenues:			
Special Assessments	\$0	\$76,379	\$76,379
Total Revenues	<u>0</u>	<u>76,379</u>	<u>76,379</u>
Expenditures:			
Current:			
Public Works			
Streets	0	1,020	1,020
Debt Service:			
Principal Retirement	342,872	42,128	385,000
Interest and Fiscal Charges	697,741	14,817	712,558
Total Expenditures	<u>1,040,613</u>	<u>57,965</u>	<u>1,098,578</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,040,613)</u>	<u>18,414</u>	<u>(1,022,199)</u>
Other Financing Sources:			
Operating Transfers In	<u>1,040,643</u>	<u>0</u>	<u>1,040,643</u>
Total Other Financing Sources	<u>1,040,643</u>	<u>0</u>	<u>1,040,643</u>
Net Change in Fund Balances	30	18,414	18,444
Fund Balances at Beginning of Year	<u>31,476</u>	<u>76,034</u>	<u>107,510</u>
Fund Balances at End of Year	<u><u>\$31,506</u></u>	<u><u>\$94,448</u></u>	<u><u>\$125,954</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, 2001

	Justice Center/ Municipal Building	Stonequarry Road	Webster Street	Total Nonmajor Capital Projects Funds
Revenues:				
Intergovernmental	\$0	\$188,424	\$584,131	\$772,555
Interest	5,595	0	0	5,595
Total Revenues	<u>5,595</u>	<u>188,424</u>	<u>584,131</u>	<u>778,150</u>
Expenditures:				
Capital Outlay	100,564	29,780	584,131	714,475
Total Expenditures	<u>100,564</u>	<u>29,780</u>	<u>584,131</u>	<u>714,475</u>
Net Change in Fund Balance	(94,969)	158,644	0	63,675
Fund Balances at Beginning of Year	<u>220,538</u>	<u>0</u>	<u>0</u>	<u>220,538</u>
Fund Balance at End of Year	<u><u>\$125,569</u></u>	<u><u>\$158,644</u></u>	<u><u>\$0</u></u>	<u><u>\$284,213</u></u>

## Combining Statement - 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  
Combining Statement of Changes  
In Assets and Liabilities  
Fiduciary Funds  
For the Year Ended December 31, 2001

	Balance 01/01/01	Additions	Deletions	Balance 12/31/01
<b>Building Standards</b>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$95	\$1,442	\$1,364	\$173
<b>Total Assets</b>	<b>\$95</b>	<b>\$1,442</b>	<b>\$1,364</b>	<b>\$173</b>
Liabilities:				
Due to Other Governments	\$95	\$1,442	\$1,364	\$173
<b>Total Liabilities</b>	<b>\$95</b>	<b>\$1,442</b>	<b>\$1,364</b>	<b>\$173</b>
<b>Municipal Court</b>				
Assets:				
Cash and Cash Equivalents in Segregated Accounts	\$130,735	\$1,804,479	\$1,778,290	\$156,924
<b>Total Assets</b>	<b>\$130,735</b>	<b>\$1,804,479</b>	<b>\$1,778,290</b>	<b>\$156,924</b>
Liabilities:				
Due to Other Governments	\$49,623	\$1,798,290	\$1,778,290	\$69,623
Undistributed Monies	81,112	6,189	0	87,301
<b>Total Liabilities</b>	<b>\$130,735</b>	<b>\$1,804,479</b>	<b>\$1,778,290</b>	<b>\$156,924</b>
<b>Performance Bond</b>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$22,864	\$0	\$12,940	\$9,924
<b>Total Assets</b>	<b>\$22,864</b>	<b>\$0</b>	<b>\$12,940</b>	<b>\$9,924</b>
Liabilities:				
Undistributed Monies	\$22,864	\$0	\$12,940	\$9,924
<b>Total Liabilities</b>	<b>\$22,864</b>	<b>\$0</b>	<b>\$12,940</b>	<b>\$9,924</b>
<b>Totals</b>				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$22,959	\$1,442	\$14,304	\$10,097
Cash and Cash Equivalents in Segregated Accounts	130,735	1,804,479	1,778,290	156,924
<b>Total Assets</b>	<b>\$153,694</b>	<b>\$1,805,921</b>	<b>\$1,792,594</b>	<b>\$167,021</b>
Liabilities:				
Due to Other Governments	\$49,718	\$1,799,732	\$1,779,654	\$69,796
Undistributed Monies	103,976	6,189	12,940	97,225
<b>Total Liabilities</b>	<b>\$153,694</b>	<b>\$1,805,921</b>	<b>\$1,792,594</b>	<b>\$167,021</b>



