

City of Vandalia, Ohio



Comprehensive Annual Financial Report For the year ended December 31, 2019

No assurance is provided on these financial statements

CITY OF VANDALIA
Montgomery County, Ohio

Comprehensive Annual Financial Report

Year Ended December 31, 2019

Issued by:
Director of Finance

No assurance is provided on these financial statements

City of Vandalia, Ohio
Comprehensive Annual Financial Report
Year Ended December 31, 2019

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INTRODUCTORY SECTION

(Not included with the AFDRS filing report)

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June 30, 2020

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

The Comprehensive Annual Financial Report (CAFR) of the City of Vandalia, Ohio for the year ended December 31, 2019 is hereby submitted for your review. I am pleased to report that this is the twenty ninth CAFR the City has prepared.

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

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

The Ohio Auditor of State, have issued an unmodified ("clean") opinion on the City of Vandalia's financial statements for the year ended December 31, 2019. The auditors' report is located at the front of the financial section of this report.

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

Profile of the City

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

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

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

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

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

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

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

The City is also a member of the Economic Development/Government Equity Program (ED/GE), a jointly governed organization which promotes developing plans and programs designed to assure that County resources are efficiently used, economic growth is properly balanced, and that county economic development is coordinated with that of the State of Ohio and other local governments. Additionally, the City participates in two jointly governed organizations with the Butler Township. The first organization is known as the Butler Township – Vandalia Joint Economic Development District (JEDD). The second organization is known as the Butler Township – City of Vandalia Joint Economic Development Zone (JEDZ). The JEDD and JEDZ was created for City and Township mutual benefit and for the benefit of their residents and the State of Ohio. These organizations are presented in Note 15.

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

Relevant Financial Policies

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

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

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

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

Local Economy

2019 was a prosperous year for development in the City of Vandalia despite a challenging setback due to a tornado that swept the southern portion of our City on Memorial Day, damaging a number of businesses. Several projects contributed to growing employment numbers and a positive economic outlook heading into 2020.

One of our most notable developments in 2019 was the beginning of construction on a building expansion at Triad Technologies. The company is nearly doubling their building size in order to accommodate new processes and 10-15 new employees over the next three years.

AxoGen, a biomedical manufacturing company specializing in peripheral nerve repair, purchased 913 Industrial Park Drive to house their operation in August of 2018. The company is fast-growing and plans to bring 228 new jobs to the City of Vandalia. Renovations on the building began in the 3rd quarter of 2019.

Projects Unlimited added 9,530 square feet of office space to their existing office and manufacturing business. The roughly \$3.5 million project is anticipated to add 12 jobs over the next three years.

Heraeus Epurio located on Industrial Park Drive broke ground in July on a 19,300 SF building expansion. The \$12 million expansion project is expected to add 25 jobs and retain 45.

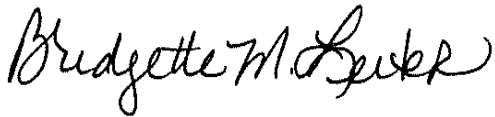
Xerion Advanced Battery Corp. entered into a lease-to-own contract on one of the cities most prominent manufacturing sites at 250 Northwoods Boulevard, the former GM plant. The site had been largely vacant and deteriorating for several years. Xerion started renovations in early 2020 and plans for approximately \$21 million in building improvements and 200 new jobs over the next several years.

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, 2018. This was the twenty eighth year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

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

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

A handwritten signature in black ink, reading "Bridgette M. Leiter". The signature is fluid and cursive, with the first name being the most prominent.

Bridgette M. Leiter
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Vandalia
Ohio**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

Executive Director/CEO

City of Vandalia
Montgomery County, Ohio
List of Principal Officials
December 31, 2019

Elected Officials

Mayor

Arlene Setzer

Vice Mayor

Richard Herbst

Council Members

Bob Ahlers

Dave Gerhard

Mike Blakesly

Candice Farst

David Lewis

Appointed Officials

City Manager

Jon Crusey

Director of Finance

Bridgette Leiter

City Attorney

Gerald McDonald

Assistant City Manager

Amber Holloway

Chief of Police

Kurt Althouse

Fire Chief

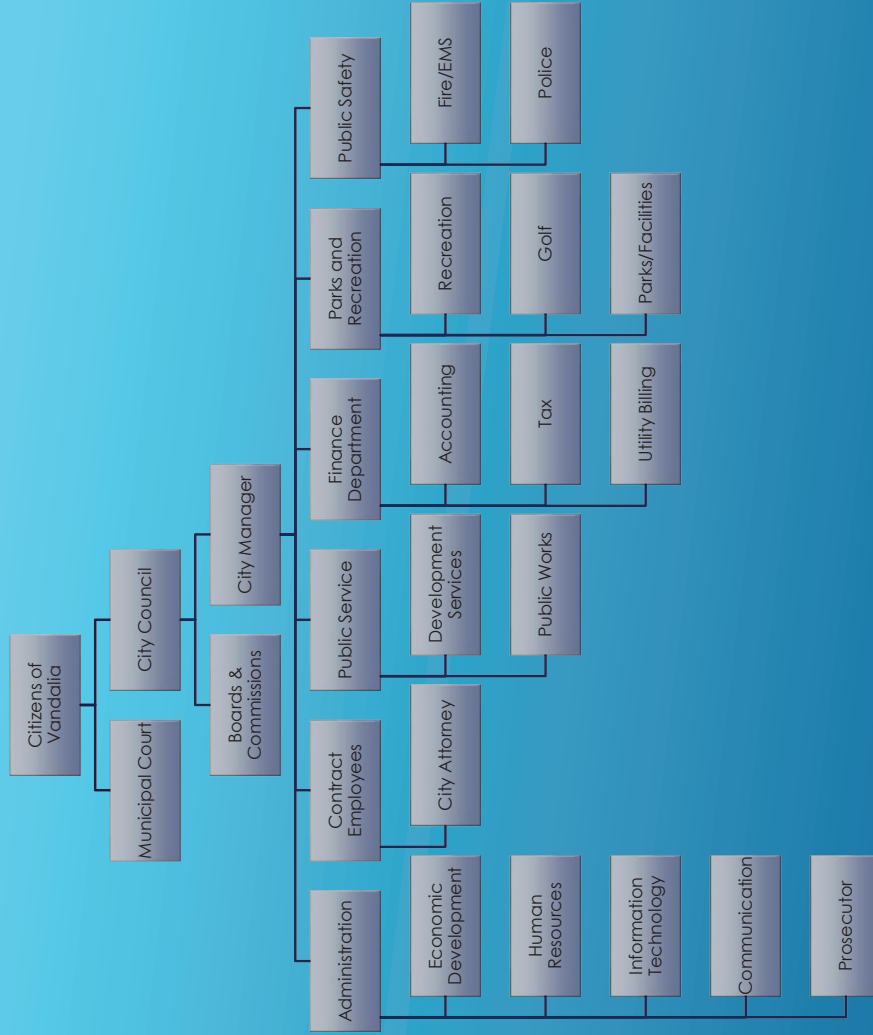
Chad Follick

Parks and Recreation Director

Steve Clark

Director of Public Service

Rob Cron



CITY OF VANDALIA ORGANIZATIONAL RESPONSIBILITIES



FINANCIAL SECTION



City of Vandalia, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

The discussion and analysis of the City of Vandalia's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2019. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Readers should also review the transmittal letter, basic financial statements and notes to enhance their understanding of the City's financial performance.

Financial Highlights

- The City's total net position increased \$7,123,717 during 2019. The net position of the governmental activities increased \$6,972,184, while the net position of business-type activities also increased by \$151,533.
- General revenues, for governmental activities, accounted for \$18,445,090, or 67.5% of total governmental activities revenue. Program specific revenues accounted for \$8,871,473 or 32.5% of total governmental activities revenue.
- Governmental activities net capital assets increased \$162,913, due to current year additions exceeding current year depreciation expenses.
- The City had \$20,499,459 in expenses related to governmental activities; \$8,871,473 of these expenses was offset by program specific charges for services, grants, contributions, or interest. General revenues (primarily taxes) of \$17,157,868 were sufficient to offset these program expenses.
- The general fund, the City's largest major governmental fund, had revenues of \$22,787,289 in 2019, or 82.6% of total governmental funds. Expenditures of the general fund were \$18,440,731 or 75.3% of total governmental funds. The general fund balance increased \$2,729,558 or 16.0% in 2019.
- Business-type operations reflected an operating income of \$151,533 during 2019, and the business-type unrestricted net position was \$13,239,670.

Using this Comprehensive Annual Financial Report (CAFR)

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

City of Vandalia, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

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

Reporting the City as a Whole

Statement of Net Position and Statement of Activities

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

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

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

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

City of Vandalia, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

Reporting the City's Most Significant Funds

Fund Financial Statements

The analysis of the City's major funds begins on page 14. Fund financial statements provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Finance Director, with approval of council, to help control, manage and report money received for a particular purpose or to show that the City is meeting legal responsibilities for use of grants. The City's major funds are general, street, capital improvement, police, fire and street capital improvements, general obligation bond retirement, water, sewer and golf.

Governmental Funds

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

Proprietary Funds

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

Fiduciary Funds

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

Government-Wide Financial Analysis

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

City of Vandalia, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

Table 1 below provides a summary of the City's net position for 2019 compared to 2018:

Table 1
Net Position

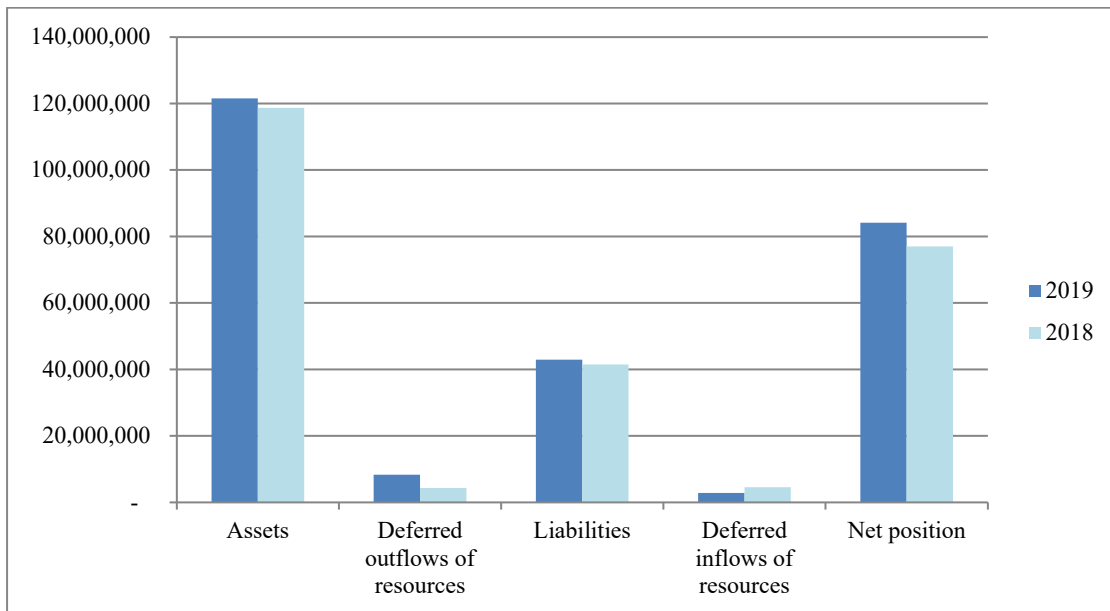
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<u>Assets</u>						
Current and other assets	\$ 32,487,752	\$ 30,241,086	\$ 6,439,135	\$ 6,097,051	\$ 38,926,887	\$ 36,338,137
Capital assets	55,105,328	54,942,415	18,339,937	18,253,538	73,445,265	73,195,953
Investment in joint venture	-	-	9,153,194	9,165,638	9,153,194	9,165,638
Total assets	<u>87,593,080</u>	<u>85,183,501</u>	<u>33,932,266</u>	<u>33,516,227</u>	<u>121,525,346</u>	<u>118,699,728</u>
<u>Deferred outflows of resources</u>						
Pension	6,551,163	2,918,818	470,089	227,963	7,021,252	3,146,781
OPEB	<u>1,216,042</u>	<u>1,139,634</u>	<u>57,655</u>	<u>47,449</u>	<u>1,273,697</u>	<u>1,187,083</u>
Total deferred outflows of resources	<u>7,767,205</u>	<u>4,058,452</u>	<u>527,744</u>	<u>275,412</u>	<u>8,294,949</u>	<u>4,333,864</u>
<u>Liabilities</u>						
Other liabilities	5,171,213	5,964,843	283,562	266,866	5,454,775	6,231,709
Long-term liabilities:						
Due within one year	1,538,304	1,462,313	131,292	134,698	1,669,596	1,597,011
Due in more than one year:						
Net pension liability	23,532,092	15,794,254	1,599,145	964,284	25,131,237	16,758,538
Net OPEB liability	6,868,410	12,710,441	735,192	644,778	7,603,602	13,355,219
Other amounts	<u>2,833,562</u>	<u>3,319,672</u>	<u>204,815</u>	<u>213,139</u>	<u>3,038,377</u>	<u>3,532,811</u>
Total liabilities	<u>39,943,581</u>	<u>39,251,523</u>	<u>2,954,006</u>	<u>2,223,765</u>	<u>42,897,587</u>	<u>41,475,288</u>
<u>Deferred inflows of resources</u>						
Property taxes	1,286,421	1,128,915	-	-	1,286,421	1,128,915
Payments in lieu of taxes	68,490	51,265	-	-	68,490	51,265
Pension	696,830	2,496,813	59,143	246,652	755,973	2,743,465
OPEB	<u>677,856</u>	<u>598,514</u>	<u>25,490</u>	<u>51,384</u>	<u>703,346</u>	<u>649,898</u>
Total deferred inflows of resources	<u>2,729,597</u>	<u>4,275,507</u>	<u>84,633</u>	<u>298,036</u>	<u>2,814,230</u>	<u>4,573,543</u>
<u>Net position</u>						
Net investment in capital assets	50,467,034	49,032,022	18,181,701	18,116,128	68,648,735	67,148,150
Restricted	4,107,791	4,055,358	-	-	4,107,791	4,055,358
Unrestricted	<u>(1,887,718)</u>	<u>(7,372,457)</u>	<u>13,239,670</u>	<u>13,153,710</u>	<u>11,351,952</u>	<u>5,781,253</u>
Total net position	<u>\$ 52,687,107</u>	<u>\$ 45,714,923</u>	<u>\$ 31,421,371</u>	<u>\$ 31,269,838</u>	<u>\$ 84,108,478</u>	<u>\$ 76,984,761</u>

City of Vandalia, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

As displayed in Table 1, total net position of the City as a whole, increased \$7,123,717 from 2018 to 2019. This was due to changes in the net pension and OPEB liabilities and the related deferred outflows and inflows of resources from the prior year.

Total net position of the City's governmental activities increased by \$6,972,184, and the unrestricted net position increased \$5,484,739 from 2018 to 2019. The increase in governmental net position as mentioned above is due to changes in the net pension and net OPEB liabilities.

The net position of the City's business type activities increased by \$151,533. Two of the three enterprise funds reported operating income during 2019. Overall, program expenses increased \$50,145 from the prior year and had an increase of \$484,446 in charges for services during 2019. The City strives to control operation expenses for business-type activities in order to maintain stability in charges for services rates.



Users of these financial statements will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

The City's statement of activities prepared on an accrual basis of accounting includes an annual pension expense and annual OPEB expense equal to its proportionate share of each plan's change in net pension liability and net OPEB liability not accounted for as deferred inflows/outflows.

Table 2 shows the changes in net position for the year ended December 31, 2019, and revenue and expense comparisons to 2018.

City of Vandalia, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

Table 2
Changes in Net Position

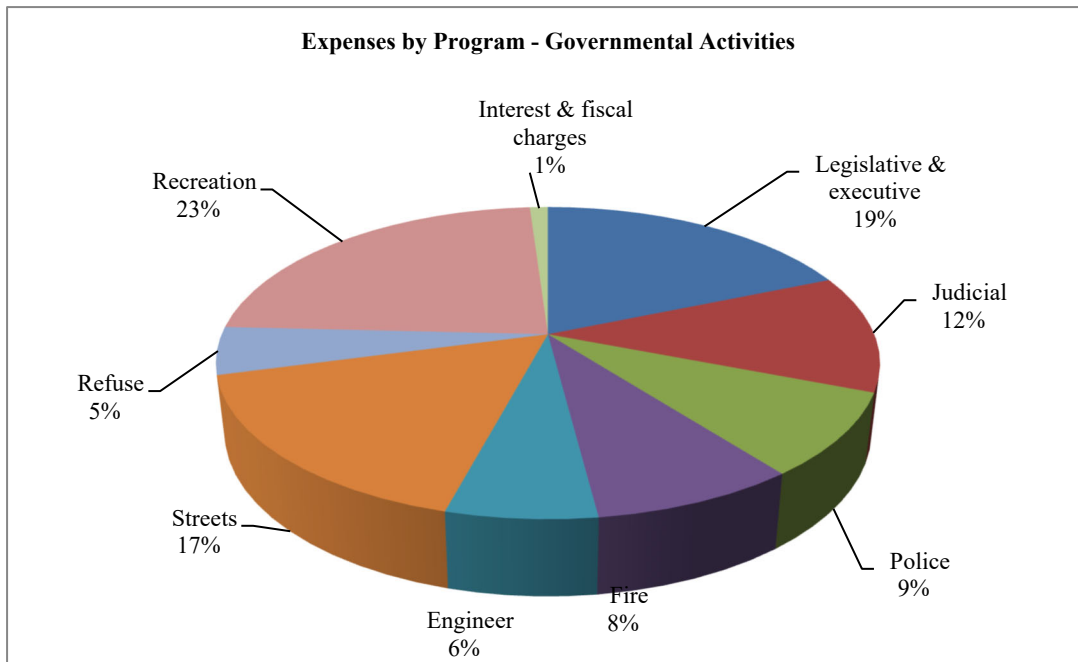
	Governmental Activities		Business-Type Activities		Total	Total
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Revenues						
Program revenues:						
Charges for services	\$ 6,638,126	\$ 6,508,881	\$ 4,955,535	\$ 4,471,089	\$ 11,593,661	\$ 10,979,970
Operating grants, contributions, and interest	1,775,243	1,268,969	-	-	1,775,243	1,268,969
Capital grants and contributions	458,104	22,083	-	-	458,104	22,083
General revenues:						
Property taxes	1,360,445	1,332,753	-	-	1,360,445	1,332,753
Income taxes	15,797,423	15,237,654	-	-	15,797,423	15,237,654
Grants and entitlements	406,388	720,412	-	-	406,388	720,412
Payment in lieu of taxes	72,214	75,798	-	-	72,214	75,798
Gain on sale of capital assets	39,962	-	-	-	39,962	-
Investment earnings	755,855	351,588	-	-	755,855	351,588
Other	12,803	48,425	-	-	12,803	48,425
Total revenues	<u>27,316,563</u>	<u>25,566,563</u>	<u>4,955,535</u>	<u>4,471,089</u>	<u>32,272,098</u>	<u>30,037,652</u>
Program Expenses						
Governmental Activities:						
General government						
Legislative and executive	3,835,644	3,604,011	-	-	3,835,644	3,604,011
Judicial system	2,495,969	2,188,721	-	-	2,495,969	2,188,721
Public safety						
Police	1,767,177	6,435,546	-	-	1,767,177	6,435,546
Fire	1,735,666	2,871,886	-	-	1,735,666	2,871,886
Public works						
Engineer	1,270,495	1,105,531	-	-	1,270,495	1,105,531
Streets	3,417,626	3,920,749	-	-	3,417,626	3,920,749
Refuse	1,010,485	1,003,461	-	-	1,010,485	1,003,461
Recreation	4,751,156	4,494,143	-	-	4,751,156	4,494,143
Interest and fiscal charges	215,241	220,783	-	-	215,241	220,783
Business-Type Activities:						
Water	-	-	1,942,576	1,904,562	1,942,576	1,904,562
Sewer	-	-	1,656,483	1,567,017	1,656,483	1,567,017
Golf	-	-	1,049,863	1,127,198	1,049,863	1,127,198
Total program expenses	<u>20,499,459</u>	<u>25,844,831</u>	<u>4,648,922</u>	<u>4,598,777</u>	<u>25,148,381</u>	<u>30,443,608</u>
Increase (decrease) in net position						
before transfers	6,817,104	(278,268)	306,613	(127,688)	7,123,717	(405,956)
Transfers	155,080	(85,163)	(155,080)	85,163	-	-
Change in net position	6,972,184	(363,431)	151,533	(42,525)	7,123,717	(405,956)
Net position, beginning of year	<u>45,714,923</u>	<u>46,078,354</u>	<u>31,269,838</u>	<u>31,312,363</u>	<u>76,984,761</u>	<u>77,390,717</u>
Net position, end of year	<u>\$ 52,687,107</u>	<u>\$ 45,714,923</u>	<u>\$ 31,421,371</u>	<u>\$ 31,269,838</u>	<u>\$ 84,108,478</u>	<u>\$ 76,984,761</u>

