

CITY OF VANDALIA, OHIO

**Independent Auditors' Report on
Compliance and Internal Controls**

December 31, 2005



**Auditor of State
Betty Montgomery**

City Council
City of Vandalia
Vandalia, Ohio

We have reviewed the *Independent Auditors' Report* of the City of Vandalia, Montgomery County, prepared by Clark, Schaefer, Hackett & Co., for the audit period January 1, 2005 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

June 30, 2006

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Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vandalia (the City), as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 12, 2006, wherein we noted the City implemented GASB Technical Bulletin 2004-2 and GASB Statement No. 40. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that we reported to management of the City in a separate letter dated May 12, 2006.

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

Springfield, Ohio
May 12, 2006

**CITY OF VANDALIA
MONTGOMERY COUNTY, OHIO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2005**

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

City of Vandalia
Montgomery County, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2005

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333 James E. Bohanan Memorial Drive • Vandalia, Ohio 45377
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May 31, 2006

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

State law requires that every general-purpose local government publish within 150 days of the close of each fiscal year, a complete set of audited financial statements. Therefore, I am pleased to present the seventeenth Comprehensive Annual Financial Report (CAFR) for the City of Vandalia, which is being published to fulfill that requirement for the year ended December 31, 2005.

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

Clark, Schaefer, Hackett & Co., Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Vandalia's financial statements for the year ended December 31, 2005. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the City

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.

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

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

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

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

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

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

Local Economy

During 2005 Vandalia's economy made a modest recovery with increased employment experienced by the City's non-retail, private employers. The continued work to upgrade the I-70 and I-75 interchange has created a very positive outlook for the community going forward. The adjoining township is experiencing rapid commercialization of its land adjoining a new interstate exit. The City expects, and created plans for, commercial development to spill over into City properties that also adjoin this exit. One developer has already begun buying and assembling residential properties for commercial redevelopment. The improved access that the new interchange will provide has already attracted a regional distribution center to Vandalia; FedEx Ground has broken ground on a facility that will employ 160 workers initially.

The City's largest employer, Delphi Corporation, has declared bankruptcy but continues to operate its Safety and Interiors facility which contains both production and a major engineering center. In order to protect City income tax revenues, Vandalia has signed a revenue-sharing agreement with the three other cities in the region having Delphi facilities. The agreement creates a shared risk pool providing some cushion in case of plant closure. Details will be forthcoming as Delphi determines its business plan.

The agreement has also enhanced the stature of the Dayton-area facilities, including Vandalia's, in the eyes of the Delphi's leadership.

Vandalia's attractive location, innovative incentives and pro-business approach continues to attract new businesses to the community. Four Vandalia Incentive Program grants were awarded this year. Elements IV Interiors will relocate and expand within the community retaining 53 and creating 30 new jobs within 3 years. Vandalia matched a VIP grant with a County incentive grant to allow Projects Unlimited to construct a new building retaining 100 and creating 40 new jobs. Microfinish relocated to an expanded Vandalia location after receiving a VIP grant (35 jobs and 15 more in three years).

During 2005, housing subdivisions continued to grow in the City, including Copperfield, Foxfire, Brown School Woods, and Ashbury Farms. Also during 2005, the newest subdivision of the City, The Reserve at Park Place, began construction of homes.

The unemployment in Vandalia's region (Dayton OH SMA) peaked in March, 2005 at 7.2% reflecting the delayed effects of national recession in this area. By December the regional rate had dropped dramatically to 5.6%. Unemployment is expected to rise in 2006 on as the result of a number of closures of large facilities anticipated within the region. None of these closures are located within Vandalia. In fact, the only Delphi plant not scheduled for closure is in Vandalia.

The City is starting to see early payoffs from the Miller Lane – Benchwood Road Redevelopment Plan adjoining a relocated exit to Interstate 75. Three tax increment financing (TIF) districts have been created within the district already. Both F&S Harley Davidson and Ruby Tuesdays Restaurant broke ground on new buildings in 2005. On the other side of I-75 the city has been assisting with the location of a new auto dealership.

The City continues to spend its valuable resources on public safety and public works related expenses, as well as recreation activities and general governmental categories. The City's dedication to public safety is evident in the fact that 23 percent and 8 percent of the governmental expenditures are spent towards police and fire protection, respectively. The City also places a high emphasis on sponsoring recreation programs for its citizens. The 17 percent of governmental expenditures spent for recreation during 2005 is consistent with past years.

At 55 percent of total governmental revenues, municipal income taxes continue to be the life source of the City's revenue. Vandalia residents approved a temporary (five years) city income tax increase of one quarter of one percent in November, 2005. This increase will be earmarked for additional police personnel and police, fire, and street capital needs. Effective January 1, 2006 the City income tax rate is now 2.00%. The City of Vandalia instituted a significant increase in water usage rates in 2005. Rates were increased by 22 percent in September, 2005 and an additional increase of 34% in January, 2006. One additional increase of 8% is planned for January, 2007. The main reason for the increase in water usage rates was a pass through of the identical increases from the City of Dayton from whom we purchase water. A sewer rate increase schedule was put in place so that an additional 5% would be charged in 2005 through 2007.

Long-term Financial Planning

During 2005, City Council began developing general fund balance policy guidelines to serve as the stepping stone for future budgetary and planning purposes. The proposed policy sets a *minimum* requirement for the general fund balance at 15 percent of regular general fund revenues, or of no less than 6 months of regular general fund operating expenditures. The policy also specifies that the minimum level should be applied within the context of long-term forecasting, not upon the level of fund balance in the general fund at any one time. The goal is to have this policy finalized and officially adopted by Council during 2006 so it can be applied during the 2007 budget process.

In addition, the City continued with its 5-year capital projects strategic planning tool. The City also implemented a new 3-year, more specific, capital projects plan with goals and deadlines.

Major Initiatives

The Northern Area Water Authority (NAWA), a joint venture between the Cities of Vandalia and Tipp City, continues to move forward with construction of the water treatment facility and completion of the raw water and finished water transmission mains. Bids were opened in March, 2005 and two separate contracts were awarded. Construction for both the treatment plant and transmission mains began in June, 2005. The raw water and finished water transmission mains contract with Howell Contractors is currently ninety-five percent complete as of May, 2006 and the water treatment plant contract with Shook Construction is approaching sixty percent completion as of May, 2006. The twenty-four million dollar project is both on schedule and within budget. Construction is expected to be complete in October, 2006 and production of finished water starting immediately after the three week break in period for all processing systems.

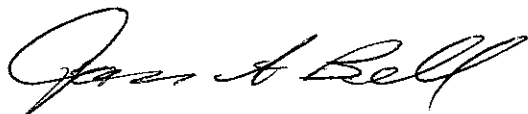
During 2005, the City of Vandalia continued to contract with the cities of Englewood and Brookville to act as their agent for the purpose of administering their tax ordinances and collecting their City income taxes by the authority of those ordinances. Although there are no immediate plans to form a joint venture with the cities of Englewood and Brookville, the option to do so in the future has remained open.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Vandalia, Ohio, for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2004. This was the sixteenth year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Sincere appreciation is extended to the many people who have contributed their time and effort to prepare this report. The Finance Department Staff is to be commended for their input and commitment. I would also like to express appreciation to the City Engineer's office for their continued effort in helping gather the infrastructure information presented in the report. I would also like to express appreciation to Ms. Carol Riggle, CPA, for her additional time spent this year in preparing this report. Finally, credit must also be given to the Mayor and to City Council for their support in maintaining the highest standards of professionalism in the management of the City of Vandalia's finances.



James A. Bell, CPFA
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Vandalia,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

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.



Carla E. Perry

President

Jeffrey R. Emer

Executive Director

City of Vandalia
Montgomery County, Ohio
List of Principal Officials
December 31, 2005

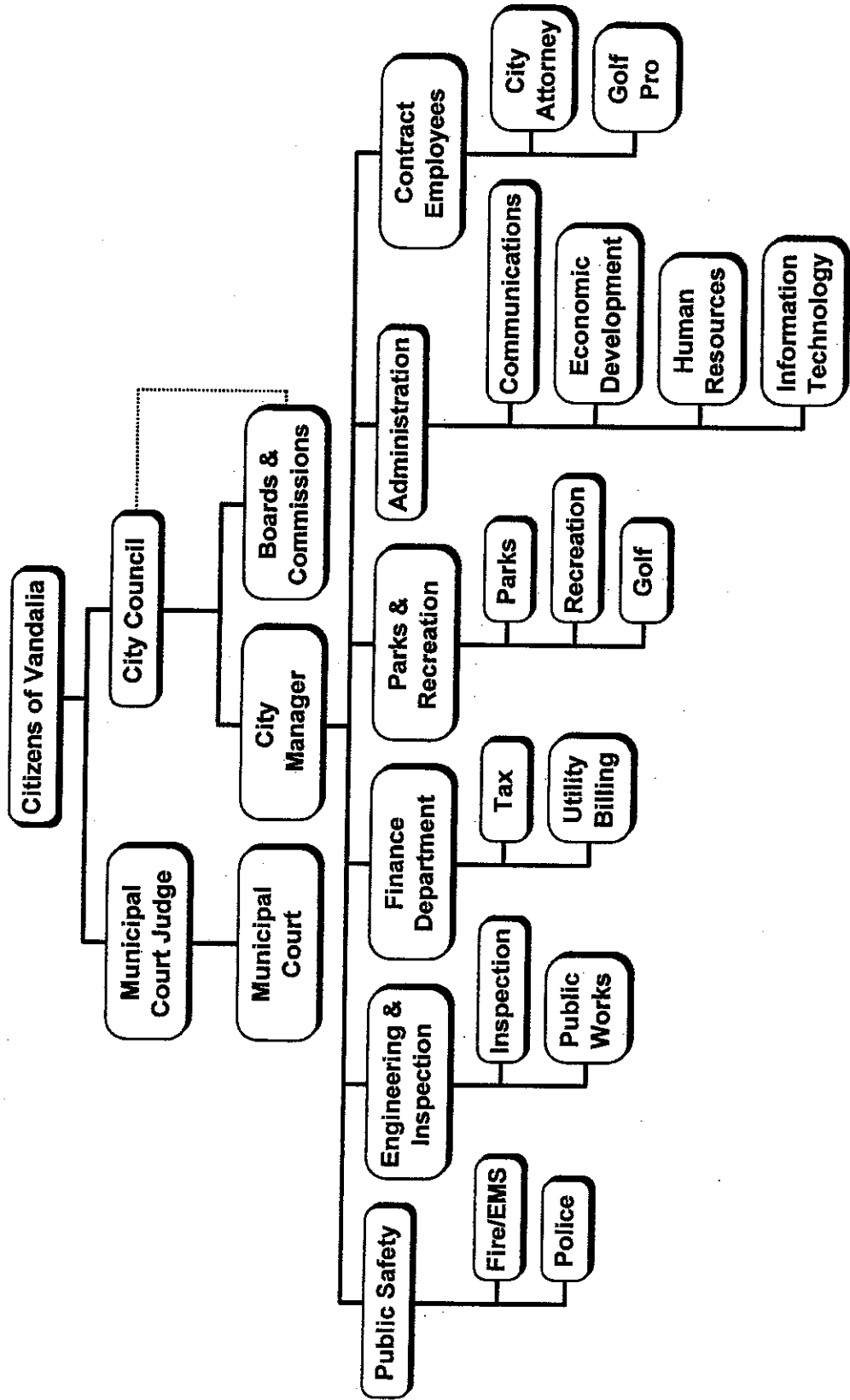
ELECTED OFFICIALS

| | |
|-----------------|--|
| MAYOR | William Loy |
| VICE MAYOR | David Lewis |
| COUNCIL MEMBERS | Mike Blakesly H. David Brusman Jr. Dave Gerhard Joyce Orange Candice Farst |

APPOINTED OFFICIALS

| | |
|----------------------------------|---------------------|
| CITY MANAGER | Jeffrey C. Hoagland |
| FINANCE DIRECTOR (thru 12/31/05) | Lori Koch |
| CITY ATTORNEY | Gerald McDonald |
| CHIEF OF POLICE | Douglas Knight |
| CITY ENGINEER/SERVICE DIRECTOR | John Mitchell |
| FIRE CHIEF | Chad Follick |
| PARKS AND RECREATION DIRECTOR | Steve Clark |

City of Vandalia, Ohio Organization Chart - 2005





Clark, Schaefer, Hackett & Co.
CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

Independent Auditors' Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vandalia (the City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Vandalia as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 4, the City has implemented new financial reporting standards as required by the provisions of GASB Technical Bulletin No. 2004-2, *Recognition of Pension and Other Post-employment Benefit Expenditures and Liabilities by Cost Sharing Employers* and GASB Statement No. 40, *Deposit and Investment Risk Disclosures*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2006 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 13 is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory sections, combining and individual nonmajor fund financial statements and schedules, and the statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and accordingly, we express no opinion on them.

Clark, Schaefer, Hackett & Co.

Springfield, Ohio
May 12, 2006

City of Vandalia
Montgomery County, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2005
(Unaudited)

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, 2005.

FINANCIAL HIGHLIGHTS

- The City's total net assets increased \$2.6 million during 2005. Of this increase, net assets of governmental activities accounted for \$2.2 million, due to increases in infrastructure capital assets while reducing long-term liabilities by making debt payments, while net assets of business-type activities increased by \$.4 million, mainly due to the increases in infrastructure.
- The general fund transfers out equaled \$1.8 million. Of this amount, \$.6 million in transfers was for capital acquisitions, repairs and equipment, and \$1.2 million was for debt service obligations.
- Business-type operations reflected an operating loss during 2005, and business-type unrestricted net assets are at \$7.9 million.

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, 2005
(Unaudited)

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 golf, sewer and water. Service fees for these operations are charged based upon the amount of usage or a usage fee. The intent is that the fees charged recoup operational costs.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the City's major funds begins on page 18. Fund financial statements provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Finance Director, with approval of council, to help control, manage and report money received for a particular purpose or to show that the City is meeting legal responsibilities for use of grants. The City of Vandalia's major funds are general, capital improvement, 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, 2005
(Unaudited)

Fiduciary Funds - All of the City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

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 2005 compared to 2004.

Table 1
Net Assets
(In Millions)

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------------|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| Assets | | | | | | |
| Current And Other Assets | \$24.7 | \$23.0 | \$1.8 | \$2.1 | \$26.5 | \$25.1 |
| Capital Assets, Net | 43.7 | 43.7 | 17.6 | 16.9 | 61.3 | 60.6 |
| Investment in Joint Venture | 0.0 | 0.0 | 6.6 | 6.5 | 6.6 | 6.5 |
| Total Assets | 68.4 | 66.7 | 26.0 | 25.5 | 94.4 | 92.2 |
| Liabilities | | | | | | |
| Current and Other Liabilities | | | | | | |
| Liabilities | 3.0 | 3.0 | 0.6 | 0.5 | 3.6 | 3.5 |
| Long-Term Liabilities: | | | | | | |
| Due within One Year | 1.0 | 1.0 | 0.0 | 0.0 | 1.0 | 1.0 |
| Due in More Than One Year | 10.7 | 11.2 | 0.0 | 0.0 | 10.7 | 11.2 |
| Total Liabilities | 14.7 | 15.2 | 0.6 | 0.5 | 15.3 | 15.7 |
| Net Assets | | | | | | |
| Invested in Capital Assets | | | | | | |
| Net of Related Debt | 33.1 | 32.6 | 17.5 | 16.9 | 50.6 | 49.5 |
| Restricted: | | | | | | |
| Other Purposes | 2.1 | 1.6 | 0.0 | 0.0 | 2.1 | 1.6 |
| Debt Services | 0.5 | 0.3 | 0.0 | 0.0 | 0.5 | 0.3 |
| Capital Projects | 2.1 | 2.6 | 0.0 | 0.0 | 2.1 | 2.6 |
| Unrestricted | 15.9 | 14.4 | 7.9 | 8.1 | 23.8 | 22.5 |
| Total Net Assets | \$53.7 | \$51.5 | \$25.4 | \$25.0 | \$79.1 | \$76.5 |

As displayed in Table 1, total net assets of the City as a whole, increased \$2.6 million from 2004 to 2005. This was due to increases in infrastructure capital assets while reducing long-term liabilities by making debt payments.

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(Unaudited)

Total net assets of the City's governmental activities increased by \$2.2 million, and unrestricted net assets increased \$1.5 million from 2004 to 2005. The increase in governmental net assets can be attributed to increases in infrastructure at Northwoods Business Park and Ashbury Road.

The net assets of the City's business type activities increased by \$.4 million. All three enterprise funds reported operating losses during 2005. Overall, operating expenses remained consistent with prior year. Capital contributions for capital assets from developers and governmental funds helped to reduce the negative impact on net assets. The City also had an increase in its investment in the joint venture from 2004 to 2005. 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, 2005, and revenue and expense comparisons to 2004.

Table 2
Changes in Net Assets
(In Millions)

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|-------------------------|-------------|--------------------------|------------|-------------|-------------|
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| Revenues | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$5.2 | \$4.6 | \$3.6 | \$3.5 | \$8.8 | \$8.1 |
| Operating Grants, Contributions and Interest | 1.6 | 0.8 | 0.0 | 0.0 | 1.6 | 0.8 |
| Capital Grants and Contributions | 1.7 | 0.8 | 0.8 | 0.0 | 2.5 | 0.8 |
| Total Program Revenues | <u>8.5</u> | <u>6.2</u> | <u>4.4</u> | <u>3.5</u> | <u>12.9</u> | <u>9.7</u> |
| General Revenues: | | | | | | |
| Property Taxes | 1.7 | 1.7 | 0.0 | 0.0 | 1.7 | 1.7 |
| Income Taxes | 10.4 | 10.4 | 0.0 | 0.0 | 10.4 | 10.4 |
| Grants and Entitlements | 1.0 | 1.0 | 0.0 | 0.0 | 1.0 | 1.0 |
| Other | 0.3 | 0.6 | 0.2 | 0.5 | 0.5 | 1.1 |
| Total General Revenues | <u>13.4</u> | <u>13.7</u> | <u>0.2</u> | <u>0.5</u> | <u>13.6</u> | <u>14.2</u> |
| Total Revenues | <u>21.9</u> | <u>19.9</u> | <u>4.6</u> | <u>4.0</u> | <u>26.5</u> | <u>23.9</u> |

City of Vandalia
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Changes in Net Assets (Continued)

| | Governmental Activities | | Business-Type Activities | | Total | |
|--------------------------------------|-------------------------|--------------|--------------------------|----------------|--------------|--------------|
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| Program Expenses: | | | | | | |
| General Government | | | | | | |
| Legislative and Executive | \$3.5 | \$3.4 | \$0.0 | \$0.0 | \$3.5 | \$3.4 |
| Judicial System | 1.8 | 1.6 | 0.0 | 0.0 | 1.8 | 1.6 |
| Public Safety | | | | | | |
| Police | 4.4 | 4.3 | 0.0 | 0.0 | 4.4 | 4.3 |
| Fire | 1.7 | 1.4 | 0.0 | 0.0 | 1.7 | 1.4 |
| Public Works | | | | | | |
| Engineer | 1.1 | 0.8 | 0.0 | 0.0 | 1.1 | 0.8 |
| Streets | 2.6 | 2.5 | 0.0 | 0.0 | 2.6 | 2.5 |
| Refuse | 0.7 | 0.6 | 0.0 | 0.0 | 0.7 | 0.6 |
| Recreation | 3.3 | 3.3 | 0.0 | 0.0 | 3.3 | 3.3 |
| Interest and Fiscal Charges | 0.5 | 0.5 | 0.0 | 0.0 | 0.5 | 0.5 |
| Golf | 0.0 | 0.0 | 1.1 | 1.1 | 1.1 | 1.1 |
| Sewer | 0.0 | 0.0 | 1.5 | 1.6 | 1.5 | 1.6 |
| Water | 0.0 | 0.0 | 1.8 | 1.7 | 1.8 | 1.7 |
| Total Expenses | <u>19.6</u> | <u>18.4</u> | <u>4.4</u> | <u>4.4</u> | <u>24.0</u> | <u>22.8</u> |
| Excess (Deficiency) Before Transfers | 2.3 | 1.5 | 0.2 | (0.4) | 2.5 | 1.1 |
| Transfers | (0.2) | 0.0 | 0.2 | 0.0 | 0.0 | 0.0 |
| Increase (Decrease) in Net Assets | <u>\$2.1</u> | <u>\$1.5</u> | <u>\$0.4</u> | <u>(\$0.4)</u> | <u>\$2.5</u> | <u>\$1.1</u> |

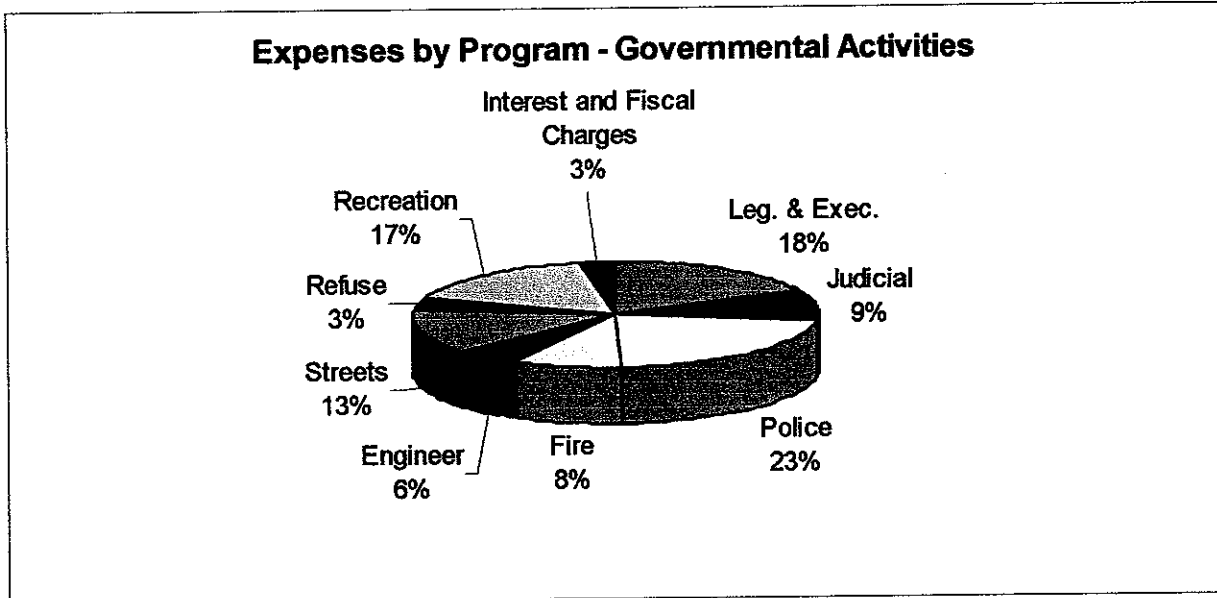
Governmental Activities

The 1.75% income tax is the largest source of revenue for the City of Vandalia. The above table reflects that income tax receipts remained consistent with prior year.