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, 2001

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Municipal Income Tax	\$10,750,000	\$10,388,324	\$10,795,869	\$407,545
Property and Other Taxes	1,696,512	1,568,950	1,574,035	5,085
Charges for Services	2,110,839	1,172,998	1,265,230	92,232
Licenses and Permits	113,000	79,195	80,370	1,175
Fines and Forfeitures	933,925	1,095,357	1,095,535	178
Intergovernmental	656,518	1,038,152	1,053,740	15,588
Interest	1,000,000	1,329,419	1,378,642	49,223
Other	41,100	168,926	176,248	7,322
<b>Total Revenues</b>	<b>17,301,894</b>	<b>16,841,321</b>	<b>17,419,669</b>	<b>578,348</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>General Government</b>				
<b>Legislative and Executive</b>				
Personal Services	1,164,372	1,164,372	1,159,398	4,974
Operations and Maintenance	2,845,562	2,845,562	2,545,531	300,031
<b>Judicial System</b>				
Personal Services	1,247,299	1,247,299	1,209,665	37,634
Operations and Maintenance	219,007	219,007	163,722	55,285
<b>Total General Government</b>	<b>5,476,240</b>	<b>5,476,240</b>	<b>5,078,316</b>	<b>397,924</b>
<b>Public Safety</b>				
<b>Police</b>				
Personal Services	3,412,281	3,417,981	3,242,674	175,307
Operations and Maintenance	563,443	557,743	424,949	132,794
<b>Fire</b>				
Personal Services	1,081,386	1,081,386	1,081,386	0
Operations and Maintenance	218,511	218,511	216,067	2,444
<b>Total Public Safety</b>	<b>5,275,621</b>	<b>5,275,621</b>	<b>4,965,076</b>	<b>310,545</b>
<b>Public Works</b>				
<b>Engineer</b>				
Personal Services	589,224	589,224	563,945	25,279
Operations and Maintenance	147,835	147,835	139,757	8,078
<b>Service Department</b>				
Personal Services	133,159	133,159	120,052	13,107
Operations and Maintenance	7,230	7,230	3,791	3,439
<b>Street Lighting</b>				
Operations and Maintenance	203,340	203,340	180,099	23,241
<b>Street Maintenance</b>				
Personal Services	447,517	447,517	423,934	23,583
Operations and Maintenance	7,878	7,878	6,896	982
<b>Refuse</b>				
Operations and Maintenance	982,646	982,646	823,037	159,609
<b>Total Public Works</b>	<b>\$2,518,829</b>	<b>\$2,518,829</b>	<b>\$2,261,511</b>	<b>\$257,318</b>

(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, 2001  
(Continued)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Recreation				
Parks				
Personal Services	\$2,147,025	\$2,147,025	\$1,909,130	\$237,895
Operations and Maintenance	867,894	859,215	823,084	36,131
Total Recreation	<u>3,014,919</u>	<u>3,006,240</u>	<u>2,732,214</u>	<u>274,026</u>
Capital Outlay	<u>981,943</u>	<u>990,622</u>	<u>979,778</u>	<u>10,844</u>
Total Expenditures	<u>17,267,552</u>	<u>17,267,552</u>	<u>16,016,895</u>	<u>1,250,657</u>
Excess of Revenues Over (Under) Expenditures	<u>34,342</u>	<u>(426,231)</u>	<u>1,402,774</u>	<u>1,829,005</u>
Other Financing Sources (Uses):				
Proceeds from Sale of Fixed Assets	1,000	0	0	0
Operating Transfers - Out	<u>(3,760,511)</u>	<u>(3,760,511)</u>	<u>(3,728,143)</u>	<u>32,368</u>
Total Other Financing Sources (Uses)	<u>(3,759,511)</u>	<u>(3,760,511)</u>	<u>(3,728,143)</u>	<u>32,368</u>
Net Change in Fund Balance	(3,725,169)	(4,186,742)	(2,325,369)	1,861,373
Fund Balance at Beginning of Year	9,695,104	9,695,104	9,695,104	0
Prior Year Encumbrances Appropriated	<u>2,180,014</u>	<u>2,180,014</u>	<u>2,180,014</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$8,149,949</u></u>	<u><u>\$7,688,376</u></u>	<u><u>\$9,549,749</u></u>	<u><u>\$1,861,373</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, 2001