City of Vandalia, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

Governmental Activities

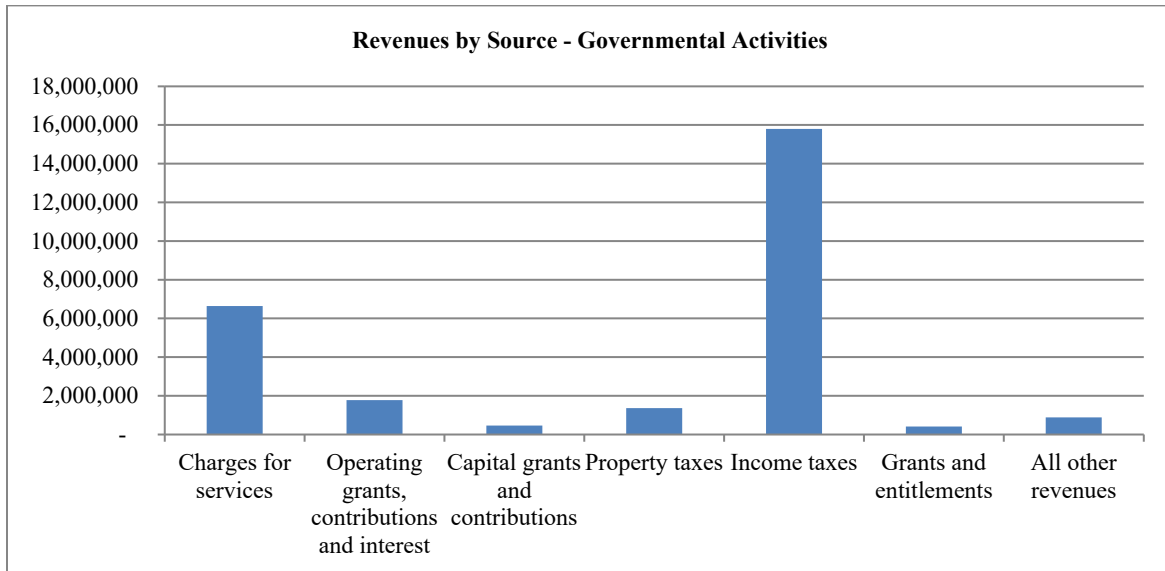
The City 2% income tax effective January 1, 2006, is the largest source of revenue for the City of Vandalia. The above table reflects that income tax receipts increased from the prior year.

Charges for services increased \$307,100 and income tax revenues increased \$559,769 during 2019. Governmental activities program expenses decreased \$5,345,372 during 2019 with increases and decreases in several areas.



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

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When looking at the sources of income used to support governmental activities, it should be noted that charges for services of \$6,638,126 represent 24.3% of revenue. Revenues provided by sources other than city residents in the form of operating and capital grants comprise another \$2,233,347, or 8.2%, and unrestricted grants and entitlements accounted for \$406,388, which is another 1.5%. The remaining revenues are primarily generated locally through property taxes, \$1,360,445 or 4.9% and income taxes, \$15,797,423 at 57.8%. City Council relies on these taxes to furnish the quality of life to businesses and citizens to which they and previous councils have always been committed.

Business-Type Activities

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

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

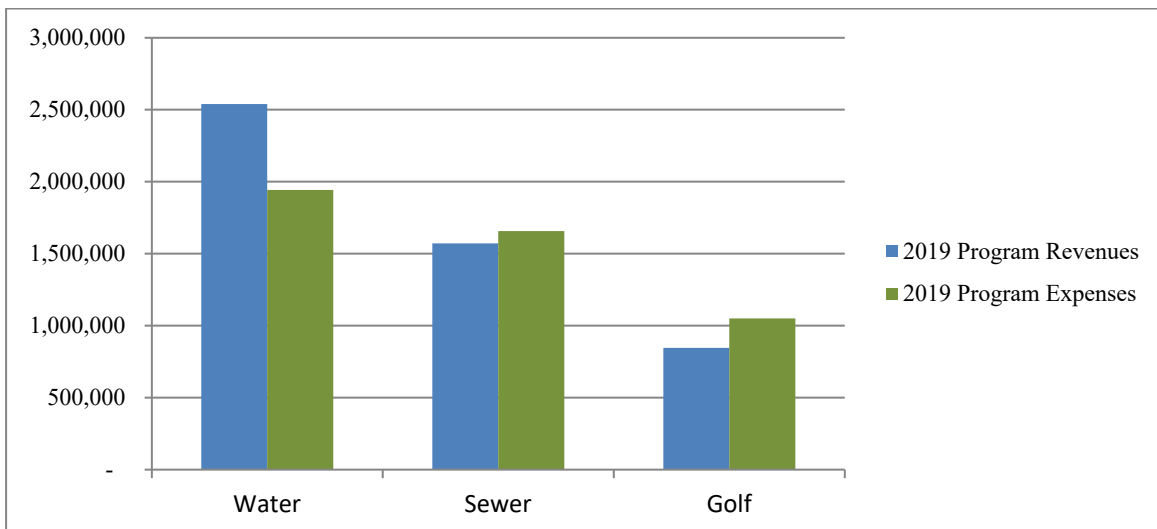
The water treatment plant became fully operational in June of 2007. The City of Dayton implemented water rate increases of 22% in 2005, 34% in January 2006 and 8% in January 2007. The City of Vandalia abandoned the final two years of its rate increases and passed a new ordinance to increase water rates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

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Sewer - The City closed their wastewater treatment facility in 1985. Vandalia then contracted with the Miami Conservancy District for wastewater treatment services. In 1996, the Conservancy District decided they no longer wanted to furnish this service. A joint venture was formed between the Cities of Vandalia, Huber Heights and Tipp City to take over the Conservancy District operation. The joint venture now furnishes waste water treatment services to each city. Each city owns and maintains the infrastructure necessary to furnish service to their citizens. All capital repairs and upkeep of the treatment plant are the responsibility of the joint venture. The joint venture in turn will set costs of service for the cities, based on flow, to maintain the plant. The City of Vandalia will in turn, charge its citizens accordingly. Any capital outlay needed to maintain Vandalia's sewer infrastructure was provided by user fees. Due to the need for current and future capital improvements, maintenance and up keep of enterprise infrastructure, Council decided to implement a 9% sewer rate increase for 2008 and 2009. For 2019, there was no change in the current charge to member cities which is not more than \$1.25 per thousand gallons of usage.

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

Overall, the City's business-type activities generated over \$4.9 million in program revenues during 2019, program expenses were just over \$4.6 million. Operating expenses in the business-type activities had a slight increase from the prior year due to the pension and OPEB expenses. Charges for services showed an increase in two of the three business type activities during 2019.



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

	2019	2018	2019	2018
	Governmental	Governmental	Business-Type	Business-Type
	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>	<u>Activities</u>
Deferred outflows - pension	\$ 6,551,163	\$ 2,918,818	\$ 470,089	\$ 227,963
Deferred outflows - OPEB	1,216,042	1,139,634	57,655	47,449
Deferred inflows - pension	(696,830)	(2,496,813)	(59,143)	(246,652)
Deferred inflows - OPEB	(677,856)	(598,514)	(25,490)	(51,384)
Net pension liability	(23,532,092)	(15,794,254)	(1,599,145)	(964,284)
Net OPEB liability	(6,868,410)	(12,710,441)	(735,192)	(644,778)
Impact of GASBs 68 and 75 on net position	<u>\$ (24,007,983)</u>	<u>\$ (27,541,570)</u>	<u>\$ (1,891,226)</u>	<u>\$ (1,631,686)</u>

Financial Analysis of the Government's Funds

Information about the City's major governmental funds begins on page 22. These funds are reported using the modified accrual basis of accounting. Governmental funds reported revenues of just under \$27.6 million and expenditures of about \$24.5 million. The general fund net change in fund balance from 2018 to 2019 was an increase of \$2,729,558. The total revenues of the general fund increased from 2018 by \$1,798,199 and expenditures increased from 2018 by \$631,391. The increase in revenues is due to an increase in municipal income tax and property and other taxes for 2019. The increase in expenditures is not due to any one single event. Transfers to other funds such as the capital improvement fund, the general obligation debt service fund and the golf fund equaled \$1.6 million. The funds transferred were used for capital assets, improvements, repairs, and debt.

The street fund balance increased by \$426,086 due to an increase in intergovernmental revenue. Fund balance at December 31, 2019, was \$1,338,406. The capital improvement fund balance decreased by \$292,349 due to an increase in capital related expenditures. Fund balance at December 31, 2019, was \$537,256. The police, fire and street capital improvements fund balance decreased \$473,664 from 2018 to an ending fund balance of \$322,036. This decrease is also an increase in capital related expenditures. The general obligation bond retirement fund balance increased \$886,002 from 2018 to an ending deficit fund balance of \$1,855,888. This increase is due to a decrease in the bond anticipation note payable. All other governmental funds fund balance increased by \$406,620 during 2019. This is due the increase in revenues exceeding the increase in expenditures for 2019.

City of Vandalia, Ohio
Management's Discussion and Analysis
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The City has implemented a series of rate increases in the enterprise funds to help alleviate future fund losses. If unrestricted net position is not sufficient to sustain the losses, the City will provide transfers and advances from the general fund as necessary to cover negative balances. Charges for services for water and sewer services have historically been established to ensure that on a cash basis, fees are adequate to cover operations. In the past, Council has not set fees with the intention of funding capital improvements, however, beginning in 2004, capital items are now charged to the enterprise funds. Therefore, during 2004, Council passed ordinances to implement new fee structures for water and sewer rates. Of the water and sewer funds, both funds showed an increase in cash during 2019.

The golf activity's operating loss of \$199,332 is attributable to continually increasing costs for contractual services related to repair and maintenance of the facility with only small increases in fees charged. The Golf course is intended to be operated as a business-type activity. However, historically; Council has not set fees adequate to cover all operating expenses. Even though this operation periodically receives governmental support, it is reflected as a business-type activity.

General fund budgeting highlights

The City's budget is adopted on a fund basis. Before the budget is adopted council reviews the detailed work papers of each function within the general fund, and then adopts the budget on a fund basis. During 2019, revisions were made to the general fund budget. These revisions are reflected on the statement of revenues, expenditures and changes in fund balances for the general fund on page 29. Within each departmental function, a department head may make small line item adjustments within their budget, as long as the total operation and maintenance amount does not exceed their original budget allowance.

Original general fund budgeted revenues and other financing sources decreased \$79,101, from \$24,149,758 to the final budgeted amount of \$24,070,657 for the fiscal year end December 31, 2019. Municipal income taxes final budget was consistent with actual income tax revenue for the prior year. At the end of the year, actual municipal income revenues were more than the final budget by \$1,130,214.

Original general fund expenditures and other financing uses increased \$374,750, from \$25,446,284 to the final budgeted amount of \$25,821,034. This increase was due to an increase in legislative and executive appropriations. Actual expenditures were \$455,136 below final budget expenditures for 2019 due to the close monitoring of expenditures.

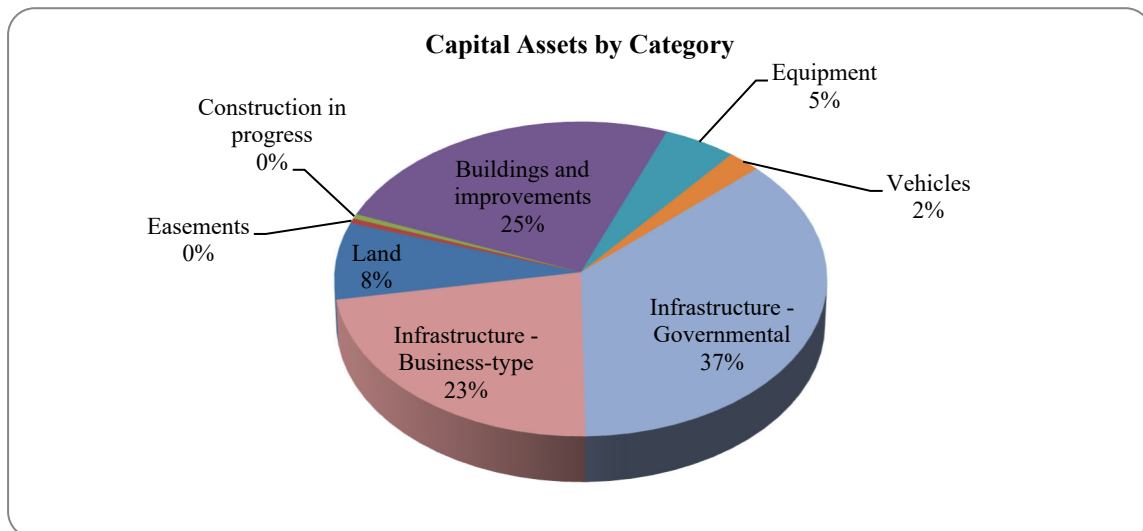
City of Vandalia, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

Capital Assets and Debt Administration

Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Land	\$ 5,640,619	\$ 5,609,469	\$ 167,369	\$ 167,369	\$ 5,807,988	\$ 5,776,838
Easements	376,999	376,999	500	500	377,499	377,499
Construction in progress	271,323	111,608	79,872	2,662	351,195	114,270
Buildings and improvements	17,078,410	17,721,380	1,138,160	1,177,652	18,216,570	18,899,032
Equipment	3,231,838	3,214,304	416,285	415,214	3,648,123	3,629,518
Vehicles	1,655,642	1,853,410	-	-	1,655,642	1,853,410
Infrastructure	<u>26,850,497</u>	<u>26,055,245</u>	<u>16,537,751</u>	<u>16,490,141</u>	<u>43,388,248</u>	<u>42,545,386</u>
Total	<u>\$ 55,105,328</u>	<u>\$ 54,942,415</u>	<u>\$ 18,339,937</u>	<u>\$ 18,253,538</u>	<u>\$ 73,445,265</u>	<u>\$ 73,195,953</u>

Capital assets, net of depreciation, in governmental activities decreased from the prior year. This is due to current year depreciation expense exceeding current year additions. Capital assets, net of depreciation, for the business-type activities also decreased during 2019 for the same reason. See Note 7 of the notes to the basic financial statements for more detailed information on capital assets.



City of Vandalia, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2019
(Unaudited)

Debt

At December 31, 2019, the City of Vandalia had \$6,195,530 in bonds, notes, loans and capital leases.

Table 4
Outstanding Debt, at Year End

	Governmental Activities		Business-Type Activities		Total	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Unvoted general obligation bonds						
Various purpose limited tax	\$ 1,479,724	\$ 1,816,999	\$ -	\$ -	\$ 1,479,724	\$ 1,816,999
State infrastructure bank loan	1,008,305	1,214,609	-	-	1,008,305	1,214,609
OPWC loan	189,265	28,406	158,236	137,410	347,501	165,816
Capital leases	-	24,379	-	10,448	-	34,827
	<u>\$ 2,677,294</u>	<u>\$ 3,084,393</u>	<u>\$ 158,236</u>	<u>\$ 147,858</u>	<u>\$ 2,835,530</u>	<u>\$ 3,232,251</u>

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

The City has short term note obligations being reported in the capital improvement capital projects fund, and the general obligation bond retirement debt service fund in the amounts of \$1,399,000, and \$1,961,000, respectively. Revenues for payment of interest and principal on the bond anticipation notes will result from proceeds from new notes to be issued in 2020. The general obligation debt service fund will retire the debt.

The City's overall legal debt margin was \$35,726,482 at December 31, 2019. See Note 9, 10 and 11 of the notes to the basic financial statements for more detailed information on debt of the City.