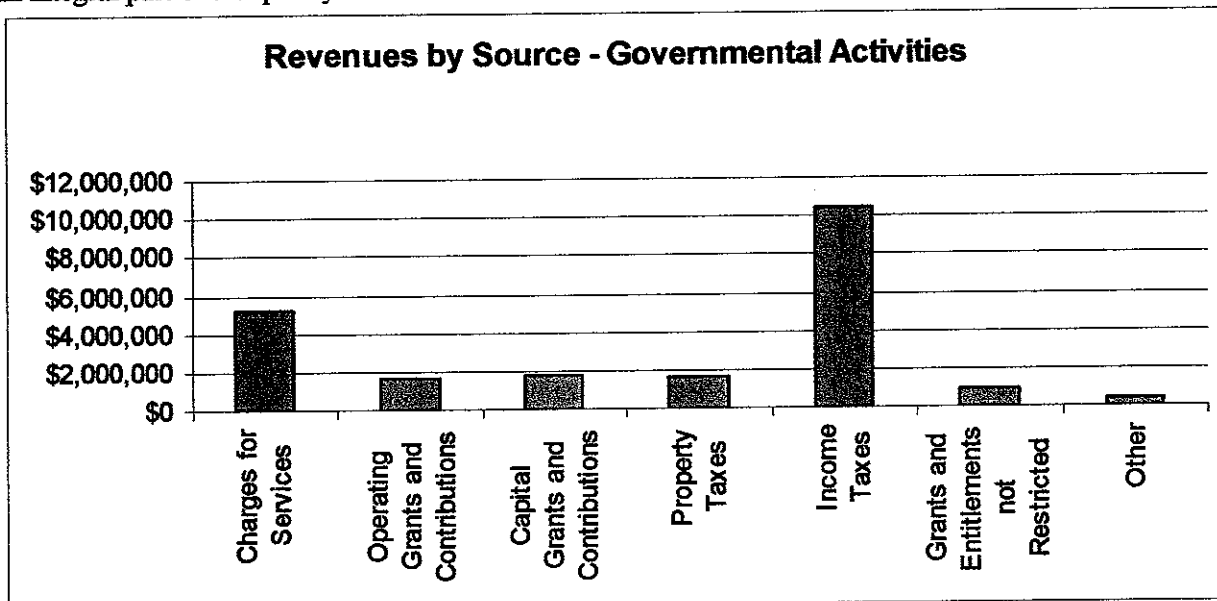
Charges for services increased \$.6 million during 2005. This increase can be credited to revenues generated from continuing to charge the cities of Englewood and Brookville for fiscal services for collecting their income taxes for them.

General government program expenses increased \$.2 million during 2005 primarily as a result of increased personnel and operation costs for the Municipal Court. In addition, storm water expenses increased over \$250,000 in 2005 as this program was just beginning in 2004. Expenses related to income tax collections for the cities of Englewood and Brookville also continue to be reflected in the general government program expenses. Recreation program expenses remained fairly consistent during 2005.

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



When looking at the sources of income used to support governmental activities, it should be noted that charges for services of \$5,244,962 represent 24 percent of revenue. Revenues provided by sources other than city residents in the form of operating and capital grants comprise another \$3,371,484, or 15 percent, and unrestricted grants and entitlements accounted for \$925,581, which is another 4 percent. The remaining revenues are primarily generated locally through property taxes, \$1,652,459 (8 percent) and income taxes, \$10,419,773 at 47 percent. 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.

City of Vandalia
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Business-Type Activities

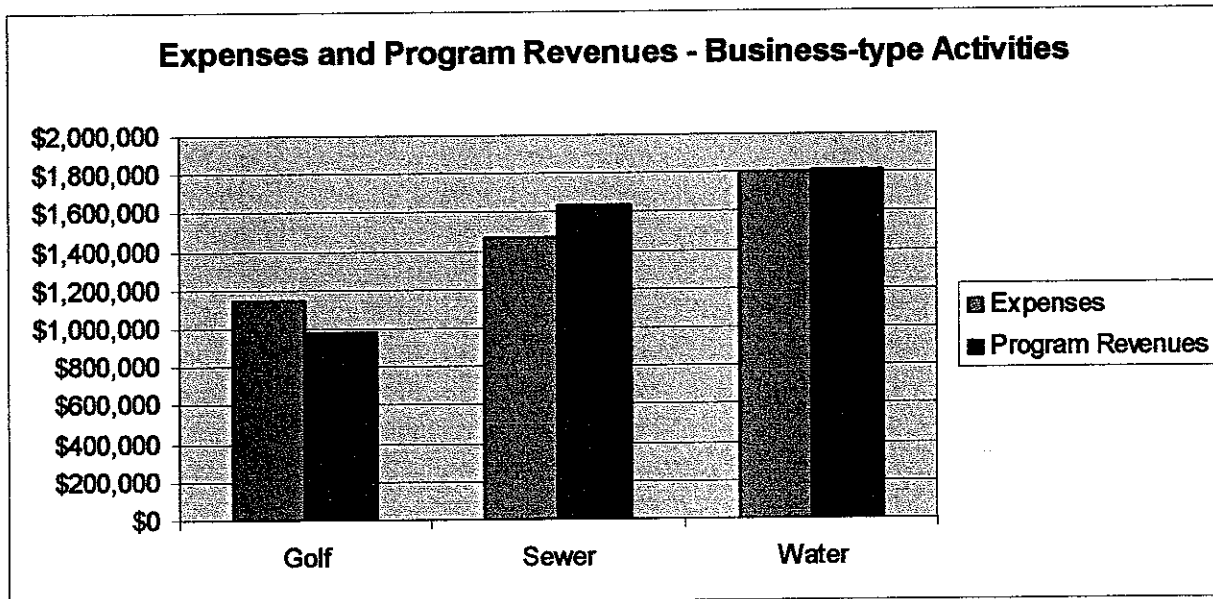
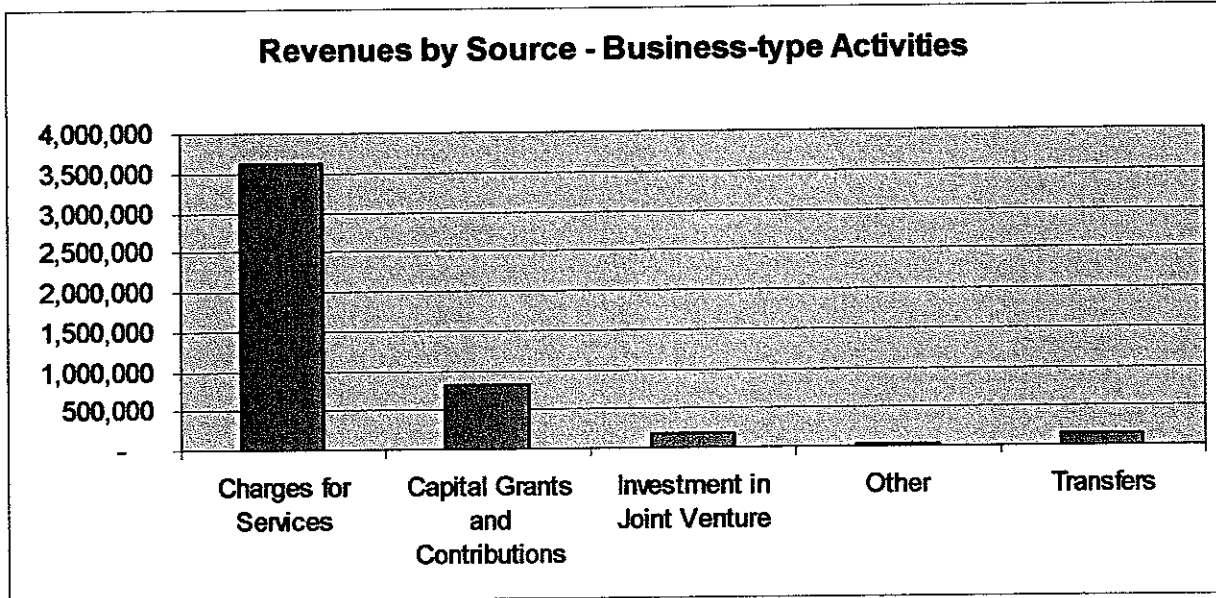
The City's business-type activities include golf, sewer and water.

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 and in 2003 received a four-star ranking by *Golf Digest*. Vandalia was one of the first smaller cities in the Miami Valley to have a municipal golf course. As a result, public expectation has been that a public course should have lesser fees than a private golf course. In 2005, there were approximately 35,000 rounds of golf played. Vandalia's councils have, for the most part, agreed with the expectation of lower fees and have been willing to subsidize operations of the course with transfers and advances from the general fund when necessary.

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. Beginning in 2004, any capital outlay needed to maintain Vandalia's sewer infrastructure was provided by user fees. Due to the need for current and future capital improvements, maintenance and up keep of enterprise infrastructure, Council decided to implement a 3-year rate increase in sewer rates, beginning in 2005.

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. In March, 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. During 2004, Council passed an ordinance to begin a 3-year water rate increase to help cover current and future capital and maintenance costs as well as costs associated with Vandalia's portion of the operations of the new water treatment plant that began construction during 2005, with anticipated operations in the last quarter of 2006.

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 Montgomery County, Ohio
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Overall, the City's business-type activities generated \$4.4 million in program revenues during 2005, program expenses were \$4.4 million. Capital grants and contributions increased \$.8 million as a result of contributions from developers and other governmental funds. Expenses in the business-type activities remained consistent with prior year. Other revenue experienced an increase during 2005, due to an increase in the revenue amount from the investment in joint venture.

City of Vandalia
Montgomery County, Ohio
Management's Discussion and Analysis
For The Year Ended December 31, 2005
(Unaudited)

THE CITY'S FUNDS

Information about the City's major governmental funds begins on page 18. These funds are reported using the modified accrual basis of accounting. Governmental funds reported revenues of \$20.9 million and expenditures of \$18.7 million. The general fund balance net change in fund balance from 2004 to 2005 was \$2,029,614. Within the general fund, revenues exceeded expenditures by \$3.8 million. Transfers to other funds such as the capital improvement fund, and the general obligation debt service fund equaled \$1.8 million. The funds transferred were used for capital assets, improvements, repairs, and debt.

The capital improvement fund balance decreased by \$416,022. Fund balance at December 31, 2005, was \$2,068,516, of which \$665,509 was encumbered. Encumbrances are primarily for street related projects and equipment and vehicle purchases as well as other improvements. All other governmental change in fund balances was \$608,830 during 2005.

All three enterprise funds reflect an operating loss for 2005. If unrestricted net assets are not sufficient to sustain the losses, the City will provide transfers and advances from the general fund as necessary to cover negative balances. The City has implemented a series of rate increases in the enterprise funds to help alleviate future fund losses.

The golf activity's operating loss of \$161,414 is attributable to continually increasing costs for contractual services related to repair and maintenance of the facility with only small increases in fees charged. The Golf course is intended to be operated as a business-type activity, however, historically; Council has not set fees adequate to cover all operating expenses. Even though this operation periodically receives governmental support, it is reflected as a business-type activity. Council has recently approved a new fee schedule for the golf course operations, and is hopeful that the golf fund will begin to realize an upswing in the near future.

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. In the past, Council has not set fees with the intention of funding capital improvements, however, beginning in 2004, capital items are now charged to the enterprise funds. Therefore, during 2004, Council passed ordinances to implement new fee structures for sewer and water rates. Of the enterprise funds, the golf fund showed an increase in cash during 2005; however, this was due to a \$200,000 advance from the general fund.

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 2005, revisions were made to the general fund budget. These revisions are reflected on the statement of revenues, expenditures and fund balances for the general fund on page 22. Within each departmental function, a department head may make small line item adjustments within their budget, as long as the total operation and maintenance amount does not exceed their original budget allowance.

City of Vandalia
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Original general fund budgeted revenues increased \$.6 million, from \$17.8 million to the final budgeted amount of \$18.4 million. Municipal income taxes original budget was consistent with actual income tax revenue for the prior year. During the year, the budget for income tax revenue was increased for higher than anticipated receipts. Despite this adjustment, actual municipal income revenues were still in excess of the final budget by \$395,727. In addition, intergovernmental revenue was increased for estate tax receipts and for an ED/GE grant for Eurand "Quick Dissolve" Product Expansion.

Original general fund expenditures increased \$.5 million. The main cause for the increase in budgeted expenditures was for legislative and executive costs due to the ED/GE grant for Eurand "Quick Dissolve" Product Expansion. Despite, the final budget being increased for the ED/GE grant expenditures; total actual expenditures remained below the original budget due to the close monitoring of expenditures.

CAPITAL ASSETS AND DEBT ADMINISTRATION

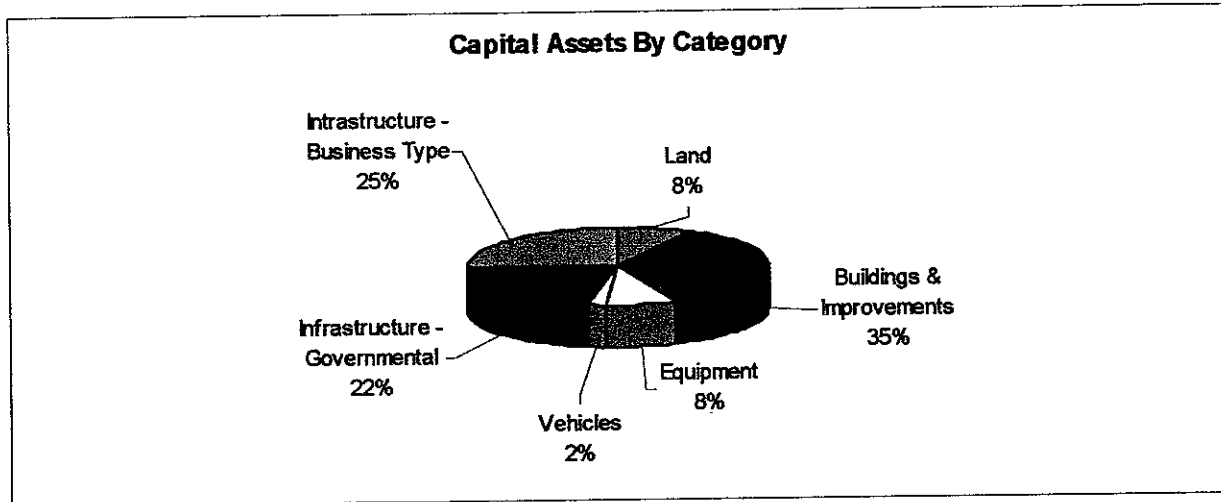
Capital Assets

Table 3
Capital Assets
(In Millions)

| | Governmental Activities | | Business-Type Activities | | Total | |
|---------------------------|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
| | 2005 | 2004 | 2005 | 2004 | 2005 | 2004 |
| Land | \$4.7 | \$4.7 | \$0.1 | \$0.1 | \$4.8 | \$4.8 |
| Building and Improvements | 20.4 | 20.8 | 1.6 | 1.6 | 22.0 | 22.4 |
| Equipment | 4.1 | 4.4 | 0.5 | 0.5 | 4.6 | 4.9 |
| Vehicles | 1.0 | 1.3 | 0.2 | 0.2 | 1.2 | 1.5 |
| Infrastructure | 13.5 | 12.5 | 15.2 | 14.5 | 28.7 | 27.0 |
| Totals | \$43.7 | \$43.7 | \$17.6 | \$16.9 | \$61.3 | \$60.6 |

Capital assets, net of depreciation, in governmental activities remained consistent with prior year. Increases, primarily in infrastructure, offset depreciation expense. Infrastructure for business-type activities had an increase of \$.7 million due to water and sewer line construction associated with Northwoods and Ashbury Farms Development. The City received \$.8 million in asset from developers during 2005. See Note 8 of the notes to the basic financial statements for more detailed information on capital assets.

City of Vandalia
 Montgomery County, Ohio
 Management's Discussion and Analysis
 For The Year Ended December 31, 2005
 (Unaudited)



Debt

At December 31, 2005, the City of Vandalia had \$10,657,994 million in unvoted general obligation bonds.

Table 4
 Outstanding Debt at Year End

| | <u>Governmental Activity</u> | |
|---|------------------------------|----------------------------|
| | <u>2005</u> | <u>2004</u> |
| Unvoted General Obligation Bonds: | | |
| Street improvement Bonds | \$0 | \$2,872 |
| Various Purpose Improvements Bonds | 430,000 | 840,000 |
| Various Purpose Refunding Bonds (net of premium & loss) | 10,227,994 | 10,304,119 |
| Special Assessment Street Improvement Bonds | 0 | 42,128 |
| Total | <u>\$10,657,994</u> | <u>\$11,189,119</u> |

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

The City's overall legal debt margin was \$32,762,003 at December 31, 2005. See Note 10 of the notes to the basic financial statements for more detailed information on debt of the City.

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 James Bell, 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, 2005

| | Governmental Activities | Business-Type Activities | Total |
|---|----------------------------|-----------------------------|---------------------|
| Assets: | | | |
| Equity in Pooled Cash and Cash Equivalents | \$18,470,896 | \$1,484,514 | \$19,955,410 |
| Cash and Cash Equivalents in Segregated Accounts | 105,619 | 0 | 105,619 |
| Accounts Receivable | 276,844 | 623,938 | 900,782 |
| Municipal Income Tax Receivable | 2,342,993 | 0 | 2,342,993 |
| Accrued Interest Receivable | 35,509 | 0 | 35,509 |
| Materials and Supplies Inventory | 64,602 | 33,802 | 98,404 |
| Due from Other Governments | 958,177 | 0 | 958,177 |
| Property and Other Taxes Receivable | 1,674,303 | 0 | 1,674,303 |
| Notes Receivable | 17,426 | 0 | 17,426 |
| Equity in Pooled Cash and Cash Equivalents-Deposits | 0 | 30,439 | 30,439 |
| Internal Balances | 407,379 | (407,379) | 0 |
| Special Assessments Receivable | 117,597 | 0 | 117,597 |
| Deferred Charges | 168,582 | 0 | 168,582 |
| Land | 4,772,053 | 126,837 | 4,898,890 |
| Depreciable Capital Assets, Net | 38,959,422 | 17,434,146 | 56,393,568 |
| Investment in Joint Venture | 0 | 6,646,843 | 6,646,843 |
| Total Assets | 68,371,402 | 25,973,140 | 94,344,542 |
| Liabilities: | | | |
| Accounts Payable | 471,643 | 409,951 | 881,594 |
| Contracts Payable | 8,329 | 0 | 8,329 |
| Accrued Wages | 129,040 | 8,347 | 137,387 |
| Due to Other Governments | 356,283 | 14,288 | 370,571 |
| Matured Compensated Absences Payable | 28,061 | 0 | 28,061 |
| Unearned Revenue | 1,626,529 | 1,167 | 1,627,696 |
| Accrued Interest Payable | 41,205 | 0 | 41,205 |
| Claims Payable | 268,564 | 0 | 268,564 |
| Refundable Deposits | 0 | 30,439 | 30,439 |
| Long-Term Liabilities: | | | |
| Due Within One Year | 1,064,423 | 48,236 | 1,112,659 |
| Due In More Than One Year | 10,702,606 | 38,041 | 10,740,647 |
| Total Liabilities | 14,696,683 | 550,469 | 15,247,152 |
| Net Assets: | | | |
| Invested in Capital Assets, Net of Related Debt | 33,073,481 | 17,560,983 | 50,634,464 |
| Restricted for: | | | |
| Other Purposes | 2,076,885 | 0 | 2,076,885 |
| Debt Service | 510,960 | 0 | 510,960 |
| Capital Projects | 2,080,526 | 0 | 2,080,526 |
| Unrestricted | 15,932,867 | 7,861,688 | 23,794,555 |
| Total Net Assets | \$53,674,719 | \$25,422,671 | \$79,097,390 |

See accompanying notes to the basic financial statements

City of Vandalia
Montgomery County, Ohio
Statement of Activities
For the Year Ended December 31, 2005

| | Program Revenues | | | |
|---------------------------------------|---------------------|-------------------------|--|-------------------------------------|
| | Expenses | Charges for Services | Operating Grants, Contributions and Interest | Capital Grants and Contributions |
| Governmental Activities: | | | | |
| General Government | | | | |
| Legislative and Executive | \$3,542,887 | \$506,339 | \$552,058 | \$0 |
| Judicial System | 1,823,590 | 1,605,625 | 0 | 0 |
| Public Safety | | | | |
| Police | 4,394,592 | 50,888 | 23,177 | 0 |
| Fire | 1,664,160 | 452,054 | 8,901 | 0 |
| Public Works | | | | |
| Engineer | 1,100,071 | 557,471 | 0 | 0 |
| Streets | 2,647,895 | 54,606 | 1,042,279 | 1,745,069 |
| Refuse | 684,094 | 719,125 | 0 | 0 |
| Recreation | 3,294,702 | 1,298,854 | 0 | 0 |
| Interest and Fiscal Charges | 540,735 | 0 | 0 | 0 |
| Total Governmental Activities | 19,692,726 | 5,244,962 | 1,626,415 | 1,745,069 |
| Business-Type Activities: | | | | |
| Golf | 1,145,444 | 974,608 | 0 | 0 |
| Sewer | 1,464,646 | 1,065,364 | 0 | 571,490 |
| Water | 1,801,203 | 1,568,232 | 0 | 241,571 |
| Total Business-Type Activities | 4,411,293 | 3,608,204 | 0 | 813,061 |
| Totals | \$24,104,019 | \$8,853,166 | \$1,626,415 | \$2,558,130 |

General Revenues:
Property and Other Taxes Levied for
General Purposes
Municipal Income Taxes Levied for
General Purposes
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