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$0	\$186,183	\$186,183	\$0
Special Assessments	10,100	22,867	29,481	6,614
Total Revenues	<u>10,100</u>	<u>209,050</u>	<u>215,664</u>	<u>6,614</u>
Expenditures:				
Capital Outlay	6,901,075	7,086,317	6,763,610	322,707
Total Expenditures	<u>6,901,075</u>	<u>7,086,317</u>	<u>6,763,610</u>	<u>322,707</u>
Excess of Revenues Under Expenditures	<u>(6,890,975)</u>	<u>(6,877,267)</u>	<u>(6,547,946)</u>	<u>329,321</u>
Other Financing Sources:				
Repayment of Notes Receivable	10,000	24,207	24,207	0
Operating Transfers - In	2,687,500	2,687,500	2,687,500	0
Total Other Financing Sources	<u>2,697,500</u>	<u>2,711,707</u>	<u>2,711,707</u>	<u>0</u>
Net Change in Fund Balance	(4,193,475)	(4,165,560)	(3,836,239)	329,321
Fund Balance at Beginning Year	171,533	171,533	171,533	0
Prior Year Encumbrances Appropriated	<u>4,211,475</u>	<u>4,211,475</u>	<u>4,211,475</u>	<u>0</u>
Fund Balance at End of Year	<u>\$189,533</u>	<u>\$217,448</u>	<u>\$546,769</u>	<u>\$329,321</u>

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 Year Ended December 31, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	<u>\$25,000</u>	<u>\$7,009</u>	<u>\$7,463</u>	<u>\$454</u>
Total Revenues	<u>25,000</u>	<u>7,009</u>	<u>7,463</u>	<u>454</u>
Expenditures:				
Capital Outlay	<u>1,095,202</u>	<u>1,095,202</u>	<u>1,070,720</u>	<u>24,482</u>
Total Expenditures	<u>1,095,202</u>	<u>1,095,202</u>	<u>1,070,720</u>	<u>24,482</u>
Net Change in Fund Balance	(1,070,202)	(1,088,193)	(1,063,257)	24,936
Fund Balance at Beginning of Year	275,417	275,417	275,417	0
Prior Year Encumbrances Appropriated	<u>895,202</u>	<u>895,202</u>	<u>895,202</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$100,417</u></u>	<u><u>\$82,426</u></u>	<u><u>\$107,362</u></u>	<u><u>\$24,936</u></u>

City of Vandalia  
Montgomery County, Ohio  
Schedule of Revenues, Expenses and Changes  
In Fund Equity - Budget (Non-GAAP Basis) and Actual  
Golf Fund  
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$1,015,155	\$968,208	\$986,082	\$17,874
Interest	4,491	4,897	5,244	347
Other	37,069	27,243	29,849	2,606
Total Revenues	1,056,715	1,000,348	1,021,175	20,827
Expenses:				
Current:				
Personal Services	506,469	449,235	442,085	7,150
Contractual Services	279,904	397,009	392,461	4,548
Materials and Supplies	195,759	217,365	208,096	9,269
Other	30,444	42,077	42,068	9
Capital Outlay	3,109	0	0	0
Total Expenses	1,015,685	1,105,686	1,084,710	20,976
Net Change in Fund Equity	41,030	(105,338)	(63,535)	41,803
Fund Equity at Beginning Year	255,154	255,154	255,154	0
Prior Year Encumbrances Appropriated	22,462	22,462	22,462	0
Fund Equity at End of Year	\$318,646	\$172,278	\$214,081	\$41,803

City of Vandalia  
Montgomery County, Ohio  
Schedule of Revenues, Expenses and Changes  
In Fund Equity - Budget (Non-GAAP Basis) and Actual  
Sewer Fund  
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$1,381,869	\$1,128,080	\$1,165,379	\$37,299
Utility Deposits Received	0	1,239	1,303	64
Other	0	10,882	10,882	0
	<u>1,381,869</u>	<u>1,140,201</u>	<u>1,177,564</u>	<u>37,363</u>
Total Revenues				
Expenses:				
Current:				
Personal Services	247,707	247,707	223,127	24,580
Contractual Services	1,187,930	1,187,930	997,695	190,235
Materials and Supplies	26,124	26,124	20,188	5,936
Other	238	238	167	71
Utility Deposits Returned	0	998	998	0
	<u>1,461,999</u>	<u>1,462,997</u>	<u>1,242,175</u>	<u>220,822</u>
Total Expenses				
Net Change in Fund Equity	(80,130)	(322,796)	(64,611)	258,185
Fund Equity at Beginning of Year	1,188,089	1,188,089	1,188,089	0
Prior Year Encumbrances Appropriated	104,026	104,026	104,026	0
Fund Equity at End of Year	<u>\$1,211,985</u>	<u>\$969,319</u>	<u>\$1,227,504</u>	<u>\$258,185</u>