Contacting the City's Financial Management

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

City of Vandalia, Ohio
Statement of Net Position
December 31, 2019

	Governmental Activities	Business-Type Activities	Total
<u>Assets:</u>			
Equity in pooled cash and investments	\$ 24,954,219	\$ 5,989,284	\$ 30,943,503
Receivables:			
Income tax	2,382,181	-	2,382,181
Property and other taxes	1,373,977	-	1,373,977
Accounts	658,587	328,021	986,608
Revenue in lieu of taxes receivable	68,490	-	68,490
Accrued interest	74,808	-	74,808
Due from other governments	1,366,600	-	1,366,600
Materials and supplies inventory	109,714	12,996	122,710
Inventory held for resale	-	11,795	11,795
Prepaid items	46,297	-	46,297
Restricted: equity in pooled cash and cash equivalents	-	52,872	52,872
Investment in joint venture	-	9,153,194	9,153,194
Internal balances	(44,167)	44,167	-
Land held for resale	1,497,046	-	1,497,046
Nondepreciable capital assets	6,288,941	247,741	6,536,682
Depreciable capital assets, net	48,816,387	18,092,196	66,908,583
Total assets	87,593,080	33,932,266	121,525,346
<u>Deferred outflows of resources:</u>			
Pension	6,551,163	470,089	7,021,252
OPEB	1,216,042	57,655	1,273,697
Total deferred outflows of resources	7,767,205	527,744	8,294,949
<u>Liabilities:</u>			
Accounts payable	496,593	17,620	514,213
Contracts payable	-	8,516	8,516
Accrued wages and benefits	258,342	18,073	276,415
Matured compensated absences payable	72,163	5,807	77,970
Due to other governments	186,869	12,427	199,296
Due to related parties	-	165,758	165,758
Unearned revenue	2,303	2,489	4,792
Income tax refunds payable	400,271	-	400,271
Bond anticipation notes payable	3,360,000	-	3,360,000
Accrued interest payable	41,506	-	41,506
Due to employees	4,562	-	4,562
Undistributed monies	72,371	-	72,371
Claims payable	276,233	-	276,233
Refundable deposits	-	52,872	52,872
Long-term liabilities:			
Due within one year	1,538,304	131,292	1,669,596
Due in more than one year:			
Net pension liability	23,532,092	1,599,145	25,131,237
Net OPEB liability	6,868,410	735,192	7,603,602
Other amounts due in more than one year	2,833,562	204,815	3,038,377
Total liabilities	39,943,581	2,954,006	42,897,587

(Continued)

City of Vandalia, Ohio
Statement of Net Position
December 31, 2019
(Continued)

	Governmental Activities	Business-Type Activities	Total
<u>Deferred inflows of resources:</u>			
Property taxes	1,286,421	-	1,286,421
Payments in lieu of taxes	68,490	-	68,490
Pension	696,830	59,143	755,973
OPEB	677,856	25,490	703,346
Total deferred inflows or resources	<u>2,729,597</u>	<u>84,633</u>	<u>2,814,230</u>
<u>Net position:</u>			
Net investment in capital assets	50,467,034	18,181,701	68,648,735
Restricted for capital projects	1,150,565	-	1,150,565
Restricted for streets and highways	2,424,383	-	2,424,383
Restricted for other purposes	532,843	-	532,843
Unrestricted	(1,887,718)	13,239,670	11,351,952
Total net position	<u>\$ 52,687,107</u>	<u>\$ 31,421,371</u>	<u>\$ 84,108,478</u>

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Activities
For the Year Ended December 31, 2019

		Program Revenues		
			Operating Grants, Contributions and Interest	Capital Grants and Contributions
	Expenses	Charges for Services and Sales		
<u>Governmental Activities:</u>				
General government				
Legislative and executive	\$ 3,835,644	\$ 1,337,530	\$ -	\$ -
Judicial system	2,495,969	1,661,801	-	-
Public safety				
Police	1,767,177	47,609	-	-
Fire	1,735,666	450,494	62,702	-
Public works				
Engineer	1,270,495	538,750	-	-
Streets	3,417,626	91,589	1,698,062	458,104
Refuse	1,010,485	1,055,699	-	-
Recreation	4,751,156	1,454,654	14,479	-
Interest and fiscal charges	215,241	-	-	-
Total governmental activities	20,499,459	6,638,126	1,775,243	458,104
<u>Business-Type Activities:</u>				
Water	1,942,576	2,539,463	-	-
Sewer	1,656,483	1,570,853	-	-
Golf	1,049,863	845,219	-	-
Total business-type activities	4,648,922	4,955,535	-	-
Total primary government	\$ 25,148,381	\$ 11,593,661	\$ 1,775,243	\$ 458,104

General revenues:

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

Change in net position

Net position, beginning of year

Net position, end of year

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (2,498,114)	\$ -	\$ (2,498,114)
(834,168)	-	(834,168)
(1,719,568)	-	(1,719,568)
(1,222,470)	-	(1,222,470)
(731,745)	-	(731,745)
(1,169,871)	-	(1,169,871)
45,214	-	45,214
(3,282,023)	-	(3,282,023)
(215,241)	-	(215,241)
<u>(11,627,986)</u>	<u>-</u>	<u>(11,627,986)</u>
-	596,887	596,887
-	(85,630)	(85,630)
-	<u>(204,644)</u>	<u>(204,644)</u>
-	306,613	306,613
<u>\$ (11,627,986)</u>	<u>\$ 306,613</u>	<u>\$ (11,321,373)</u>
1,360,445	-	1,360,445
15,797,423	-	15,797,423
406,388	-	406,388
39,962	-	39,962
72,214	-	72,214
755,855	-	755,855
12,803	-	12,803
155,080	(155,080)	-
<u>18,600,170</u>	<u>(155,080)</u>	<u>18,445,090</u>
6,972,184	151,533	7,123,717
45,714,923	31,269,838	76,984,761
<u>\$ 52,687,107</u>	<u>\$ 31,421,371</u>	<u>\$ 84,108,478</u>

City of Vandalia, Ohio
Balance Sheet
Governmental Funds
December 31, 2019

	General	Street	Capital Improvement	Police, Fire and Street Capital Improvements
Assets:				
Equity in pooled cash and investments	\$ 19,341,101	\$ 1,181,718	\$ 579,157	\$ 382,804
Receivables:				
Income tax	2,382,181	-	-	-
Property and other taxes	1,373,977	-	-	-
Accounts	552,249	51,773	19,009	2,069
Revenue in lieu of taxes	-	-	-	-
Accrued interest	74,808	-	-	-
Due from other governments	229,202	990,509	-	-
Materials and supplies inventory	8,950	100,764	-	-
Interfund receivable	62,702	-	-	-
Land held for resale	-	-	1,497,046	-
Total assets	<u>\$ 24,025,170</u>	<u>\$ 2,324,764</u>	<u>\$ 2,095,212</u>	<u>\$ 384,873</u>
Liabilities:				
Accounts payable	\$ 200,306	\$ 41,106	\$ 140,619	\$ 51,937
Accrued wages and benefits	244,886	4,939	-	3,658
Matured compensated absences payable	70,159	1,024	-	402
Interfund payable	-	-	-	-
Due to other governments	175,210	3,898	-	4,771
Unearned revenue	2,303	-	-	-
Undistributed monies	72,371	-	-	-
Income tax refunds payable	400,271	-	-	-
Accrued interest payable	-	-	18,337	-
Bond anticipation notes payable	-	-	1,399,000	-
Due to employees	4,562	-	-	-
Total liabilities	<u>1,170,068</u>	<u>50,967</u>	<u>1,557,956</u>	<u>60,768</u>
Deferred inflows of resources:				
Property taxes	1,286,421	-	-	-
Payments in lieu of taxes	-	-	-	-
Unavailable revenue - delinquent property taxes	60,245	-	-	-
Unavailable revenue - other	1,674,947	935,391	-	2,069
Total deferred inflows of resources	<u>3,021,613</u>	<u>935,391</u>	<u>-</u>	<u>2,069</u>
Fund balances:				
Nonspendable	8,950	100,764	-	-
Restricted	-	1,237,642	537,256	322,036
Committed	387,644	-	-	-
Assigned	2,164,088	-	-	-
Unassigned	17,272,807	-	-	-
Total fund balances	<u>19,833,489</u>	<u>1,338,406</u>	<u>537,256</u>	<u>322,036</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 24,025,170</u>	<u>\$ 2,324,764</u>	<u>\$ 2,095,212</u>	<u>\$ 384,873</u>

See accompanying notes to the basic financial statements.

General Obligation Bond Retirement	Other Governmental Funds	Total Governmental Funds
\$ 118,695	2,719,108	\$ 24,322,583
-	-	2,382,181
-	-	1,373,977
-	32,478	657,578
-	68,490	68,490
-	-	74,808
-	146,889	1,366,600
-	-	109,714
-	-	62,702
-	-	1,497,046
<u>\$ 118,695</u>	<u>\$ 2,966,965</u>	<u>\$ 31,915,679</u>
\$ -	\$ 62,402	\$ 496,370
-	4,859	258,342
-	578	72,163
-	62,702	62,702
-	2,990	186,869
-	-	2,303
-	-	72,371
-	-	400,271
13,583	-	31,920
1,961,000	-	3,360,000
-	-	4,562
<u>1,974,583</u>	<u>133,531</u>	<u>4,947,873</u>
-	-	1,286,421
-	68,490	68,490
-	-	60,245
-	167,621	2,780,028
<u>-</u>	<u>236,111</u>	<u>4,195,184</u>
-	-	109,714
-	1,006,339	3,103,273
-	1,653,686	2,041,330
-	-	2,164,088
<u>(1,855,888)</u>	<u>(62,702)</u>	<u>15,354,217</u>
<u>(1,855,888)</u>	<u>2,597,323</u>	<u>22,772,622</u>
<u>\$ 118,695</u>	<u>\$ 2,966,965</u>	<u>\$ 31,915,679</u>



City of Vandalia, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2019

Total governmental fund balances		\$ 22,772,622
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in funds.		55,105,328
An internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		402,486
The internal balance represents the portion of the internal service fund's assets and liabilities that are allocated to the proprietary funds.		(44,167)
Other long-term assets are not available to pay for current-period expenditures and therefore are offset by deferred inflows of resources in the funds:		
Property and other taxes	\$ 60,770	
Income taxes	1,029,025	
Licenses and permits	101	
Intergovernmental	1,237,752	
Charges for services	340,923	
Other	171,702	
Total	<u>2,840,273</u>	2,840,273
The net pension and OPEB liabilities are not due and payable in the current period; therefore, the liabilities and related deferred inflows/outflows are not reported in the funds:		
Deferred outflows - pension	\$ 6,551,163	
Deferred inflows - pension	(696,830)	
Net pension liability	(23,532,092)	
Deferred outflows - OPEB	1,216,042	
Deferred inflows - OPEB	(677,856)	
Net OPEB liability	<u>(6,868,410)</u>	
Total		(24,007,983)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(9,586)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General obligation bonds	\$ (1,475,000)	
Premium on bonds	(4,724)	
State infrastructure bank loan	(1,008,305)	
OPWC loan	(189,265)	
Compensated absences	<u>(1,694,572)</u>	
Total		<u>(4,371,866)</u>
Net position of governmental activities		<u>\$ 52,687,107</u>

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	General	Street	Capital Improvement	Police, Fire and Street Capital Improvements
Revenues:				
Municipal income tax	\$ 14,392,494	\$ -	\$ -	\$ 2,104,687
Property and other taxes	1,361,361	-	-	-
Charges for services	3,355,049	-	-	-
Licenses and permits	407,204	-	-	-
Fines and forfeitures	1,414,413	-	-	-
Intergovernmental	828,329	1,287,126	-	-
Special assessments	-	-	2,478	-
Interest	755,855	21,107	-	-
Payments in lieu of taxes	-	-	-	-
Other	272,584	44,060	314	2,334
Total revenue	<u>22,787,289</u>	<u>1,352,293</u>	<u>2,792</u>	<u>2,107,021</u>
Expenditures:				
Current:				
General government				
Legislative and executive	3,121,090	-	13,632	-
Judicial system	1,859,453	-	-	-
Public safety				
Police	5,230,554	-	-	263,815
Fire	2,520,945	-	-	72,546
Public works				
Engineer	829,269	-	1,942	-
Streets	445,578	870,827	123,180	21,543
Refuse	1,010,485	-	-	-
Recreation	3,407,474	-	320,464	-
Capital outlay	15,883	43,142	485,758	1,510,248
Debt service:				
Principal retirement	-	12,189	8,707	547,585
Interest and fiscal charges	-	49	45,554	164,948
Total expenditures	<u>18,440,731</u>	<u>926,207</u>	<u>999,237</u>	<u>2,580,685</u>
Excess of revenues over (under) expenditures	<u>4,346,558</u>	<u>426,086</u>	<u>(996,445)</u>	<u>(473,664)</u>
Other financing sources (uses):				
Issuance of loans	-	-	-	-
Sale of capital assets	-	-	57,111	-
Transfers - in	-	-	646,985	-
Transfers - out	<u>(1,617,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing				
Total other financing sources (uses)	<u>(1,617,000)</u>	<u>-</u>	<u>704,096</u>	<u>-</u>
Net change in fund balance	2,729,558	426,086	(292,349)	(473,664)
Fund balances at beginning of year	<u>17,103,931</u>	<u>912,320</u>	<u>829,605</u>	<u>795,700</u>
Fund balances at end of year	<u>\$ 19,833,489</u>	<u>\$ 1,338,406</u>	<u>\$ 537,256</u>	<u>\$ 322,036</u>

See accompanying notes to the basic financial statements.

General Obligation Bond Retirement	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 16,497,181
-	-	1,361,361
-	288,899	3,643,948
-	-	407,204
-	328,576	1,742,989
-	606,820	2,722,275
-	-	2,478
-	2,407	779,369
-	72,214	72,214
-	35,734	355,026
-	1,334,650	27,584,045
-	143,824	3,278,546
-	117,037	1,976,490
-	34,150	5,528,519
-	8,957	2,602,448
-	229,738	1,060,949
-	142,614	1,603,742
-	-	1,010,485
-	-	3,727,938
-	841,439	2,896,470
-	4,304	572,785
9,013	14	219,578
9,013	1,522,077	24,477,950
(9,013)	(187,427)	3,106,095
-	167,961	167,961
-	-	57,111
895,015	-	1,542,000
-	-	(1,617,000)
895,015	167,961	150,072
886,002	(19,466)	3,256,167
(2,741,890)	2,616,789	19,516,455
\$ (1,855,888)	\$ 2,597,323	\$ 22,772,622

City of Vandalia, Ohio
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2019

Net change in fund balances - Total governmental funds \$ 3,256,167

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

In the current period, these amounts are:

Capital outlay	\$	2,896,470	
Capital contributions from enterprise fund		230,080	
Depreciation expense		(2,961,107)	
Excess of capital asset additions and contributions over depreciation expense			165,443

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (2,530)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These activities consist of:

Property and other taxes	\$	(916)	
Income taxes		(699,758)	
Fines and forfeitures		(3,817)	
Intergovernmental		269,644	
Charges for services		(29,792)	
Licenses and permits		1	
Other		140,045	
Net change in deferred inflows of resources during the year			(324,593)

Contractually required contributions are reported as expenditures in the governmental funds however, the statement of activities reports these amounts as deferred outflows.

Pension			1,604,088
OPEB			16,237

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.

Pension			(3,909,598)
OPEB			5,822,860

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

Decrease in compensated absences	\$	3,020	
Decrease in accrued interest		2,062	
Total additional expenditures			5,082

The internal service fund used by management to charge the costs of insurance claims to individual funds are not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. (68,071)

Repayment of bond and loan principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. 548,406

Payment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 24,379

Loans are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. (167,961)

The amortization of bond premium is reflected as an expense in the statement of activities.		2,275	
Change in net position of governmental activities			\$ 6,972,184

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Municipal income tax	\$ 16,100,000	\$ 16,100,000	\$ 17,230,214	\$ 1,130,214
Property and other taxes	1,275,000	1,188,526	1,359,108	170,582
Charges for services	3,370,925	3,370,925	3,361,800	(9,125)
Licenses and permits	386,783	386,783	411,575	24,792
Fines and forfeitures	1,221,550	1,221,550	1,400,664	179,114
Intergovernmental	1,256,750	1,264,123	868,609	(395,514)
Interest	450,000	450,000	599,852	149,852
Other	87,750	87,750	292,001	204,251
Total revenues	24,148,758	24,069,657	25,523,823	1,454,166
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive	5,148,393	5,455,792	4,768,135	687,657
Judicial system	2,012,942	2,012,941	1,869,121	143,820
Public safety				
Police	5,301,681	5,307,878	5,212,483	95,395
Fire	2,601,539	2,642,691	2,527,218	115,473
Public works				
Engineer	950,576	970,576	867,977	102,599
Streets	569,017	569,017	534,981	34,036
Refuse	1,131,479	1,131,479	1,114,756	16,723
Recreation	3,828,657	3,828,660	3,525,666	302,994
Total expenditures	21,544,284	21,919,034	20,420,337	1,498,697
Excess of revenues over expenditures	2,604,474	2,150,623	5,103,486	2,952,863
Other financing sources (uses):				
Sale of capital assets	1,000	1,000	-	(1,000)
Advances - out	-	(948,874)	(948,874)	-
Transfers - out	(3,902,000)	(3,902,000)	(3,996,687)	(94,687)
Total other financing sources (uses)	(3,901,000)	(4,849,874)	(3,766,687)	1,083,187
Net change in fund balance	(1,296,526)	(2,699,251)	1,336,799	4,036,050
Fund balance at beginning of year	14,506,551	14,506,551	14,506,551	-
Prior year encumbrances appropriated	1,336,827	1,336,827	1,336,827	-
Fund balance at end of year	\$ 14,546,852	\$ 13,144,127	\$ 17,180,177	\$ 4,036,050

See accompanying notes to the basic financial statements.



City of Vandalia, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Intergovernmental	\$ 820,000	\$ 820,000	\$ 1,253,932	\$ 433,932
Interest	10,000	10,000	21,107	11,107
Other	21,000	21,000	31,718	10,718
Total revenues	851,000	851,000	1,306,757	455,757
<u>Expenditures:</u>				
Current:				
Public works				
Streets	955,307	1,022,003	927,589	
Debt service:				
Principal retirement	12,185	12,189	12,189	-
Interest and fiscal charges	49	49	49	-
Total expenditures	967,541	1,034,241	939,827	-
Net change in fund balance	(116,541)	(183,241)	366,930	550,171
Fund balance at beginning of year	715,049	715,049	715,049	-
Prior year encumbrances appropriated	35,532	35,532	35,532	-
Fund balance at end of year	<u>\$ 634,040</u>	<u>\$ 567,340</u>	<u>\$ 1,117,511</u>	<u>\$ 550,171</u>

City of Vandalia, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2019

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service
	Water	Sewer	Golf	Total	
<u>Assets:</u>					
Current assets:					
Equity in pooled cash and investments	\$ 2,653,531	\$ 2,996,397	\$ 339,356	\$ 5,989,284	\$ 631,636
Receivables:					
Accounts	185,819	137,168	5,034	328,021	1,009
Materials and supplies inventory	6,966	-	6,030	12,996	-
Inventory held for resale	-	-	11,795	11,795	-
Prepaid items	-	-	-	-	46,297
Total current assets	2,846,316	3,133,565	362,215	6,342,096	678,942
Noncurrent assets:					
Restricted: equity in pooled cash and cash equivalents	35,426	17,446	-	52,872	
Investment in joint venture	1,604,635	7,548,559	-	9,153,194	-
Capital assets:					
Land and easements	58,424	500	108,945	167,869	-
Construction in progress	39,936	39,936	-	79,872	-
Depreciable capital assets, net	8,501,809	8,637,073	953,314	18,092,196	-
Total noncurrent assets	10,240,230	16,243,514	1,062,259	27,546,003	-
Total assets	13,086,546	19,377,079	1,424,474	33,888,099	678,942
<u>Deferred outflows of resources:</u>					
Pension	149,942	141,837	178,310	470,089	-
OPEB	18,390	17,396	21,869	57,655	-
Total deferred outflows of resources	168,332	159,233	200,179	527,744	-
<u>Liabilities:</u>					
Current liabilities:					
Accounts payable	1,859	6,593	9,168	17,620	223
Contracts payable	4,258	4,258	-	8,516	-
Accrued wages and benefits	5,472	5,516	7,085	18,073	-
Matured compensated absences payable	1,399	1,399	3,009	5,807	-
Due to other governments	3,802	3,626	4,999	12,427	-
Due to related parties	89,553	76,205	-	165,758	-
Unearned revenue	-	-	2,489	2,489	-
Compensated absences payable	28,529	28,529	33,872	90,930	-
Claims payable	-	-	-	-	276,233
OPWC loans payable	35,059	5,303	-	40,362	-
Refundable deposits	35,426	17,446	-	52,872	-
Total current liabilities	205,357	148,875	60,622	414,854	276,456
Long-term liabilities:					
Compensated absences payable	33,549	33,549	19,843	86,941	-
OPWC loans payable, net of current portion	107,265	10,609	-	117,874	-
Net pension liability	510,072	482,501	606,572	1,599,145	-
Net OPEB liability	234,501	221,825	278,866	735,192	-
Total long-term liabilities	885,387	748,484	905,281	2,539,152	-
Total liabilities	1,090,744	897,359	965,903	2,954,006	276,456

(Continued)

City of Vandalia, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2019
(Continued)

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service
	Water	Sewer	Golf	Total	
<u>Deferred inflows of resources:</u>					
Pension	18,865	17,845	22,433	59,143	-
OPEB	8,130	7,691	9,669	25,490	-
Total deferred inflows of resources	26,995	25,536	32,102	84,633	-
<u>Net position:</u>					
Net investment in capital assets	8,457,845	8,661,597	1,062,259	18,181,701	-
Unrestricted	3,679,294	9,951,820	(435,611)	13,195,503	402,486
Total net position	<u>\$ 12,137,139</u>	<u>\$ 18,613,417</u>	<u>\$ 626,648</u>	<u>31,377,204</u>	<u>\$ 402,486</u>

Net position reported for business-type activities in the statement of net position is different because they include a proportionate share of the balance of the internal service fund.