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 |
|----------------------------|-----------------------------|---------------------|
| (\$2,484,490) | \$0 | (\$2,484,490) |
| (217,965) | 0 | (217,965) |
| (4,320,527) | 0 | (4,320,527) |
| (1,203,205) | 0 | (1,203,205) |
| (542,600) | 0 | (542,600) |
| 194,059 | 0 | 194,059 |
| 35,031 | 0 | 35,031 |
| (1,995,848) | 0 | (1,995,848) |
| (540,735) | 0 | (540,735) |
| (11,076,280) | 0 | (11,076,280) |
| 0 | (170,836) | (170,836) |
| 0 | 172,208 | 172,208 |
| 0 | 8,600 | 8,600 |
| 0 | 9,972 | 9,972 |
| (11,076,280) | 9,972 | (11,066,308) |
| 1,652,459 | 0 | 1,652,459 |
| 10,419,773 | 0 | 10,419,773 |
| 925,581 | 0 | 925,581 |
| 0 | 171,124 | 171,124 |
| 354,301 | 2,187 | 356,488 |
| 32,800 | 28,588 | 61,388 |
| (160,111) | 160,111 | 0 |
| 13,224,803 | 362,010 | 13,586,813 |
| 2,148,523 | 371,982 | 2,520,505 |
| 51,526,196 | 25,050,689 | 76,576,885 |
| <u>\$53,674,719</u> | <u>\$25,422,671</u> | <u>\$79,097,390</u> |

City of Vandalia
Montgomery County, Ohio
Balance Sheet
Governmental Funds
December 31, 2005

| | General | Capital Improvement | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|------------------------|--------------------------------|--------------------------------|
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$14,251,991 | \$2,058,619 | \$1,960,532 | \$18,271,142 |
| Cash and Cash Equivalents in Segregated Accounts | 89,077 | 0 | 16,542 | 105,619 |
| Receivables: | | | | |
| Municipal Income Tax | 2,342,993 | 0 | 0 | 2,342,993 |
| Property and Other Taxes | 1,674,303 | 0 | 0 | 1,674,303 |
| Accounts | 193,898 | 800 | 64,106 | 258,804 |
| Special Assessments | 0 | 18,227 | 99,370 | 117,597 |
| Accrued Interest | 35,509 | 0 | | 35,509 |
| Restricted Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | 24,530 | 0 | 0 | 24,530 |
| Due from Other Governments | 469,038 | 0 | 489,139 | 958,177 |
| Materials and Supplies Inventory | 3,533 | 0 | 61,069 | 64,602 |
| Interfund Loan Receivable | 406,761 | 0 | 0 | 406,761 |
| Notes Receivable | 0 | 17,426 | 0 | 17,426 |
| Total Assets | \$19,491,633 | \$2,095,072 | \$2,690,758 | \$24,277,463 |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$435,642 | \$0 | \$36,001 | \$471,643 |
| Contracts Payable | 0 | 8,329 | 0 | 8,329 |
| Accrued Wages | 123,666 | 0 | 5,374 | 129,040 |
| Due to Other Governments | 344,876 | 0 | 11,407 | 356,283 |
| Interfund Payable | 0 | 0 | 6,761 | 6,761 |
| Matured Compensated Absences Payable | 27,329 | 0 | 732 | 28,061 |
| Deferred Revenue | 3,683,635 | 18,227 | 579,803 | 4,281,665 |
| Total Liabilities | 4,615,148 | 26,556 | 640,078 | 5,281,782 |
| Fund Balances: | | | | |
| Reserved for Encumbrances | 1,432,881 | 665,509 | 5,580 | 2,103,970 |
| Reserved for Inventory | 3,533 | 0 | 61,069 | 64,602 |
| Reserved for Interfund Loan Receivable | 406,761 | 0 | 0 | 406,761 |
| Reserved for Unclaimed Monies | 24,530 | 0 | 0 | 24,530 |
| Reserved for Notes Receivable | 0 | 6,027 | 0 | 6,027 |
| Unreserved: | | | | |
| Undesignated, Reported in: | | | | |
| General Fund | 13,008,780 | 0 | 0 | 13,008,780 |
| Special Revenue Funds | 0 | 0 | 1,578,658 | 1,578,658 |
| Debt Service Funds | 0 | 0 | 411,590 | 411,590 |
| Capital Projects Funds (Deficit) | 0 | 1,396,980 | (6,217) | 1,390,763 |
| Total Fund Balances | 14,876,485 | 2,068,516 | 2,050,680 | 18,995,681 |
| Total Liabilities and Fund Balances | \$19,491,633 | \$2,095,072 | \$2,690,758 | \$24,277,463 |

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, 2005

| | | |
|--|--------------|--------------|
| Total Governmental Fund Balances | | \$18,995,681 |
| <p>Amounts reported for governmental activities in the statement of net assets are different because:</p> | | |
| <p>Some assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p> | | |
| Capital Assets | 43,731,475 | |
| Unamortized Bond Costs | 168,582 | |
| Total | | 43,900,057 |
| <p>Other long-term assets are not available to pay for current-period expenditures and therefore are shown as unearned revenue in the funds:</p> | | |
| Charges for Services | 116,910 | |
| Fines and Forfeitures | 4,708 | |
| Grants | 814,858 | |
| Property and Other Taxes | 122,169 | |
| Municipal Income Tax | 1,454,217 | |
| Special Assessments | 117,597 | |
| Other | 420 | |
| Accrued Interest | 24,257 | |
| Total | | 2,655,136 |
| <p>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.</p> | | |
| | | (75,300) |
| <p>The internal balance represents the portion of the internal service fund's assets and liabilities that are allocated to the proprietary funds.</p> | | |
| | | 7,379 |
| <p>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:</p> | | |
| Accrued Interest on Bonds | (41,205) | |
| Unamortized Premium on Refunding Bonds | (437,450) | |
| Accounting Loss | 819,456 | |
| Refunding General Obligation Bonds | (10,610,000) | |
| General Obligation Bonds | (430,000) | |
| Compensated Absences | (1,109,035) | |
| Total | | (11,808,234) |
| Net Assets of Governmental Activities | | \$53,674,719 |

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, 2005

| | General | Capital Improvement | Other Governmental Funds | Total Governmental Funds |
|---|---------------------|------------------------|--------------------------------|--------------------------------|
| Revenues: | | | | |
| Municipal Income Tax | \$10,735,700 | \$0 | \$0 | \$10,735,700 |
| Property and Other Taxes | 1,708,422 | 0 | 0 | 1,708,422 |
| Charges for Services | 2,645,668 | 0 | 431,434 | 3,077,102 |
| Licenses and Permits | 227,844 | 0 | 0 | 227,844 |
| Fines and Forfeitures | 1,088,833 | 0 | 241,657 | 1,330,490 |
| Intergovernmental | 1,975,737 | 69,203 | 1,237,205 | 3,282,145 |
| Special Assessments | 0 | 17,580 | 59,864 | 77,444 |
| Interest | 417,396 | 2,931 | 0 | 420,327 |
| Other | 69,705 | 800 | 11,583 | 82,088 |
| Total Revenues | 18,869,305 | 90,514 | 1,981,743 | 20,941,562 |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | | | | |
| Legislative and Executive | 3,223,956 | 0 | 139,652 | 3,363,608 |
| Judicial System | 1,675,551 | 0 | 31,611 | 1,707,162 |
| Public Safety | | | | |
| Police | 3,999,333 | 0 | 1,524 | 4,000,857 |
| Fire | 1,445,867 | 0 | 0 | 1,445,867 |
| Public Works | | | | |
| Engineer | 808,793 | 0 | 259,995 | 1,068,788 |
| Streets | 580,181 | 0 | 692,058 | 1,272,239 |
| Refuse | 684,094 | 0 | 0 | 684,094 |
| Recreation | 2,634,689 | 0 | 157,693 | 2,792,382 |
| Capital Outlay | 0 | 1,078,845 | 256,097 | 1,334,942 |
| Debt Service: | | | | |
| Principle Retirement | 0 | 0 | 555,000 | 555,000 |
| Interest and Fiscal Charges | 0 | 0 | 509,321 | 509,321 |
| Total Expenditures | 15,052,464 | 1,078,845 | 2,602,951 | 18,734,260 |
| Excess of Revenues Over (Under) Expenditures | 3,816,841 | (988,331) | (621,208) | 2,207,302 |
| Other Financing Sources (Uses): | | | | |
| Proceeds from Sale of Fixed Assets | 346 | 14,774 | 0 | 15,120 |
| Transfers In | 0 | 557,535 | 1,230,038 | 1,787,573 |
| Transfers Out | (1,787,573) | 0 | 0 | (1,787,573) |
| Total Other Financing Sources (Uses) | (1,787,227) | 572,309 | 1,230,038 | 15,120 |
| Net Change in Fund Balances | 2,029,614 | (416,022) | 608,830 | 2,222,422 |
| Fund Balances at | | | | |
| Beginning of Year - Restated (Note 4) | 12,849,077 | 2,484,538 | 1,424,315 | 16,757,930 |
| Increase (Decrease) in Reserve for Inventory | (2,206) | 0 | 17,535 | 15,329 |
| Fund Balances at End of Year | \$14,876,485 | \$2,068,516 | \$2,050,680 | \$18,995,681 |

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, 2005

Net Change in Fund Balances - Total Governmental Funds \$2,222,422

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 | 2,296,286 | |
| Depreciation | (2,212,716) | |
| Excess of Depreciation Expense over Capital Outlay | | 83,570 |

Governmental funds report only the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each sale:

| | |
|---------------------|----------|
| Loss on Assets Sold | (84,499) |
|---------------------|----------|

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:

| | | |
|--------------------------------|---------|---------|
| GO Bond Principal Payment | 510,000 | |
| SA Bond Principal Payment | 45,000 | |
| Total long-term debt repayment | | 555,000 |

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.

(8,230)

Some revenues that will not be collected for several months after the City's year end are not considered "available" revenues and are shown as unearned in the governmental funds. Unearned revenues decreased by this amount this year.

(509,429)

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.

15,329

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.

| | | |
|---|----------|-----------|
| Decrease in Accrued Interest Payable | 7,323 | |
| Amortization of Premium on Refunding Bonds | 27,341 | |
| Amortization of Accounting Loss | (51,216) | |
| Increase in Compensated Absences Payable | (98,552) | |
| Decrease in Unamortized Bond Costs | (10,536) | |
| Total expenditures not reported in governmental funds | | (125,640) |

Change in Net Assets of Governmental Activities

\$2,148,523

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, 2005

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | Variance with |
|---|-------------------------|---------------------|---------------------|--|
| | <u>Original</u> | <u>Final</u> | | Final Budget Positive (Negative) |
| Revenues: | | | | |
| Municipal Income Tax | \$10,300,000 | \$10,462,000 | \$10,857,727 | \$395,727 |
| Property and Other Taxes | 1,839,000 | 1,664,000 | 1,706,985 | 42,985 |
| Charges for Services | 2,659,468 | 2,659,468 | 2,649,383 | (10,085) |
| Licenses and Permits | 92,500 | 92,500 | 227,844 | 135,344 |
| Fines and Forfeitures | 977,800 | 977,800 | 1,090,729 | 112,929 |
| Intergovernmental | 1,363,500 | 2,007,500 | 2,119,399 | 111,899 |
| Interest | 500,000 | 500,000 | 530,006 | 30,006 |
| Other | 96,500 | 104,815 | 74,440 | (30,375) |
| Total Revenues | <u>17,828,768</u> | <u>18,468,083</u> | <u>19,256,513</u> | <u>788,430</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | | | | |
| Legislative and Executive | 4,027,018 | 4,517,017 | 4,242,185 | 274,832 |
| Judicial System | 2,075,817 | 2,055,817 | 1,930,065 | 125,752 |
| Public Safety | | | | |
| Police | 4,077,172 | 4,077,552 | 4,004,642 | 72,910 |
| Fire | 1,472,138 | 1,474,732 | 1,436,915 | 37,817 |
| Public Works | | | | |
| Engineer | 839,012 | 861,332 | 831,357 | 29,975 |
| Streets | 700,870 | 664,850 | 630,502 | 34,348 |
| Refuse | 689,860 | 753,560 | 722,612 | 30,948 |
| Recreation | 2,772,147 | 2,772,146 | 2,621,483 | 150,663 |
| Capital Outlay | 223,517 | 223,017 | 217,404 | 5,613 |
| Total Expenditures | <u>16,877,551</u> | <u>17,400,023</u> | <u>16,637,165</u> | <u>762,858</u> |
| Excess of Revenues Over Expenditures | <u>951,217</u> | <u>1,068,060</u> | <u>2,619,348</u> | <u>1,551,288</u> |
| Other Financing Sources (Uses): | | | | |
| Proceeds from Sale of Assets | 1,000 | 1,000 | 346 | (654) |
| Repayment of Advances | 0 | 0 | 342,658 | 342,658 |
| Advances Out | 0 | (200,000) | (200,000) | 0 |
| Transfers Out | (1,787,573) | (1,787,573) | (1,787,573) | 0 |
| Total Other Financing Sources (Uses) | <u>(1,786,573)</u> | <u>(1,986,573)</u> | <u>(1,644,569)</u> | <u>342,004</u> |
| Net Change in Fund Balance | <u>(835,356)</u> | <u>(918,513)</u> | <u>974,779</u> | <u>1,893,292</u> |
| Fund Balance at Beginning of Year | 9,943,698 | 9,943,698 | 9,943,698 | 0 |
| Prior Year Encumbrances Appropriated | <u>1,760,473</u> | <u>1,760,473</u> | <u>1,760,473</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$10,868,815</u> | <u>\$10,785,658</u> | <u>\$12,678,950</u> | <u>\$1,893,292</u> |

See accompanying notes to the basic financial statements

City of Vandalia
Montgomery County, Ohio
Statement of Fund Net Assets
Proprietary Funds
December 31, 2005

| | Enterprise Funds | | | | Internal Service Fund |
|--|--------------------|---------------------|--------------------|---------------------|--------------------------|
| | Golf | Sewer | Water | Total | |
| Assets: | | | | | |
| Current Assets | | | | | |
| Equity in Pooled Cash and | | | | | |
| Cash Equivalents | \$275,149 | \$418,433 | \$790,932 | \$1,484,514 | \$175,224 |
| Accounts Receivable | 0 | 222,263 | 401,675 | 623,938 | 18,040 |
| Materials and Supplies Inventory | 19,135 | 0 | 14,667 | 33,802 | 0 |
| Restricted Assets: | | | | | |
| Equity in Pooled Cash and Cash Equivalents | 0 | 10,043 | 20,396 | 30,439 | 0 |
| Total Current Assets | <u>294,284</u> | <u>650,739</u> | <u>1,227,670</u> | <u>2,172,693</u> | <u>193,264</u> |
| Non-current Assets | | | | | |
| Capital Assets, Net | 1,435,567 | 8,597,047 | 7,528,369 | 17,560,983 | 0 |
| Investment in Joint Venture | 0 | 6,646,843 | 0 | 6,646,843 | 0 |
| Total Non-current Assets | <u>1,435,567</u> | <u>15,243,890</u> | <u>7,528,369</u> | <u>24,207,826</u> | <u>0</u> |
| Total Assets | <u>1,729,851</u> | <u>15,894,629</u> | <u>8,756,039</u> | <u>26,380,519</u> | <u>193,264</u> |
| Liabilities: | | | | | |
| Current Liabilities | | | | | |
| Accounts Payable | 11,876 | 87,053 | 311,022 | 409,951 | 0 |
| Accrued Wages | 3,909 | 2,219 | 2,219 | 8,347 | 0 |
| Compensated Absences Payable | 15,932 | 16,152 | 16,152 | 48,236 | 0 |
| Due to Other Governments | 6,625 | 3,792 | 3,871 | 14,288 | 0 |
| Unearned Revenue | 1,167 | 0 | 0 | 1,167 | 0 |
| Claims Payable | 0 | 0 | 0 | 0 | 268,564 |
| Payable from Restricted Assets: | | | | | |
| Refundable Deposits | 0 | 10,043 | 20,396 | 30,439 | 0 |
| Total Current Liabilities | <u>39,509</u> | <u>119,259</u> | <u>353,660</u> | <u>512,428</u> | <u>268,564</u> |
| Long-Term Liabilities: | | | | | |
| Interfund Loan Payable | 400,000 | 0 | 0 | 400,000 | 0 |
| Compensated Absences Payable | 19,599 | 9,221 | 9,221 | 38,041 | 0 |
| Total Long-Term Liabilities | <u>419,599</u> | <u>9,221</u> | <u>9,221</u> | <u>438,041</u> | <u>0</u> |
| Total Liabilities | <u>459,108</u> | <u>128,480</u> | <u>362,881</u> | <u>950,469</u> | <u>268,564</u> |
| Net Assets: | | | | | |
| Invested in Capital Assets | 1,435,567 | 8,597,047 | 7,528,369 | 17,560,983 | 0 |
| Unrestricted (Deficit) | (164,824) | 7,169,102 | 864,789 | 7,869,067 | (75,300) |
| Total Net Assets (Deficit) | <u>\$1,270,743</u> | <u>\$15,766,149</u> | <u>\$8,393,158</u> | <u>25,430,050</u> | <u>(\$75,300)</u> |
| Net assets reported for business-type activities in the statement of net assets is different because they include a proportionate share of the balance of the internal service fund. | | | | <u>(7,379)</u> | |
| Net assets of business-type activities | | | | <u>\$25,422,671</u> | |

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, 2005

| | Enterprise Funds | | | Total | Internal Service Fund |
|--|--------------------|---------------------|--------------------|------------------|--------------------------|
| | Golf | Sewer | Water | | |
| Operating Revenues: | | | | | |
| Charges for Services | \$974,608 | \$1,056,644 | \$1,557,915 | \$3,589,167 | \$1,838,911 |
| Other | 7,952 | 8,815 | 30,858 | 47,625 | 106,772 |
| Total Operating Revenues | 982,560 | 1,065,459 | 1,588,773 | 3,636,792 | 1,945,683 |
| Operating Expenses: | | | | | |
| Personal Services | 478,109 | 269,807 | 274,823 | 1,022,739 | 0 |
| Contractual Services | 333,937 | 931,139 | 1,279,873 | 2,544,949 | 338,268 |
| Materials and Supplies | 217,093 | 30,949 | 27,212 | 275,254 | 0 |
| Depreciation | 71,672 | 232,351 | 209,148 | 513,171 | 0 |
| Claims | 0 | 0 | 0 | 0 | 1,616,538 |
| Other Operating Expenses | 43,163 | 169 | 181 | 43,513 | 0 |
| Total Operating Expenses | 1,143,974 | 1,464,415 | 1,791,237 | 4,399,626 | 1,954,806 |
| Operating Loss | (161,414) | (398,956) | (202,464) | (762,834) | (9,123) |
| Non Operating Revenues (Expenses): | | | | | |
| Interest | 2,187 | 0 | 0 | 2,187 | 0 |
| Investment in Joint Venture | 0 | 171,124 | 0 | 171,124 | 0 |
| Loss on Disposal of Capital Assets | (1,039) | 0 | (9,735) | (10,774) | 0 |
| Total Non Operating Revenues (Expenses) | 1,148 | 171,124 | (9,735) | 162,537 | 0 |
| Loss Before Contributions | (160,266) | (227,832) | (212,199) | (600,297) | (9,123) |
| Capital Contributions | 49,651 | 681,950 | 241,571 | 973,172 | 0 |
| Change in Net Assets | (110,615) | 454,118 | 29,372 | 372,875 | (9,123) |
| Net Assets (Deficit) at Beginning of Year | 1,381,358 | 15,312,031 | 8,363,786 | | (66,177) |
| Net Assets (Deficit) at End of Year | \$1,270,743 | \$15,766,149 | \$8,393,158 | | (\$75,300) |

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. (893)

Change in net assets of business-type activities \$371,982

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, 2005

| | 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 | \$972,590 | \$1,104,640 | \$1,505,305 | \$3,582,535 | \$1,838,911 |
| Other Operating Receipts | 7,952 | 95 | 19,541 | 27,588 | 90,582 |
| Cash Payments for Employee Services and Benefits | (470,860) | (263,905) | (268,899) | (1,003,664) | 0 |
| Cash Payments to Suppliers for Goods and Services | (540,691) | (956,261) | (1,284,669) | (2,781,621) | (338,268) |
| Cash Payments for Employee Medical, Dental and Life Insurance Claims | 0 | 0 | 0 | 0 | (1,554,607) |
| Other Operating Expenses | (42,802) | (33) | (181) | (43,016) | 0 |
| Utility Deposits Received | 0 | 2,169 | 4,404 | 6,573 | 0 |
| Utility Deposits Returned | 0 | (940) | (1,909) | (2,849) | 0 |
| Net Cash Provided by (Used for) Operating Activities | <u>(73,811)</u> | <u>(114,235)</u> | <u>(26,408)</u> | <u>(214,454)</u> | <u>36,618</u> |
| Cash Flows from Noncapital Financing Activities: | | | | | |
| Advances In | 200,000 | 0 | 0 | 200,000 | 0 |
| Net Cash Provided by Noncapital Financing Activities | <u>200,000</u> | <u>0</u> | <u>0</u> | <u>200,000</u> | <u>0</u> |
| Cash Flows from Capital and Related Financing Activities: | | | | | |
| Tap-in Fees | 0 | 9,430 | 6,083 | 15,513 | 0 |
| Acquisition of Capital Assets | 0 | (177,944) | (44,728) | (222,672) | 0 |
| Net Cash Used for Capital and Related Financing Activities | <u>0</u> | <u>(168,514)</u> | <u>(38,645)</u> | <u>(207,159)</u> | <u>0</u> |
| Cash Flows from Investing Activities: | | | | | |
| Interest | 2,187 | 0 | 0 | 2,187 | 0 |
| Net Cash Provided by Investing Activities | <u>2,187</u> | <u>0</u> | <u>0</u> | <u>2,187</u> | <u>0</u> |
| Net Increase (Decrease) In Cash and Cash Equivalents | 128,376 | (282,749) | (65,053) | (219,426) | 36,618 |
| Cash and Cash Equivalents Beginning of Year | 146,773 | 711,225 | 876,381 | 1,734,379 | 138,606 |
| Cash and Cash Equivalents End of Year | <u>\$275,149</u> | <u>\$428,476</u> | <u>\$811,328</u> | <u>\$1,514,953</u> | <u>\$175,224</u> |

(Continued)

City of Vandalia
Montgomery County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2005
(Continued)

| | Enterprise Funds | | | | Internal Service Fund |
|--|-------------------|--------------------|-------------------|--------------------|--------------------------|
| | Golf | Sewer | Water | Total | |
| <u>Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities:</u> | | | | | |
| Operating Loss | (\$161,414) | (\$398,956) | (\$202,464) | (\$762,834) | (\$9,123) |
| Adjustments: | | | | | |
| Depreciation | 71,672 | 232,351 | 209,148 | 513,171 | 0 |
| (Increase)/Decrease in Assets: | | | | | |
| Accounts Receivable | 0 | 39,276 | (63,927) | (24,651) | (16,190) |
| Materials and Supplies Inventory | 9,737 | 0 | (2,857) | 6,880 | 0 |
| Increase/(Decrease) in Liabilities: | | | | | |
| Accounts Payable | 945 | 5,963 | 25,273 | 32,181 | 0 |
| Accrued Wages | 937 | 631 | 631 | 2,199 | 0 |
| Compensated Absences Payable | 5,121 | 4,639 | 4,639 | 14,399 | 0 |
| Due to Other Governments | 1,209 | 632 | 654 | 2,495 | 0 |
| Unearned Revenue | (2,018) | 0 | 0 | (2,018) | 0 |
| Liabilities Payable from Restricted Assets | 0 | 1,229 | 2,495 | 3,724 | 0 |
| Claims Payable | 0 | 0 | 0 | 0 | 61,931 |
| Net Cash Provided by (Used for) Operating Activities | (\$73,811) | (\$114,235) | (\$26,408) | (\$214,454) | \$36,618 |

Noncash Capital Financing Activities:

The water and sewer fund received \$235,488 and \$562,060, respectively in assets from developers during 2005.