City of Vandalia  
Montgomery County, Ohio  
Schedule of Revenues, Expenses and Changes  
In Fund Equity - Budget (Non-GAAP Basis) and Actual  
Water Fund  
For the Year Ended December 31, 2001

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services	\$1,504,303	\$1,333,370	\$1,378,143	\$44,773
Utility Deposits Received	0	2,403	2,530	127
Other	100	2,382	2,382	0
Total Revenues	1,504,403	1,338,155	1,383,055	44,900
Expenses:				
Current:				
Personal Services	247,707	247,707	223,111	24,596
Contractual Services	1,511,333	1,510,873	1,113,033	397,840
Materials and Supplies	44,943	44,943	31,818	13,125
Other	185	646	646	0
Utility Deposits Returned	0	1,938	1,938	0
Total Expenses	1,804,168	1,806,107	1,370,546	435,561
Net Change in Fund Equity	(299,765)	(467,952)	12,509	480,461
Fund Equity at Beginning Year	583,434	583,434	583,434	0
Prior Year Encumbrances Appropriated	285,791	285,791	285,791	0
Fund Equity at End of Year	\$569,460	\$401,273	\$881,734	\$480,461



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, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Charges for Services	\$97,800	\$90,246	\$90,246	\$0
Other	3,025	890	583	(307)
<b>Total Revenues</b>	<u>100,825</u>	<u>91,136</u>	<u>90,829</u>	<u>(307)</u>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Recreation</b>				
Personal Services	39,257	39,257	32,904	6,353
Operation and Maintenance	89,468	89,468	79,291	10,177
Capital Outlay	4,900	4,900	750	4,150
<b>Total Expenditures</b>	<u>133,625</u>	<u>133,625</u>	<u>112,945</u>	<u>20,680</u>
<b>Net Change in Fund Balance</b>	(32,800)	(42,489)	(22,116)	20,373
Fund Balance at Beginning of Year	59,106	59,106	59,106	0
Prior Year Encumbrances Appropriated	146	146	146	0
<b>Fund Balance at End of Year</b>	<u><u>\$26,452</u></u>	<u><u>\$16,763</u></u>	<u><u>\$37,136</u></u>	<u><u>\$20,373</u></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, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and Forfeitures	\$134,000	\$128,609	\$128,609	\$0
Other	0	651	651	0
<b>Total Revenues</b>	<b>134,000</b>	<b>129,260</b>	<b>129,260</b>	<b>0</b>
Expenditures:				
Current:				
General Government				
Legislative and Executive				
Personal Services	82,044	82,044	57,817	24,227
Operation and Maintenance	52,217	52,217	50,647	1,570
Capital Outlay	85,000	85,000	76,758	8,242
<b>Total Expenditures</b>	<b>219,261</b>	<b>219,261</b>	<b>185,222</b>	<b>34,039</b>
Net Change in Fund Balance	(85,261)	(90,001)	(55,962)	34,039
Fund Balance at Beginning of Year	172,950	172,950	172,950	0
Prior Year Encumbrances Appropriated	4,082	4,082	4,082	0
<b>Fund Balance at End of Year</b>	<b>\$91,771</b>	<b>\$87,031</b>	<b>\$121,070</b>	<b>\$34,039</b>

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, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and Forfeitures	\$150	\$0	\$0	\$0
Total Revenues	<u>150</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures:				
Current:				
General Government				
Legislative and Executive				
Operation and Maintenance	110	200	200	0
Total Expenditures	<u>110</u>	<u>200</u>	<u>200</u>	<u>0</u>
Net Change in Fund Balance	40	(200)	(200)	0
Fund Balance at Beginning of Year	<u>1,450</u>	<u>1,450</u>	<u>1,450</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,490</u></u>	<u><u>\$1,250</u></u>	<u><u>\$1,250</u></u>	<u><u>\$0</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, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and Forfeitures	\$500	\$3,920	\$3,920	\$0
Total Revenues	500	3,920	3,920	0
Expenditures:				
Capital Outlay	500	500	0	500
Total Expenditures	500	500	0	500
Net Change in Fund Balance	0	3,420	3,920	500
Fund Balance at Beginning of Year	215	215	215	0
Fund Balance at End of Year	<u>\$215</u>	<u>\$3,635</u>	<u>\$4,135</u>	<u>\$500</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, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines and Forfeitures	<u>\$1,500</u>	<u>\$1,416</u>	<u>\$1,416</u>	<u>\$0</u>
Total Revenues	<u>1,500</u>	<u>1,416</u>	<u>1,416</u>	<u>0</u>
Expenditures:				
Current:				
Public Safety				
Police				
Operation and Maintenance	<u>500</u>	<u>936</u>	<u>935</u>	<u>1</u>
Total Expenditures	<u>500</u>	<u>936</u>	<u>935</u>	<u>1</u>
Net Change in Fund Balance	1,000	480	481	1
Fund Balance at Beginning of Year	<u>467</u>	<u>467</u>	<u>467</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,467</u></u>	<u><u>\$947</u></u>	<u><u>\$948</u></u>	<u><u>\$1</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, 2001