	44,167
Net position of business-type activities	<u>\$ 31,421,371</u>

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2019

	Business-Type Activities - Enterprise Funds				Governmental Activities Internal Service
	Water	Sewer	Golf	Total	
<u>Operating revenues:</u>					
Charges for services	\$ 2,322,794	\$ 1,647,166	\$ 832,418	\$ 4,802,378	\$ 2,579,081
Tap-in fees	3,700	1,300	-	5,000	-
Other	65,863	70,039	12,801	148,703	263,512
Total operating revenue	2,392,357	1,718,505	845,219	4,956,081	2,842,593
<u>Operating expenses:</u>					
Personal services	477,985	461,343	624,834	1,564,162	-
Contractual services	1,199,846	895,271	149,590	2,244,707	535,196
Supplies and materials	25,228	31,406	159,729	216,363	-
Claims	-	-	-	-	2,382,415
Depreciation	236,244	265,846	63,813	565,903	-
Other	656	-	46,585	47,241	-
Total operating expenses	1,939,959	1,653,866	1,044,551	4,638,376	2,917,611
Operating income (loss)	452,398	64,639	(199,332)	317,705	(75,018)
<u>Nonoperating revenue (expenses):</u>					
Intergovernmental	165,321	78,576	-	243,897	-
Investment in joint venture	(18,215)	(226,228)	-	(244,443)	-
Loss on sale of capital assets	(74,660)	(155,420)	(3,557)	(233,637)	-
Interest and fiscal charges	(21)	(21)	-	(42)	-
Total nonoperating revenue (expense)	72,425	(303,093)	(3,557)	(234,225)	-
Income (loss) before transfers	524,823	(238,454)	(202,889)	83,480	(75,018)
Transfers in	-	-	75,000	75,000	-
Change in net position	524,823	(238,454)	(127,889)	158,480	(75,018)
Net position at beginning of year, restated	11,612,316	18,851,871	754,537		477,504
Net position at end of year	\$ 12,137,139	\$ 18,613,417	\$ 626,648		\$ 402,486

Some amounts reported for the business-type activities in the statement of activities are different because a proportionate share of the net expense of the internal service fund is reported with the business-type activities. (6,947)

Change in net position of business-type activities \$ 151,533

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Golf	Total	Internal Service
Cash flows from operating activities:					
Cash received from customers	\$ 2,406,586	\$ 1,734,829	\$ 842,173	\$ 4,983,588	\$ -
Cash received from interfund services provided	-	-	-	-	2,945,634
Cash payments for employee services and benefits	(403,501)	(391,417)	(524,522)	(1,319,440)	-
Cash payments to suppliers for goods and services	(1,219,915)	(933,098)	(359,503)	(2,512,516)	(538,638)
Cash payments for claims	-	-	-	-	(2,390,417)
Utility deposits received	5,697	2,806	-	8,503	-
Utility deposits returned	(3,807)	(1,876)	-	(5,683)	-
Net cash provided by (used) for operating activities	785,060	411,244	(41,852)	1,154,452	16,579
Cash flows from noncapital financing activities:					
Transfers from other funds	-	-	75,000	75,000	-
Net cash provided by noncapital financing activities	-	-	75,000	75,000	-
Cash flows from capital and related financing activities:					
Grants	165,321	78,576	-	243,897	-
OPWC loan	50,990	-	-	50,990	-
Interest paid on capital lease	(21)	(21)	-	(42)	-
Principal payment on capital lease	(5,224)	(5,224)	-	(10,448)	-
Principal payment on OPWC loan	(24,861)	(5,303)	-	(30,164)	-
Acquisition of capital assets	(474,077)	(343,171)	(60,175)	(877,423)	-
Net cash used for capital and related financing activities	(287,872)	(275,143)	(60,175)	(623,190)	-
Cash flows from investing activities:					
Investment in joint venture	(231,999)	-	-	(231,999)	-
Net cash used for investing activities	(231,999)	-	-	(231,999)	-
Net increase (decrease) in cash and cash equivalents	265,189	136,101	(27,027)	374,263	16,579
Cash and cash equivalents at beginning of year	2,423,768	2,877,742	366,383	5,667,893	615,057
Cash and cash equivalents at end of year	\$ 2,688,957	\$ 3,013,843	\$ 339,356	\$ 6,042,156	\$ 631,636
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:					
Operating income (loss)	\$ 452,398	\$ 64,639	\$ (199,332)	\$ 317,705	\$ (75,018)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:					
Depreciation	236,244	265,846	63,813	565,903	-
Change in assets and liabilities:					
(Increase) decrease in assets:					
Accounts receivable	14,229	16,324	(4,458)	26,095	103,041
Materials and supplies inventory	(624)	-	(239)	(863)	-
Prepaid items	-	-	-	-	(3,412)
Increase in deferred outflows of resources - pension	(77,230)	(73,055)	(91,841)	(242,126)	-
Increase in deferred outflows of resources - OPEB	(3,256)	(3,079)	(3,871)	(10,206)	-

(Continued)

City of Vandalia, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2019

	Business-Type Activities - Enterprise Funds				Governmental Activities
	Water	Sewer	Golf	Total	Internal Service
Increase (decrease) in liabilities:					
Accounts payable	(64)	(537)	(3,629)	(4,230)	(30)
Refundable deposits	1,890	930	-	2,820	-
Claims payable	-	-	-	-	(8,002)
Unearned revenue	-	-	1,412	1,412	-
Accrued wages and benefits	1,545	1,645	1,815	5,005	-
Compensated absences	(10,888)	(10,888)	187	(21,589)	-
Due to related parties	6,538	(5,858)	-	680	-
Due to other governments	1,007	834	133	1,974	-
Net pension liability	202,499	191,553	240,809	634,861	-
Net OPEB liability	28,839	27,280	34,295	90,414	-
Increase in deferred inflows of resources - pension	(59,808)	(56,577)	(71,124)	(187,509)	-
Increase in deferred inflows of resources - OPEB	(8,259)	(7,813)	(9,822)	(25,894)	-
Net cash provided by (used for) operating activities	<u>\$ 785,060</u>	<u>\$ 411,244</u>	<u>\$ (41,852)</u>	<u>\$ 1,154,452</u>	<u>\$ 16,579</u>

See accompanying notes to the basic financial statements.

City of Vandalia, Ohio
Statement of Fiduciary Net Position
Custodial Funds
December 31, 2019

	<u>Custodial</u>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 4,014,724
Cash and cash equivalents in segregated accounts	137,589
Accounts receivable	312,840
Due from other governments	677,681
Total assets	<u>5,142,834</u>
 <u>Liabilities:</u>	
Due to other governments	4,348,696
Undistributed monies	794,138
Total liabilities	<u>5,142,834</u>
 <u>Net position:</u>	
Restricted for individuals, organizations and other governments	<u>-</u>
Total net position	<u>\$ -</u>
See accompanying notes to the basic financial statements.	

City of Vandalia, Ohio
Statement of Changes in Fiduciary Net Position
Custodial Funds
December 31, 2019

	<u>Custodial</u>
<u>Additions:</u>	
Interest, dividends, and other investment income	\$ 50,638
Contributions and rentals	4,755,546
Fines and forfeitures for other governments	1,666,985
Income tax collections for other governments	4,180,891
Total additions	<u>10,654,060</u>
 <u>Deductions:</u>	
Distributions from municipal court to other governments	1,666,985
Administrative expenses	67
Income tax refunds	149,517
Distributions of income tax collections	4,031,336
Payments for joint venture	4,806,155
Total deductions	<u>10,654,060</u>
 Change net position	 -
 Net position beginning of year	 <u>-</u>
Net position end of year	<u><u>\$ -</u></u>

See accompanying notes to the basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

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

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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

B. Basis of Presentation

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

Government-wide Financial Statements

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

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

Fund Financial Statements

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

C. Fund Accounting

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

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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.

Street Fund - The street fund is used to account for gasoline tax, motor vehicle license fees and various other miscellaneous charges remitted to the City restricted for routine maintenance of City streets.

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.

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

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

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

Proprietary Funds

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

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

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

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

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

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

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and Custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The City's only fiduciary funds are custodial funds that 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.

D. Measurement Focus

Government-wide Financial Statements

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

Fund Financial Statements

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

Like the government-wide statements, all proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

For proprietary funds, the statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

E. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for pension and other postemployment benefits (OPEB). The deferred outflows of resources related to pension and OPEB are explained in Notes 12 and 13.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenues. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2019, but which were levied to finance year 2020 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported on the governmental funds balance sheet, and represents receivables/revenues which will not be collected within the available period. For the City, unavailable revenue includes delinquent property taxes, income taxes, franchise taxes, intergovernmental grants, special assessments, and charges for services. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position. (See Notes 12 and 13)

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

F. Equity in Pooled Cash and Investments

To improve cash management, cash received by the City is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through City records. Interest in the pool is presented as "equity in pooled cash and investments" on the financial statements.

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

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

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

For 2019, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice is appreciated 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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 2019 amounted to \$755,855, which includes \$303,603 assigned from other City funds.

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

G. Inventory

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when used. Inventories of the proprietary funds are expensed when used.

Inventories of the general fund, the street special revenue fund and the water fund primarily consist of expendable supplies held for consumption. Inventories of the golf fund consist of expendable supplies held for consumption, purchased food and supplies held for resale.

H. Restricted Assets

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

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

I. Interfund Balances

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

J. Prepaids

Payments made to vendors for services that will benefit periods beyond December 31, 2018 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure or expense is reported in the year in which services are consumed.

K. Land Held for Resale

Land held for resale represent land received by the City, which will be sold.

L. Capital Assets

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

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

All capital assets are depreciated except for land, easements, and construction and progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

	Governmental Activities	Business-Type Activities
Asset Class	Estimated Useful Life	Estimated Useful Life
Buildings and improvements	45 to 52 years	45 to 71 years
Equipment	10 to 20 years	10 to 20 years
Vehicles	6 to 25 years	6 to 25 years
Infrastructure	7 to 65 years	65 years

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

M. Pension and other postemployment benefits (OPEB) liabilities

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

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

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

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

N. 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.

O. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences and the net pension/OPEB liability that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and long-term loans are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

P. Fund Balance

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

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

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

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

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

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

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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

Q. Net Position

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

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

R. Operating Revenues and Expenses

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

T. Bond Premiums/Issuance Costs

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

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

U. 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.

V. 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.

X. Budgetary Process

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

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

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

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

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

NOTE 2 - BUDGETARY BASIS OF ACCOUNTING

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

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

City of Vandalia, Ohio
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For the Year Ended December 31, 2019

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

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

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$ 2,742,251
Revenue accruals	3,976,124
Expenditure accruals	(3,545,059)
Change in fair value of investments - 2018	(123,475)
Change in fair value of investments - 2019	50,066
Perspective differences from funds budgeted as special revenue funds:	
Other financing sources	(275,000)
Expenditures	127,403
Encumbrances (Budget Basis) outstanding at year end	<u>(1,615,511)</u>
Budget Basis	<u>\$ 1,336,799</u>

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 3 – FUND BALANCE

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

Fund Balances	General	Capital Improvement	Police, Fire and Street Capital Improvements	General Obligation Bond Retirement	Other Governmental Funds	Total Governmental Funds
<u>Nonspendable</u>						
Materials and supplies inventory	\$ 8,950	\$ -	\$ -	\$ -	\$ 100,764	\$ 109,714
<u>Restricted for</u>						
Streets and highways	-	-	-	-	1,397,479	1,397,479
Court activities	-	-	-	-	331,179	331,179
Police services	-	-	-	-	220,166	220,166
Capital improvements	-	537,256	322,036	-	295,157	1,154,449
Total restricted	-	537,256	322,036	-	2,243,981	3,103,273
<u>Committed</u>						
Employee retirements	387,644	-	-	-	-	387,644
Capital improvements	-	-	-	-	1,250,000	1,250,000
Stormwater system	-	-	-	-	403,686	403,686
Total committed	387,644	-	-	-	1,653,686	2,041,330
<u>Assigned</u>						
Various purchases on order*	1,411,664	-	-	-	-	1,411,664
Next year's budget	752,424	-	-	-	-	752,424
Total assigned	2,164,088	-	-	-	-	2,164,088
Unassigned (deficit)	17,272,807	-	-	(1,855,888)	(62,702)	15,354,217
Total fund balances	\$ 19,833,489	\$ 537,256	\$ 322,036	\$ (1,855,888)	\$ 3,935,729	\$ 22,772,622

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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, Ohio
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Custodial Credit Risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. If the institution participates in the Ohio Pooled Collateral System (OPCS), the total market value of the securities pledged can be one hundred two percent or lower if permitted by the Treasurer of State.

Cash on hand At year-end, the City had \$9,770 in un-deposited cash on hand which is included as part of "equity in pooled cash and investments."

Deposits: At year-end, the carrying amount of the City's deposits was \$2,723,363, and \$627,381 of the City's total bank balance of \$3,565,162 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized.

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

Investment Type	Fair Value	Percentage of Investments	Investment Maturities (in years)		
			< 1 year	< 2 years	3-5 years
Federal Home Loan Mortgage Corporation Bonds	\$ 1,199,969	4.45%	\$ 700,084	\$ 499,885	\$ -
Federal Home Loan Bank Bonds	1,625,915	6.03%	780,000	-	845,915
Federal Farm Credit Bank Bonds	3,013,606	11.18%	-	-	3,013,606
Federal National Mortgage Association Bonds	1,050,618	3.90%	-	650,162	400,456
Commerical paper	3,962,672	14.70%	3,962,672	-	-
Negotiable certificates of deposit	5,066,674	18.80%	1,488,145	-	3,578,529
STAR Ohio	8,433,027	31.29%	8,433,027	-	-
Investments recorded in custodial fund:					
STAR Ohio	2,602,451	9.65%	2,602,451	-	-
Total investments recorded in custodial fund	2,602,451	9.65%	2,602,451	-	-
Total investments	\$ 26,954,932	100.00%	\$ 17,966,379	\$ 1,150,047	\$ 7,838,506

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The preceding table identifies the City's recurring fair value measurement as of December 31, 2019. As previously discussed Star Ohio is reported at its net asset value. All other investments of the City are valued using Level 2 inputs using valuations techniques that incorporate market data for similar investments, broker quotes and inactive transactions prices.

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

Interest Rate Risk – The City's investment policy states that the maximum maturity for any investment is limited to a final stated maturity of seven years, an expected call of seven years, or an expected average life of seven years, where the average life is estimated by nationally recognized firms independent of the dealer selling the security to the City. The City holds various agency securities of which some are callable in fiscal year 2019.

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

Concentration of Credit Risk – The City's investment policy states that the portfolio shall be diversified so as to avoid concentrations of credit risk from any rated issuer: (1) At the time of purchase, aggregate collateralized investments in the obligations of any financial institution are limited to the greater of \$1,000,000 or 20% of the portfolio, where eligible collateral is defined by the Ohio Revised Code; (2) At the time of purchase, aggregate investments in the obligations of any U.S. corporation and non-collateralized investments in the obligations of any financial institution are limited to the greater of \$500,000 or 10% of the portfolio. Investments in eligible short term investments which can be readily converted to cash within 48 hours are limited to the greater of \$2,500,000 or 30% of the portfolio. More than 5% of the City's investments are in FHLB, FFCB bonds and commercial paper. The table above is the City's allocation as of December 31, 2019.

NOTE 5 – RECEIVABLES

Receivables at December 31, 2019, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements, shared revenues, accrued interest on investments and accounts (billings for ambulance service and utility service). No allowances for doubtful accounts have been recorded because uncollectible amounts are expected to be insignificant.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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 2019 for real and public utility property taxes represents collections of the 2018 taxes. Property tax payments received during 2019 for tangible personal property (other than public utility property) is for 2019 taxes.

2019 real property taxes are levied after October 1, 2019, on the assessed value as of January 1, 2019, the lien date. Assessed values are established by State law at 35% of appraised market value. 2019 real property taxes are collected in and intended to finance 2020.

Public utility property currently is assessed at varying percentages of true value; public utility real property is assessed at 35% of true value. 2019 public utility property taxes became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2019, was \$11.29 per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2018 property tax receipts were based are as follows:

<u>Property Category</u>	<u>Assessed Value</u>
<u>Real Property</u>	
Residential and agricultural	\$ 232,676,290
Commercial and industrial	112,031,840
Public utilities	40,100
<u>Personal Property</u>	
Public utilities	<u>8,466,060</u>
Total	<u>\$ 353,214,290</u>

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

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Vandalia. The County Auditor periodically remits to the City its portion of the taxes collected. Accrued property taxes receivable represent real and tangible personal property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2019, and for which there is an enforceable legal claim. In the general fund, the entire receivable has been offset by deferred inflow of resources since the current taxes were not levied to finance 2019 operations and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been recorded as a deferred inflow of resources.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

Income Taxes

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

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

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

Due from Other Governments

A summary of due from other governments follows:

	<u>Amounts</u>
<u>Governmental Activities</u>	
Local Government and Local Government	
Revenue Assistance	\$ 103,690
Homestead and Rollback	78,581
Gasoline and Excise Tax	519,017
Motor Vehicle License Fees	551,803
Permissive Motor Vehicle License Tax	3,282
Other	<u>110,227</u>
Total	<u>\$ 1,366,600</u>

NOTE 6 - RISK MANAGEMENT

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

The City pays an annual premium to MVRMA that is intended to cover administrative expenses and any claims covered by the pool. MVRMA has the ability to require member cities to make supplemental payments in the event reserves are not adequate to cover claims. An actuarial opinion issued as of December 31, 2019, indicates reserves in excess of anticipated claims. There were no settled claims from these risks that have exceeded commercial insurance coverage for the past three years and there has been no significant reduction in coverages from last year.

City of Vandalia, Ohio
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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, providing a traditional plan with a preferred provider organization (PPO) as well as a high deductible plan with Health Saving Account (HSA). The City contracts with Medical Mutual of Ohio for network discounts; deductibles are higher and vary for out-of-network claims. A third party administrator, Underwriters Services Corp, processes and pays the claims. The City is paying self-insurance claims and administrative costs from its hospital care internal service fund. An excess coverage insurance (stop loss) policy covers claims in excess of \$50,000 per employee, per year.

During 2019, a total of \$2,917,611 was paid in benefits and administrative costs. The liability for unpaid claims cost of \$276,233, reported in the hospital care internal service fund at December 31, 2019, is based on the requirements of Governmental Accounting Standards Board Statement No. 30 and will be processed and paid in 2019. 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 2020, which were incurred in 2019 or before.