The golf and sewer fund received \$49,651 and \$110,460, respectively in assets from governmental funds during 2005.

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, 2005

| | <u>Agency</u> |
|--|---------------------------|
| Assets: | |
| Equity in Pooled Cash and Cash Equivalents | \$382,593 |
| Cash and Cash Equivalents in Segregated Accounts | 113,685 |
| Investments | <u>4,565,813</u> |
| Total Assets | <u><u>\$5,062,091</u></u> |
| Liabilities: | |
| Due to Other Governments | \$41,897 |
| Due to Others | 4,635,371 |
| Undistributed Monies | <u>384,823</u> |
| Total Liabilities | <u><u>\$5,062,091</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, 2005

NOTE 1 - DESCRIPTION OF THE CITY AND REPORTING ENTITY

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

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 the departments that provide the following services: police and fire, parks and recreation, planning, zoning, street maintenance and repairs, water, sewer and refuse collection. Council and the City Manager have direct responsibility for these activities.

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

The City is associated with the Tri-Cities North Regional Wastewater Authority (Tri-Cities), and the Northern Area Water Authority (NAWA), which are defined as joint ventures. A joint venture is a legal entity or other organization that is a result of a contractual arrangement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control, in which the participants retain (a) an ongoing financial interest or (b) an ongoing financial responsibility. These organizations are presented in Note 13.

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

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, 2005

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 enterprise funds provided they do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities and to its enterprise funds. The most significant of the City's accounting policies are described below.

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
For The Year Ended December 31, 2005

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 transfers from the general fund, and is designated by Council for the purpose of improving, constructing, maintaining, and purchasing those items necessary to enhance the operation of the City.

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

Proprietary Funds

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

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

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.

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's agency funds account for building permit fees collected on behalf of the State, municipal court collections that are distributed to various local governments, the collection of income taxes for other subdivisions, performance bonds pledged by contractors, the activities of the Northern Area Water Authority and Tri-Cities North Regional Wastewater Authority.

Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

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

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

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, shared revenues and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Revenue

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

Property taxes for which there is an enforceable legal claim as of December 31, 2005, but which were levied to finance year 2006 operations, have been recorded as deferred revenue. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

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.

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 is included in this line item.

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

During the year, the City invested in STAROhio, an investment pool managed by the State Treasurer's Office. STAROhio, which allows governments within the State to pool their funds for investment purposes, is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2005.

Following the Charter and Codified Ordinances of the City as well as Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during 2005 amounted to \$417,396 which includes \$142,299 assigned from other City funds.

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

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 consists of expendable supplies held for consumption.

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 Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "Interfund Loan Receivables/Payables." Interfund loans which do not represent available expendable resources are offset by a fund balance reserve account. Interfund balance amounts are eliminated in the statement of net assets, except for any net residual amounts due between governmental and business-type activities, which are presented as "Internal Balances".

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. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. For proprietary funds and business-type activities, any material amount of interest incurred during the construction of capital assets is also capitalized.

City of Vandalia
 Montgomery County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All capital assets are depreciated except for land. 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 to 52 years | 45 to 71 years |
| Machinery and Equipment | 10 to 20 years | 10 to 20 years |
| Vehicles | 6 to 25 years | 6 to 25 years |
| Infrastructure | 7 to 65 years | 65 years |

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

Compensated Absences

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

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

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

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

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.

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and long-term loans are recognized as a liability on the fund financial statements when due.

Fund Balance Reserves

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

Net Assets

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

Net assets restricted for other purposes include street construction, maintenance and repair, operations of the baseball and soccer recreations and educational programs. The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Operating Revenues and Expenses

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

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.

Bond Premiums/Issuance Costs/Accounting Loss

Bond premiums, issuance costs and the accounting loss are deferred and amortized over the term of the bonds using the straight line method since the results are not significantly different from the effective interest method. Bond premiums and the accounting loss are presented as a reduction/addition of the face amount of the bonds payable, whereas issuance costs are recorded as deferred charges.

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Budgetary Process

All funds, except the Chuck Gabbard memorial special revenue fund and agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the certificate of estimated resources and the appropriation resolution, both of which are prepared on the budgetary basis of accounting. Montgomery County does not require jurisdictions within the County to prepare a tax budget, therefore, this is not part of the City's budgetary process. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriation resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the fund level for all funds. The Finance Director, with the approval of the City Manager and respective Department Heads, has been authorized to allocate appropriations to the function, department and object level within each fund. Council must approve any revisions that alter total fund appropriations.

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

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

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

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. Advances in and advances out ("repayment of advances") are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. The change in fair value of investments is not included on the budget operating statement. This amount is included as revenue on the GAAP basis operating statement.
6. Unreported cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statements.
7. The City's portion of the activity of the Municipal Court is not included on the budgetary statement. This activity is included on the GAAP basis operating statement.

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

| | General |
|--|-------------|
| GAAP Basis | \$2,029,614 |
| Net Adjustment for Revenue Accruals | 377,280 |
| Net Adjustment for Expenditure Accruals | 158,346 |
| Advances | 142,658 |
| Unrecorded Cash - 2004 | (1,200) |
| Unrecorded Cash - 2005 | 1,722 |
| Change in Fair Value of Investments - 2004 | (48,715) |
| Change in Fair Value of Investments - 2005 | 147,198 |
| Non-budgeted Activity | (89,077) |
| Encumbrances | (1,743,047) |
| Budget Basis | \$974,779 |

City of Vandalia
 Montgomery County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2005

NOTE 4 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET ASSETS

For 2005, the City adopted the provisions of GASB Statement No. 40, Deposit and Investment Risk Disclosures. This statement modifies and expands existing disclosure requirements for deposits and investments. These additional disclosures can be found in Note 5.

The City also adopted the provisions of GASB Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries. This statement establishes accounting and financial reporting standards for the impairment of capital assets. This statement had no effect on net assets.

Finally for 2005, the City has also adopted the provisions of Technical Bulletin 2004-2, Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost Sharing Employers. This technical bulletin requires governments to recognize pension expenditures/expenses in the period to which a payment relates even if the payment is not due until the next fiscal period. The implementation of this statement had the following effect on the fund balance:

| | General | Capital Improvement | Other Governmental Funds | Total |
|------------------------------------|---------------------|------------------------|--------------------------------|---------------------|
| Fund Balances at December 31, 2004 | \$12,993,971 | \$2,484,538 | \$1,424,315 | \$16,902,824 |
| Implementation of GASB TB 2004-2 | (144,894) | 0 | 0 | (144,894) |
| Fund Balances at January 1, 2005 | <u>\$12,849,077</u> | <u>\$2,484,538</u> | <u>\$1,424,315</u> | <u>\$16,757,930</u> |

The above adjustments did not have a material effect on excess reported at December 31, 2004.

In 2005, the City also reevaluated the fund type classification of the investment trust fund for the activities of Tri-Cities Regional Wastewater Authority. The City concluded that classifying the activities of the Tri-Cities Regional Wastewater Authority as an agency fund was appropriate. As a result, the net assets held in trust for pool participants at December 31, 2004, decreased from \$6,290,103 to \$0. Total assets and liabilities of the agency funds increased from \$205,083 to \$6,495,186.

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 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.

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of the City's cash and deposits is provided by the Federal Deposit Insurance Corporation as well as qualified securities pledged by the institution holding the assets. By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third parties of the financial institution.

At year-end, the carrying amount of the City's deposits was \$2,540,273 and the bank balance was \$2,708,781. Of the bank balance, \$473,896 was covered by federal deposit insurance. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", \$2,234,885 of the City's bank balance of \$2,708,781 was exposed to custodial risk and was collateralized with securities held by the pledging financial institutions trust department or agent but not in the City's name.

Investments

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

| Investment Type | Fair Value | Investment Maturities (in Years) | | |
|--|---------------------|----------------------------------|---------------------|--------------------|
| | | Less Than 1 | 1-5 | 6-10 |
| Federal Farm Credit Bank Bond | \$244,845 | \$0 | \$244,845 | \$0 |
| Federal Home Loan Bank Bond | 3,731,490 | 0 | 3,486,255 | 245,235 |
| Federal Home Loan Bank Step | 10,913,796 | 0 | 7,974,096 | 2,939,700 |
| Federal Home Loan Mortgage Corp MTN Step | 843,988 | 0 | 496,630 | 347,358 |
| Federal Home Loan Mortgage Corp. Step | 604,211 | 0 | 604,211 | 0 |
| Federal National Mortgage Ass. Bond | 738,285 | 0 | 0 | 738,285 |
| Federal National Mortgage Ass. Step | 855,593 | 0 | 855,593 | 0 |
| Fifth Third US Treasury Money Market | 884,096 | 884,096 | 0 | 0 |
| Freddie Mac Bond | 245,975 | 0 | 245,975 | 0 |
| GE Interest Plus | 1,274,080 | 1,274,080 | 0 | 0 |
| Repurchase Agreement | 2,064,000 | 2,064,000 | 0 | 0 |
| STAR Ohio | 212,927 | 212,927 | 0 | 0 |
| | <u>\$22,613,286</u> | <u>\$4,435,103</u> | <u>\$13,907,605</u> | <u>\$4,270,578</u> |

Interest Rate Risk – The City's investment policy states that the maximum maturity for any investment is limited to a final stated maturity of seven years, an expected call of seven years, or an expected average life of seven years, where the average life is estimated by nationally recognized firms independent of the dealer selling the security to the City. The City holds various agency securities which are callable in fiscal year 2006. In addition, some of the agency securities have coupon rates that step-up over the lives of the security.

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

Credit Risk – The City’s investment policy states that investment in commercial paper must have a credit rating of P-1 by Standard & Poor’s Corporation or A-1 by Moody’s rating service. Obligations of corporate entities must have a debt rating of Aa or better by Standard & Poor’s Corporation or Moody’s rating service. The City’s investments in GE Interest Plus and US government agencies have an AAA credit rating. The City’s investments in the Fifth Third US Treasury Money Market and STAR Ohio have an AAAM credit rating. The City’s investment in a repurchase agreement is exposed to credit risk due to the underlying securities are held by the investment’s counterparty or its trust department or agent, not in the City’s name.

Concentration of Credit Risk – The City’s investment policy states that the portfolio shall be diversified so as to avoid concentrations of credit risk from any rated issuer: (1) At the time of purchase, aggregate collateralized investments in the obligations of any financial institution are limited to the greater of \$1,000,000 or 20 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. Five percent or more of the City’s investments are in the following:

| <u>Investment</u> | <u>Percent</u> |
|------------------------------|----------------|
| Federal Home Loan Bank Bonds | 17% |
| Federal Home Loan Bank Step | 48% |
| GE Interest Plus | 6% |
| Repurchase Agreements | 9% |

NOTE 6 - RECEIVABLES

Receivables at December 31, 2005, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements, shared revenues, special assessments, accrued interest on investments, accounts (billings for ambulance service and utility service), interfund loans 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 \$3,349 and \$14,878, respectively, in the capital improvement fund and \$47,464 and \$51,906, respectively, for the other governmental funds. As of December 31, 2005, the City had less than \$1,000 in delinquent special assessments outstanding.

Property Taxes

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Property tax revenue received during 2005 for real and public utility property taxes represents collections of the 2004 taxes. Property tax payments received during 2005 for tangible personal property (other than public utility property) is for 2005 taxes.

2005 real property taxes are levied after October 1, 2005, on the assessed value as of January 1, 2005, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2005 real property taxes are collected in and intended to finance 2006.

City of Vandalia
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Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 6 – RECEIVABLES (Continued)

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. 2005 public utility property taxes became a lien December 31, 2004, are levied after October 1, 2005, and are collected in 2006 with real property taxes.

2005 tangible personal property taxes are levied after October 1, 2004, on the value as of December 31, 2004. Collections are made in 2005. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent of true value for inventory.

The full tax rate for all City operations for the year ended December 31, 2005, was \$4.14 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2005 property tax receipts were based are as follows:

| | |
|------------------------------|-----------------------------|
| Real Property | \$347,780,250 |
| Public Utility Property Real | 42,820 |
| Public Utility Tangible | 6,967,770 |
| Tangible Personal Property | <u>59,956,143</u> |
| Total Valuation | <u><u>\$414,746,983</u></u> |

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

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

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, 2005, 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 2005 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue.

Income Taxes

The City levies a 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.

In 2005, all income tax proceeds were allocated to the general fund.

City of Vandalia
 Montgomery County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2005

NOTE 6 – RECEIVABLES (Continued)

Due from Other Governments

A summary of due from other governments follows:

| | <u>Amounts</u> |
|--|------------------|
| Governmental Activities | |
| Local Government and Local Government Revenue Assistance | \$322,421 |
| Estate Tax | 30,258 |
| Homestead and Rollback | 59,816 |
| Gasoline and Excise Tax | 145,538 |
| Motor Vehicle License Fees | 307,397 |
| Permissive Motor Vehicle License Tax | 26,841 |
| Other Reimbursements | 4,655 |
| Liquor Permits | 1,420 |
| Municipal Court Salary Reimbursement | 55,053 |
| ODADAS | 4,708 |
| Immobilization Fees | 70 |
| Total | <u>\$958,177</u> |

Notes Receivable

The City sold a tract of land in 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 \$6,339, including interest at 8.75%, through April 1, 2007 | <u>\$17,426</u> |
| Amount to be Collected In More Than One Year | <u>\$6,027</u> |

NOTE 7 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. In 1988, the City joined the Miami Valley Risk Management Association, Inc. (MVRMA) a risk sharing insurance pool. The pool consists of twenty municipalities who pool risk for property, crime, liability, boiler and machinery and public official liability. The City pays an annual premium to MVRMA for this coverage. The deductible per occurrence for all types of claims is \$2,500. The self-insured retention is \$1,000,000 for liability and \$250,000 for property.

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 7 - RISK MANAGEMENT (Continued)

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

| | |
|--|--|
| General Liability | \$7,000,000 each occurrence |
| Automobile Liability | \$7,000,000 each occurrence |
| Public Officials/Employment Practices Liability* | \$2,000,000 each occurrence and aggregate per member |
| Police Professional Liability* | \$2,000,000 each occurrence and aggregate per member |
| Boiler and Machinery | \$100,000,000 each occurrence |
| Property | \$1,000,000,000 each occurrence |
| Flood | \$25,000,000 each occurrence and annual aggregate |
| Earthquake | \$25,000,000 each occurrence and annual aggregate |

* In 2005, MVRMA reinsured its excess casualty program (\$1 million excess \$1 million self-insurance retention) with GEM, a captive insurer, formed by intergovernmental pools in order to meet their long-term financing needs. Excess insurance for \$5 million in excess of \$2 million was placed with Illinois Union Insurance Company in 2005. There is an annual aggregate of \$10 million per member.

In 2004, public officials/employment practices liability was \$6 million. Settled claims have not exceeded this commercial coverage in any of the past three years.

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

The City has elected to provide employee healthcare benefits for its employees through a self-insured program. The City maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides medical, dental, vision and prescription drug coverage with a \$100 deductible for single and \$200 deductible for families who use providers within the City's preferred provider organization, DirectCare America. Deductibles are higher, and vary for out of network claims. A third party administrator, Underwriters Safety & Claims, processes and pays the claims. The City is paying self-insurance claims and administrative costs from its hospital care internal service fund. An excess coverage insurance (stop loss) policy covers claims in excess of \$35,000 per employee, per year. During 2005, a total of \$1,954,806 was paid in benefits and administrative costs. The liability for unpaid claims cost of \$268,564, reported in the hospital care internal service fund at December 31, 2005, is based on the requirements of Governmental Accounting Standards Board Statement No. 30. Statement No. 30 requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. The claims liability was determined by reviewing invoices for claims paid in January through March 2006, which were incurred in 2005.

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 7 - RISK MANAGEMENT (Continued)

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 |
|------|---------------------------------|------------------------|----------------|---------------------------|
| 2004 | \$152,221 | \$1,680,116 | \$1,625,704 | \$206,633 |
| 2005 | 206,633 | 1,616,538 | 1,554,607 | 268,564 |

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2005, was as follows:

| | Balance 12/31/2004 | Additions | Deletions | Balance 12/31/2005 |
|--|-----------------------|-------------|------------|-----------------------|
| Governmental Assets | | | | |
| <i>Capital Assets, not being depreciated</i> | | | | |
| Land | \$4,719,553 | \$52,500 | \$0 | \$4,772,053 |
| <i>Capital Assets, being depreciated</i> | | | | |
| Buildings and Improvements | 25,540,373 | 105,704 | 0 | 25,646,077 |
| Equipment | 7,993,503 | 180,526 | (144,673) | 8,029,356 |
| Vehicles | 3,554,897 | 110,752 | (193,244) | 3,472,405 |
| Infrastructure | 28,114,735 | 1,846,804 | (150,148) | 29,811,391 |
| Total Capital Assets, being depreciated | 65,203,508 | 2,243,786 | (488,065) | 66,959,229 |
| Less: Accumulated Depreciation | | | | |
| Buildings and Improvements | (4,691,710) | (577,320) | 0 | (5,269,030) |
| Equipment | (3,584,266) | (432,537) | 117,442 | (3,899,361) |
| Vehicles | (2,243,480) | (419,479) | 149,321 | (2,513,638) |
| Infrastructure | (15,671,201) | (783,380) | 136,803 | (16,317,778) |
| Total Accumulated Depreciation | (26,190,657) | (2,212,716) | 403,566 | (27,999,807) |
| Total Capital Assets, being depreciated, net | 39,012,851 | 31,070 | (84,499) | 38,959,422 |
| Governmental Activities Capital Assets, net | \$43,732,404 | \$83,570 | (\$84,499) | \$43,731,475 |

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 8 - CAPITAL ASSETS (Continued)

| | Balance 12/31/2004 | Additions | Deletions | Balance 12/31/2005 |
|--|-----------------------|-----------|------------|-----------------------|
| Business-Type Activities | | | | |
| <i>Capital Assets, not being depreciated</i> | | | | |
| Land | \$126,837 | \$0 | \$0 | \$126,837 |
| <i>Capital Assets, being depreciated</i> | | | | |
| Buildings and Improvements | 2,761,171 | 0 | 0 | 2,761,171 |
| Equipment | 906,884 | 80,389 | (18,719) | 968,554 |
| Vehicles | 456,148 | 50,896 | (42,868) | 464,176 |
| Infrastructure | 22,554,073 | 1,049,046 | 0 | 23,603,119 |
| Total Capital Assets, being depreciated | 26,678,276 | 1,180,331 | (61,587) | 27,797,020 |
| Less: Accumulated Depreciation | | | | |
| Buildings and Improvements | (1,088,381) | (54,089) | 0 | (1,142,470) |
| Equipment | (455,045) | (44,843) | 17,559 | (482,329) |
| Vehicles | (300,277) | (52,462) | 33,254 | (319,485) |
| Infrastructure | (8,056,813) | (361,777) | 0 | (8,418,590) |
| Total Accumulated Depreciation | (9,900,516) | (513,171) | 50,813 | (10,362,874) |
| Total Capital Assets, being depreciated, net | 16,777,760 | 667,160 | (10,774) | 17,434,146 |
| Governmental Activities Capital Assets, net | \$16,904,597 | \$667,160 | (\$10,774) | \$17,560,983 |

*Depreciation expense was charged to governmental functions as follows:

| | |
|----------------------------|--------------------|
| General Government | |
| Legislative and Executive | \$166,847 |
| Judicial System | 91,173 |
| Public Safety | |
| Police | 338,731 |
| Fire | 189,824 |
| Public Works | |
| Engineer | 22,662 |
| Streets | 899,612 |
| Recreation | 503,867 |
| Total Depreciation Expense | <u>\$2,212,716</u> |

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 9 - COMPENSATED ABSENCES

Accumulated Unpaid Vacation

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

Accumulated Unpaid Sick Leave

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

Accumulated Unpaid Compensatory Time

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

NOTE 10 - LONG-TERM DEBT

A schedule of changes in bonds and other long-term obligations of the City during 2005 follows:

| | Amount Outstanding 12/31/2004 | Additions | Deletions | Amount Outstanding 12/31/2005 | Amount Due in One Year |
|---|-------------------------------------|------------------|----------------------|-------------------------------------|------------------------------|
| Governmental Activities | | | | | |
| <u>Unvoted General Obligation Bonds</u> | | | | | |
| 5.9% - 7.15% - 1990 | | | | | |
| Street Improvement | \$2,872 | \$0 | (\$2,872) | \$0 | \$0 |
| 5.75% - 5.85% - 1996 | | | | | |
| Various Purpose Improvement Bonds | 840,000 | 0 | (410,000) | 430,000 | 430,000 |
| 2.0% - 5.25% - 2004 | | | | | |
| Various Purpose Refunding Bonds | 10,710,000 | 0 | (100,000) | 10,610,000 | 100,000 |
| Premium on Refunding Bonds | 464,791 | 0 | (27,341) | 437,450 | 0 |
| Accounting Loss | (870,672) | 0 | 51,216 | (819,456) | 0 |
| Total Unvoted General Obligation Bonds | 11,146,991 | 0 | (488,997) | 10,657,994 | 530,000 |
| <u>Special Assessment Debt with Governmental Commitment</u> | | | | | |
| 5.9% - 7.15% - 1990 | | | | | |
| Street Improvement | 42,128 | 0 | (42,128) | 0 | 0 |
| Compensated Absences | 1,010,483 | 932,330 | (833,778) | 1,109,035 | 534,423 |
| Total Governmental Activities | | | | | |
| Long-Term Liabilities | <u>\$12,199,602</u> | <u>\$932,330</u> | <u>(\$1,364,903)</u> | <u>\$11,767,029</u> | <u>\$1,064,423</u> |
| Business-Type Activities | | | | | |
| Compensated Absences | <u>\$71,878</u> | <u>\$39,782</u> | <u>(\$25,383)</u> | <u>\$86,277</u> | <u>\$48,236</u> |

City of Vandalia
 Montgomery County, Ohio
 Notes to the Basic Financial Statements
 For The Year Ended December 31, 2005

NOTE 10 - LONG-TERM DEBT (Continued)

The unvoted General Obligation Bonds for Street Improvement were issued in 1990, in the amount of \$45,000 for the purpose of various street improvements and were with municipal income tax revenue.

