



Dave Yost • Auditor of State



CITY OF MOUNT VERNON  
KNOX COUNTY

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**CITY OF MOUNT VERNON  
KNOX COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED DECEMBER 31, 2010**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b>U.S. DEPARTMENT OF URBAN DEVELOPMENT</b>			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grants	A-F-08-149-1	14.228	\$ 341,006
	A-F-09-149-1		70,000
	A-C-08-149-1		162,471
	A-C-09-149-1		15,000
NSP Grant - General	n/a		65,664
NSP Grant - Construction	n/a		600,075
Total Community Block Development Grants			<u>1,254,216</u>
Home Improvement Partnerships Program	A-C-08-149-2	14.239	<u>132,118</u>
Total U.S. Department of Urban Development			1,386,334
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<b>Direct Program:</b>			
Firefighters Assistance Grant	n/a	97.004	<u>16,200</u>
<b>Total</b>			<b><u><u>\$ 1,402,534</u></u></b>

*The accompanying notes are an integral part of this schedule.*

**CITY OF MOUNT VERNON  
KNOX COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED DECEMBER 31, 2010**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the City of Mount Vernon, Knox County, Ohio (the City) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

City of Mount Vernon  
Knox County  
40 Public Square  
Mount Vernon, Ohio

To the Members of City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mount Vernon, Knox County, Ohio, (the City) as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 14, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **Compliance and Other Matters**

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

City of Mount Vernon  
Knox County  
Independent Accountants' Report on Internal Control over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page2

We did note certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated June 14, 2011.

We intend this report solely for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities and others within the City. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

June 14, 2011



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 AND FEDERAL AWARDS EXPENDITURES SCHEDULE

City of Mount Vernon  
Knox County  
40 Public Square  
Mount Vernon, Ohio

To the Members of City Council:

### Compliance

We have audited the compliance of the City of Mount Vernon, Knox County, Ohio, (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the City's major federal program for the year ended December 31, 2010. The summary of auditor's results section of the accompanying schedule of findings identifies the City's major federal program. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Mount Vernon, Knox County, Ohio, complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2010.

### Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance.

Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

#### **Federal Awards Expenditures Schedule**

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Mount Vernon, Knox County, Ohio, (the City) as of and for the year ended December 31, 2010, and have issued our report thereon dated June 14, 2011. Our audit was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The accompanying federal awards expenditures schedule provides additional information as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance to auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

We intend this report solely for the information and use of the audit committee, management, the City Council and others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Dave Yost**  
Auditor of State

June 14, 2011

**CITY OF MOUNT VERNON  
KNOX COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2010**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Community Development Block Grant CFDA #14.228
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

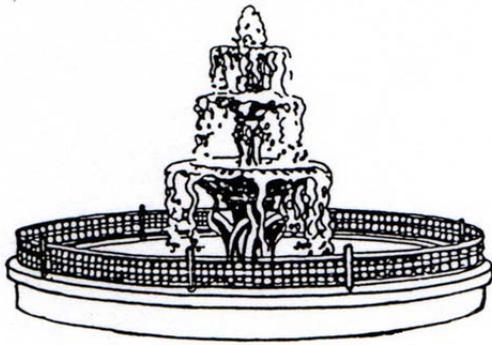
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# **CITY OF MOUNT VERNON, OHIO**



***Comprehensive Annual  
Financial Report  
Year Ended  
December 31, 2010***



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2010

*Prepared by the Auditor's Office*

Terry Scott  
City Auditor



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CITY OF MOUNT VERNON  
KNOX COUNTY, OHIO

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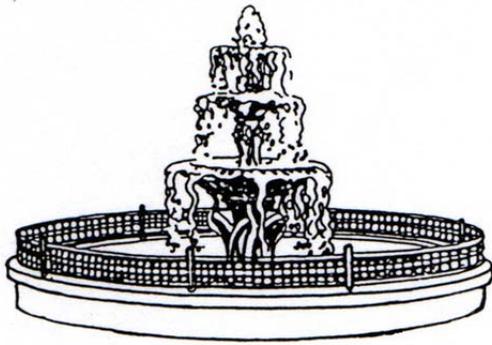
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# Introductory Section