The estimates for the internal services fund were not affected by incremental claim adjustment expenses and does not include other allocated claim adjustment expenses. Changes in the internal services funds' claims liability amounts in the last two years follows:

	<u>Balance at</u>	<u>Current</u>	<u>Claim</u>	<u>Balance at</u>
	<u>beginning of year</u>	<u>year claims</u>	<u>payments</u>	<u>end of year</u>
2018 \$	184,835	2,049,737	1,950,337	284,235
2019 \$	284,235	2,382,415	2,390,417	276,233

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

	Balance <u>12/31/2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>12/31/2019</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 5,609,469	\$ 31,150	\$ -	\$ 5,640,619
Easements	376,999	-	-	376,999
Construction in progress	<u>111,608</u>	<u>684,058</u>	<u>(524,343)</u>	<u>271,323</u>
Total capital assets, not being depreciated	<u>6,098,076</u>	<u>715,208</u>	<u>(524,343)</u>	<u>6,288,941</u>
Capital assets, being depreciated				
Buildings and improvements	31,533,746	24,164	-	31,557,910
Equipment	7,538,198	395,988	(203,384)	7,730,802
Vehicles	6,134,618	310,864	(22,761)	6,422,721
Infrastructure				
Storm sewers, bridges and culverts	12,546,155	117,358	-	12,663,513
Streets, sidewalks and curbs	38,662,484	2,087,311	-	40,749,795
Traffic signals	2,481,077	-	-	2,481,077
Street lighting	<u>1,792,153</u>	<u>-</u>	<u>-</u>	<u>1,792,153</u>
Total capital assets, being depreciated	<u>100,688,431</u>	<u>2,935,685</u>	<u>(226,145)</u>	<u>103,397,971</u>
Less: accumulated depreciation				
Buildings and improvements	(13,812,366)	(667,134)	-	(14,479,500)
Equipment	(4,323,894)	(375,924)	200,854	(4,498,964)
Vehicles	(4,281,208)	(508,632)	22,761	(4,767,079)
Infrastructure				
Storm sewers, bridges and culverts	(6,190,698)	(219,459)	-	(6,410,157)
Streets, sidewalks and curbs	(21,447,556)	(989,381)	-	(22,436,937)
Traffic signals	(1,244,433)	(110,970)	-	(1,355,403)
Street lighting	<u>(543,937)</u>	<u>(89,607)</u>	<u>-</u>	<u>(633,544)</u>
Total accumulated depreciation	<u>(51,844,092)</u>	<u>(2,961,107)</u>	<u>223,615</u>	<u>(54,581,584)</u>
Total capital assets, being depreciated, net	<u>48,844,339</u>	<u>(25,422)</u>	<u>(2,530)</u>	<u>48,816,387</u>
Governmental activities capital assets, net	<u>\$ 54,942,415</u>	<u>\$ 689,786</u>	<u>\$ (526,873)</u>	<u>\$ 55,105,328</u>

City of Vandalia, Ohio
Notes to the Basic Financial Statements
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Depreciation expense was charged to governmental functions as follows:

General government	
Legislative and executive	\$ 142,102
Judicial system	75,645
Public safety	
Police	315,265
Fire	304,191
Public works	
Engineer	9,322
Streets	1,652,564
Recreation	<u>462,018</u>
Total depreciation expense	<u><u>\$ 2,961,107</u></u>

City of Vandalia, Ohio
Notes to the Basic Financial Statements
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	Balance 12/31/2018	Increases	Decreases	Balance 12/31/2019
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 167,369	\$ -	\$ -	\$ 167,369
Easements	500	-	-	500
Construction in progress	2,662	454,328	(377,118)	79,872
Total assets not being depreciated	<u>170,531</u>	<u>454,328</u>	<u>(377,118)</u>	<u>247,741</u>
Capital assets, being depreciated				
Buildings and improvements	2,995,507	-	-	2,995,507
Equipment	1,087,416	86,861	(66,696)	1,107,581
Vehicles	348,618	15,706	(15,706)	348,618
Infrastructure				
Water lines	13,231,772	418,757	(53,464)	13,597,065
Sewer lines	16,782,598	287,405	(134,224)	16,935,779
Golf cart paths and sprinkler systems	307,477	-	-	307,477
Total capital assets, being depreciated	<u>34,753,388</u>	<u>808,729</u>	<u>(270,090)</u>	<u>35,292,027</u>
Less: accumulated depreciation				
Buildings and improvements	(1,817,855)	(39,492)	-	(1,857,347)
Equipment	(672,202)	(55,547)	36,453	(691,296)
Vehicles	(348,618)	-	-	(348,618)
Infrastructure				
Water lines	(5,561,688)	(207,929)	-	(5,769,617)
Sewer lines	(8,109,240)	(257,906)	-	(8,367,146)
Golf cart paths and sprinkler systems	(160,778)	(5,029)	-	(165,807)
Total accumulated depreciation	<u>(16,670,381)</u>	<u>(565,903)</u>	<u>36,453</u>	<u>(17,199,831)</u>
Total capital assets, being depreciated, net	<u>18,083,007</u>	<u>242,826</u>	<u>(233,637)</u>	<u>18,092,196</u>
Business-type activities capital assets, net	<u>\$ 18,253,538</u>	<u>\$ 697,154</u>	<u>\$ (610,755)</u>	<u>\$ 18,339,937</u>

During the year several assets were acquired in the water and sewer funds and subsequently transferred to governmental activities. The water fund transferred \$13,343 in equipment, \$7,853 in vehicles and \$53,464 in infrastructure and the sewer fund transferred \$13,343 in equipment, \$7,853 in vehicles and \$134,224 in infrastructure. These assets are being depreciated in the governmental activities.

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

Water	\$ 236,244
Sewer	265,846
Golf	63,813
Total depreciation expense	<u>\$ 565,903</u>

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 8 – LAND HELD FOR RESALE

Assets held for resale represent 57.107 parcels received, which will be sold for future development/ownership. At December 31, 2019, the City had land held for resale with a value of \$1,497,046.

NOTE 9 - COMPENSATED ABSENCES

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

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

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

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 10 - LONG-TERM DEBT

A schedule of changes in bonds and other long-term obligations of the City during 2019 follows:

	Amount Outstanding <u>12/31/2018</u>	<u>Increases</u>	<u>Decreases</u>	Amount Outstanding <u>12/31/2019</u>	Amount Due in <u>One Year</u>
Governmental activities					
<u>Unvoted general obligation bonds</u>					
2009 Various purpose limited tax					
bonds, 2.0% - 4.1%	\$ 1,810,000	\$ -	\$ (335,000)	\$ 1,475,000	\$ 345,000
Premium on bonds	6,999	-	(2,275)	4,724	-
Total unvoted general obligation bonds	<u>1,816,999</u>	<u>-</u>	<u>(337,275)</u>	<u>1,479,724</u>	<u>345,000</u>
Loans:					
2014 State infrastructure bank loan	1,214,609	-	(206,304)	1,008,305	212,539
2019 OPWC loan	-	167,961	-	167,961	16,796
2017 OPWC loan	28,406	-	(7,102)	21,304	7,102
Total loans	<u>1,243,015</u>	<u>167,961</u>	<u>(213,406)</u>	<u>1,197,570</u>	<u>236,437</u>
Other long-term obligations:					
Capital lease	24,379	-	(24,379)	-	-
Compensated absences	1,697,592	886,508	(889,528)	1,694,572	956,867
Total other long-term obligations	<u>1,721,971</u>	<u>886,508</u>	<u>(913,907)</u>	<u>1,694,572</u>	<u>956,867</u>
Net pension liability:					
OPERS	7,348,506	4,838,085	-	12,186,591	-
OP&F	8,445,748	2,899,753	-	11,345,501	-
Total net pension liability	<u>15,794,254</u>	<u>7,737,838</u>	<u>-</u>	<u>23,532,092</u>	<u>-</u>
Net OPEB liability:					
OPERS	4,913,645	689,020	-	5,602,665	-
OP&F	7,796,796	-	(6,531,051)	1,265,745	-
Total net OPEB liability	<u>12,710,441</u>	<u>689,020</u>	<u>(6,531,051)</u>	<u>6,868,410</u>	<u>-</u>
Total governmental activities					
long-term liabilities	<u>\$ 33,286,680</u>	<u>\$ 9,481,327</u>	<u>\$ (7,995,639)</u>	<u>\$ 34,772,368</u>	<u>\$ 1,538,304</u>

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	Amount Outstanding <u>12/31/2018</u>	<u>Increases</u>	<u>Decreases</u>	Amount Outstanding <u>12/31/2019</u>	Amount Due in <u>One Year</u>
Business-type activities					
Loans:					
2017 OPWC loan	\$ 53,649	\$ -	\$ (13,412)	\$ 40,237	\$ 13,412
2018 OPWC loan	83,761	-	(16,752)	67,009	16,752
2019 OPWC loan	<u>-</u>	<u>50,990</u>	<u>-</u>	<u>50,990</u>	<u>10,198</u>
Total loans	<u>137,410</u>	<u>50,990</u>	<u>(30,164)</u>	<u>158,236</u>	<u>40,362</u>
Other long-term obligations:					
Capital lease	10,448	-	(10,448)	-	-
Compensated absences	<u>199,979</u>	<u>71,798</u>	<u>(94,086)</u>	<u>177,691</u>	<u>90,930</u>
Total other long-term obligations	<u>210,427</u>	<u>71,798</u>	<u>(104,534)</u>	<u>177,691</u>	<u>90,930</u>
Net pension liability - OPERS	964,284	634,861	-	1,599,145	-
Net OPEB liability - OPERS	<u>644,778</u>	<u>90,414</u>	<u>-</u>	<u>735,192</u>	<u>-</u>
Total net pension/OPEB liability	<u>1,609,062</u>	<u>725,275</u>	<u>-</u>	<u>2,334,337</u>	<u>-</u>
Total business-type activities long-term liabilities	<u>\$ 1,956,899</u>	<u>\$ 848,063</u>	<u>\$ (134,698)</u>	<u>\$ 2,670,264</u>	<u>\$ 131,292</u>

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

During 2014, the City entered into a State Infrastructure Bank (SIB) direct loan with the Ohio Department of Transportation (ODOT) in the amount of \$1,652,215 of which \$308,334 was received in 2014, \$866,421 during 2015, \$161,775 during 2016 and \$75,391 during 2017, respectively. The remaining amount of \$240,294 was received during 2018.

During 2017, the City entered into a loan agreement with the Ohio Public Works Commission (OPWC). The loan is for a street project, water lines and sanitary sewers. The loan will be repaid in annual installments of \$20,514, maturing in 2022. Principal is paid out of the stormwater special revenue fund, the police, fire and street capital improvements capital projects fund, and the water and sewer funds.

During 2018, the City entered into a loan agreement with the Ohio Public Works Commission (OPWC). The loan is for a water project. The loan will be repaid in annual installments of \$16,752, maturing in 2023. Principal is paid out of the water fund.

During 2019, the City entered into two loan agreement with the Ohio Public Works Commission (OPWC) in the amount of \$167,961 and \$50,990. The loans are for a street reconstruction and water main project. The loan will be repaid in semiannual installments of \$16,796 and \$5,099, maturing in 2025 and 2024, respectively. Principal is paid out of the stormwater special revenue fund, the police, fire and street capital improvements capital projects fund and the water fund.

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

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

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2019, are as follows:

Year ending December 31,	<u>General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 345,000	\$ 59,577	\$ 404,577
2021	365,000	45,777	410,777
2022	375,000	31,178	406,178
2023	390,000	15,990	405,990
Total	<u>\$ 1,475,000</u>	<u>\$ 152,522</u>	<u>\$ 1,627,522</u>

Year ending December 31,	<u>Governmental Activities</u>			<u>OPWC Loan</u> <u>Principal</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2020	\$ 212,539	\$ 28,667	\$ 241,206	\$ 23,898
2021	218,963	22,243	241,206	40,694
2022	225,582	15,625	241,207	40,692
2023	232,400	8,806	241,206	33,592
2024	118,821	1,782	120,603	33,592
2024	-	-	-	16,797
Total	<u>\$ 1,008,305</u>	<u>\$ 77,123</u>	<u>\$ 1,085,428</u>	<u>\$ 189,265</u>

<u>Business-type Activities</u>	
Year ending December 31,	<u>OPWC Loan</u> <u>Principal</u>
2020	\$ 40,362
2021	40,362
2022	40,363
2023	26,951
2024	10,198
Total	<u>\$ 158,236</u>

City of Vandalia, Ohio
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NOTE 11 – SHORT TERM OBLIGATIONS

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

	<u>Balance</u> <u>12/31/2018</u>	<u>Increase</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2019</u>
Capital projects fund:				
Capital improvement, 3.5%	\$ 1,399,000	\$ -	\$ (1,399,000)	\$ -
Capital improvement, 3.25%	-	1,399,000	-	1,399,000
Debt service fund:				
Various purpose, 2.75%	2,826,000	-	(2,826,000)	-
Various purpose, 2.125%	-	1,961,000	-	1,961,000
Total governmental activities	<u>\$ 4,225,000</u>	<u>\$ 3,360,000</u>	<u>\$ (4,225,000)</u>	<u>\$ 3,360,000</u>

In August of 2019, the City paid off \$1,399,000 in bond anticipation notes and issued \$1,399,000 in bond anticipation notes. The bond anticipation notes were issued to encourage economic development and jobs in a redevelopment area and to purchase land. Revenues for payment of interest and principal on the bond will result from proceeds from a new note to be issued in 2020.

In September of 2019, the City paid off \$2,826,000 in bond anticipation notes and issued \$1,961,000 in bond anticipation notes. The bond anticipation notes were issued for a current refunding of the 2004 Refunding Various Purpose bonds during 2014 and for a new fire truck. The general obligation bond retirement debt service fund will retire these debts.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

Net pension liability

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

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

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

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

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

Ohio Public Employees Retirement System

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

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

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

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

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

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

Once a benefit recipient retiring under the Traditional Plan has received benefits for 12 months, an annual cost-of-living adjustment (COLA) is provided on the member's base benefit. Members retiring under the Combined Plan receive a cost-of-living adjustment on the defined benefit portion of their retirement benefit. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent. Additionally, a death benefit of \$500-\$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional and Combined Plan.

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

	<u>State and Local</u>
2019 Statutory maximum contribution rates	
Employer	14.00%
Employee	10.00%
2019 Actual contribution rates	
Employer:	
Pension	14.00%
Post-employment health care benefits	<u>0.00%</u>
Total employer	<u>14.00%</u>
Employee	<u>10.00%</u>

City of Vandalia, Ohio
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Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$980,651 for 2019. Of this amount, \$100,396 is reported as due to other governments.

Ohio Police and Fire Pension Fund

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit. (See OP&F CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan (DROP) provisions and reduced and unreduced benefits.)

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

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

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

	<u>Police</u>	<u>Firefighters</u>
2019 Statutory maximum contribution rates		
Employer	19.50%	24.00%
Employee	12.25%	12.25%
2019 Actual contribution rates		
Employer:		
Pension	19.00%	23.50%
Post-employment health care benefits	<u>0.50%</u>	<u>0.50%</u>
Total employer	<u>19.50%</u>	<u>24.00%</u>
Employee	12.25%	12.25%

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$737,193 for 2018. Of this amount \$88,391 is reported as due to other governments.

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

The net pension liability for OPERS was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2018, and was determined by rolling forward the total pension liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net pension liability - prior measurement date	0.052988%	0.137610%	
Proportion of the net pension liability - current measurement date	<u>0.050335%</u>	<u>0.138993%</u>	
Change in proportionate share	<u>-0.002653%</u>	<u>0.001383%</u>	
Proportionate share of the net pension liability	\$ 13,785,736	\$ 11,345,501	\$ 25,131,237
Pension expense	\$ 2,430,867	\$ 1,478,731	\$ 3,909,598

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At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 636	\$ 466,142	\$ 466,778
Changes of assumptions	1,200,082	300,785	1,500,867
Net difference between projected and actual earnings on pension plan investments	1,871,110	1,397,756	3,268,866
Changes in proportionate share and differences between City contributions and proportionate share of contributions	-	66,897	66,897
City contributions subsequent to the measurement date	980,651	737,193	1,717,844
Total deferred outflows of resources	<u>\$ 4,052,479</u>	<u>\$ 2,968,773</u>	<u>\$ 7,021,252</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 181,015	\$ 10,595	\$ 191,610
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and differences between City contributions and proportionate share of contributions	328,826	235,537	564,363
Total deferred inflows of resources	<u>\$ 509,841</u>	<u>\$ 246,132</u>	<u>\$ 755,973</u>

\$1,717,844 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year ending December 31:			
2020	\$ 1,057,901	\$ 620,017	\$ 1,677,918
2021	460,299	314,370	774,669
2022	\$ 173,583	\$ 393,478	\$ 567,061
2023	870,204	624,432	1,494,636
Thereafter	-	33,151	33,151
Total	<u>\$ 2,561,987</u>	<u>\$ 1,985,448</u>	<u>\$ 4,547,435</u>

City of Vandalia, Ohio
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Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	3.25 percent
Future salary increases, including inflation -Traditional plan	3.25 percent to 10.75 percent
Future salary increases, including inflation - Combined plan	3.25 percent to 8.25 percent
COLA or Ad Hoc COLA	Pre January 7, 2013 retirees, 3 percent, simple Post January 7, 2013 retirees, 3 percent, simple through 2018, then 2.15 percent, simple
Investment rate of return	7.2 percent
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 2.94% for 2018.

City of Vandalia, Ohio
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The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

<u>Asset class</u>	<u>Target allocation</u>	Weighted average long-term expected real rate of return <u>(arithmetic)</u>
Fixed income	23.00%	2.79%
Domestic equities	19.00%	6.21%
Real estate	10.00%	4.90%
Private equity	10.00%	10.81%
International equities	20.00%	7.83%
Other investments	<u>18.00%</u>	<u>5.50%</u>
Total	<u>100.00%</u>	<u>5.95%</u>

Discount Rate The discount rate used to measure the total pension liability was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Authority's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.2%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.2%) or one-percentage-point higher (8.2%) than the current rate:

	1% Decrease <u>(6.20%)</u>	Current discount rate <u>(7.20%)</u>	1% Increase <u>(8.20%)</u>
City's proportionate share of the net pension liability	\$ 20,365,541	\$ 13,785,736	\$ 8,317,859

City of Vandalia, Ohio
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Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2018 is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2018, are presented below:

Valuation date	January 1, 2018
Actuarial cost method	Entry age normal
Investment rate of return	8.00 percent
Projected salary increases	3.75 percent to 10.5 percent
Payroll increases	3.25 percent
Inflation assumptions	2.75 percent
Cost of living adjustments	2.20 percent and 3.00 percent

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68 - 77	105%	87%
78 and up	115%	120%

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35%	35%
60 - 69	60%	45%
70 - 79	75%	70%
80 and up	100%	90%

The most recent experience study was completed December 31, 2016.

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The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2018 are summarized below:

Asset class	Target Allocation	Long-term expected real rate of return
Cash and cash equivalents	0.00%	0.80%
Domestic equity	16.00%	5.50%
Non-US equity	16.00%	5.90%
Core fixed income *	23.00%	2.60%
U.S. inflation linked bonds*	17.00%	2.30%
High yield	7.00%	4.80%
Private credit	5.00%	7..5%
Real estate	12.00%	6.10%
Private markets	8.00%	8.40%
Real Assets	8.00%	7.00%
Master limited partnerships	<u>8.00%</u>	6.40%
Total	<u>120.00%</u>	

Note: Assumptions are geometric

* Levered 2x.

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

Discount Rate The total pension liability was calculated using the discount rate of 8.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

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	1% Decrease (7.00%)	Current discount rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$ 14,912,880	\$11,345,501	\$ 8,364,442

NOTE 13 - POSTEMPLOYMENT BENEFITS

Net OPEB liability

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Ohio Public Employees Retirement System

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$0 for 2019.

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Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is 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. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2019, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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

The City's contractually required contribution to OP&F was \$16,237 for 2019. Of this amount, \$2,231 is reported as due to other governments.