The Unvoted 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. During 2004, the City issued \$10,840,000 General Obligation Various Purpose Refunding Bonds to advance refund a portion of the 1996 General Obligation Various Improvement Bonds. At year-end, \$430,000 of the 1996 General Obligation Various Purpose Improvement Bonds were still outstanding and not considered defeased.

In prior years, the City defeased a portion of the General Obligation Various Purpose Improvement Bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. On December 31, 2005, \$10,255,000 of the bonds outstanding are considered defeased.

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 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.

Compensated absences will be paid from the general fund and street and stormwater special revenue fund, and the golf, sewer and water enterprise funds.

As of December 31, 2005, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$32,762,003 and the unvoted legal debt margin was \$12,024,654.

Principal and interest requirements to retire the City's *long-term obligations outstanding at December 31, 2005, are as follows:

| Year Ending December 31, | General Obligation Bonds | | |
|-----------------------------|-----------------------------|--------------------|---------------------|
| | Principal | Interest | Total |
| 2006 | \$530,000 | \$1,068,956 | \$1,598,956 |
| 2007 | 540,000 | 459,888 | 999,888 |
| 2008 | 550,000 | 446,928 | 996,928 |
| 2009 | 570,000 | 432,478 | 1,002,478 |
| 2010 | 585,000 | 414,978 | 999,978 |
| 2011-2015 | 3,225,000 | 1,759,608 | 4,984,608 |
| 2016-2020 | 4,090,000 | 915,864 | 5,005,864 |
| 2021 | 950,000 | 49,876 | 999,876 |
| Total | \$11,040,000 | \$5,548,576 | \$16,588,576 |

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6701.

Member and employer contributions rates were consistent across all three plans (TP, MD and CP). For the year ended December 31, 2005, City employees were required to contribute 8.5 percent of their annual covered salary. The City's contribution rate for 2005 was 13.55 percent, of which 9.55 percent was used to fund the pension benefits. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional plan for the years ended December 31, 2005, 2004, and 2003 were \$610,810, \$542,937, and \$457,174 respectively; 97.9 percent has been contributed for 2005 and 100 percent for 2004 and 2003.

Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 19.5 percent for police officers and 24 percent for firefighters, of which 11.75 percent for police officers and 16.25 percent for firefighters was used to fund pension plans. Contributions are authorized by State statute. The City's contributions to the Fund for the years ended December 31, 2005, 2004, and 2003 were \$331,356, \$318,039, and \$298,411 respectively, equal to the required contributions for each year. The full amount has been contributed for 2004 and 2003. 68 percent has been contributed for 2005 with the remainder being reported as a liability.

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 12 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

In addition to the pension benefits described in Note 11, the Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage, commonly referred to OPEB (other postemployment benefits). OPERS administers three separate pension plans, the Traditional Pension Plan (TP), the Member-Directed Plan (MD) and the Combined Plan (CP), all of which are described in Note 11.

OPERS provides retirement, disability, and survivor benefits as well as postretirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit for members of both the TP and CO plans. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care coverage. Health care coverage for disability recipients and qualified survivor recipients is available.

The Ohio Revised Code provides statutory authority for employer contributions. The 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS.

The assumptions and calculations below are based on OPERS' latest actuarial review performed as of December 31, 2004. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually. The investment assumption rate for was 8.00 percent. An annual increase of 4.00 percent, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4 percent base increase, were assumed to range from .50 percent to 6.3 percent. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase at 4.00 percent (the projected wage inflation rate).

OPEBs are advanced-funded on an actuarial determined basis. The number of active contributing participants in the TP and CP was 376,109 for 2005. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$255,834. The actual contribution and the actuarially required contribution amounts are the same.

OPERS's net assets available for payment of benefits at December 31, 2004, (the latest available information) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increases as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

Ohio Police and Firemen's Disability and Pension Fund

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

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2005. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2005 that were used to fund postemployment benefits were \$161,994 for police and \$40,897 for firefighters. The OP&F's total health care expense for the year ended December 31, 2004, (the latest information available) was \$102,173,796, which was net of member contributions of \$55,665,341. The number of OP&F participants eligible to receive health care benefits as of December 31, 2004, was 13,812 for police and 10,528 for firefighters.

NOTE 13 - JOINT VENTURES

Tri-Cities North Regional Wastewater Authority

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

The Tri-Cities North Regional Wastewater Authority (Tri-Cities) is a joint venture among the cities of Vandalia, Huber Heights and Tipp City. Tri-Cities is governed by a management board consisting of the city managers of the three cities. The board has complete authority over all aspects of the operation. Tri-Cities supplies all participating residents of the member cities with sewer services. Each city owns the sewage lines located in its city and bills its residents for usage. Continued existence of Tri-Cities is dependent on the City's continued participation and the City does have an equity interest. The percentage of equity interest for each City is based on annual usage and is adjusted each year accordingly. The City's equity interest is \$6,646,843 which represents 27.22 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 \$890,996 for services provided in 2005. Tri-Cities had four OWDA Loans outstanding at December 31, 2005, in the amounts of \$1,432,222, \$4,732,125, \$1,573,816, and \$1,114,807 for a total of \$8,852,970. Complete financial statements can be obtained from the Tri-Cities North Regional Wastewater Authority, c/o City of Vandalia, 333 J.E. Bohanan Drive, Vandalia, Ohio 45377.

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 13 - JOINT VENTURES (Continued)

Northern Area Water Authority

The City of Dayton has provided water services to the City of Vandalia since 1971. In recent years, the City of Vandalia has felt it necessary to have an alternate source of water supply and to have more control over the rate structure of water services. Also in recent years, the City of Tipp City has learned that they must build a new water treatment plant to meet Environmental Protection Agency requirements. Seeing a common issue between the two cities, the City of Vandalia and the City of Tipp City, in March of 2002, created a joint venture to plan, finance, construct, own and operate a joint water utility system. The purpose of the water utility system will be to provide safe, high quality, reliable, reasonably priced and environmentally sound water production, treatment and distribution services to the citizens, taxpayers and consumers in the cities of Vandalia and Tipp City.

The Northern Area Water Authority (NAWA) is a joint venture among the cities of Vandalia and Tipp City. NAWA is governed by a management board consisting of the city managers of the two cities. The board has complete authority over all aspects of the operation. NAWA, when construction is completed, will supply the participating residents of the member cities with water services. Each city will own the water lines located in its city and bill its residents for usage. Continued existence of NAWA is dependent on the City's continued participation and the City will have an equity interest in NAWA. The percentage of equity interest for each City is fifty percent. During 2005, construction of the facility began; however, at year-end, NAWA's net assets was insignificant; therefore, the City of Vandalia did not reflect an equity interest in NAWA as of December 31, 2005. Increased financial activity is expected in 2006, when operations are anticipated to commence. NAWA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. On August 29, 2002, NAWA was approved for an OWDA loan totaling \$2.5 million. During 2005, this loan was paid off and rolled into the water treatment plant construction loan. As of December 31, 2005, NAWA has borrowed a total of \$9,487,900 against the water treatment plant construction loan. The City of Vandalia made no significant contributions to NAWA in 2005, and there is no equity interest to report at this time. Complete financial statements can be obtained from the Northern Area Water Authority, c/o City of Vandalia, 333 J.E. Bohanan Drive, Vandalia, Ohio 45377.

NOTE 14 - JOINTLY GOVERNED ORGANIZATION

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

The ED/GE Advisory Committee, made up of alternating member entities' representatives, decides which proposed projects will be granted each year. Sales tax revenues, set aside by Montgomery County, are used to fund the projects. Members annually contribute to or receive benefits based on an elaborate zero-based formula designed to distribute growth in contributing communities to those communities experiencing less economic growth. The City has agreed to be a member for ten years, ending December 31, 2010. Members in default of paying contributions will be liable for the contribution, any interest accrued, and penalties. The member will not be entitled to any allocations from ED/GE. The City did not have contributions to ED/GE during 2005. 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, 2005

NOTE 15 - CONTRACTUAL COMMITMENTS

As of December 31, 2005, the City had contractual commitments as follows:

| <u>Company</u> | <u>Project</u> | <u>Contract Amount</u> | <u>Amount Expended</u> | <u>Balance at 12/31/2005</u> |
|-----------------------------------|-------------------------------------|----------------------------|----------------------------|----------------------------------|
| Butler Township Board of Trustees | refunds and reimbursements | \$360,000 | \$0 | \$360,000 |
| Various | incentive/development expense | 430,954 | 14,046 | 416,908 |
| Various | update to digital technology | 335,532 | 258,197 | 77,335 |
| Various | street resurfacing and construction | 460,306 | 37,042 | 423,264 |
| Various | water mains | 218,900 | 174,568 | 44,332 |
| Totals | | <u>\$1,805,692</u> | <u>\$483,853</u> | <u>\$1,321,839</u> |

NOTE 16 - CONTINGENT LIABILITIES

Litigation

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

Federal and State Grants

The City participates in several federally assisted programs. These programs are subject to financial and compliance audits by the grantor or their representative. As of December 31, 2005, 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.

NOTE 17 - INTERFUND BALANCES AND TRANSFERS

Interfund transfers for the year ended December 31, 2005, consisted of the following:

| <u>Transfer to</u> | <u>Transfer From</u> |
|---------------------|----------------------|
| | <u>General</u> |
| Capital Improvement | \$557,535 |
| Other Governmental | 1,230,038 |
| Total | <u>\$1,787,573</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.

City of Vandalia
Montgomery County, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

NOTE 17 - INTERFUND BALANCES AND TRANSFERS (Continued)

The \$406,761 interfund loan from the general fund was made to the Brownschool road improvements capital projects fund (\$6,761) and the golf fund (\$400,000). The interfund loan to the capital projects fund was a result of the time lag between the dates that the reimbursable expenditures occurred and the revenue to re-pay the funds was available. The interfund loan to the golf fund was a result of a projected deficit in retained earnings from operation costs exceeding revenue for the year. The interfund loan is expected to be repaid as a new fee schedule for the golf fund fee is implemented. The loan to the Brownschool road improvement capital projects fund is expected to be repaid during 2006.

NOTE 18 - ACCOUNTABILITY

At December 31, 2005, the Brownschool road improvements capital projects fund had a deficit fund balance of \$6,761. The fund balance deficit will be eliminated when expenditures are reimbursed with grant revenue and the interfund loan payable is then repaid. Also at December 31, 2005, the hospital care internal service fund had a deficit net assets of \$75,300. This deficit will be eliminated when charges for medical benefits are reimbursed from other funds of the City.

Combining Financial Statements

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.

Chuck Gabbard Memorial

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

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.

FEMA

To account for grant monies used to cover costs associated with the large snowstorm in 2005.

Law Enforcement

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

Magistrate

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

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 for 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.

(Continued)

Combining Statements - Nonmajor Governmental Funds
(Continued)

NONMAJOR SPECIAL REVENUE FUNDS

Stormwater

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

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.

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.

Issue II – North Dixie Widening

To account for the expenditures of Issue II grant funds for widening North Dixie Road.

Issue II – Vista

To account for expenditures of Issue II grant funds.

Justice Center/Municipal Building

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

Recreation Center

To account for expenditures of bond proceeds to construct a Recreation Center.

Road Improvements Brownschool

To account for expenditures of Issue II grant funds.

City of Vandalia
Montgomery County, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2005

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|---|---|--------------------------------------|--|--|
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$1,548,398 | \$411,590 | \$544 | \$1,960,532 |
| Cash and Cash Equivalents in Segregated Accounts | 16,542 | 0 | 0 | 16,542 |
| Receivables: | | | | |
| Accounts | 64,106 | 0 | 0 | 64,106 |
| Special Assessments | 0 | 99,370 | 0 | 99,370 |
| Due from Other Governments | 489,139 | 0 | 0 | 489,139 |
| Materials and Supplies Inventory | 61,069 | 0 | 0 | 61,069 |
| Total Assets | \$2,179,254 | \$510,960 | \$544 | \$2,690,758 |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$36,001 | \$0 | \$0 | \$36,001 |
| Accrued Wages | 5,374 | 0 | 0 | 5,374 |
| Due to Other Governments | 11,407 | 0 | 0 | 11,407 |
| Interfund Payable | 0 | 0 | 6,761 | 6,761 |
| Matured Compensated Absences Payable | 732 | 0 | 0 | 732 |
| Deferred Revenue | 480,433 | 99,370 | 0 | 579,803 |
| Total Liabilities | 533,947 | 99,370 | 6,761 | 640,078 |
| Fund Balances: | | | | |
| Reserved for Encumbrances | 5,580 | 0 | 0 | 5,580 |
| Reserved for Inventory | 61,069 | 0 | 0 | 61,069 |
| Unreserved: | | | | |
| Undesignated, Reported in: | | | | |
| Special Revenue Funds | 1,578,658 | 0 | 0 | 1,578,658 |
| Debt Service Funds | 0 | 411,590 | 0 | 411,590 |
| Capital Projects Funds (Deficit) | 0 | 0 | (6,217) | (6,217) |
| Total Fund Balances (Deficit) | 1,645,307 | 411,590 | (6,217) | 2,050,680 |
| Total Liabilities and Fund Balances | \$2,179,254 | \$510,960 | \$544 | \$2,690,758 |

City of Vandalia
Montgomery County, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2005

| | <u>Baseball Recreation</u> | <u>Chuck Gabbard Memorial</u> | <u>Computer Legal Research</u> |
|---|--------------------------------|---------------------------------------|------------------------------------|
| Assets: | | | |
| Equity in Pooled Cash and Cash Equivalents | \$38,940 | \$110 | \$97,970 |
| Cash and Cash Equivalents in Segregated Accounts | 0 | 0 | 10,939 |
| Receivables: | | | |
| Accounts | 0 | 0 | 0 |
| Due from Other Governments | 0 | 0 | 0 |
| Materials and Supplies Inventory | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Assets | <u>\$38,940</u> | <u>\$110</u> | <u>\$108,909</u> |
| Liabilities and Fund Balances: | | | |
| Liabilities: | | | |
| Accounts Payable | \$53 | \$0 | \$8,502 |
| Accrued Wages | 0 | 0 | 864 |
| Due to Other Governments | 1,164 | 0 | 968 |
| Matured Compensated Absences Payable | 0 | 0 | 0 |
| Deferred Revenue | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Liabilities | <u>1,217</u> | <u>0</u> | <u>10,334</u> |
| Fund Balances: | | | |
| Reserved for Encumbrances | 78 | 0 | 376 |
| Reserved for Inventory | 0 | 0 | 0 |
| Unreserved, Undesignated | <u>37,645</u> | <u>110</u> | <u>98,199</u> |
| Total Fund Balances | <u>37,723</u> | <u>110</u> | <u>98,575</u> |
| Total Liabilities and Fund Balances | <u>\$38,940</u> | <u>\$110</u> | <u>\$108,909</u> |

| <u>Drug Law Enforcement</u> | <u>Law Enforcement</u> | <u>Magistrate</u> | <u>OMVI Education and Enforcement</u> | <u>OMVI Indigent</u> | <u>Permissive Motor Vehicle Tax</u> |
|-----------------------------|------------------------|-------------------|---------------------------------------|----------------------|-------------------------------------|
| \$3,604 | \$20 | \$40,991 | \$1,108 | \$285,872 | \$150,339 |
| 0 | 0 | 5,214 | 109 | 280 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 4,708 | 31,496 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>\$3,604</u> | <u>\$20</u> | <u>\$46,205</u> | <u>\$1,217</u> | <u>\$290,860</u> | <u>\$181,835</u> |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 511 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 4,708 | 23,422 |
| <u>0</u> | <u>0</u> | <u>511</u> | <u>0</u> | <u>4,708</u> | <u>23,422</u> |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 3,604 | 20 | 45,694 | 1,217 | 286,152 | 158,413 |
| <u>3,604</u> | <u>20</u> | <u>45,694</u> | <u>1,217</u> | <u>286,152</u> | <u>158,413</u> |
| <u>\$3,604</u> | <u>\$20</u> | <u>\$46,205</u> | <u>\$1,217</u> | <u>\$290,860</u> | <u>\$181,835</u> |

(Continued)

City of Vandalia
Montgomery County, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2005
(Continued)

| | <u>Soccer Recreation</u> | <u>State Highway</u> | <u>Stormwater</u> |
|---|------------------------------|--------------------------|----------------------|
| Assets: | | | |
| Equity in Pooled Cash and Cash Equivalents | \$45,359 | \$190,847 | \$225,271 |
| Cash and Cash Equivalents in Segregated Accounts | 0 | 0 | 0 |
| Receivables: | | | |
| Accounts | 0 | 0 | 64,106 |
| Due from Other Governments | 0 | 33,099 | 0 |
| Materials and Supplies Inventory | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Assets | <u>\$45,359</u> | <u>\$223,946</u> | <u>\$289,377</u> |
| Liabilities and Fund Balances: | | | |
| Liabilities: | | | |
| Accounts Payable | \$53 | \$1,749 | \$9,332 |
| Accrued Wages | 0 | 0 | 918 |
| Due to Other Governments | 601 | 0 | 1,606 |
| Matured Compensated Absences Payable | 0 | 0 | 0 |
| Deferred Revenue | <u>0</u> | <u>28,244</u> | <u>64,106</u> |
| Total Liabilities | <u>654</u> | <u>29,993</u> | <u>75,962</u> |
| Fund Balances: | | | |
| Reserved for Encumbrances | 134 | 4,680 | 35 |
| Reserved for Inventory | 0 | 0 | 0 |
| Unreserved, Undesignated | <u>44,571</u> | <u>189,273</u> | <u>213,380</u> |
| Total Fund Balances | <u>44,705</u> | <u>193,953</u> | <u>213,415</u> |
| Total Liabilities and Fund Balances | <u>\$45,359</u> | <u>\$223,946</u> | <u>\$289,377</u> |

| <u>Street</u> | <u>Total Nonmajor Special Revenue Funds</u> |
|------------------|---|
| \$467,967 | \$1,548,398 |
| 0 | 16,542 |
| 0 | 64,106 |
| 419,836 | 489,139 |
| 61,069 | 61,069 |
| <u>\$948,872</u> | <u>\$2,179,254</u> |

| | |
|----------------|----------------|
| \$16,312 | \$36,001 |
| 3,592 | 5,374 |
| 6,557 | 11,407 |
| 732 | 732 |
| 359,953 | 480,433 |
| <u>387,146</u> | <u>533,947</u> |

| | |
|------------------|--------------------|
| 277 | 5,580 |
| 61,069 | 61,069 |
| 500,380 | 1,578,658 |
| <u>561,726</u> | <u>1,645,307</u> |
| <u>\$948,872</u> | <u>\$2,179,254</u> |

City of Vandalia
Montgomery County, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2005

| | <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 | \$253,570 | \$158,020 | \$411,590 |
| Receivables: | | | |
| Special Assessments | <u>0</u> | <u>99,370</u> | <u>99,370</u> |
| Total Assets | <u><u>\$253,570</u></u> | <u><u>\$257,390</u></u> | <u><u>\$510,960</u></u> |
| | | | |
| Liabilities and Fund Balances: | | | |
| Liabilities: | | | |
| Deferred Revenue | <u>\$0</u> | <u>\$99,370</u> | <u>\$99,370</u> |
| Total Liabilities | <u>0</u> | <u>99,370</u> | <u>99,370</u> |
| | | | |
| Fund Balances: | | | |
| Unreserved, Undesignated | <u>253,570</u> | <u>158,020</u> | <u>411,590</u> |
| Total Fund Balances | <u>253,570</u> | <u>158,020</u> | <u>411,590</u> |
| Total Liabilities and Fund Balances | <u><u>\$253,570</u></u> | <u><u>\$257,390</u></u> | <u><u>\$510,960</u></u> |

City of Vandalia
Montgomery County, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2005

| | <u>Justice Center/ Municipal Building</u> | <u>Recreation Center</u> | <u>Road Improvements Brownschool</u> | <u>Total Nonmajor Capital Projects Funds</u> |
|---|---|------------------------------|--|--|
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | <u>\$543</u> | <u>\$1</u> | <u>\$0</u> | <u>\$544</u> |
| Liabilities and Fund Balances: | | | | |
| Liabilities: | | | | |
| Interfund Payable | <u>0</u> | <u>0</u> | <u>6,761</u> | <u>6,761</u> |
| Total Liabilities | <u>0</u> | <u>0</u> | <u>6,761</u> | <u>6,761</u> |
| Fund Balances: | | | | |
| Unreserved, Undesignated (Deficit) | <u>543</u> | <u>1</u> | <u>(6,761)</u> | <u>(6,217)</u> |
| Total Fund Balances (Deficit) | <u>543</u> | <u>1</u> | <u>(6,761)</u> | <u>(6,217)</u> |
| Total Liabilities and Fund Balances | <u>\$543</u> | <u>\$1</u> | <u>\$0</u> | <u>\$544</u> |