	Budgeted Amounts		Actual	Variance With Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines and Forfeitures	\$6,500	\$9,450	\$9,450	\$0
Intergovernmental	9,000	9,544	9,544	0
Total Revenues	15,500	18,994	18,994	0
Expenditures:				
Current:				
Public Safety				
Police				
Operation and Maintenance	15,000	15,000	0	15,000
Total Expenditures	15,000	15,000	0	15,000
Net Change in Fund Balance	500	3,994	18,994	15,000
Fund Balance at Beginning of Year	196,948	196,948	196,948	0
Fund Balance at End of Year	\$197,448	\$200,942	\$215,942	\$15,000

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, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$35,500	\$39,090	\$39,090	\$0
Total Revenues	<u>35,500</u>	<u>39,090</u>	<u>39,090</u>	<u>0</u>
Expenditures:				
Current:				
Public Works				
Streets				
Operation and Maintenance	55,093	55,093	44,310	10,783
Total Expenditures	<u>55,093</u>	<u>55,093</u>	<u>44,310</u>	<u>10,783</u>
Net Change in Fund Balance	(19,593)	(16,003)	(5,220)	10,783
Fund Balance at Beginning of Year	81,876	81,876	81,876	0
Prior Year Encumbrances Appropriated	<u>20,093</u>	<u>20,093</u>	<u>20,093</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$82,376</u></u>	<u><u>\$85,966</u></u>	<u><u>\$96,749</u></u>	<u><u>\$10,783</u></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, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$63,730	\$54,194	\$53,932	(\$262)
Other	1,160	443	443	0
Total Revenues	<u>64,890</u>	<u>54,637</u>	<u>54,375</u>	<u>(262)</u>
Expenditures:				
Current:				
Recreation				
Personal Services	26,963	26,963	16,890	10,073
Operation and Maintenance	50,754	50,754	40,604	10,150
Capital Outlay	1,800	1,800	750	1,050
Total Expenditures	<u>79,517</u>	<u>79,517</u>	<u>58,244</u>	<u>21,273</u>
Excess of Revenues Under Expenditures	<u>(14,627)</u>	<u>(24,880)</u>	<u>(3,869)</u>	<u>21,011</u>
Other Financing Sources:				
Operating Transfers - In	32,368	0	0	0
Total Other Financing Sources	<u>32,368</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balance	17,741	(24,880)	(3,869)	21,011
Fund Balance at Beginning of Year	32,592	32,592	32,592	0
Prior Year Encumbrances Appropriated	937	937	937	0
Fund Balance at End of Year	<u>\$51,270</u>	<u>\$8,649</u>	<u>\$29,660</u>	<u>\$21,011</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, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	<u>\$33,600</u>	<u>\$39,872</u>	<u>\$39,914</u>	<u>\$42</u>
Total Revenues	<u>33,600</u>	<u>39,872</u>	<u>39,914</u>	<u>42</u>
Expenditures:				
Current:				
Public Works				
Streets				
Operations and Maintenance	<u>38,525</u>	<u>38,525</u>	<u>36,051</u>	<u>2,474</u>
Total Expenditures	<u>38,525</u>	<u>38,525</u>	<u>36,051</u>	<u>2,474</u>
Net Change in Fund Balance	(4,925)	1,347	3,863	2,516
Fund Balance at Beginning of Year	77,875	77,875	77,875	0
Prior Year Encumbrances Appropriated	<u>6,993</u>	<u>6,993</u>	<u>6,993</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$79,943</u></u>	<u><u>\$86,215</u></u>	<u><u>\$88,731</u></u>	<u><u>\$2,516</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, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$500	\$0	\$0	\$0
Intergovernmental	455,256	491,755	492,277	522
Other	<u>2,530</u>	<u>14,407</u>	<u>14,601</u>	<u>194</u>
Total Revenues	<u>458,286</u>	<u>506,162</u>	<u>506,878</u>	<u>716</u>
Expenditures:				
Current:				
Public Works				
Streets				
Personal Services	366,224	366,224	340,635	25,589
Operations and Maintenance	<u>149,032</u>	<u>149,032</u>	<u>145,938</u>	<u>3,094</u>
Total Expenditures	<u>515,256</u>	<u>515,256</u>	<u>486,573</u>	<u>28,683</u>
Net Change in Fund Balance	(56,970)	(9,094)	20,305	29,399
Fund Balance at Beginning of Year	402,001	402,001	402,001	0