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OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net OPEB liability - current measurement date	0.048612%	0.138993%	
Proportion of the net OPEB liability - prior measurement date	<u>0.051186%</u>	<u>0.137610%</u>	
Change in proportionate share	<u>-0.002574%</u>	<u>0.001383%</u>	
Proportionate share of the net OPEB liability	\$ 6,337,857	\$ 1,265,745	\$ 7,603,602
OPEB expense	\$ 413,201	\$ (6,236,747)	\$ (5,823,546)

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 2,146	\$ -	\$ 2,146
Changes of assumptions	204,340	656,101	860,441
Net difference between projected and actual earnings on OPEB plan investments	290,553	42,847	333,400
Changes in proportionate share and differences between City contributions and proportionate share of contributions	-	61,473	61,473
City contributions subsequent to the measurement date	-	16,237	16,237
Total deferred outflows of resources	<u>\$ 497,039</u>	<u>\$ 776,658</u>	<u>\$ 1,273,697</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 17,197	\$ 33,912	\$ 51,109
Changes of assumptions	-	350,418.00	350,418
Changes in proportionate share and differences between City contributions and proportionate share of contributions	202,537	99,282	301,819
Total deferred inflows of resources	<u>\$ 219,734</u>	<u>\$ 483,612</u>	<u>\$ 703,346</u>

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\$16,237 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	OPERS	OP&F	Total
Year ending December 31:			
2020	\$ 121,028	\$ 49,329	\$ 170,357
2021	(35,137)	49,329	14,192
2022	45,044	49,329	94,373
2023	146,370	62,292	208,662
2024		41,858	
Thereafter	-	24,672	24,672
Total	<u>\$ 277,305</u>	<u>\$ 276,809</u>	<u>\$ 512,256</u>

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to the measurement date of December 31, 2018. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage inflation	3.25 percent
Projected salary increases, including inflation	3.25 to 10.75 percent including wage inflation
Single discount rate:	
Current measurement date	3.96 percent
Prior measurement date	3.85 percent
Investment rate of return	6.00 percent
Municipal bond rate:	
Current measurement date	3.71 percent
Prior measurement date	3.31 percent
Health care cost trend rate:	
Current measurement date	10.0 percent, initial 3.25 percent, ultimate in 2029
Prior measurement date	7.25 percent, initial 3.25 percent, ultimate in 2028
Actuarial cost method	Individual Entry Age

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Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 5.6 percent for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

<u>Asset class</u>	<u>Target allocation</u>	<u>Weighted average long-term expected real rate of return (arithmetic)</u>
Fixed income	34.00%	2.42%
Domestic equities	21.00%	6.21%
Real estate investment trust	6.00%	5.98%
International equities	22.00%	7.83%
Other investments	<u>17.00%</u>	<u>5.57%</u>
Total	<u>100.00%</u>	<u>4.98%</u>

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Discount Rate A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 3.71 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

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

The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96 percent) or one-percentage-point higher (4.96 percent) than the current rate:

	1% Decrease (2.96%)	Current discount rate (3.96%)	1% Increase (4.96%)
City's proportionate share of the net OPEB liability	\$ 8,108,482	\$ 6,337,857	\$ 4,929,743

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost

Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 6,092,056	\$ 6,337,857	\$ 6,620,954

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Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial cost method	Entry age normal
Investment rate of return	8.0 percent
Projected salary increases	3.75 percent to 10.5 percent
Payroll growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of living adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

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Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68 - 77	105%	87%
78 and up	115%	120%

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35%	35%
60 - 69	60%	45%
70 - 79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five year period ended December 31, 2016.

The OPF health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

Discount Rate For 2019, the total OPEB liability was calculated using the discount rate of 4.66 percent. For 2018, the total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8 percent. Based on those assumptions, OPF's fiduciary net position was projected to not be able to make all future benefit payments of current plan members; therefore, a municipal bond rate of 4.13 percent at December 31, 2018 and 3.16 percent at December 31, 2017, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 4.66 percent for 2018 and 3.24 percent for 2017. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2031. The long-term expected rate of return on health care investments was applied to projected costs through 2031, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.66 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.66 percent), or one percentage point higher (5.66 percent) than the current rate.

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	1% Decrease (3.66%)	Current discount rate (4.66%)	1% Increase (5.66%)
City's proportionate share of the net OPEB liability	\$ 1,109,424,466	\$ 910,653,399	\$ 743,802,266

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability

NOTE 14 - JOINT VENTURES

Tri-Cities North Regional Wastewater Authority

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

The Tri-Cities North Regional Wastewater Authority (Tri-Cities) is a joint venture among the cities of Vandalia, Huber Heights and Tipp City. Tri-Cities is governed by a management board consisting of the city managers of the three cities. The board has complete authority over all aspects of the operation. Tri-Cities supplies all participating residents of the member cities with sewer services. Each city owns the sewage lines located in its city and bills its residents for usage. Continued existence of Tri-Cities is dependent on the City's continued participation and the City does have an equity interest. The percentage of equity interest for each City is based on annual usage and is adjusted each year accordingly. The City's equity interest is \$7,548,561 which represents 25.45% 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 \$828,146 for services provided in 2019. Tri-Cities had four OWDA Loans outstanding at December 31, 2019, in the amounts of \$193,510, \$892,041, \$4,482,532 and \$2,192,028 for a total of \$7,760,111. 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.

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Northern Area Water Authority

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

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

The Northern Area Water Authority (NAWA) is a joint venture among the cities of Vandalia and Tipp City. NAWA is governed by a management board consisting of the city managers of the two cities. The board has complete authority over all aspects of the operation. NAWA supply the participating residents of the member cities with water services. Each city will own the water lines located in its city and bill its residents for usage. Continued existence of NAWA is dependent on the City's continued participation and the City will have an equity interest in NAWA. The City's equity interest is \$1,604,636 which represents 50% of the total equity of NAWA as of December 31, 2019.

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, 2019, NAWA has two outstanding loans with OWDA in the amount of \$17,591,116 and \$467,381 for the water treatment plant construction. The City of Vandalia paid \$1,253,234 for services provided in 2019. Complete financial statements can be obtained from the Northern Area Water Authority, c/o City of Vandalia, 333 J.E. Bohanan Drive, Vandalia, Ohio 45377.

NOTE 15 - JOINTLY GOVERNED ORGANIZATION

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

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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, 2029. 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 make any contributions to ED/GE during 2019. Financial information may be obtained by writing to Linda Gum, Administrative Assistant, 451 West Third Street, Dayton, Ohio, 45402.

The City participates in two jointly governed organizations with the Butler Township. The first organization is known as the Butler Township – Vandalia Joint Economic Development District (JEDD), which the Township and the Cities have entered into the contracts to create and provide for the operation of the JEDD agreement in accordance with Sections 715.72 through 715.83 of the Revised Code for their mutual benefit and for the benefit of their residents and the State of Ohio. The second organization is known as the Butler Township – City of Vandalia Joint Economic Development Zone (JEDZ). The Township and City have entered into the contracts to create and provide for the operation of the JEDZ agreement in accordance with Section 715.691 of the Ohio Revised Code.

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, 2019, the audits of these programs have not been completed. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 17 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund transfers and Due to/from other funds for the year ended December 31, 2019, consisted of the following:

	<u>Transfer from</u>
<u>Transfer to</u>	<u>General</u>
<u>Governmental activities:</u>	
Capital improvement fund	\$ 646,985
General obligation bond retirement fund	895,015
	<u>1,542,000</u>
<u>Business-Type activities:</u>	
Golf fund	75,000
Total	<u>\$ 1,617,000</u>

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

Interfund balances at December 31, 2019 consisted of the following:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 62,702	\$ -
Other governmental funds	-	62,702
Totals	<u>\$ 62,702</u>	<u>\$ 62,702</u>

All balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of December 31, 2019, all interfund loans outstanding are anticipated to be repaid by 2020.

NOTE 18 – ACCOUNTABILITY

At December 31, 2019, the following funds had a deficit fund balance:

<u>Fund</u>	<u>Deficit fund balance</u>
General obligation bond retirement fund	\$ 1,855,888
FEMA 2008 hurricane	62,702

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

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

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

NOTE 19 – COMMITMENTS

At December 31, 2019, the City has a construction commitment for a vehicle and infrastructure project totaling \$855,590. This commitment is in the police, fire and street capital improvements fund for \$263,590 and the water fund for \$592,000.

NOTE 20 – TAX ABATEMENTS

Real estate tax abatements

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

Income tax abatements

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

Under the real estate tax abatement agreements, the City property taxes were reduced by \$43,543 during 2019 and the City made incentive payments in the amount of \$188,306 for the income tax abatement programs.

City of Vandalia, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2019

NOTE 21 – CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For 2019, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities. GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the City will no longer be reporting agency funds. The City reviewed its agency funds and certain funds will be reported in the new fiduciary fund classification of custodial funds, while other funds have been reclassified as governmental funds. These fund reclassifications were incorporated in the City's fiscal year 2019 financial statements; however, there was no effect on beginning net position or fund balance.

Required Supplementary Information

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

	2019	2018	2017	2016
Ohio Public Employees Retirement System (OPERS) - Traditional Plan				
City's proportion of the net pension liability	0.050335%	0.052988%	0.053256%	0.056614%
City's proportionate share of the net pension liability	\$ 13,785,736	\$ 8,312,790	\$ 12,093,532	\$ 9,806,258
City's covered payroll	\$ 6,880,564	\$ 7,056,223	\$ 7,434,433	\$ 6,801,825
City's proportionate share of the net pension liability as a percentage of its covered payroll	200.36%	117.81%	162.67%	144.17%
Plan fiduciary net position as a percentage of total pension liability	74.70%	84.66%	77.25%	81.08%

	2019	2018	2017	2016
Ohio Police and Fire Pension Fund				
City's proportion of the net pension liability	0.138993%	0.137610%	0.140418%	0.142926%
City's proportionate share of the net pension liability	\$ 11,345,501	\$ 8,445,748	\$ 8,893,926	\$ 9,194,517
City's covered payroll	\$ 3,448,072	\$ 3,229,381	\$ 3,476,364	\$ 3,089,263
City's proportionate share of the net pension liability as a percentage of its covered payroll	329.04%	261.53%	255.84%	297.63%
Plan fiduciary net position as a percentage of total pension liability	63.07%	70.91%	68.36%	66.77%

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

(2) Restated during 2015.

<u>2015</u>	<u>2014</u>
0.056832%	0.056832%
\$ 6,854,574	\$ 6,699,752
\$ 7,034,450	\$ 7,245,408
97.44%	92.47%
86.45%	86.36%

<u>2015</u>	<u>2014</u>
0.146112%	0.146112%
\$ 7,569,221	\$ 7,116,122
\$ 3,017,685	\$ 2,383,101
250.83%	298.61%
71.71%	73.00% (2)

City of Vandalia, Ohio
Required Supplementary Information
Schedule of City Contributions - Pension
Last Seven Years (1)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Ohio Public Employees Retirement System (OPERS) - Traditional Plan					
Contractually required contribution	\$ 980,651	\$ 963,279	\$ 917,309	\$ 892,132	\$ 816,219
Contributions in relation to contractually required contribution	<u>(980,651)</u>	<u>(963,279)</u>	<u>(917,309)</u>	<u>(892,132)</u>	<u>(816,219)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered payroll	\$ 7,004,650	\$ 6,880,564	\$ 7,056,223	\$ 7,434,433	\$ 6,801,825
Contributions as a percentage of covered payroll	14.00%	14.00%	13.00%	12.00%	12.00%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Ohio Police and Fire Pension Fund - Police					
Contractually required contribution	\$ 547,842	\$ 527,414	\$ 508,278	\$ 540,214	\$ 492,573
Contributions in relation to contractually required contribution	<u>(547,842)</u>	<u>(527,414)</u>	<u>(508,278)</u>	<u>(540,214)</u>	<u>(492,573)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered payroll	\$ 2,883,379	\$ 2,775,863	\$ 2,675,147	\$ 2,843,232	\$ 2,592,489
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%	19.00%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Ohio Police and Fire Pension Fund - Fire					
Contractually required contribution	\$ 189,351	\$ 157,969	\$ 130,245	\$ 148,786	\$ 116,742
Contributions in relation to contractually required contribution	<u>(189,351)</u>	<u>(157,969)</u>	<u>(130,245)</u>	<u>(148,786)</u>	<u>(116,742)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered payroll	\$ 805,749	\$ 672,209	\$ 554,234	\$ 633,132	\$ 496,774
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%	23.50%

(1) Information prior to 2013 is not available.

<u>2014</u>	<u>2013</u>
\$ 844,134	\$ 941,903
<u>(844,134)</u>	<u>(941,903)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 7,034,450	\$ 7,245,408
12.00%	13.00%

<u>2014</u>	<u>2013</u>
\$ 471,293	\$ 311,773
<u>(471,293)</u>	<u>(311,773)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 2,480,489	\$ 1,982,028
19.00%	15.73%

<u>2014</u>	<u>2013</u>
\$ 126,241	\$ 81,137
<u>(126,241)</u>	<u>(81,137)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 537,196	\$ 401,073
23.50%	20.23%



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

	<u>2019</u>	<u>2018</u>	<u>2017 (2)</u>
Ohio Public Employees Retirement System (OPERS)			
City's proportion of the net OPEB liability	0.048612%	0.051186%	0.051609%
City's proportionate share of the net OPEB liability	\$ 6,337,857	\$ 5,558,423	\$ 5,212,684
City's covered payroll	\$ 6,880,564	\$ 7,274,500	\$ 7,664,350
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	92.11%	76.41%	68.01%
Plan fiduciary net position as a percentage of total OPEB liability	46.33%	54.14%	54.05%

	<u>2019</u>	<u>2018</u>	<u>2017 (2)</u>
Ohio Police and Fire OPEB Fund			
City's proportion of the net OPEB liability	0.138993%	0.137610%	0.140418%
City's proportionate share of the net OPEB liability	\$ 1,265,745	\$ 7,796,796	\$ 6,665,319
City's covered payroll	\$ 3,448,000	\$ 3,229,400	\$ 3,476,400
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	36.71%	241.43%	191.73%
Plan fiduciary net position as a percentage of total OPEB liability	46.57%	14.13%	15.96%

(1) Information prior to 2017 is not available and the amounts presented are as of the City's measurement date which is the prior year end.

(2) Restated during 2018.

City of Vandalia, Ohio
Required Supplementary Information
Schedule of City Contributions - OPEB
Last Seven Years (1)

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Ohio Public Employees Retirement System (OPERS)					
Contractually required contribution	\$ -	\$ -	\$ 72,745	\$ 153,287	\$ 140,244
Contributions in relation to contractually required contribution	<u>-</u>	<u>-</u>	<u>(72,745)</u>	<u>(153,287)</u>	<u>(140,244)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered payroll	\$ 7,004,650	\$ 6,880,564	\$ 7,274,500	\$ 7,664,350	\$ 7,012,200
Contributions as a percentage of covered payroll	0.00%	0.00%	1.00%	2.00%	2.00%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Ohio Police and Fire Pension Fund - Police					
Contractually required contribution	\$ 8,778	\$ 13,879	\$ 13,376	\$ 14,216	\$ 12,962
Contributions in relation to contractually required contribution	<u>(8,778)</u>	<u>(13,879)</u>	<u>(13,376)</u>	<u>(14,216)</u>	<u>(12,962)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered payroll	\$ 1,755,600	\$ 2,775,800	\$ 2,675,200	\$ 2,843,200	\$ 2,592,400
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%	0.50%
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Ohio Police and Fire Pension Fund - Fire					
Contractually required contribution	\$ 7,459	\$ 3,361	\$ 2,771	\$ 3,166	\$ 2,484
Contributions in relation to contractually required contribution	<u>(7,459)</u>	<u>(3,361)</u>	<u>(2,771)</u>	<u>(3,166)</u>	<u>(2,484)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City covered payroll	\$ 1,491,800	\$ 672,200	\$ 554,200	\$ 633,200	\$ 496,800
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%	0.50%

(1) Information prior to 2013 is not available.

<u>2014</u>	<u>2013</u>
\$ 145,040	\$ 74,695
<u>(145,040)</u>	<u>(74,695)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 7,252,000	\$ 7,469,500
2.00%	1.00%

<u>2014</u>	<u>2013</u>
\$ 12,402	\$ 74,723
<u>(12,402)</u>	<u>(74,723)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 2,480,400	\$ 1,982,042
0.50%	3.77%

<u>2014</u>	<u>2013</u>
\$ 2,686	\$ 15,121
<u>(2,686)</u>	<u>(15,121)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 537,200	\$ 401,088
0.50%	3.77%

City of Vandalia, Ohio
Notes to Required Supplementary Information
For the Year Ended December 31, 2019

Pension

Ohio Public Employees Retirement System (OPERS) - Traditional Plan

Changes in benefit terms: There were no changes in benefit terms from the amounts reported.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for 2019. See the notes to the basic financials for the methods and assumptions in this calculation.

Ohio Police and Fire Pension Fund

Changes in benefit terms: There were no significant changes in benefit terms during 2019.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for 2019. See the notes to the basic financials for the methods and assumptions in this calculation.

OPEB

Ohio Public Employees Retirement System (OPERS)

Changes in benefit terms: There were no changes in benefit terms from the amounts reported.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for 2019. See the notes to the basic financials for the methods and assumptions in this calculation.

Ohio Police and Fire Pension Fund

Changes in benefit terms: There were no significant changes in benefit terms during 2019.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for 2019. See the notes to the basic financials for the methods and assumptions in this calculation.

Combining Statements for Nonmajor Governmental Funds

Combining Statements and Individual Fund Schedules

NONMAJOR SPECIAL REVENUE FUNDS

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

State Highway

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

Permissive Motor Vehicle Tax

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

Law Enforcement

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

Drug Law Enforcement

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

OMVI Education and Enforcement

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

OMVI Indigent

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

Computer Legal Research

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

Indigent Drivers Interlock and Alcohol Monitoring (IAM)

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

Combining Statements – Nonmajor Governmental Funds (Continued)

NONMAJOR SPECIAL REVENUE FUNDS (Continued)

Police Continuous Professional Training

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

Federal Emergency Management Agency (FEMA) – 2008 Hurricane

To account for monies received from the federal government and used to offset costs related to hurricane damage.