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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, 2005

| | Nonmajor Special Revenue Funds | Nonmajor Debt Service Funds | Nonmajor Capital Projects Funds | Total Nonmajor Governmental Funds |
|---|---|--------------------------------------|--|--|
| Revenues: | | | | |
| Charges for Services | \$431,434 | \$0 | \$0 | \$431,434 |
| Fines and Forfeitures | 241,657 | 0 | 0 | 241,657 |
| Intergovernmental | 894,547 | 0 | 342,658 | 1,237,205 |
| Special Assessments | 0 | 59,864 | 0 | 59,864 |
| Other | 11,583 | 0 | 0 | 11,583 |
| Total Revenues | 1,579,221 | 59,864 | 342,658 | 1,981,743 |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | | | | |
| Legislative and Executive | 139,652 | 0 | 0 | 139,652 |
| Judicial System | 31,611 | 0 | 0 | 31,611 |
| Public Safety | | | | |
| Police | 1,524 | 0 | 0 | 1,524 |
| Public Works | | | | |
| Engineer | 259,995 | 0 | 0 | 259,995 |
| Streets | 691,109 | 949 | 0 | 692,058 |
| Recreation | 157,693 | 0 | 0 | 157,693 |
| Capital Outlay | 0 | 0 | 256,097 | 256,097 |
| Debt Service: | | | | |
| Principal Retirement | 0 | 555,000 | 0 | 555,000 |
| Interest and Fiscal Charges | 0 | 509,321 | 0 | 509,321 |
| Total Expenditures | 1,281,584 | 1,065,270 | 256,097 | 2,602,951 |
| Excess of Revenues Over (Under) Expenditures | 297,637 | (1,005,406) | 86,561 | (621,208) |
| Other Financing Sources: | | | | |
| Transfers In | 0 | 1,230,038 | 0 | 1,230,038 |
| Net Change in Fund Balance | 297,637 | 224,632 | 86,561 | 608,830 |
| Fund Balance (Deficit) at Beginning of Year | 1,330,135 | 186,958 | (92,778) | 1,424,315 |
| Increase in Reserve for Inventory | 17,535 | 0 | 0 | 17,535 |
| Fund Balance (Deficit) at End of Year | \$1,645,307 | \$411,590 | (\$6,217) | \$2,050,680 |

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, 2005

| | Baseball Recreation | Chuck Gabbard Memorial | Computer Legal Research |
|-----------------------------------|------------------------|------------------------------|----------------------------|
| Revenues: | | | |
| Charges for Services | \$118,636 | \$0 | \$0 |
| Fines and Forfeitures | 0 | 0 | 156,974 |
| Intergovernmental | 0 | 0 | 0 |
| Other | 3,334 | 110 | 0 |
| Total Revenues | <u>121,970</u> | <u>110</u> | <u>156,974</u> |
| Expenditures: | | | |
| Current: | | | |
| General Government | | | |
| Legislative and Executive | 0 | 0 | 137,401 |
| Judicial System | 0 | 0 | 0 |
| Public Safety | | | |
| Police | 0 | 0 | 0 |
| Public Works | | | |
| Engineer | 0 | 0 | 0 |
| Streets | 0 | 0 | 0 |
| Recreation | 114,759 | 0 | 0 |
| Total Expenditures | <u>114,759</u> | <u>0</u> | <u>137,401</u> |
| Net Change in Fund Balances | 7,211 | 110 | 19,573 |
| Fund Balances at | | | |
| Beginning of Year | 30,512 | 0 | 79,002 |
| Increase in Reserve for Inventory | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund Balances at End of Year | <u><u>\$37,723</u></u> | <u><u>\$110</u></u> | <u><u>\$98,575</u></u> |

| <u>Drug Law Enforcement</u> | <u>FEMA</u> | <u>Law Enforcement</u> | <u>Magistrate</u> | <u>OMVI Education and Enforcement</u> | <u>OMVI Indigent</u> |
|---------------------------------|---------------|----------------------------|-------------------|---|--------------------------|
| \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 5,250 | 0 | 20 | 71,595 | 1,787 | 6,031 |
| 0 | 39,945 | 0 | 0 | 0 | 8,958 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>5,250</u> | <u>39,945</u> | <u>20</u> | <u>71,595</u> | <u>1,787</u> | <u>14,989</u> |
| 2,251 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 31,611 | 0 | 0 |
| 0 | 0 | 0 | 0 | 1,524 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 39,945 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>2,251</u> | <u>39,945</u> | <u>0</u> | <u>31,611</u> | <u>1,524</u> | <u>0</u> |
| 2,999 | 0 | 20 | 39,984 | 263 | 14,989 |
| 605 | 0 | 0 | 5,710 | 954 | 271,163 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>\$3,604</u> | <u>\$0</u> | <u>\$20</u> | <u>\$45,694</u> | <u>\$1,217</u> | <u>\$286,152</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, 2005
(Continued)

| | Permissive Motor Vehicle Tax | Soccer Recreation | State Highway | Stormwater |
|---------------------------------------|------------------------------------|------------------------|-------------------------|-------------------------|
| Revenues: | | | | |
| Charges for Services | \$0 | \$46,741 | \$0 | \$266,057 |
| Fines and Forfeitures | 0 | 0 | 0 | 0 |
| Intergovernmental | 41,456 | 0 | 60,314 | 0 |
| Other | 4,655 | 1,275 | 97 | 0 |
| Total Revenues | <u>46,111</u> | <u>48,016</u> | <u>60,411</u> | <u>266,057</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | | | | |
| Legislative and Executive | 0 | 0 | 0 | 0 |
| Judicial System | 0 | 0 | 0 | 0 |
| Public Safety | | | | |
| Police | 0 | 0 | 0 | 0 |
| Public Works | | | | |
| Engineer | 0 | 0 | 0 | 259,995 |
| Streets | 42,789 | 0 | 23,495 | 0 |
| Recreation | 0 | 42,934 | 0 | 0 |
| Total Expenditures | <u>42,789</u> | <u>42,934</u> | <u>23,495</u> | <u>259,995</u> |
| Net Change in Fund Balances | 3,322 | 5,082 | 36,916 | 6,062 |
| Fund Balances at Beginning of Year | 155,091 | 39,623 | 157,037 | 207,353 |
| Increase in Reserve for Inventory | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Fund Balances at End of Year | <u><u>\$158,413</u></u> | <u><u>\$44,705</u></u> | <u><u>\$193,953</u></u> | <u><u>\$213,415</u></u> |

| <u>Street</u> | <u>Total Nonmajor Special Revenue Funds</u> |
|-------------------------|---|
| \$0 | \$431,434 |
| 0 | 241,657 |
| 743,874 | 894,547 |
| <u>2,112</u> | <u>11,583</u> |
| <u>745,986</u> | <u>1,579,221</u> |
| | |
| 0 | 139,652 |
| 0 | 31,611 |
| 0 | 1,524 |
| 0 | 259,995 |
| 584,880 | 691,109 |
| <u>0</u> | <u>157,693</u> |
| <u>584,880</u> | <u>1,281,584</u> |
| 161,106 | 297,637 |
| 383,085 | 1,330,135 |
| <u>17,535</u> | <u>17,535</u> |
| <u><u>\$561,726</u></u> | <u><u>\$1,645,307</u></u> |

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, 2005

| | General Obligation Bond Retirement | Street Special Assessment Bond Retirement | Total Nonmajor Debt Service Funds |
|---|--|---|--|
| Revenues: | | | |
| Special Assessments | \$0 | \$59,864 | \$59,864 |
| Expenditures: | | | |
| Current: | | | |
| Public Works | | | |
| Streets | 0 | 949 | 949 |
| Debt Service: | | | |
| Principal Retirement | 512,872 | 42,128 | 555,000 |
| Interest and Fiscal Charges | 506,206 | 3,115 | 509,321 |
| Total Expenditures | 1,019,078 | 46,192 | 1,065,270 |
| Excess of Revenues Over (Under) Expenditures | (1,019,078) | 13,672 | (1,005,406) |
| Other Financing Sources: | | | |
| Transfers In | 1,230,038 | 0 | 1,230,038 |
| Net Change in Fund Balances | 210,960 | 13,672 | 224,632 |
| Fund Balances at Beginning of Year | 42,610 | 144,348 | 186,958 |
| Fund Balances at End of Year | \$253,570 | \$158,020 | \$411,590 |

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, 2005

| | Issue II - Vista | Justice Center/ Municipal Building | Recreation Center | Road Improvements Brownschool | Total Nonmajor Capital Projects Funds |
|---|---------------------|---------------------------------------|----------------------|-------------------------------------|--|
| Revenues: | | | | | |
| Intergovernmental | \$174,274 | \$0 | \$0 | \$168,384 | \$342,658 |
| Expenditures: | | | | | |
| Capital Outlay | <u>0</u> | <u>76,668</u> | <u>4,284</u> | <u>175,145</u> | <u>256,097</u> |
| Net Change in Fund Balance | 174,274 | (76,668) | (4,284) | (6,761) | 86,561 |
| Fund Balance (Deficit) at Fund Balances at Beginning of Year | <u>(174,274)</u> | <u>77,211</u> | <u>4,285</u> | <u>0</u> | <u>(92,778)</u> |
| Fund Balance (Deficit) at End of Year | <u><u>\$0</u></u> | <u><u>\$543</u></u> | <u><u>\$1</u></u> | <u><u>(\$6,761)</u></u> | <u><u>(\$6,217)</u></u> |

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

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, 2005

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Municipal Income Tax | \$10,300,000 | \$10,462,000 | \$10,857,727 | \$395,727 |
| Property and Other Taxes | 1,839,000 | 1,664,000 | 1,706,985 | 42,985 |
| Charges for Services | 2,659,468 | 2,659,468 | 2,649,383 | (10,085) |
| Licenses and Permits | 92,500 | 92,500 | 227,844 | 135,344 |
| Fines and Forfeitures | 977,800 | 977,800 | 1,090,729 | 112,929 |
| Intergovernmental | 1,363,500 | 2,007,500 | 2,119,399 | 111,899 |
| Interest | 500,000 | 500,000 | 530,006 | 30,006 |
| Other | 96,500 | 104,815 | 74,440 | (30,375) |
| Total Revenues | 17,828,768 | 18,468,083 | 19,256,513 | 788,430 |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | | | | |
| Legislative and Executive | | | | |
| Personal Services | 1,574,921 | 1,595,421 | 1,522,380 | 73,041 |
| Operations and Maintenance | 2,452,097 | 2,921,596 | 2,719,805 | 201,791 |
| Total Legislative and Executive | 4,027,018 | 4,517,017 | 4,242,185 | 274,832 |
| Judicial System | | | | |
| Personal Services | 1,447,963 | 1,447,963 | 1,405,357 | 42,606 |
| Operations and Maintenance | 627,854 | 607,854 | 524,708 | 83,146 |
| Total Judicial System | 2,075,817 | 2,055,817 | 1,930,065 | 125,752 |
| Total General Government | 6,102,835 | 6,572,834 | 6,172,250 | 400,584 |
| Public Safety | | | | |
| Police | | | | |
| Personal Services | 3,636,678 | 3,639,578 | 3,589,110 | 50,468 |
| Operations and Maintenance | 440,494 | 437,974 | 415,532 | 22,442 |
| Total Police | 4,077,172 | 4,077,552 | 4,004,642 | 72,910 |
| Fire | | | | |
| Personal Services | 1,246,649 | 1,225,099 | 1,202,974 | 22,125 |
| Operations and Maintenance | 225,489 | 249,633 | 233,941 | 15,692 |
| Total Fire | 1,472,138 | 1,474,732 | 1,436,915 | 37,817 |
| Total Public Safety | 5,549,310 | 5,552,284 | 5,441,557 | 110,727 |
| Public Works | | | | |
| Engineer | | | | |
| Personal Services | 667,400 | 667,400 | 665,751 | 1,649 |
| Operations and Maintenance | 171,612 | 193,932 | 165,606 | 28,326 |
| Total Engineer | 839,012 | 861,332 | 831,357 | 29,975 |

(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, 2005
(Continued)

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive (Negative) |
|--------------------------------------|------------------|--------------|--------------|---|
| | Original | Final | | |
| Streets | | | | |
| Service Department | | | | |
| Personal Services | \$133,575 | \$131,075 | \$117,668 | \$13,407 |
| Operations and Maintenance | 4,569 | 4,569 | 2,493 | 2,076 |
| Street Lighting | | | | |
| Operations and Maintenance | 203,340 | 189,640 | 175,479 | 14,161 |
| Street Maintenance | | | | |
| Personal Services | 352,289 | 333,489 | 329,273 | 4,216 |
| Operations and Maintenance | 7,097 | 6,077 | 5,589 | 488 |
| Total Streets | 700,870 | 664,850 | 630,502 | 34,348 |
| Refuse | | | | |
| Operations and Maintenance | 689,860 | 753,560 | 722,612 | 30,948 |
| Total Public Works | 2,229,742 | 2,279,742 | 2,184,471 | 95,271 |
| Recreation | | | | |
| Parks | | | | |
| Personal Services | 2,076,924 | 2,067,074 | 1,988,022 | 79,052 |
| Operations and Maintenance | 695,223 | 705,072 | 633,461 | 71,611 |
| Total Recreation | 2,772,147 | 2,772,146 | 2,621,483 | 150,663 |
| Capital Outlay | 223,517 | 223,017 | 217,404 | 5,613 |
| Total Expenditures | 16,877,551 | 17,400,023 | 16,637,165 | 762,858 |
| Excess of Revenues Over Expenditures | 951,217 | 1,068,060 | 2,619,348 | 1,551,288 |
| Other Financing Sources (Uses): | | | | |
| Proceeds from Sale of Assets | 1,000 | 1,000 | 346 | (654) |
| Repayment of Advances | 0 | 0 | 342,658 | 342,658 |
| Advances Out | 0 | (200,000) | (200,000) | 0 |
| Transfers Out | (1,787,573) | (1,787,573) | (1,787,573) | 0 |
| Total Other Financing Sources (Uses) | (1,786,573) | (1,986,573) | (1,644,569) | 342,004 |
| Net Change in Fund Balance | (835,356) | (918,513) | 974,779 | 1,893,292 |
| Fund Balance at Beginning of Year | 9,943,698 | 9,943,698 | 9,943,698 | 0 |
| Prior Year Encumbrances Appropriated | 1,760,473 | 1,760,473 | 1,760,473 | 0 |
| Fund Balance at End of Year | \$10,868,815 | \$10,785,658 | \$12,678,950 | \$1,893,292 |

* Note: This schedule also serves as Appendix A for the City's continuing disclosure requirements.

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, 2005

| | <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 | \$100,865 | \$113,865 | \$118,636 | \$4,771 |
| Other | <u>4,505</u> | <u>4,505</u> | <u>3,334</u> | <u>(1,171)</u> |
| Total Revenues | <u>105,370</u> | <u>118,370</u> | <u>121,970</u> | <u>3,600</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Recreation | | | | |
| Personal Services | 36,948 | 33,148 | 33,117 | 31 |
| Operation and Maintenance | 67,622 | 81,722 | 81,642 | 80 |
| Capital Outlay | <u>800</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Total Expenditures | <u>105,370</u> | <u>114,870</u> | <u>114,759</u> | <u>111</u> |
| Net Change in Fund Balance | 0 | 3,500 | 7,211 | 3,711 |
| Fund Balance at Beginning of Year | <u>31,616</u> | <u>31,616</u> | <u>31,616</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$31,616</u></u> | <u><u>\$35,116</u></u> | <u><u>\$38,827</u></u> | <u><u>\$3,711</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, 2005

| | <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 | \$126,000 | \$158,000 | \$157,311 | (\$689) |
| Other | 500 | 500 | 0 | (1,189) |
| Total Revenues | <u>126,500</u> | <u>158,500</u> | <u>157,311</u> | <u>(1,189)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | | | | |
| Legislative and Executive | | | | |
| Personal Services | 35,988 | 65,988 | 65,162 | 826 |
| Operation and Maintenance | 78,847 | 53,927 | 51,230 | 2,697 |
| Capital Outlay | 13,000 | 14,920 | 14,916 | 4 |
| Total Expenditures | <u>127,835</u> | <u>134,835</u> | <u>131,308</u> | <u>3,527</u> |
| Net Change in Fund Balance | (1,335) | 23,665 | 26,003 | 2,338 |
| Fund Balance at Beginning of Year | 57,536 | 57,536 | 57,536 | 0 |
| Prior Year Encumbrances Appropriated | <u>13,317</u> | <u>13,317</u> | <u>13,317</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$69,518</u> | <u>\$94,518</u> | <u>\$96,856</u> | <u>\$2,338</u> |

City of Vandalia
Montgomery County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Drug Law Enforcement Fund
For the Year Ended December 31, 2005

| | <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>\$200</u> | <u>\$5,200</u> | <u>\$5,250</u> | <u>\$50</u> |
| Total Revenues | <u>200</u> | <u>5,200</u> | <u>5,250</u> | <u>50</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | | | | |
| Legislative and Executive | | | | |
| Operation and Maintenance | <u>110</u> | <u>2,251</u> | <u>2,251</u> | <u>0</u> |
| Total Expenditures | <u>110</u> | <u>2,251</u> | <u>2,251</u> | <u>0</u> |
| Net Change in Fund Balance | 90 | 2,949 | 2,999 | 50 |
| Fund Balance at Beginning of Year | <u>605</u> | <u>605</u> | <u>605</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$695</u></u> | <u><u>\$3,554</u></u> | <u><u>\$3,604</u></u> | <u><u>\$50</u></u> |

City of Vandalia
Montgomery County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - (Non-GAAP Basis) and Actual
FEMA Fund
For the Year Ended December 31, 2005

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|-----------------------------------|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmental | \$39,945 | \$39,945 | \$39,945 | \$0 |
| Total Revenues | <u>39,945</u> | <u>39,945</u> | <u>39,945</u> | <u>0</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public Works | | | | |
| Streets | | | | |
| Personal Services | 39,945 | 39,945 | 39,945 | 0 |
| Total Expenditures | <u>39,945</u> | <u>39,945</u> | <u>39,945</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 Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive (Negative) |
|-----------------------------------|------------------|---------|--------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Fines and Forfeitures | \$1,000 | \$1,000 | \$20 | (\$980) |
| Total Revenues | 1,000 | 1,000 | 20 | (980) |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | | | | |
| Legislative and Executive | | | | |
| Operations and Maintenance | 1,000 | 1,000 | 0 | 1,000 |
| Total Expenditures | 1,000 | 1,000 | 0 | 1,000 |
| Net Change in Fund Balance | 0 | 0 | 20 | 20 |
| Fund Balance at Beginning of Year | 0 | 0 | 0 | 0 |
| Fund Balance at End of Year | \$0 | \$0 | \$20 | \$20 |

City of Vandalia
Montgomery County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - (Non-GAAP Basis) and Actual
Magistrate Fund
For the Year Ended December 31, 2005

| | <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 | \$70,000 | \$70,000 | \$69,995 | (\$5) |
| Total Revenues | <u>70,000</u> | <u>70,000</u> | <u>69,995</u> | <u>(5)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General Government | | | | |
| Judicial System | | | | |
| Personal Services | 31,100 | 31,100 | 31,100 | 0 |
| Total Expenditures | <u>31,100</u> | <u>31,100</u> | <u>31,100</u> | <u>0</u> |
| Net Change in Fund Balance | 38,900 | 38,900 | 38,895 | (5) |
| Fund Balance at Beginning of Year | <u>2,096</u> | <u>2,096</u> | <u>2,096</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$40,996</u></u> | <u><u>\$40,996</u></u> | <u><u>\$40,991</u></u> | <u><u>(\$5)</u></u> |

City of Vandalia
Montgomery County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
OMVI Education and Enforcement Fund
For the Year Ended December 31, 2005

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive (Negative) |
|-----------------------------------|------------------|---------|---------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Fines and Forfeitures | \$1,500 | \$1,500 | \$1,743 | \$243 |
| Total Revenues | 1,500 | 1,500 | 1,743 | 243 |
| Expenditures: | | | | |
| Current: | | | | |
| Public Safety | | | | |
| Police | | | | |
| Operation and Maintenance | 500 | 1,525 | 1,524 | 3,549 |
| Total Expenditures | 500 | 1,525 | 1,524 | 1 |
| Net Change in Fund Balance | 1,000 | (25) | 219 | 244 |
| Fund Balance at Beginning of Year | 889 | 889 | 889 | 0 |
| Fund Balance at End of Year | \$1,889 | \$864 | \$1,108 | \$244 |

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, 2005

| | <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 | \$5,000 | \$5,000 | \$6,137 | \$1,137 |
| Intergovernmental | 7,000 | 10,000 | 8,958 | (1,042) |
| Total Revenues | <u>12,000</u> | <u>15,000</u> | <u>15,095</u> | <u>95</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public Safety | | | | |
| Police | | | | |
| Operation and Maintenance | 12,000 | 0 | 0 | 0 |
| Total Expenditures | <u>12,000</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Net Change in Fund Balance | 0 | 15,000 | 15,095 | 95 |
| Fund Balance at Beginning of Year | <u>270,777</u> | <u>270,777</u> | <u>270,777</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$270,777</u></u> | <u><u>\$285,777</u></u> | <u><u>\$285,872</u></u> | <u><u>\$95</u></u> |

City of Vandalia
Montgomery County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Permissive Motor Vehicle Tax Fund
For the Year Ended December 31, 2005