Prior Year Encumbrances Appropriated	<u>20,412</u>	<u>20,412</u>	<u>20,412</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$365,443</u></u>	<u><u>\$413,319</u></u>	<u><u>\$442,718</u></u>	<u><u>\$29,399</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, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</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	342,873	342,873	342,872	1
Interest and Fiscal Charges	<u>697,770</u>	<u>697,770</u>	<u>697,741</u>	<u>29</u>
Total Expenditures	<u>1,040,643</u>	<u>1,040,643</u>	<u>1,040,613</u>	<u>30</u>
Excess of Revenues Under Expenditures	<u>(1,040,643)</u>	<u>(1,040,643)</u>	<u>(1,040,613)</u>	<u>30</u>
Other Financing Sources:				
Operating Transfers - In	<u>1,040,643</u>	<u>1,040,643</u>	<u>1,040,643</u>	<u>0</u>
Total Other Financing Sources	<u>1,040,643</u>	<u>1,040,643</u>	<u>1,040,643</u>	<u>0</u>
Net Change in Fund Balance	0	0	30	30
Fund Balance at Beginning of Year	<u>31,476</u>	<u>31,476</u>	<u>31,476</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$31,476</u></u>	<u><u>\$31,476</u></u>	<u><u>\$31,506</u></u>	<u><u>\$30</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, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Special Assessments	\$72,000	\$76,379	\$76,379	\$0
Total Revenues	<u>72,000</u>	<u>76,379</u>	<u>76,379</u>	<u>0</u>
Expenditures:				
Current:				
Public Works				
Streets				
Operation and Maintenance	2,076	2,046	1,020	1,026
Debt Service:				
Principal Retirement	42,128	42,128	42,128	0
Interest and Fiscal Charges	14,787	14,817	14,817	0
Total Expenditures	<u>58,991</u>	<u>58,991</u>	<u>57,965</u>	<u>1,026</u>
Net Change in Fund Balance	13,009	17,388	18,414	1,026
Fund Balance at Beginning of Year	<u>76,034</u>	<u>76,034</u>	<u>76,034</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$89,043</u></u>	<u><u>\$93,422</u></u>	<u><u>\$94,448</u></u>	<u><u>\$1,026</u></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, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Interest	<u>\$2,000</u>	<u>\$4,993</u>	<u>\$5,595</u>	<u>\$602</u>
Total Revenues	<u>2,000</u>	<u>4,993</u>	<u>5,595</u>	<u>602</u>
Expenditures:				
Capital Outlay	<u>219,686</u>	<u>225,395</u>	<u>225,276</u>	<u>119</u>
Total Expenditures	<u>219,686</u>	<u>225,395</u>	<u>225,276</u>	<u>119</u>
Net Change in Fund Balance	(217,686)	(220,402)	(219,681)	721
Fund Balance at Beginning of Year	5,852	5,852	5,852	0
Prior Year Encumbrances Appropriated	<u>214,686</u>	<u>214,686</u>	<u>214,686</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$2,852</u></u>	<u><u>\$136</u></u>	<u><u>\$857</u></u>	<u><u>\$721</u></u>

City of Vandalia  
Montgomery County, Ohio  
Schedule of Revenues, Expenditures and Changes  
In Fund Balance - Budget (Non-GAAP Basis) and Actual  
Stonequarry Road Fund  
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	<u>\$0</u>	<u>\$188,424</u>	<u>\$188,424</u>	<u>\$0</u>
Total Revenues	<u>0</u>	<u>188,424</u>	<u>188,424</u>	<u>0</u>
Expenditures:				
Capital Outlay	<u>0</u>	<u>188,424</u>	<u>188,424</u>	<u>0</u>
Total Expenditures	<u>0</u>	<u>188,424</u>	<u>188,424</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, Expenditures and Changes  
In Fund Balances - Budget (Non-GAAP Basis) and Actual  
Webster Street Fund  
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental	\$0	\$490,191	\$490,191	\$0
Total Revenues	<u>0</u>	<u>490,191</u>	<u>490,191</u>	<u>0</u>
Expenditures:				
Capital Outlay	600,000	600,000	600,000	0
Total Expenditures	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>0</u>
Net Change in Fund Balance	(600,000)	(109,809)	(109,809)	0
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances Appropriated	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$0</u></u>	<u><u>\$490,191</u></u>	<u><u>\$490,191</u></u>	<u><u>\$0</u></u>