Stormwater

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

Magistrate

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

NONMAJOR CAPITAL PROJECTS FUNDS

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

Tax Increment Financing (TIF)

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

Stonequarry Crossings Tax Increment Financing (TIF)

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

OPWC

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

Facilities Improvement & Maintenance Reserve

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



City of Vandalia, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2019

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and investments	\$ 1,173,951	\$ 1,545,157	\$ 2,719,108
Receivables:			
Accounts	32,478	-	32,478
Revenue in lieu of taxes	-	68,490	68,490
Due from other governments	146,889	-	146,889
Materials and supplies inventory	-	-	-
Total assets	<u>\$ 1,353,318</u>	<u>\$ 1,613,647</u>	<u>\$ 2,966,965</u>
Liabilities:			
Accounts payable	\$ 62,402	\$ -	\$ 62,402
Accrued wages and benefits	4,859	-	4,859
Matured compensated absences payable	578	-	578
Due to other governments	2,990	-	2,990
Total liabilities	<u>133,531</u>	<u>-</u>	<u>133,531</u>
Deferred inflows of resources:			
Payments in lieu of taxes	-	68,490	68,490
Unavailable revenue - other	167,621	-	167,621
Total deferred inflows of resources	<u>167,621</u>	<u>68,490</u>	<u>236,111</u>
Fund balances:			
Nonspendable	-	-	-
Restricted	711,182	295,157	1,006,339
Committed	403,686	1,250,000	1,653,686
Total fund balances	<u>1,052,166</u>	<u>1,545,157</u>	<u>2,597,323</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,353,318</u>	<u>\$ 1,613,647</u>	<u>\$ 2,966,965</u>

City of Vandalia, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2019

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues:			
Charges for services	\$ 288,899	\$ -	\$ 288,899
Fines and forfeitures	328,576	-	328,576
Intergovernmental	148,693	458,127	606,820
Interest	2,407	-	2,407
Payments in lieu of taxes	-	72,214	72,214
Other	35,734	-	35,734
Total revenue	<u>804,309</u>	<u>530,341</u>	<u>1,334,650</u>
Expenditures:			
Current:			
General government			
Legislative and executive	122,302	21,522	143,824
Judicial system	117,037	-	117,037
Public safety			
Police	34,150	-	34,150
Public works			
Engineer	229,738	-	229,738
Streets	142,614	-	142,614
Capital outlay	215,374	626,065	841,439
Debt service:			
Principal retirement	4,304	-	4,304
Interest and fiscal charges	14	-	14
Total expenditures	<u>874,490</u>	<u>647,587</u>	<u>1,522,077</u>
Excess of revenues under expenditures	<u>(70,181)</u>	<u>(117,246)</u>	<u>(187,427)</u>
Other financing sources (uses):			
Issuance of loans	<u>-</u>	<u>167,961</u>	<u>167,961</u>
Net change in fund balance	(70,181)	50,715	(19,466)
Fund balances at beginning of year	<u>1,122,347</u>	<u>1,494,442</u>	<u>2,616,789</u>
Fund balances at end of year	<u>\$ 1,052,166</u>	<u>\$ 1,545,157</u>	<u>\$ 2,597,323</u>

City of Vandalia, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2019

	State Highway Fund	Permissive Motor Vehicle Tax Fund	Law Enforcement Fund	Drug Law Enforcement Fund	OMVI Education and Enforcement Fund	OMVI Indigent Fund
Assets:						
Equity in pooled cash and investments	\$ 85,350	\$ 63,624	\$ 32,136	\$ 2,584	\$ 14,427	\$ 162,776
Receivables:						
Accounts	-	-	-	-	204	-
Due from other governments	80,312	3,282	-	-	-	-
Materials and supplies inventory	-	-	-	-	-	-
Total assets	<u><u>\$ 165,662</u></u>	<u><u>\$ 66,906</u></u>	<u><u>\$ 32,136</u></u>	<u><u>\$ 2,584</u></u>	<u><u>\$ 14,631</u></u>	<u><u>\$ 162,776</u></u>
Liabilities:						
Accounts payable	\$ 86	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued wages and benefits	-	-	-	-	-	-
Matured compensated absences payable	-	-	-	-	-	-
Interfund payable	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-
Total liabilities	<u>86</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:						
Unavailable revenue - other	<u>72,645</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:						
Nonspendable	-	-	-	-	-	-
Restricted	92,931	66,906	32,136	2,584	14,631	162,776
Committed	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-
Total fund balances	<u>92,931</u>	<u>66,906</u>	<u>32,136</u>	<u>2,584</u>	<u>14,631</u>	<u>162,776</u>
Total liabilities, deferred inflows of resources and fund balances	<u><u>\$ 165,662</u></u>	<u><u>\$ 66,906</u></u>	<u><u>\$ 32,136</u></u>	<u><u>\$ 2,584</u></u>	<u><u>\$ 14,631</u></u>	<u><u>\$ 162,776</u></u>

Computer Legal Research Fund	Indigent Drivers IAM Fund	Police Continuous Professional Training Fund	FEMA - 2008 Hurricane Fund	Stormwater Fund	Magistrate Fund	Total Nonmajor Special Revenue Funds
\$ 172,057	\$ 160,692	\$ 8,039	\$ -	\$ 434,077	\$ 38,189	\$ 1,173,951
660	-	-	-	30,431	1,183	32,478
-	593	-	62,702	-	-	146,889
-	-	-	-	-	-	-
<u>\$ 172,717</u>	<u>\$ 161,285</u>	<u>\$ 8,039</u>	<u>\$ 62,702</u>	<u>\$ 464,508</u>	<u>\$ 39,372</u>	<u>\$ 1,353,318</u>
\$ 35,550	\$ 341	\$ -	\$ -	\$ 26,354	\$ 71	\$ 62,402
1,121	-	-	-	2,072	1,666	4,859
-	-	-	-	578	-	578
-	-	-	62,702	-	-	62,702
755	-	-	-	1,387	848	2,990
<u>37,426</u>	<u>341</u>	<u>-</u>	<u>62,702</u>	<u>30,391</u>	<u>2,585</u>	<u>133,531</u>
660	-	-	62,702	30,431	1,183	167,621
-	-	-	-	-	-	-
134,631	160,944	8,039	-	-	35,604	711,182
-	-	-	-	403,686	-	403,686
-	-	-	(62,702)	-	-	(62,702)
<u>134,631</u>	<u>160,944</u>	<u>8,039</u>	<u>(62,702)</u>	<u>403,686</u>	<u>35,604</u>	<u>1,052,166</u>
<u>\$ 172,717</u>	<u>\$ 161,285</u>	<u>\$ 8,039</u>	<u>\$ 62,702</u>	<u>\$ 464,508</u>	<u>\$ 39,372</u>	<u>\$ 1,353,318</u>

City of Vandalia, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2019

	State Highway Fund	Permissive Motor Vehicle Tax Fund	Law Enforcement Fund	Drug Law Enforcement Fund	OMVI Education and Enforcement Fund	OMVI Indigent Fund
Revenues:						
Charges for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	656	410	351	26,808
Intergovernmental	104,363	44,330	-	-	-	-
Interest	1,070	1,337	-	-	-	-
Other	-	-	-	-	6,553	-
Total revenue	<u>105,433</u>	<u>45,667</u>	<u>656</u>	<u>410</u>	<u>6,904</u>	<u>26,808</u>
Expenditures:						
Current:						
General government						
Legislative and executive	-	-	-	-	-	-
Judicial system	-	-	-	-	-	-
Public safety						
Police	-	-	-	-	10	16,778
Fire	-	-	-	-	-	-
Public works						
Engineer	-	-	-	-	-	-
Streets	51,902	36,967	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
Total expenditures	<u>51,902</u>	<u>36,967</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>16,778</u>
Net change in fund balance	53,531	8,700	656	410	6,894	10,030
Fund balances at beginning of year	<u>39,400</u>	<u>58,206</u>	<u>31,480</u>	<u>2,174</u>	<u>7,737</u>	<u>152,746</u>
Fund balances at end of year	<u>\$ 92,931</u>	<u>\$ 66,906</u>	<u>\$ 32,136</u>	<u>\$ 2,584</u>	<u>\$ 14,631</u>	<u>\$ 162,776</u>

Computer Legal Research Fund	Indigent Drivers IAM Fund	Police Continuous Professional Training Fund	FEMA - 2008 Hurricane Fund	Stormwater Fund	Magistrate Fund	Total Nonmajor Special Revenue Funds
\$ -	\$ -	\$ -	\$ -	\$ 288,899	\$ -	\$ 288,899
147,120	19,140	-	-	-	134,091	328,576
-	-	-	-	-	-	148,693
-	-	-	-	-	-	2,407
516	-	-	-	27,149	1,516	35,734
147,636	19,140	-	-	316,048	135,607	804,309
122,302	-	-	-	-	-	122,302
-	-	-	-	-	117,037	117,037
-	6,935	10,427	-	-	-	34,150
-	-	-	8,957	-	-	8,957
-	-	-	-	229,738	-	229,738
-	-	-	53,745	-	-	142,614
35,324	-	-	-	180,050	-	215,374
-	-	-	-	4,304	-	4,304
-	-	-	-	14	-	14
157,626	6,935	10,427	62,702	414,106	117,037	874,490
(9,990)	12,205	(10,427)	(62,702)	(98,058)	18,570	(70,181)
144,621	148,739	18,466	-	501,744	17,034	1,122,347
\$ 134,631	\$ 160,944	\$ 8,039	\$ (62,702)	\$ 403,686	\$ 35,604	\$ 1,052,166

City of Vandalia, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2019

	TIF Fund	Stonequarry Crossings TIF Fund	OPWC Fund	Facilities Improvement & Maintenance Reserve Fund	Total Nonmajor Capital Projects Funds
Assets:					
Equity in pooled cash and investments	\$ 292,839	\$ 2,318	\$ -	\$ 1,250,000	\$ 1,545,157
Receivables:					
Revenue in lieu of taxes	68,490	-	-	-	68,490
Total assets	<u>\$ 361,329</u>	<u>\$ 2,318</u>	<u>\$ -</u>	<u>\$ 1,250,000</u>	<u>\$ 1,613,647</u>
Liabilities:					
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred inflows of resources:					
Payments in lieu of taxes	<u>68,490</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>68,490</u>
Fund balances:					
Restricted	292,839	2,318	-	-	295,157
Committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,250,000</u>	<u>1,250,000</u>
Total fund balances	<u>292,839</u>	<u>2,318</u>	<u>-</u>	<u>1,250,000</u>	<u>1,545,157</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 361,329</u>	<u>\$ 2,318</u>	<u>\$ -</u>	<u>\$ 1,250,000</u>	<u>\$ 1,613,647</u>

City of Vandalia, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2019

	TIF Fund	Stonequarry Crossings TIF Fund	OPWC Fund	Facilities Improvement & Maintenance Reserve Fund	Total Nonmajor Capital Projects Funds
Revenues:					
Intergovernmental	\$ 23	\$ -	\$ 458,104	\$ -	\$ 458,127
Payments in lieu of taxes	72,214	-	-	-	72,214
Total revenue	<u>72,237</u>	<u>-</u>	<u>458,104</u>	<u>-</u>	<u>530,341</u>
Expenditures:					
Current:					
General government					
Legislative and executive	21,522	-	-	-	21,522
Capital outlay	<u>-</u>	<u>-</u>	<u>626,065</u>	<u>-</u>	<u>626,065</u>
Total expenditures	<u>21,522</u>	<u>-</u>	<u>626,065</u>	<u>-</u>	<u>647,587</u>
Excess of revenues over (under) expenditures	<u>50,715</u>	<u>-</u>	<u>(167,961)</u>	<u>-</u>	<u>(117,246)</u>
Other financing sources (uses):					
Issuance of loans	-	-	167,961	-	167,961
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>167,961</u>	<u>-</u>	<u>167,961</u>
Net change in fund balance	50,715	-	-	-	50,715
Fund balances at beginning of year	<u>242,124</u>	<u>2,318</u>	<u>-</u>	<u>1,250,000</u>	<u>1,494,442</u>
Fund balances at end of year	<u>\$ 292,839</u>	<u>\$ 2,318</u>	<u>\$ -</u>	<u>\$ 1,250,000</u>	<u>\$ 1,545,157</u>

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

MAJOR GENERAL FUND

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

Funds being reported as part of the general fund

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

Employee Retirement Benefits Reserve

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

MAJOR STREET SPECIAL REVENUE FUND

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

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Municipal income tax	\$ 16,100,000	\$ 16,100,000	\$ 17,230,214	\$ 1,130,214
Property and other taxes	1,275,000	1,188,526	1,359,108	170,582
Charges for services	3,370,925	3,370,925	3,361,800	(9,125)
Licenses and permits	386,783	386,783	411,575	24,792
Fines and forfeitures	1,221,550	1,221,550	1,400,664	179,114
Intergovernmental	1,256,750	1,264,123	868,609	(395,514)
Interest	450,000	450,000	599,852	149,852
Other	87,750	87,750	292,001	204,251
Total revenues	24,148,758	24,069,657	25,523,823	1,454,166
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Personal services	1,877,110	1,938,610	1,869,332	69,278
Operations and maintenance	3,271,283	3,517,182	2,898,803	618,379
Total legislative and executive	5,148,393	5,455,792	4,768,135	687,657
Judicial system				
Personal services	1,811,725	1,811,725	1,695,426	116,299
Operations and maintenance	201,217	201,216	173,695	27,521
Total judicial system	2,012,942	2,012,941	1,869,121	143,820
Total general government	7,161,335	7,468,733	6,637,256	831,477
Public safety				
Police				
Personal services	4,821,750	4,821,746	4,791,092	30,654
Operations and maintenance	479,931	486,132	421,391	64,741
Total police	5,301,681	5,307,878	5,212,483	95,395
Fire				
Personal services	2,256,954	2,256,953	2,151,694	105,259
Operations and maintenance	344,585	385,738	375,524	10,214
Total fire	2,601,539	2,642,691	2,527,218	115,473
Total public safety	7,903,220	7,950,569	7,739,701	210,868
Public works				
Engineer				
Personal services	680,875	680,875	624,162	56,713
Operations and maintenance	269,701	289,701	243,815	45,886
Total engineer	950,576	970,576	867,977	102,599

(Continued)

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2019
(Continued)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Street lighting				
Operations and maintenance	192,862	192,862	188,351	4,511
Street maintenance				
Personal services	362,025	362,025	335,622	26,403
Operations and maintenance	14,130	14,130	11,008	3,122
Total streets	569,017	569,017	534,981	34,036
Refuse				
Operations and maintenance	1,131,479	1,131,479	1,114,756	16,723
Total public works	2,651,072	2,671,072	2,517,714	153,358
Recreation				
Parks				
Personal services	2,703,176	2,703,176	2,524,522	178,654
Operations and maintenance	1,125,481	1,125,484	1,001,144	124,340
Total recreation	3,828,657	3,828,660	3,525,666	302,994
Total expenditures	21,544,284	21,919,034	20,420,337	1,498,697
Excess of revenues over expenditures	2,604,474	2,150,623	5,103,486	2,952,863
Other financing sources (uses):				
Sale of capital assets	1,000	1,000	-	(1,000)
Advances - in	-	-	1,178,874	1,178,874
Advances - out	-	(948,874)	(948,874)	-
Transfers - out	(3,902,000)	(3,902,000)	(3,996,687)	(94,687)
Total other financing sources (uses)	(3,901,000)	(4,849,874)	(3,766,687)	1,083,187
Net change in fund balance	(1,296,526)	(2,699,251)	1,336,799	4,036,050
Fund balance at beginning of year	14,506,551	14,506,551	14,506,551	-
Prior year encumbrances appropriated	1,336,827	1,336,827	1,336,827	-
Fund balance at end of year	\$ 14,546,852	\$ 13,144,127	\$ 17,180,177	\$ 4,036,050

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Employee Retirement Benefits Reserve Fund (1)
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Personal services	106,000	106,000	85,374	20,626
Judicial system				
Personal services	36,000	36,000	-	36,000
Total general government	142,000	142,000	85,374	56,626
Public safety				
Police				
Personal services	44,000	44,000	42,029	1,971
Total public safety	44,000	44,000	42,029	1,971
Total expenditures	186,000	186,000	127,403	58,597
Excess of revenues under expenditures	(186,000)	(186,000)	(127,403)	58,597
Other financing sources:				
Transfers - in	275,000	275,000	275,000	-
Net change in fund balance	89,000	89,000	147,597	58,597
Fund balance at beginning of year	240,047	240,047	240,047	-
Fund balance at end of year	\$ 329,047	\$ 329,047	\$ 387,644	\$ 58,597

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

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Intergovernmental	\$ 820,000	\$ 820,000	\$ 1,253,932	\$ 433,932
Interest	10,000	10,000	21,107	11,107
Other	21,000	21,000	31,718	10,718
Total revenues	851,000	851,000	1,306,757	455,757
<u>Expenditures:</u>				
Current:				
Public works				
Streets				
Personal services	455,425	455,425	406,628	48,797
Operations and maintenance	267,738	307,734	279,044	28,690
Capital outlay	232,144	258,844	241,917	16,927
Total streets	955,307	1,022,003	927,589	94,414
Debt service:				
Principal retirement	12,185	12,189	12,189	-
Interest and fiscal charges	49	49	49	-
Total expenditures	967,541	1,034,241	939,827	94,414
Net change in fund balance	(116,541)	(183,241)	366,930	550,171
Fund balance at beginning of year	715,049	715,049	715,049	-
Prior year encumbrances appropriated	35,532	35,532	35,532	-
Fund balance at end of year	\$ 634,040	\$ 567,340	\$ 1,117,511	\$ 550,171

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Capital Improvement Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Special assessments	\$ 10,200	\$ 10,200	\$ 2,478	\$ (7,722)
Other	28,000	28,000	314	(27,686)
Total revenues	38,200	38,200	2,792	(35,408)
<u>Expenditures:</u>				
Capital outlay	1,301,581	1,457,704	1,347,543	110,161
Debt service:				
Principal retirement	8,704	8,707	8,707	-
Interest and fiscal charges	35	35	35	-
Total expenditures	1,310,320	1,466,446	1,356,285	110,161
Excess of revenues under expenditures	(1,272,120)	(1,428,246)	(1,353,493)	74,753
<u>Other financing sources:</u>				
Sale of capital assets	-	-	26,602	26,602
Transfers - in	600,000	600,000	600,000	-
Total other financing sources	600,000	600,000	626,602	26,602
Net change in fund balance	(672,120)	(828,246)	(726,891)	101,355
Fund balance at beginning of year	348,394	348,394	348,394	-
Prior year encumbrances appropriated	564,181	564,181	564,181	-
Fund balance at end of year	\$ 240,455	\$ 84,329	\$ 185,684	\$ 101,355

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Police, Fire and Street Capital Improvements Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Intergovernmental	\$ 2,131,500	\$ 2,131,500	\$ -	\$ (2,131,500)
Other	-	-	2,334	2,334
Total revenues	\$ 2,131,500	\$ 2,131,500	\$ 2,334	\$ (2,129,166)
Expenditures:				
Current:				
Public safety				
Police				
Personal services	244,200	244,200	242,712	1,488
Capital outlay	302,099	302,099	288,940	13,159
Total police	546,299	546,299	531,652	14,647
Fire				
Capital outlay	420,679	420,679	410,311	10,368
Total public safety	966,978	966,978	941,963	25,015
Public works				
Streets				
Capital outlay	3,236,262	3,269,619	1,261,291	2,008,328
Debt service:				
Principal retirement	554,452	595,879	595,585	294
Interest and fiscal charges	115,340	122,349	116,948	5,401
Total expenditures	4,873,032	4,954,825	2,915,787	2,039,038
Excess of revenues under expenditures	(2,741,532)	(2,823,325)	(2,913,453)	(90,128)
Other financing sources:				
Advances - in	-	-	448,874	448,874
Advances - out	-	-	(448,874)	(448,874)
Transfers - in	2,010,000	2,010,000	2,104,687	94,687
Total other financing sources	2,010,000	2,010,000	2,104,687	94,687
Net change in fund balance	(731,532)	(813,325)	(808,766)	4,559
Fund balance at beginning of year	526,037	526,037	526,037	-
Prior year encumbrances appropriated	288,727	288,727	288,727	-
Fund balance at end of year	\$ 83,232	\$ 1,439	\$ 5,998	\$ 4,559

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Other	\$ 50,000	\$ 21,595	\$ -	\$ (21,595)
<u>Expenditures:</u>				
Debt service:				
Principal retirement	4,177,000	4,177,000	4,177,000	-
Interest and fiscal charges	117,261	117,261	117,261	-
Bond issuance costs	48,589	48,589	27,177	21,412
Total expenditures	4,342,850	4,342,850	4,321,438	21,412
Excess of revenues under expenditures	(4,292,850)	(4,321,255)	(4,321,438)	(183)
Other financing sources:				
Bond anticipation notes issued	3,475,000	3,475,000	3,360,000	(115,000)
Premium on notes issued	-	28,405	28,405	-
Transfers - in	942,000	942,000	942,000	-
Total other financing sources	4,417,000	4,445,405	4,330,405	(115,000)
Net change in fund balance	124,150	124,150	8,967	(115,183)
Fund balance at beginning of year	109,728	109,728	109,728	-
Fund balance at end of year	\$ 233,878	\$ 233,878	\$ 118,695	\$ (115,183)

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Intergovernmental	\$ 65,500	\$ 65,500	\$ 101,670	\$ 36,170
Interest	500	500	1,070	570
Total revenues	66,000	66,000	102,740	36,740
<u>Expenditures:</u>				
Current:				
Public works				
Streets				
Street maintenance				
Operations and maintenance	61,849	61,849	51,104	10,745
Capital outlay	10,000	10,000	8,810	1,190
Total expenditures	71,849	71,849	59,914	11,935
Net change in fund balance	(5,849)	(5,849)	42,826	48,675
Fund balance at beginning of year	30,097	30,097	30,097	-
Prior year encumbrances appropriated	11,849	11,849	11,849	-
Fund balance at end of year	<u>\$ 36,097</u>	<u>\$ 36,097</u>	<u>\$ 84,772</u>	<u>\$ 48,675</u>