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|--------------------------------------|-------------------------|------------------|------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmental | \$42,000 | \$42,000 | \$41,240 | (\$760) |
| Total Revenues | <u>42,000</u> | <u>42,000</u> | <u>41,240</u> | <u>(760)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public Works | | | | |
| Streets | | | | |
| Operation and Maintenance | 9,734 | 14,134 | 13,814 | 320 |
| Capital Outlay | 35,410 | 31,010 | 29,565 | 1,445 |
| Total Expenditures | <u>45,144</u> | <u>45,144</u> | <u>43,379</u> | <u>1,765</u> |
| Net Change in Fund Balance | (3,144) | (3,144) | (2,139) | 1,005 |
| Fund Balance at Beginning of Year | 141,985 | 141,985 | 141,985 | 0 |
| Prior Year Encumbrances Appropriated | <u>10,144</u> | <u>10,144</u> | <u>10,144</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$148,985</u> | <u>\$148,985</u> | <u>\$149,990</u> | <u>\$1,005</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, 2005

| | <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 | \$50,125 | \$50,125 | \$46,741 | (\$3,384) |
| Other | <u>3,260</u> | <u>3,260</u> | <u>1,275</u> | <u>(1,985)</u> |
| Total Revenues | <u>53,385</u> | <u>53,385</u> | <u>48,016</u> | <u>(5,369)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Recreation | | | | |
| Personal Services | 22,358 | 22,358 | 16,008 | 6,350 |
| Operation and Maintenance | 30,365 | 30,365 | 27,497 | 2,868 |
| Capital Outlay | <u>800</u> | <u>800</u> | <u>0</u> | <u>800</u> |
| Total Expenditures | <u>53,523</u> | <u>53,523</u> | <u>43,505</u> | <u>10,018</u> |
| Net Change in Fund Balance | (138) | (138) | 4,511 | 4,649 |
| Fund Balance at Beginning of Year | 40,015 | 40,015 | 40,015 | 0 |
| Prior Year Encumbrances Appropriated | <u>138</u> | <u>138</u> | <u>138</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$40,015</u> | <u>\$40,015</u> | <u>\$44,664</u> | <u>\$4,649</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, 2005

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|--------------------------------------|-------------------------|-------------------------|-------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmental | \$46,000 | \$46,000 | \$60,038 | \$14,038 |
| Other | <u>0</u> | <u>0</u> | <u>97</u> | <u>97</u> |
| Total Revenues | <u>46,000</u> | <u>46,000</u> | <u>60,135</u> | <u>14,135</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public Works | | | | |
| Streets | | | | |
| Operations and Maintenance | <u>34,475</u> | <u>34,475</u> | <u>29,758</u> | <u>4,717</u> |
| Total Expenditures | <u>34,475</u> | <u>34,475</u> | <u>29,758</u> | <u>4,717</u> |
| Net Change in Fund Balance | 11,525 | 11,525 | 30,377 | 18,852 |
| Fund Balance at Beginning of Year | 152,878 | 152,878 | 152,878 | 0 |
| Prior Year Encumbrances Appropriated | <u>1,784</u> | <u>1,784</u> | <u>1,784</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$166,187</u></u> | <u><u>\$166,187</u></u> | <u><u>\$185,039</u></u> | <u><u>\$18,852</u></u> |

City of Vandalia
Montgomery County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - (Non-GAAP Basis) and Actual
Stormwater Fund
For the Year Ended December 31, 2005

| | <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 | \$221,100 | \$263,100 | \$266,057 | \$2,957 |
| Total Revenues | <u>221,100</u> | <u>263,100</u> | <u>266,057</u> | <u>2,957</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public Works | | | | |
| Engineer | 121,462 | 121,462 | 110,903 | 10,559 |
| Personal Services | 144,615 | 144,615 | 143,908 | 707 |
| Operation and Maintenance | | | | |
| Total Expenditures | <u>266,077</u> | <u>266,077</u> | <u>254,811</u> | <u>11,266</u> |
| Net Change in Fund Balance | (44,977) | (2,977) | 11,246 | 14,223 |
| Fund Balance at Beginning of Year | 197,140 | 197,140 | 197,140 | 0 |
| Prior Year Encumbrances Appropriated | <u>12,816</u> | <u>12,816</u> | <u>12,816</u> | <u>0</u> |
| Fund Balance at End of Year | <u>\$164,979</u> | <u>\$206,979</u> | <u>\$221,202</u> | <u>\$14,223</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, 2005

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive (Negative) |
|---|------------------|------------------|------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$575,000 | \$715,000 | \$740,471 | 25,471 |
| Other | 5,500 | 5,500 | 2,112 | (3,388) |
| Total Revenues | 580,500 | 720,500 | 742,583 | 22,083 |
| Expenditures: | | | | |
| Current: | | | | |
| Public Works | | | | |
| Streets | | | | |
| Personal Services | 457,251 | 457,251 | 449,816 | 7,435 |
| Operations and Maintenance | 145,919 | 145,919 | 135,186 | 10,733 |
| Total Expenditures | 603,170 | 603,170 | 585,002 | 18,168 |
| Net Change in Fund Balance | (22,670) | 117,330 | 157,581 | 40,251 |
| Fund Balance at Beginning of Year | 294,885 | 294,885 | 294,885 | 0 |
| Prior Year Encumbrances Appropriated | 171 | 171 | 171 | 0 |
| Fund Balance at End of Year | \$272,386 | \$412,386 | \$452,637 | \$40,251 |

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, 2005

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive (Negative) |
|---------------------------------------|------------------|-------------|-------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Interest | \$0 | \$0 | \$0 | \$0 |
| Total Revenues | 0 | 0 | 0 | 0 |
| Expenditures: | | | | |
| Debt Service: | | | | |
| Principal Retirement | 512,873 | 512,873 | 512,872 | 1 |
| Interest and Fiscal Charges | 717,165 | 717,165 | 506,206 | 210,959 |
| Total Expenditures | 1,230,038 | 1,230,038 | 1,019,078 | 210,960 |
| Excess of Revenues Under Expenditures | (1,230,038) | (1,230,038) | (1,019,078) | 210,960 |
| Other Financing Sources: | | | | |
| Transfers In | 1,230,038 | 1,230,038 | 1,230,038 | 0 |
| Total Other Financing Sources | 1,230,038 | 1,230,038 | 1,230,038 | 0 |
| Net Change in Fund Balance | 0 | 0 | 210,960 | 210,960 |
| Fund Balance at Beginning of Year | 42,610 | 42,610 | 42,610 | 0 |
| Fund Balance at End of Year | \$42,610 | \$42,610 | \$253,570 | \$210,960 |

* Note: This schedule also serves as Financial Table 6 for the City's continuing disclosure requirements.

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, 2005

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|-----------------------------------|-------------------------|-------------------------|-------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Special Assessments | \$47,216 | \$59,716 | \$59,864 | \$148 |
| Total Revenues | <u>47,216</u> | <u>59,716</u> | <u>59,864</u> | <u>148</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public Works | | | | |
| Streets | | | | |
| Operation and Maintenance | 2,076 | 1,973 | 949 | 1,024 |
| Debt Service: | | | | |
| Principal Retirement | 42,128 | 42,128 | 42,128 | 0 |
| Interest and Fiscal Charges | 3,012 | 3,115 | 3,115 | 0 |
| Total Expenditures | <u>47,216</u> | <u>47,216</u> | <u>46,192</u> | <u>1,024</u> |
| Net Change in Fund Balance | 0 | 12,500 | 13,672 | 1,172 |
| Fund Balance at Beginning of Year | <u>144,348</u> | <u>144,348</u> | <u>144,348</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$144,348</u></u> | <u><u>\$156,848</u></u> | <u><u>\$158,020</u></u> | <u><u>\$1,172</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, 2005

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive (Negative) |
|---------------------------------------|-------------------------|---------------------------|---------------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Intergovernmental | \$67,000 | \$392,000 | \$393,849 | 1,849 |
| Special Assessments | 31,000 | 31,000 | 17,580 | (13,420) |
| Total Revenues | <u>98,000</u> | <u>423,000</u> | <u>411,429</u> | <u>(11,571)</u> |
| Expenditures: | | | | |
| Capital Outlay | 1,924,919 | 1,972,869 | 1,778,440 | 194,429 |
| Total Expenditures | <u>1,924,919</u> | <u>1,972,869</u> | <u>1,778,440</u> | <u>194,429</u> |
| Excess of Revenues Under Expenditures | <u>(1,826,919)</u> | <u>(1,549,869)</u> | <u>(1,367,011)</u> | <u>182,858</u> |
| Other Financing Sources: | | | | |
| Repayment of Notes Receivable | 24,447 | 24,447 | 24,207 | (240) |
| Proceeds from Sale of Capital Assets | 0 | 0 | 14,774 | 14,774 |
| Transfers In | 557,535 | 557,535 | 557,535 | 0 |
| Total Other Financing Sources | <u>581,982</u> | <u>581,982</u> | <u>596,516</u> | <u>14,534</u> |
| Net Change in Fund Balance | <u>(1,244,937)</u> | <u>(967,887)</u> | <u>(770,495)</u> | <u>197,392</u> |
| Fund Balance at Beginning Year | 1,317,001 | 1,317,001 | 1,317,001 | 0 |
| Prior Year Encumbrances Appropriated | 807,350 | 807,350 | 807,350 | 0 |
| Fund Balance at End of Year | <u><u>\$879,414</u></u> | <u><u>\$1,156,464</u></u> | <u><u>\$1,353,856</u></u> | <u><u>\$197,392</u></u> |

City of Vandalia
Montgomery County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Issue II - North Dixie Widening
For the Year Ended December 31, 2005

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|-----------------------------------|-------------------------|--------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmental | <u>\$1,309,222</u> | <u>\$1,309,222</u> | <u>\$0</u> | <u>(\$1,309,222)</u> |
| Total Revenues | <u>1,309,222</u> | <u>1,309,222</u> | <u>0</u> | <u>(1,309,222)</u> |
| Expenditures: | | | | |
| Capital Outlay | <u>1,309,222</u> | <u>1,309,222</u> | <u>0</u> | <u>1,309,222</u> |
| Total Expenditures | <u>1,309,222</u> | <u>1,309,222</u> | <u>0</u> | <u>1,309,222</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 Balance - Budget (Non-GAAP Basis) and Actual
Issue II - Vista Fund
For the Year Ended December 31, 2005

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance With</u> |
|---|-------------------------|--------------|---------------|----------------------|
| | <u>Original</u> | <u>Final</u> | | <u>Final Budget</u> |
| | | | | <u>Positive</u> |
| | | | | <u>(Negative)</u> |
| Revenues: | | | | |
| Intergovernmental | \$0 | \$158,579 | \$158,579 | \$0 |
| Total Revenues | 0 | 158,579 | 158,579 | 0 |
| Expenditures: | | | | |
| Capital Outlay | 111,094 | 111,094 | 111,094 | 0 |
| Total Expenditures | 111,094 | 111,094 | 111,094 | 0 |
| Excess of Revenues Over (Under) Expenditures | (111,094) | 47,485 | 47,485 | 0 |
| Other Financing Uses: | | | | |
| Advances Out | 0 | (158,579) | (158,579) | 0 |
| Total Other Financing Uses | 0 | (158,579) | (158,579) | 0 |
| Net Change in Fund Balance | (111,094) | (111,094) | (111,094) | 0 |
| Fund Balance at Beginning of Year | 0 | 0 | 0 | 0 |
| Prior Year Encumbrances | 111,094 | 111,094 | 111,094 | 0 |
| Fund Balance at End of Year | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

City of Vandalia
Montgomery County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Justice Center/Municipal Building Fund
For the Year Ended December 31, 2005

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|--------------------------------------|-------------------------|-------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Interest | \$0 | \$0 | \$0 | \$0 |
| Total Revenues | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| Expenditures: | | | | |
| Capital Outlay | 6,000 | 77,209 | 76,668 | 541 |
| Total Expenditures | <u>6,000</u> | <u>77,209</u> | <u>76,668</u> | <u>541</u> |
| Net Change in Fund Balance | (6,000) | (77,209) | (76,668) | 541 |
| Fund Balance at Beginning of Year | 71,209 | 71,209 | 71,209 | 0 |
| Prior Year Encumbrances Appropriated | <u>6,002</u> | <u>6,002</u> | <u>6,002</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$71,211</u></u> | <u><u>\$2</u></u> | <u><u>\$543</u></u> | <u><u>\$541</u></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, 2005

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|--------------------------------------|-------------------------|--------------|---------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Interest | \$0 | \$0 | \$0 | \$0 |
| Total Revenues | 0 | 0 | 0 | 0 |
| Expenditures: | | | | |
| Capital Outlay | 12,934 | 12,934 | 12,934 | 0 |
| Total Expenditures | 12,934 | 12,934 | 12,934 | 0 |
| Net Change in Fund Balance | (12,934) | (12,934) | (12,934) | 0 |
| Fund Balance at Beginning of Year | 0 | 0 | 0 | 0 |
| Prior Year Encumbrances Appropriated | 12,934 | 12,934 | 12,934 | 0 |
| Fund Balance at End of Year | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

City of Vandalia
Montgomery County, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Road Improvements Brownschool Fund
For the Year Ended December 31, 2005

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|---------------------------------------|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmental | \$0 | \$184,079 | \$184,079 | \$0 |
| Total Revenues | <u>0</u> | <u>184,079</u> | <u>184,079</u> | <u>0</u> |
| Expenditures: | | | | |
| Capital Outlay | 190,840 | 190,840 | 190,840 | 0 |
| Total Expenditures | <u>190,840</u> | <u>190,840</u> | <u>190,840</u> | <u>0</u> |
| Excess of Revenues Under Expenditures | <u>(190,840)</u> | <u>(6,761)</u> | <u>(6,761)</u> | <u>0</u> |
| Other Financing Uses: | | | | |
| Advances Out | 0 | (184,079) | (184,079) | 0 |
| Total Other Financing Uses | <u>0</u> | <u>(184,079)</u> | <u>(184,079)</u> | <u>0</u> |
| Net Change in Fund Balance | (190,840) | (190,840) | (190,840) | 0 |
| Fund Balance at Beginning of Year | 0 | 0 | 0 | 0 |
| Prior Year Encumbrances Appropriated | <u>190,840</u> | <u>190,840</u> | <u>190,840</u> | <u>0</u> |
| Fund Balance at End of Year | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$0</u></u> |

City of Vandalia
Montgomery County, Ohio
Schedule of Revenues, Expenses and Changes
In Fund Equity - Budget (Non-GAAP Basis) and Actual
Golf Fund
For the Year Ended December 31, 2005

| | <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 | \$1,061,373 | \$969,373 | \$972,590 | \$3,217 |
| Interest | 4,491 | 4,491 | 2,187 | (2,304) |
| Proceeds from Sale of Capital Assets | 56 | 56 | 0 | (56) |
| Other | 15,604 | 16,004 | 7,952 | (8,052) |
| Total Revenues | <u>1,081,524</u> | <u>989,924</u> | <u>982,729</u> | <u>(7,195)</u> |
| Expenses: | | | | |
| Current: | | | | |
| Personal Services | 555,273 | 486,273 | 470,860 | 15,413 |
| Contractual Services | 366,296 | 382,454 | 361,255 | 21,199 |
| Materials and Supplies | 186,741 | 226,591 | 211,269 | 15,322 |
| Other | 28,815 | 42,774 | 42,802 | (28) |
| Capital Outlay | 609 | 0 | 0 | 0 |
| Total Expenses | <u>1,137,734</u> | <u>1,138,092</u> | <u>1,086,186</u> | <u>51,906</u> |
| Excess of Revenues Under Expenses before Advances | (56,210) | (148,168) | (103,457) | 44,711 |
| Advance In | 0 | 200,000 | 200,000 | 0 |
| Net Change in Fund Equity | <u>(56,210)</u> | <u>51,832</u> | <u>96,543</u> | <u>44,711</u> |
| Fund Equity at Beginning Year | 133,527 | 133,527 | 133,527 | 0 |
| Prior Year Encumbrances Appropriated | 13,246 | 13,246 | 13,246 | 0 |
| Fund Equity at End of Year | <u><u>\$90,563</u></u> | <u><u>\$198,605</u></u> | <u><u>\$243,316</u></u> | <u><u>\$44,711</u></u> |

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, 2005

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive (Negative) |
|--------------------------------------|------------------|------------------|------------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for Services | \$1,231,186 | \$1,231,186 | \$1,095,920 | (\$135,266) |
| Utility Deposits Received | 0 | 2,169 | 2,169 | 0 |
| Tap-in Fees | 15,000 | 15,000 | 18,150 | 3,150 |
| Other | 0 | 0 | 95 | 95 |
| Total Revenues | <u>1,246,186</u> | <u>1,248,355</u> | <u>1,116,334</u> | <u>(132,021)</u> |
| Expenses: | | | | |
| Current: | | | | |
| Personal Services | 292,403 | 292,403 | 263,905 | 28,498 |
| Contractual Services | 998,294 | 992,294 | 926,949 | 65,345 |
| Materials and Supplies | 25,620 | 29,620 | 23,580 | 6,040 |
| Other | 238 | 238 | 33 | 205 |
| Capital Outlay | 192,000 | 194,000 | 192,780 | 1,220 |
| Utility Deposits Returned | 0 | 0 | 940 | (940) |
| Total Expenses | <u>1,508,555</u> | <u>1,508,555</u> | <u>1,408,187</u> | <u>100,368</u> |
| Net Change in Fund Equity | <u>(262,369)</u> | <u>(260,200)</u> | <u>(291,853)</u> | <u>(31,653)</u> |
| Fund Equity at Beginning of Year | 706,315 | 706,315 | 706,315 | 0 |
| Prior Year Encumbrances Appropriated | 4,910 | 4,910 | 4,910 | 0 |
| Fund Equity at End of Year | <u>\$448,856</u> | <u>\$451,025</u> | <u>\$419,372</u> | <u>(\$31,653)</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, 2005

| | Budgeted Amounts | | Actual | Variance With Final Budget Positive (Negative) |
|--------------------------------------|------------------|-------------|-------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Charges for Services | \$1,484,020 | \$1,484,020 | \$1,494,988 | \$10,968 |
| Utility Deposits Received | 0 | 4,404 | 4,404 | 0 |
| Tap-in Fees | 10,000 | 10,000 | 16,400 | 6,400 |
| Other | 20,000 | 20,000 | 19,541 | (459) |
| Total Revenues | 1,514,020 | 1,518,424 | 1,535,333 | 16,909 |
| Expenses: | | | | |
| Current: | | | | |
| Personal Services | 292,403 | 282,403 | 268,899 | 13,504 |
| Contractual Services | 1,252,620 | 1,262,620 | 1,257,760 | 4,860 |
| Materials and Supplies | 43,278 | 43,278 | 37,223 | 6,055 |
| Other | 185 | 185 | 181 | 4 |
| Capital Outlay | 67,000 | 67,000 | 64,883 | 2,117 |
| Utility Deposits Returned | 0 | 0 | 1,909 | (1,909) |
| Total Expenses | 1,655,486 | 1,655,486 | 1,630,855 | 24,631 |
| Net Change in Fund Equity | (141,466) | (137,062) | (95,522) | 41,540 |
| Fund Equity at Beginning Year | 872,201 | 872,201 | 872,201 | 0 |
| Prior Year Encumbrances Appropriated | 4,180 | 4,180 | 4,180 | 0 |
| Fund Equity at End of Year | \$734,915 | \$739,319 | \$780,859 | \$41,540 |

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, 2005

| | <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 | \$1,942,075 | \$1,942,075 | \$1,838,911 | (\$103,164) |
| Other | 100,275 | 100,275 | 90,582 | (9,693) |
| Total Revenues | <u>2,042,350</u> | <u>2,042,350</u> | <u>1,929,493</u> | <u>(112,857)</u> |
| Expenses: | | | | |
| Current: | | | | |
| Contractual Services | 405,720 | 405,720 | 369,988 | 35,732 |
| Claims | 1,636,630 | 1,636,630 | 1,566,625 | 70,005 |
| Total Expenses | <u>2,042,350</u> | <u>2,042,350</u> | <u>1,936,613</u> | <u>105,737</u> |
| Net Change in Fund Equity | 0 | 0 | (7,120) | (7,120) |
| Fund Equity at Beginning of Year | <u>138,606</u> | <u>138,606</u> | <u>138,606</u> | <u>0</u> |
| Fund Equity at End of Year | <u>\$138,606</u> | <u>\$138,606</u> | <u>\$131,486</u> | <u>(\$7,120)</u> |

Combining Statement - Fiduciary Funds

AGENCY FUNDS

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

Building Standards

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

Northern Area Water Authority

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

Municipal Court

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

Multi-District Tax Fund

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

Performance Bond

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

Tri-Cities North Regional Wastewater Authority

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

City of Vandalia
Montgomery County, Ohio
Combining Statement of Changes
In Assets and Liabilities
Fiduciary Funds
For the Year Ended December 31, 2005

| | Balance 01/01/05 | Additions | Deletions | Balance 12/31/05 |
|--|---------------------|--------------------|--------------------|---------------------|
| Building Standards | | | | |
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$111 | \$2,934 | \$2,930 | \$115 |
| Total Assets | <u>\$111</u> | <u>\$2,934</u> | <u>\$2,930</u> | <u>\$115</u> |
| Liabilities: | | | | |
| Due to Other Governments | \$111 | \$2,934 | \$2,930 | \$115 |
| Total Liabilities | <u>\$111</u> | <u>\$2,934</u> | <u>\$2,930</u> | <u>\$115</u> |
| Northern Area Water Authority | | | | |
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$0 | \$9,342,383 | \$9,272,825 | \$69,558 |
| Total Assets | <u>\$0</u> | <u>\$9,342,383</u> | <u>\$9,272,825</u> | <u>\$69,558</u> |
| Liabilities: | | | | |
| Due to Other Others | \$0 | \$9,342,383 | \$9,272,825 | \$69,558 |
| Total Liabilities | <u>\$0</u> | <u>\$9,342,383</u> | <u>\$9,272,825</u> | <u>\$69,558</u> |
| Municipal Court | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents in Segregated Accounts | \$106,880 | \$1,364,863 | \$1,358,058 | \$113,685 |
| Total Assets | <u>\$106,880</u> | <u>\$1,364,863</u> | <u>\$1,358,058</u> | <u>\$113,685</u> |
| Liabilities: | | | | |
| Due to Other Governments | \$42,589 | \$1,357,251 | \$1,358,058 | \$41,782 |
| Undistributed Monies | 64,291 | 7,612 | 0 | 71,903 |
| Total Liabilities | <u>\$106,880</u> | <u>\$1,364,863</u> | <u>\$1,358,058</u> | <u>\$113,685</u> |
| Multi-District Tax Fund | | | | |
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$84,235 | \$8,052,188 | \$7,844,233 | \$292,190 |
| Total Assets | <u>\$84,235</u> | <u>\$8,052,188</u> | <u>\$7,844,233</u> | <u>\$292,190</u> |
| Liabilities: | | | | |
| Undistributed Monies | \$84,235 | \$8,052,188 | \$7,844,233 | \$292,190 |
| Total Liabilities | <u>\$84,235</u> | <u>\$8,052,188</u> | <u>\$7,844,233</u> | <u>\$292,190</u> |