City of Vandalia  
Montgomery County, Ohio  
Schedule of Revenues, Expenses and Changes  
In Fund Equity - Budget (Non-GAAP Basis) and Actual  
Hospital Care Fund  
For the Year Ended December 31, 2001

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Services	\$1,140,274	\$1,127,123	\$1,127,481	\$358
Other	90,695	75,271	75,744	473
Total Revenues	<u>1,230,969</u>	<u>1,202,394</u>	<u>1,203,225</u>	<u>831</u>
Expenses:				
Current:				
Contractual Services	195,766	308,654	308,654	0
Claims	1,035,000	1,416,939	1,372,515	44,424
Other	203	377	377	0
Total Expenses	<u>1,230,969</u>	<u>1,725,970</u>	<u>1,681,546</u>	<u>44,424</u>
Net Change in Fund Equity	0	(523,576)	(478,321)	45,255
Fund Equity at Beginning of Year	<u>538,059</u>	<u>538,059</u>	<u>538,059</u>	<u>0</u>
Fund Equity at End of Year	<u>\$538,059</u>	<u>\$14,483</u>	<u>\$59,738</u>	<u>\$45,255</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  
 Government-wide Expenses by Function  
 Last Two Years (1)

Year	General Government	Public Safety	Public Works	Recreation	Interest and Fiscal Charges	Golf	Sewer	Water	Total
2000	\$4,179,646	\$5,279,340	\$4,539,841	\$2,250,409	\$728,745	\$1,181,096	\$1,333,967	\$1,914,077	\$21,407,121
2001	5,198,302	5,503,635	4,106,870	3,857,728	710,608	1,198,058	1,406,115	1,912,460	23,893,776

SOURCE: Finance Office, City of Vandalia

(1) The City first reported government-wide information in 2000.

City of Vandalia  
 Montgomery County, Ohio  
 Government-wide Revenues  
 Last Two Years (1)

Year	Program Revenues			General Revenues					Total	
	Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Property and Other Taxes	Municipal Income Tax	Entitlements not Restricted to Specific Programs	Investment in Joint Venture	Unrestricted Investment Earnings		Other
2000	\$6,033,686	\$557,648	\$691,884	\$1,616,490	\$11,120,996	\$942,438	\$41,465	\$1,992,549	\$123,568	\$23,120,724
2001	6,391,691	616,273	1,596,361	1,570,281	10,307,674	997,696	157,716	1,455,574	56,654	23,149,920

SOURCE: Finance Office, City of Vandalia

(1) The City first reported government-wide information in 2000.

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
1992	\$2,551,674	\$2,771,319	\$1,227,467	\$1,039,806	-	\$7,590,266
1993	2,719,018	2,898,597	1,424,307	1,110,023	\$6,471	8,158,416
1994	2,647,379	3,102,356	1,486,401	1,147,626	171,767	8,555,529
1995	2,931,510	3,218,633	1,687,900	1,223,999	5,242	9,067,284
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
2001	4,141,164	4,934,726	2,036,238	2,739,761	452,522	14,304,411

SOURCE: Finance Office, City of Vandalia

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
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
2001	10,790,799	1,569,367	1,205,295	80,535	1,130,782	1,023,363	1,337,016	178,595	17,315,752

SOURCE: Finance Office, City of Vandalia

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	
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	
2001	1,492,775		1,446,584		55,263		1,501,847		101		83,471		5.59	

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 Public Utility		Assessed Public Utility Tangible		Assessed Tangible Personal		Total	Estimated True Value	Percentage of Assessed Value To Estimated True Value
	Assessed Real	Real	Assessed Tangible	Utility Tangible	Assessed Personal	Tangible Personal			
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		
2001	278,549,920	22,580	9,482,673	78,703,666	366,758,839	1,119,152,422	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	Vandalia-		Montgomery		Miami Valley		Library	Total
	Total City	Butler City Schools	County	Center	Career Technology Center			
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	
2001	4.14	44.86	17.24	2.58	0.26		69.08	

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>
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
2001	89,806	84,068	94