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Permissive Motor Vehicle Tax Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Intergovernmental	\$ 40,000	\$ 40,000	\$ 44,202	\$ 4,202
Interest	-	-	1,337	1,337
Total revenues	40,000	40,000	45,539	5,539
<u>Expenditures:</u>				
Current:				
Streets				
Street maintenance				
Operations and maintenance	13,172	13,172	8,835	4,337
Capital outlay	35,000	35,000	35,000	-
Total expenditures	48,172	48,172	43,835	4,337
Net change in fund balance	(8,172)	(8,172)	1,704	9,876
Fund balance at beginning of year	53,380	53,380	53,380	-
Prior year encumbrances appropriated	1,672	1,672	1,672	-
Fund balance at end of year	\$ 46,880	\$ 46,880	\$ 56,756	\$ 9,876

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Fines and forfeitures	\$ 500	\$ 500	\$ 656	\$ 156
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Operations and maintenance	9,569	9,569	9,069	500
Net change in fund balance	(9,069)	(9,069)	(8,413)	656
Fund balance at beginning of year	22,411	22,411	22,411	-
Prior year encumbrances appropriated	9,069	9,069	9,069	-
Fund balance at end of year	<u>\$ 22,411</u>	<u>\$ 22,411</u>	<u>\$ 23,067</u>	<u>\$ 656</u>

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Drug Law Enforcement Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Fines and forfeitures	\$ 100	\$ 100	\$ 435	\$ 335
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Operations and maintenance	1,000	1,000	-	1,000
Net change in fund balance	(900)	(900)	435	1,335
Fund balance at beginning of year	2,149	2,149	2,149	-
Fund balance at end of year	<u>\$ 1,249</u>	<u>\$ 1,249</u>	<u>\$ 2,584</u>	<u>\$ 1,335</u>

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
OMVI Education and Enforcement Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Fines and forfeitures	\$ 1,000	\$ 1,000	\$ 376	\$ (624)
Other	-	-	7,170	7,170
Total revenues	1,000	1,000	7,546	6,546
<u>Expenditures:</u>				
Current:				
Public safety				
Police				
Personal services	-	9	9	-
Operations and maintenance	1,545	1,536	587	949
Total expenditures	1,545	1,545	596	949
Net change in fund balance	(545)	(545)	6,950	7,495
Fund balance at beginning of year	6,932	6,932	6,932	-
Prior year encumbrances appropriated	545	545	545	-
Fund balance at end of year	<u>\$ 6,932</u>	<u>\$ 6,932</u>	<u>\$ 14,427</u>	<u>\$ 7,495</u>

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
OMVI Indigent Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Fines and forfeitures	\$ 20,000	\$ 20,000	\$ 26,920	\$ 6,920
<u>Expenditures:</u>				
Current:				
Public safety				
Police				
Operations and maintenance	71,422	71,422	16,778	54,644
Net change in fund balance	(51,422)	(51,422)	10,142	61,564
Fund balance at beginning of year	150,232	150,232	150,232	-
Prior year encumbrances appropriated	1,422	1,422	1,422	-
Fund balance at end of year	\$ 100,232	\$ 100,232	\$ 161,796	\$ 61,564

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Computer Legal Research Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Fines and forfeitures	\$ 140,000	\$ 140,000	\$ 146,745	\$ 6,745
Other	-	-	516	516
Total revenues	140,000	140,000	147,261	7,261
<u>Expenditures:</u>				
Current:				
General government				
Legislative and executive				
Personal services	74,550	74,550	71,604	2,946
Operations and maintenance	63,120	76,120	55,964	20,156
Capital outlay	12,160	53,510	44,817	8,693
Total expenditures	149,830	204,180	172,385	31,795
Net change in fund balance	(9,830)	(64,180)	(25,124)	39,056
Fund balance at beginning of year	129,435	129,435	129,435	-
Prior year encumbrances appropriated	13,880	13,880	13,880	-
Fund balance at end of year	<u>\$ 133,485</u>	<u>\$ 79,135</u>	<u>\$ 118,191</u>	<u>\$ 39,056</u>

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Indigent Drivers IAM Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Fines and forfeitures	\$ 20,000	\$ 20,000	\$ 19,664	\$ (336)
<u>Expenditures:</u>				
Current:				
Public safety				
Police				
Operations and maintenance	100,533	100,533	8,650	91,883
Net change in fund balance	(80,533)	(80,533)	11,014	91,547
Fund balance at beginning of year	147,524	147,524	147,524	-
Prior year encumbrances appropriated	533	533	533	-
Fund balance at end of year	<u>\$ 67,524</u>	<u>\$ 67,524</u>	<u>\$ 159,071</u>	<u>\$ 91,547</u>

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Continuous Professional Training Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Current:				
Public safety				
Police				
Operations and maintenance	6,990	15,665	12,072	3,593
Net change in fund balance	(6,990)	(15,665)	(12,072)	3,593
Fund balance at beginning of year	18,121	18,121	18,121	-
Prior year encumbrances appropriated	1,990	1,990	1,990	-
Fund balance at end of year	<u>\$ 13,121</u>	<u>\$ 4,446</u>	<u>\$ 8,039</u>	<u>\$ 3,593</u>

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Stormwater Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Charges for services	\$ 285,500	\$ 285,500	\$ 288,899	\$ 3,399
Other	1,000	1,000	27,149	26,149
Total revenues	286,500	286,500	316,048	29,548
<u>Expenditures:</u>				
Current:				
Public works				
Engineer				
Personal services	154,500	154,500	148,678	5,822
Operations and maintenance	67,899	76,039	60,983	15,056
Capital outlay	270,094	268,654	207,093	61,561
Total engineer	492,493	499,193	416,754	82,439
Debt service:				
Principal retirement	4,303	4,303	4,304	(1)
Interest and fiscal charges	14	14	14	-
Total expenditures	496,810	503,510	421,072	82,438
Net change in fund balance	(210,310)	(217,010)	(105,024)	111,986
Fund balance at beginning of year	444,819	444,819	444,819	-
Prior year encumbrances appropriated	63,893	63,893	63,893	-
Fund balance at end of year	\$ 298,402	\$ 291,702	\$ 403,688	\$ 111,986

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Magistrate Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Fines and forfeitures	\$ 120,000	\$ 120,000	\$ 133,861	\$ 13,861
Other	-	-	1,516	1,516
Total revenues	<u>\$ 120,000</u>	<u>\$ 120,000</u>	<u>\$ 135,377</u>	<u>\$ 15,377</u>
<u>Expenditures:</u>				
Current:				
General government				
Judicial system				
Personal services	115,520	115,520	116,053	(533)
Net change in fund balance	4,480	4,480	19,324	14,844
Fund balance at beginning of year	10,000	10,000	10,000	-
Fund balance at end of year	<u>\$ 14,480</u>	<u>\$ 14,480</u>	<u>\$ 29,324</u>	<u>\$ 14,844</u>

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
TIF Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Intergovernmental	\$ -	\$ -	\$ 23	\$ 23
Payments in lieu of taxes	71,450	71,450	72,214	764
Total revenues	71,450	71,450	72,237	787
<u>Expenditures:</u>				
Capital outlay	26,500	26,500	26,004	496
Net change in fund balance	44,950	44,950	46,233	1,283
Fund balance at beginning of year	242,124	242,124	242,124	-
Fund balance at end of year	\$ 287,074	\$ 287,074	\$ 288,357	\$ 1,283

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Stonequarry Crossings TIF Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Total expenditures	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	2,318	2,318	2,318	-
Fund balance at end of year	<u>\$ 2,318</u>	<u>\$ 2,318</u>	<u>\$ 2,318</u>	<u>\$ -</u>

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
OPWC Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Intergovernmental	\$ 476,200	\$ 476,200	\$ 458,104	\$ (18,096)
<u>Expenditures:</u>				
Capital outlay	726,200	726,200	626,065	100,135
Excess of revenues under expenditures	(250,000)	(250,000)	(167,961)	82,039
Other financing sources:				
Issuance of OPWC loans	250,000	250,000	167,961	(82,039)
Advances - in	-	-	500,000	500,000
Advances - out	-	-	(730,000)	(730,000)
Total other financing sources	250,000	250,000	(62,039)	(312,039)
Net change in fund balance	-	-	(230,000)	(230,000)
Fund balance at beginning of year	3,800	3,800	3,800	-
Prior year encumbrances appropriated	226,200	226,200	226,200	-
Fund balance at end of year	<u>\$ 230,000</u>	<u>\$ 230,000</u>	<u>\$ -</u>	<u>\$ (230,000)</u>

City of Vandalia, Ohio
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
Facilities Improvement & Maintenance Reserve Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Total revenues	\$ -	\$ -	\$ -	\$ -
<u>Expenditures:</u>				
Total expenditures	-	-	-	-
Excess of revenues over (under) expenditures	-	-	-	-
Other financing sources:				
Bond anticipation notes issued	630,000	630,000	-	(630,000)
Net change in fund balance	630,000	630,000	-	(630,000)
Fund balance at beginning of year	1,250,000	1,250,000	1,250,000	-
Fund balance at end of year	<u>\$ 1,880,000</u>	<u>\$ 1,880,000</u>	<u>\$ 1,250,000</u>	<u>\$ (630,000)</u>



City of Vandalia, Ohio
Schedule of Revenues, Expenses and Changes
In Net Position - Budget (Non-GAAP Basis) and Actual
Water Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Charges for services	\$ 2,188,000	\$ 2,188,000	\$ 2,341,541	\$ 153,541
Tap-in fees	3,500	3,500	3,700	200
Utility deposits received	-	-	5,697	5,697
Other	53,000	53,000	61,345	8,345
Total revenues	2,244,500	2,244,500	2,412,283	167,783
Expenses:				
Personal services	430,800	430,800	403,501	27,299
Contractual services	1,817,819	1,818,760	1,720,027	98,733
Materials and supplies	41,672	40,731	29,828	10,903
Capital outlay	1,063,065	1,076,463	1,073,816	2,647
Utility deposits returned	-	-	3,807	(3,807)
Other	1,000	1,000	656	344
Total expenses	3,354,356	3,367,754	3,231,635	136,119
Operating loss	(1,109,856)	(1,123,254)	(819,352)	303,902
Nonoperating revenues (expenses):				
Intergovernmental	152,500	152,500	165,321	12,821
Issuance of OPWC loans	152,500	152,500	50,990	(101,510)
Principal retirement	(30,272)	(30,274)	(30,085)	189
Interest	(21)	(21)	(21)	-
Total nonoperating revenues (expenses)	274,707	274,705	186,205	(88,500)
Change in net position	(835,149)	(848,549)	(633,147)	215,402
Net position at beginning of year	1,790,832	1,790,832	1,790,832	-
Prior year encumbrances appropriated	632,936	632,936	632,936	-
Net position at end of year	\$ 1,588,619	\$ 1,575,219	\$ 1,790,621	\$ 215,402

City of Vandalia, Ohio
Schedule of Revenues, Expenses and Changes
In Net Position - Budget (Non-GAAP Basis) and Actual
Sewer Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Charges for services	\$ 1,598,500	\$ 1,598,500	\$ 1,664,864	\$ 66,364
Tap-in fees	10,000	10,000	1,300	(8,700)
Utility deposits received	-	-	2,806	2,806
Other	50,000	50,000	68,665	18,665
Total revenues	1,658,500	1,658,500	1,737,635	79,135
<u>Expenses:</u>				
Personal services	415,900	415,900	391,417	24,483
Contractual services	1,055,425	1,052,225	1,009,127	43,098
Materials and supplies	38,815	42,013	36,625	5,388
Capital outlay	479,111	492,511	354,129	138,382
Utility deposits returned	200	200	1,876	(1,676)
Total expenses	1,989,451	2,002,849	1,793,174	209,675
Operating loss	(330,951)	(344,349)	(55,539)	288,810
Nonoperating revenues (expenses):				
Intergovernmental	-	-	78,576	78,576
Principal retirement	(10,532)	(10,534)	(10,527)	7
Interest	(21)	(21)	(21)	-
Total nonoperating revenues (expenses)	(10,553)	(10,555)	68,028	78,583
Change in net position	(341,504)	(354,904)	12,489	367,393
Net position at beginning of year	2,447,691	2,447,691	2,447,691	-
Prior year encumbrances appropriated	430,051	430,051	430,051	-
Net position at end of year	\$ 2,536,238	\$ 2,522,838	\$ 2,890,231	\$ 367,393

City of Vandalia, Ohio
Schedule of Revenues, Expenses and Changes
In Net Position - Budget (Non-GAAP Basis) and Actual
Golf Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Charges for services	\$ 860,400	\$ 860,400	\$ 833,830	\$ (26,570)
Other	2,000	2,000	8,343	6,343
Total revenues	862,400	862,400	842,173	(20,227)
<u>Expenses:</u>				
Personal services	554,020	554,020	524,625	29,395
Contractual services	174,519	176,518	138,372	38,146
Materials and supplies	209,795	207,796	175,481	32,315
Capital outlay	118,619	118,619	106,872	11,747
Other	58,575	58,575	49,326	9,249
Total expenses	1,115,528	1,115,528	994,676	120,852
Loss before transfers	(253,128)	(253,128)	(152,503)	100,625
Other financing sources:				
Transfers - in	75,000	75,000	75,000	-
Change in net position	(178,128)	(178,128)	(77,503)	100,625
Net position at beginning of year	269,538	269,538	269,538	-
Prior year encumbrances appropriated	96,843	96,843	96,843	-
Net position at end of year	\$ 188,253	\$ 188,253	\$ 288,878	\$ 100,625

City of Vandalia, Ohio
Schedule of Revenues, Expenses and Changes
In Net Position - Budget (Non-GAAP Basis) and Actual
Hospital Care Fund
For the Year Ended December 31, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<u>Revenues:</u>				
Charges for services	\$ 2,816,500	\$ 2,816,500	\$ 2,579,081	\$ (237,419)
Other	350,000	350,000	366,553	16,553
Total revenues	3,166,500	3,166,500	2,945,634	(220,866)
<u>Expenses:</u>				
Contractual services	572,350	572,350	539,293	33,057
Claims	2,761,687	2,761,687	2,398,130	363,557
Total expenses	3,334,037	3,334,037	2,937,423	396,614
Change in net position	(167,537)	(167,537)	8,211	175,748
Net position at beginning of year	398,021	398,021	398,021	-
Prior year encumbrances appropriated	217,037	217,037	217,037	-
Net position at end of year	\$ 447,521	\$ 447,521	\$ 623,269	\$ 175,748

Combining Statement – Fiduciary Funds

CUSTODIAL FUNDS

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

Northern Area Water Authority

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

Municipal Court

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

Multi-District Tax Fund

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

Butler Township JEDD Tax Collection

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

Butler Township JEDZ Tax Collection

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

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, Ohio
Combining Statement of Changes in Assets and Liabilities
Custodial Funds
For the Year Ended December 31, 2019

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Northern Area Water Authority				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 1,363,712	\$ 61,524	\$ -	\$ 1,425,236
Accounts receivable	-	89,553	-	89,553
Total assets	<u>\$ 1,363,712</u>	<u>\$ 151,077</u>	<u>\$ -</u>	<u>\$ 1,514,789</u>
<u>Liabilities:</u>				
Due to other governments	\$ 1,363,712	\$ 151,077	\$ -	\$ 1,514,789
Total liabilities	<u>\$ 1,363,712</u>	<u>\$ 151,077</u>	<u>\$ -</u>	<u>\$ 1,514,789</u>
	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Municipal Court				
<u>Assets:</u>				
Cash and cash equivalents in segregated accounts	\$ 101,226	\$ 36,363	\$ -	\$ 137,589
Total assets	<u>\$ 101,226</u>	<u>\$ 36,363</u>	<u>\$ -</u>	<u>\$ 137,589</u>
<u>Liabilities:</u>				
Due to other governments	\$ 44,092	\$ -	\$ 44,092	\$ -
Undistributed monies	57,134	80,455	-	137,589
Total liabilities	<u>\$ 101,226</u>	<u>\$ 80,455</u>	<u>\$ 44,092</u>	<u>\$ 137,589</u>
	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Multi-District Tax fund				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 10,098	\$ 3,445,914	\$ 3,414,380	\$ 41,632
Due from other governments	613,771	591,143	613,771	591,143
Total assets	<u>\$ 623,869</u>	<u>\$ 4,037,057</u>	<u>\$ 4,028,151</u>	<u>\$ 632,775</u>
<u>Liabilities:</u>				
Due to other governments	\$ -	\$ 51,000	\$ -	\$ 51,000
Undistributed monies	623,869	-	42,094	581,775
Total liabilities	<u>\$ 623,869</u>	<u>\$ 51,000</u>	<u>\$ 42,094</u>	<u>\$ 632,775</u>
	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Butler Township JEDD Tax Collection				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 19,049	\$ 160,868	\$ 167,690	\$ 12,227
Due from other governments	14,419	12,746	14,419	12,746
Total assets	<u>\$ 33,468</u>	<u>\$ 173,614</u>	<u>\$ 182,109</u>	<u>\$ 24,973</u>
<u>Liabilities:</u>				
Due to other governments	\$ -	\$ 12,227	\$ -	\$ 12,227
Undistributed monies	33,468	-	20,722	12,746
Total liabilities	<u>\$ 33,468</u>	<u>\$ 12,227</u>	<u>\$ 20,722</u>	<u>\$ 24,973</u>

City of Vandalia, Ohio
Combining Statement of Changes in Assets and Liabilities
Custodial Funds
For the Year Ended December 31, 2019

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Butler Township JEDZ Tax Collection				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 60,200	\$ 662,785	\$ 683,916	\$ 39,069
Due from other governments	138,138	73,792	138,138	73,792
Total assets	<u>\$ 198,338</u>	<u>\$ 736,577</u>	<u>\$ 822,054</u>	<u>\$ 112,861</u>
<u>Liabilities:</u>				
Due to other governments	\$ 16,571	\$ 50,833	\$ 16,571	\$ 50,833
Undistributed monies	181,767	-	119,739	62,028
Total liabilities	<u>\$ 198,338</u>	<u>\$ 50,833</u>	<u>\$ 136,310</u>	<u>\$ 112,861</u>
	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Tri-Cities North Regional Wastewater Authority				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 2,505,683	\$ -	\$ 9,123	\$ 2,496,560
Investments	556,923	-	556,923	-
Accounts receivable	-	223,287	-	223,287
Total assets	<u>\$ 3,062,606</u>	<u>\$ 223,287</u>	<u>\$ 566,046</u>	<u>\$ 2,719,847</u>
<u>Liabilities:</u>				
Due to other governments	\$ 3,062,606	\$ -	\$ 342,759	\$ 2,719,847
Total liabilities	<u>\$ 3,062,606</u>	<u>\$ -</u>	<u>\$ 342,759</u>	<u>\$ 2,719,847</u>
	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Totals				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 3,958,742	\$ 4,331,091	\$ 4,275,109	\$ 4,014,724
Cash and cash equivalents in segregated accounts	101,226	36,363	-	137,589
Investments	556,923	-	556,923	-
Accounts receivable	-	312,840	-	312,840
Due from other governments	766,328	677,681	766,328	677,681
Total assets	<u>\$ 5,383,219</u>	<u>\$ 5,357,975</u>	<u>\$ 5,598,360</u>	<u>\$ 5,142,834</u>
<u>Liabilities:</u>				
Due to other governments	\$ 4,442,889	\$ 265,137	\$ 359,330	\$ 4,348,696
Undistributed monies	896,238	80,455	182,555	794,138
Total liabilities	<u>\$ 5,339,127</u>	<u>\$ 345,592</u>	<u>\$ 541,885</u>	<u>\$ 5,142,834</u>



STATISTICAL SECTION

(Not included with the AFDRS filing report)