(Continued)

City of Vandalia
Montgomery County, Ohio
Combining Statement of Changes
In Assets and Liabilities
Fiduciary Funds
For the Year Ended December 31, 2005
(Continued)

| | Balance 01/01/05 | Additions | Deletions | Balance 12/31/05 |
|---|---------------------|---------------------|---------------------|---------------------|
| Performance Bond | | | | |
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$13,857 | \$8,625 | \$1,752 | \$20,730 |
| Total Assets | <u>\$13,857</u> | <u>\$8,625</u> | <u>\$1,752</u> | <u>\$20,730</u> |
| Liabilities: | | | | |
| Undistributed Monies | \$13,857 | \$8,625 | \$1,752 | \$20,730 |
| Total Liabilities | <u>\$13,857</u> | <u>\$8,625</u> | <u>\$1,752</u> | <u>\$20,730</u> |
| Tri-Cities North Regional Wastewater Authority | | | | |
| Assets: | | | | |
| Investments | \$6,290,103 | \$6,622,901 | \$8,347,191 | \$4,565,813 |
| Total Assets | <u>\$6,290,103</u> | <u>\$6,622,901</u> | <u>\$8,347,191</u> | <u>\$4,565,813</u> |
| Liabilities: | | | | |
| Due to Other Others | \$6,290,103 | \$6,622,901 | \$8,347,191 | \$4,565,813 |
| Total Liabilities | <u>\$6,290,103</u> | <u>\$6,622,901</u> | <u>\$8,347,191</u> | <u>\$4,565,813</u> |
| Totals | | | | |
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$98,203 | \$17,406,130 | \$17,121,740 | \$382,593 |
| Cash and Cash Equivalents in Segregated Accounts | 106,880 | 1,364,863 | 1,358,058 | 113,685 |
| Investments | 6,290,103 | 6,622,901 | 8,347,191 | 4,565,813 |
| Total Assets | <u>\$6,495,186</u> | <u>\$25,393,894</u> | <u>\$26,826,989</u> | <u>\$5,062,091</u> |
| Liabilities: | | | | |
| Due to Other Governments | \$42,700 | \$1,360,185 | \$1,360,988 | \$41,897 |
| Due to Others | 6,290,103 | 15,965,284 | 17,620,016 | 4,635,371 |
| Undistributed Monies | 162,383 | 8,068,425 | 7,845,985 | 384,823 |
| Total Liabilities | <u>\$6,495,186</u> | <u>\$25,393,894</u> | <u>\$26,826,989</u> | <u>\$5,062,091</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 - Governmental Activities by Function
 Last Six Years (1)

| Year | General Government | Public Safety | Public Works | Recreation | Interest and Fiscal Charges | Total |
|------|--------------------|---------------|--------------|-------------|-----------------------------|--------------|
| 2000 | \$4,179,646 | \$5,279,340 | \$4,539,841 | \$2,250,409 | \$728,745 | \$16,977,981 |
| 2001 | 4,792,302 | 5,503,635 | 4,512,870 | 3,857,728 | 710,608 | 19,377,143 |
| 2002 | 4,413,764 | 5,798,869 | 3,781,644 | 3,423,447 | 692,184 | 18,109,908 |
| 2003 | 4,929,186 | 5,703,204 | 4,223,002 | 3,351,472 | 680,882 | 18,887,746 |
| 2004 | 4,944,560 | 5,698,591 | 3,877,206 | 3,278,059 | 505,688 | 18,304,104 |
| 2005 | 5,366,477 | 6,058,752 | 4,432,060 | 3,294,702 | 540,735 | 19,692,726 |

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 - Governmental Activities by Source
 Last Six Years (1)

| Year | Program Revenues | | | | General Revenues | | | | Total |
|------|----------------------|--|----------------------------------|--------------------------|--------------------------|--|----------------------------------|----------|--------------|
| | Charges for Services | Operating Grants, Contributions and Interest | Capital Grants and Contributions | Property and Other Taxes | (2) Municipal Income Tax | Entitlements not Restricted to Specific Programs | Unrestricted Investment Earnings | Other | |
| 2000 | \$2,344,591 | \$557,648 | \$474,229 | \$1,616,490 | \$11,120,996 | \$942,438 | \$1,988,257 | \$93,482 | \$19,138,131 |
| 2001 | 2,941,533 | 616,273 | 979,153 | 1,570,281 | 10,307,674 | 997,696 | 1,455,574 | 17,250 | 18,885,434 |
| 2002 | 3,208,857 | 611,107 | 353,732 | 1,660,698 | 11,178,585 | 911,245 | 830,994 | 85,390 | 18,840,608 |
| 2003 | 3,740,029 | 759,212 | 395,429 | 1,783,553 | 9,911,605 | 837,051 | 336,949 | 124,683 | 17,888,511 |
| 2004 | 4,545,560 | 801,455 | 819,364 | 1,703,923 | 10,420,056 | 984,588 | 509,985 | 67,812 | 19,852,743 |
| 2005 | 5,244,962 | 1,626,415 | 1,745,069 | 1,652,459 | 10,419,773 | 925,581 | 354,301 | 32,800 | 22,001,360 |

SOURCE: Finance Office, City of Vandalia

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

(2) This table also serves as Financial Table 4 for the City's Continuing Disclosure Retirements.

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

| Year | General Government | Public Safety | Public Works | Recreation | Capital Outlay | Debt Service | Total |
|------|--------------------|---------------|--------------|-------------|----------------|--------------|-------------|
| 1996 | \$3,071,704 | \$3,472,605 | \$1,685,766 | \$1,340,878 | \$11,817 | \$0 | \$9,582,770 |
| 1997 | 3,161,057 | 3,386,547 | 1,724,898 | 1,392,744 | 9,141 | 0 | 9,674,387 |
| 1998 | 3,395,888 | 3,812,313 | 2,126,924 | 1,477,440 | 13,851 | 0 | 10,826,416 |
| 1999 | 3,756,153 | 4,258,529 | 1,882,126 | 1,557,247 | 0 | 0 | 11,454,055 |
| 2000 | 3,647,390 | 4,565,012 | 1,933,148 | 1,714,757 | 16,477 | 0 | 11,876,784 |
| 2001 | 4,141,164 | 4,934,726 | 2,036,238 | 2,739,761 | 452,522 | 0 | 14,304,411 |
| 2002 | 3,987,949 | 5,162,545 | 2,042,012 | 2,693,497 | 5,822 | 61,971 | 13,953,796 |
| 2003 | 4,257,820 | 5,080,363 | 2,039,414 | 2,652,922 | 194,778 | 61,971 | 14,287,268 |
| 2004 | 4,586,017 | 5,168,357 | 2,055,154 | 2,534,330 | 0 | 61,971 | 14,405,829 |
| 2005 | 4,899,507 | 5,445,200 | 2,073,068 | 2,634,689 | 0 | 0 | 15,052,464 |

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 |
|------|----------------------------|--------------------------------|----------------------------|----------------------------|-----------------------------|------------------------|-----------|----------|--------------|
| 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 |
| 2002 | 10,498,954 | 1,591,471 | 1,534,236 | 95,832 | 1,064,913 | 934,644 | 887,314 | 214,767 | 16,822,131 |
| 2003 | 10,317,499 | 1,706,415 | 2,124,601 | 87,650 | 1,035,607 | 917,126 | 278,133 | 179,396 | 16,646,427 |
| 2004 | 10,523,250 | 1,743,925 | 2,810,348 | 175,525 | 932,109 | 1,063,503 | 519,016 | 109,738 | 17,877,414 |
| 2005 | 10,735,700 | 1,708,422 | 2,645,668 | 227,844 | 1,088,833 | 1,975,737 | 417,396 | 69,705 | 18,869,305 |

SOURCE: Finance Office, City of Vandalia

City of Vandalia
Montgomery County, Ohio
Property Tax Levies and Collections (2)
Last Ten Years

| Collection Year | Total Tax Levy | Current Tax Collections | Delinquent Tax Collections | Total Tax Collections (1) | Percent of Total Tax Collections To Tax Levy | Accumulated Outstanding Delinquent Taxes | Percentage of Accumulated Delinquent Taxes To Total Tax Levy |
|-----------------|----------------|-------------------------|----------------------------|---------------------------|--|--|--|
| 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 |
| 2002 | 1,518,377 | 1,487,482 | 53,079 | 1,540,561 | 101 | 93,628 | 6.17 |
| 2003 | 1,657,681 | 1,595,477 | 58,972 | 1,654,449 | 100 | 152,595 | 9.21 |
| 2004 | 1,683,046 | 1,645,698 | 46,849 | 1,692,547 | 101 | 108,110 | 6.42 |
| 2005 | 1,685,501 | 1,656,709 | 91,698 | 1,748,407 | 103 | 51,822 | 3.07 |

SOURCE: County Auditor, Montgomery County, Ohio

(1) Information not available to exclude intergovernmental revenue from taxes.

(2) This table also serves as Financial Table 3 for the City's Continuing Disclosure Requirements (also see Special Assessment Billing and Collections).

City of Vandalia
 Montgomery County, Ohio
 Assessed Value and Estimated
 True Value of Taxable Property (2)
 Last Ten Years

| Year | Assessed Real | Assessed Public Utility Real | Assessed Public Utility Tangible | Assessed Tangible Personal | Total | Estimated True Value (1) | Percentage of Assessed Value To Estimated True Value |
|------|------------------|---------------------------------------|---|----------------------------------|---------------|--------------------------------|---|
| 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 |
| 2002 | 310,368,570 | 45,290 | 9,896,969 | 80,095,291 | 400,406,120 | 1,222,148,869 | 33 |
| 2003 | 316,589,440 | 46,120 | 7,696,010 | 71,493,745 | 395,825,315 | 1,199,393,474 | 33 |
| 2004 | 322,144,700 | 46,520 | 7,338,430 | 77,595,931 | 407,125,581 | 1,259,080,919 | 32 |
| 2005 | 347,780,250 | 42,820 | 6,967,770 | 59,956,143 | 414,746,983 | 1,256,830,644 | 33 |

SOURCE: County Auditor, Montgomery County, Ohio

(1) Estimated true value is calculated by dividing the assessed value by the assessment percentage. The percentages for 2005 were 35 percent for real property and public utility real, 88 percent for public utility tangible personal, 25 percent for tangible personal capital assets, and 23 percent for tangible personal inventory

(2) This table also serves as Financial Table 1 for the City's Continuing Disclosure Requirements.

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

| Collection Year | Total City (1) | Vandalia-Butler | | | Miami Valley | | Library | Total |
|-----------------|----------------|-----------------|-------------------|--------|-------------------|--------|---------|-------|
| | | Schools | Montgomery County | Center | Career Technology | | | |
| 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 | |
| 2002 | 4.14 | 44.66 | 17.24 | 2.58 | | 0.26 | 68.88 | |
| 2003 | 4.14 | 44.36 | 17.24 | 2.58 | | 0.26 | 68.58 | |
| 2004 | 4.14 | 48.86 | 15.74 | 2.58 | | 1.25 | 72.57 | |
| 2005 | 4.14 | 47.76 | 15.74 | 2.58 | | 1.25 | 71.47 | |

SOURCE: County Auditor; Montgomery County, Ohio

(1) This table represents Tax Tables A & B for the City's Continuing Disclosure Requirements.
 For Tax Table B - Collection years 2000 to 2005- Operating = \$1.54; Police & Fire Pension = \$.30; Charter = \$2.30; Total = \$4.14.

City of Vandalia
 Montgomery County, Ohio
 Special Assessment Billings and Collections (3)
 Last Ten Years

| Collection Year | Billed (1) | Amount Collected (2) | Percent Collected |
|--------------------|------------|-------------------------|----------------------|
| 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 |
| 2002 | 84,384 | 83,446 | 99 |
| 2003 | 84,119 | 83,028 | 99 |
| 2004 | 97,983 | 96,926 | 99 |
| 2005 | 97,983 | 95,350 | 97 |

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

(2) City's Tax Settlement Sheets

(3) This table serves as Financial Table 3 for the City's Continuing Disclosure Requirements. (Also see Property Tax Levies and Collections).

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 (4)
 To Assessed Value and Net Bonded Debt Per Capita
 Last Ten Years

| Year | Population (1) | Assessed Value | Gross Bonded Debt (2) | Debt Service Monies Available (3) | Net Bonded Debt | Ratio of Net Bonded Debt To Assessed Valuation | Net Bonded Debt Per Capita |
|------|----------------|----------------|-----------------------|-----------------------------------|-----------------|--|----------------------------|
| 1996 | 13,790 | \$317,167,691 | \$13,675,000 | \$31,226 | \$13,643,774 | 4.30% | \$989.40 |
| 1997 | 13,790 | 322,363,592 | 13,480,000 | 31,361 | 13,448,639 | 4.17 | 975.25 |
| 1998 | 13,790 | 325,685,428 | 13,185,000 | 31,361 | 13,153,639 | 4.04 | 953.85 |
| 1999 | 13,790 | 351,361,228 | 12,875,000 | 31,403 | 12,843,597 | 3.66 | 931.37 |
| 2000 | 14,603 | 358,428,706 | 12,550,000 | 31,476 | 12,518,524 | 3.49 | 857.26 |
| 2001 | 14,603 | 366,758,839 | 12,210,000 | 31,506 | 12,178,494 | 3.32 | 833.97 |
| 2002 | 14,603 | 400,406,120 | 11,855,000 | 31,508 | 11,823,492 | 2.96 | 809.66 |
| 2003 | 14,603 | 395,825,315 | 11,485,000 | 31,540 | 11,453,460 | 2.89 | 784.32 |
| 2004 | 14,603 | 407,125,581 | 11,144,119 | 42,610 | 11,101,509 | 2.73 | 760.22 |
| 2005 | 14,603 | 414,746,983 | 10,657,994 | 253,570 | 10,404,424 | 2.51 | 712.49 |

SOURCE: (1) 1990 and 2000 Census
 (2) Excludes general obligation bonded debt payable from municipal income taxes and special assessment bonded debt.
 (3) Excludes debt service money available to pay general obligation bonded debt payable from municipal income taxes and special assessment bonded debt.
 (4) This table also serves as Debt Table B for the City's Continuing Disclosure Requirement (also see Computation of Direct and Overlapping General Obligation Debt).

City of Vandalia
 Montgomery County, Ohio
 Computation of Overall Legal Debt Margin (2)
 December 31, 2005

| | | |
|--|------------------|----------------------|
| Assessed Value (1) | | <u>\$414,746,983</u> |
| Overall Debt Limit (10 1/2% of the Assessed Value) | | \$43,548,433 |
| Total Voted and Unvoted Debt Outstanding at December 31, 2005 | \$11,040,000 | |
| Less: Exempt Debt | <u>0</u> | |
| Debt Within 10 1/2 Percent Limitation | 11,040,000 | |
| Less: Bond Retirement Fund Balance | <u>(253,570)</u> | |
| Net Debt Subject to 10 1/2% limitation | | <u>10,786,430</u> |
| Legal debt margin within 10 1/2% limitation | | <u>\$32,762,003</u> |

- (1) This assessed value represents tax year 2005 assessed valuation.
 (2) This table also serves as Financial Table 5 and Debt Table A for the City's Continuing Disclosure Requirements (also see Unvoted Legal Debt Margin).

City of Vandalia
 Montgomery County, Ohio
 Computation of Unvoted Legal Debt Margin (2)
 December 31, 2005

| | | |
|--|------------------|----------------------|
| Assessed Value (1) | | <u>\$414,746,983</u> |
| Overall Debt Limit (5 1/2% of the Assessed Value) | | \$22,811,084 |
| Total Voted and Unvoted Debt Outstanding at December 31, 2005 | \$11,040,000 | |
| Less: Exempt Debt | <u>0</u> | |
| Debt Within 5 1/2 Percent Limitation | 11,040,000 | |
| Less: Bond Retirement Fund Balance | <u>(253,570)</u> | |
| Net Debt Subject to 5 1/2% limitation | | <u>10,786,430</u> |
| Legal debt margin within 5 1/2% limitation | | <u>\$12,024,654</u> |

- (1) This assessed value represents tax year 2005 assessed valuation.
 (2) This table also serves as Financial Table 5 and Debt Table A for the City's Continuing Disclosure Requirements (also see Overall Legal Debt Margin).

City of Vandalia
Montgomery County, Ohio
Computation of Direct and Overlapping General Obligation Debt (1)
December 31, 2005

| <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 | \$10,404,424 | 100.00% | <u>\$10,404,424</u> |
| Overlapping Debt: | | | |
| Montgomery County | 49,512,232 | 3.97 | 1,965,636 |
| Vandalia-Butler City School District | 750,000 | 59.51 | <u>446,325</u> |
| Total Overlapping Debt | | | <u>2,411,961</u> |
| Total Direct and Overlapping Debt | | | <u><u>\$12,816,385</u></u> |

(1) This table also serves as Debt Table B for the City's Continuing Disclosure Requirement (also see Ratio of Net General Obligation Bonded Debt).

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 Ten Years

| Year | Debt Principal and Interest (1) | 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 |
| 2002 | 1,036,123 | 13,953,796 | 7.43 |
| 2003 | 1,034,438 | 14,287,268 | 7.24 |
| 2004 | 1,029,498 | 14,405,829 | 7.15 |
| 2005 | 1,016,103 | 15,052,464 | 6.75 |

(1) 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 | | | | | | | |
| 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) |
| 2002 | (a) | (a) | (a) | (a) | (a) | (a) | (a) |
| 2003 | (a) | (a) | (a) | (a) | (a) | (a) | (a) |
| 2004 | (a) | (a) | (a) | (a) | (a) | (a) | (a) |
| 2005 | (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> |
|-------------|-----------------------|----------------------------------|--|
| 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 |
| 2002 | 14,603 | 3,466 | 4.7 |
| 2003 | 14,603 | 3,471 | 6.3 |
| 2004 | 14,603 | 3,460 | 5.8 |
| 2005 | 14,603 | 3,382 | 5.5 |

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 | |
| 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 |
| 2002 | 892,785,226 | 59 | 6,914,035 | 63 | 4,379,779 | 241,447,000 |
| 2003 | 904,541,257 | 69 | 5,462,685 | 95 | 9,042,800 | 249,614,000 |
| 2004 | 920,413,429 | 71 | 13,788,123 | 53 | 9,146,146 | 250,930,000 |
| 2005 | 993,657,857 | 74 | 14,031,425 | 52 | 28,060,244 | 264,569,000 |

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

(3) Decrease beginning in 2000 due to bank restructuring. Deposits at the end of the year are no longer held in Montgomery County, they are held in Cuyahoga County.

City of Vandalia
Montgomery County, Ohio
Principal Taxpayers (2)
December 31, 2005

| Taxpayer | 2005 Real Property Assessed Value (1) | Percentage of Total Assessed Value (1) |
|--------------------------------|--|---|
| 1. Dayton Power & Light Co. | \$4,699,340 | 1.12% |
| 2. Delphi Automotive System | 4,657,770 | 1.11% |
| 4. The Iams Company | 2,913,960 | 0.70% |
| 4. The Beerman Realty Co. | 2,339,520 | 0.56% |
| 5. Ohio Bell Telephone Co. | 1,543,830 | 0.37% |
| 6. Shoppes at Northwoods | 2,044,630 | 0.49% |
| 7. Mid-States Development Co. | 1,658,110 | 0.40% |
| 8. Timberlake Limited Partners | 1,596,670 | 0.38% |
| 9. ABMD, LTD | 1,488,920 | 0.36% |
| 10. Thieman, Ted H. | 1,243,410 | 0.30% |
| | \$24,186,160 | 5.79% |

| Taxpayer | 2005 Tangible Personal Assessed Value |
|---------------------------------|--|
| 1. Delphi Automotive System | \$11,911,130 |
| 2. Smith Industries Aerospace | 5,558,887 |
| 3. Eurand America Inc. | 5,028,610 |
| 4. Beau Townsend Ford Inc. | 3,196,210 |
| 5. Encon Inc. | 3,132,170 |
| 6. A-F Leis Co. Inc. | 2,587,200 |
| 7. Saia-Burgess Inc. | 2,424,740 |
| 8. Frank Z Imports Inc. | 2,313,100 |
| 9. Smedley Chevrolet Sales Inc. | 2,247,300 |
| 10. Eftec North America | 2,207,920 |
| | \$40,607,267 |

| Taxpayer | 2005 Public Utilities Assessed Value | Percentage of Total Assessed Value |
|--------------------------|---|---------------------------------------|
| Dayton Power & Light Co. | \$4,699,340 | 1.12% |
| Ohio Bell Telephone Co. | 1,543,830 | 0.48% |
| | \$6,243,170 | 1.60% |

(1) Assessed value represents tax year 2005 assessed valuation.

(2) This table also serves as Financial Table 2 for the City's Continuing Disclosure Requirements.

SOURCE: County Auditor, Montgomery County, Ohio

City of Vandalia
 Montgomery County, Ohio
 Miscellaneous Statistics
 December 31, 2005

| | |
|-------------------------------------|---------------------------|
| Year of Incorporation | 1958 |
| Form of Government | Charter - Council/Manager |
| Area | 12.4 Miles |
| Miles of Streets | 79.5 Miles |
| Number of Street Lights | 39 |
| Police Protection: | |
| Number of Stations | 1 |
| Number of Policemen and Officers | 29 |
| Number of Patrol Units | 21 |
| Education (K-12) (Public only) | |
| Number of Schools | 6 |
| Number of Teachers | 266 |
| Number of Students | 3,460 |
| Municipal Water Department | |
| Miles of Water Mains | 74 Miles |
| Number of Fire Hydrants | 723 |
| Sewers: | |
| Miles of Sanitary Sewers | 63 Miles |
| Miles of Storm Sewers | 48 Miles |
| Building Permits Issued During 2005 | 126 |
| Recreation and Culture: | |
| Number of Parks | 9 |
| Number of Libraries | 1 |
| Number of Senior Citizens Centers | 1 |
| Golf Courses | 1 |
| Clubhouse/Restaurants | 1 |
| Swimming Pools | 1 |
| Tennis Courts | 10 |
| Recreation Center | 1 |
| Employees | 143 |

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Betty Montgomery**

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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 13, 2006**