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 Six 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 Value
1996	13,790	\$317,167,691	\$13,675,000	\$31,226	\$13,643,774	4.30%
1997	13,790	322,363,592	13,480,000	31,361	13,448,639	4.17
1998	13,790	325,685,428	13,185,000	31,361	13,153,639	4.04
1999	13,790	351,361,228	12,875,000	31,403	12,843,597	3.66
2000	14,603	358,428,706	12,550,000	31,476	12,518,524	3.49
2001	14,603	366,758,839	12,210,000	31,506	12,178,494	3.32

(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, 2001

Assessed Value (1)		<u><u>\$366,758,839</u></u>
Overall Debt Limit (10 1/2% of the Assessed Value)		\$38,509,678
Total Voted and Unvoted Debt Outstanding at December 31, 2001	<u>\$12,390,000</u>	
Less: Exempt Debt		
Unvoted General Obligation Bonds Issued in Anticipation of the Collection of Special Assessments	168,510	
Unvoted General Obligation Bonds Issued in Anticipation of the Collection of Lawfully Available Municipal Income Tax to be Applied to Debt Service	<u>11,490</u>	
Debt Within 10 1/2 Percent Limitation	12,210,000	
Less: Bond Retirement Fund Balance	<u>31,506</u>	
Net Debt Subject to 10 1/2% limitation		<u>12,178,494</u>
Legal debt margin within 10 1/2% limitation		<u><u>\$26,331,184</u></u>

(1) This assessed value represents tax year 2001 assessed valuation.

City of Vandalia  
Montgomery County, Ohio  
Computation of Unvoted Legal Debt Margin  
December 31, 2001

Assessed Value (1)		<u><u>\$366,758,839</u></u>
Overall Debt Limit (5 1/2% of the Assessed Value)		\$20,171,736
Total Voted and Unvoted Debt Outstanding at December 31, 2001	<u>\$12,390,000</u>	
Less: Exempt Debt		
Unvoted General Obligation Bonds Issued in Anticipation of the Collection of Special Assessments	168,510	
Unvoted General Obligation Bonds Issued in Anticipation of the Collection of Lawfully Available Municipal Income Tax to be Applied to Debt Service	<u>11,490</u>	
Debt Within 5 1/2 Percent Limitation	12,210,000	
Less: Bond Retirement Fund Balance	<u>31,506</u>	
Net Debt Subject to 5 1/2% limitation		<u>12,178,494</u>
Legal debt margin within 5 1/2% limitation		<u><u>\$7,993,242</u></u>

(1) This assessed value represents tax year 2001 assessed valuation.

City of Vandalia  
 Montgomery County, Ohio  
 Computation of Direct and Overlapping General Obligation Debt  
 December 31, 2001

<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	\$12,178,494	100.00%	<u>\$12,178,494</u>
Overlapping Debt:			
Montgomery County	40,614,870	3.89	1,579,918
Vandalia-Butler City School District	1,500,000	58.46	<u>876,900</u>
Total Overlapping Debt			<u>2,456,818</u>
Total Direct and Overlapping Debt			<u><u>\$14,635,312</u></u>

SOURCE: City of Vandalia, Finance Office; Montgomery County Auditor; Vandalia-Butler City Schools

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 Six 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	10.70
1998	1,032,115	10,826,416	9.53
1999	1,034,873	11,454,055	9.03
2000	1,040,390	11,876,784	8.76
2001	1,040,613	14,304,411	7.27

(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							
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)
2001	(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>
1992	13,790	3,546	6.30%
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
2001	14,603	3,531	4.3

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	
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
2001	795,856,914	31	4,946,907	43	17,144,527	224,099,000

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, 2001

Taxpayer	2001 Real Property Assessed Value (1)	Percentage of Total Assessed Value (1)
1. Dayton Power & Light Co.	\$4,596,240	1.25%
2. Delphi Automotive System	4,425,870	1.21
3. B-W Limited Partnership	2,546,740	0.69
4. The Iams Company	2,451,330	0.67
5. Timberlake Limited Part.	2,098,010	0.57
6. Ohio Bell Telephone Co.	2,017,730	0.55
7. Mid-States Development Co.	1,465,140	0.40
8. Whirlpool Realty	1,312,430	0.36
9. Mazer, Marshall T.	1,299,260	0.35
10. Thieman, Ted H.	1,164,490	0.32
	<u>\$23,377,240</u>	<u>6.38%</u>

(1) Assessed value represents tax year 2001 assessed valuation.

SOURCE: County Auditor; Montgomery County, Ohio

City of Vandalia  
 Montgomery County, Ohio  
 Miscellaneous Statistics  
 December 31, 2001

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	3,531
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 2001	74
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	141

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STATE OF OHIO  
OFFICE OF THE AUDITOR  

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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 16, 2002**