# CITY OF MOUNT VERNON

40 Public Square • Mount Vernon, Ohio 43050  
Terry Scott, City Auditor

phone (740) 393-9523

fax (740)-397-5288

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June 14, 2011

To The Members of Council and  
all Citizens of the City of  
Mount Vernon, Ohio

As City Auditor, I am pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Mount Vernon for the fiscal year ended December 31, 2010. The report has been prepared in conformity with generally accepted accounting principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

## **Introduction**

While there is no legal requirement for the preparation of this report, it represents a commitment by the City of Mount Vernon (the City) to conform to nationally recognized standards of excellence in financial reporting. Responsibility for both the accuracy of the presented data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data, as presented, is accurate in all material respects; it is presented in a manner designed to fairly set forth the financial position and results of operations of the City; and that all disclosures necessary to enable the reader to gain an understanding of the City's financial activity have been presented.

Generally Accepted Accounting Principles require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Mount Vernon's MD&A can be found immediately following the Independent Accountants' Report.

### ***THE REPORTING ENTITY:***

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all the organizations, activities, functions and component units for which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide financial benefit to or impose a financial burden on the City. There were no potential component units that met the criteria imposed by GASB 14 to be included in the City's reporting entity. Therefore, the reporting entity of the City includes the following services: police protection, fire protection, parks and recreation, cemetery, planning, zoning, street maintenance, and other governmental services. In addition, the City owns and operates the water treatment and distribution system and the wastewater treatment and collection system, each of which is reported as an enterprise fund.

## ***CITY OF MOUNT VERNON, OHIO***

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### ***Letter of Transmittal For the Year Ended December 31, 2010***

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The Knox County Emergency Management Agency (EMA) is a jointly governed organization whose board is composed of seven members; one county commissioner, five chief executive officers representing municipal corporations or townships and one non-elected representative. The agency was organized to coordinate all civil defense functions within the county to help insure the most effective use of resources during an emergency. The City did not appoint a majority of the members of the board of the EMA nor is the City accountable for any operating deficits of the EMA. Knox County is the fiscal agent for the EMA. The City appropriated \$6,000 for an operating grant to the EMA for 2010.

Mid Ohio Transit Authority (MOTA) is a jointly governed organization whose board is composed of four members; one county commissioner, one township representative, and one representative from the municipal corporation. These three members collectively appoint one non-elected representative from within the county. MOTA was organized to provide public transportation for the entire county. The City did not appoint a majority of the members of the Board, nor is the City accountable for any operating deficits of MOTA. The MOTA Board is responsible for the fiscal operation of MOTA. The City appropriated \$25,000 for an operating grant to MOTA for 2010.

Knox County General Health District as a combined agency was created in 1983 as provided in Section 3709.07 of the Ohio Revised Code. The jointly governed organization's board is composed of nine members; six members from the townships and villages, and three members from the City. The combined Knox County General Health District was organized to provide public health services as required by the Ohio Revised Code and the Ohio Administrative Code, and such other services as are duly authorized or required by regulations of the District and can be furnished within the financial resources available to the District. The combined Knox County General Health District Board is responsible for the fiscal operations of the District. Under a contractual arrangement, the District sets the amount the City shall contribute on an annual basis. The remaining funding necessary for the District shall be apportioned by the County Auditor on the basis of taxable valuations among each township and village. Any fees charged for services by the District shall be placed in the District Health Fund. The City appropriated \$45,034 for operations of the combined District for 2010.

Certain organizations share some degree of name similarity with the City, however, they constitute separate and distinct entities, not only from the City but also from each other. The City has no financial accountability for these entities. Due to their independent nature, none of these organizations' financial statements are included in this report. These organizations are as follows:

Mount Vernon City School District (the District) - The District encompasses the City of Mount Vernon as well as areas outside of the corporate boundaries. The members of the Board of Education of the District are elected by the voters within the District. The Board is a body politic and corporate, capable of suing, contracting, possessing, acquiring and disposing of real property. The Board controls its own operations and budget and the City has no ability to significantly influence operations and no accountability over the fiscal matters of the District. Therefore, the District's separate financial statements are excluded from the City's financial statements.

The Mount Vernon Public Library (the Library) - The Mount Vernon Public Library provides library services to the citizens of the City and surrounding communities. The Library is a separate entity from the City; it has a separately selected governing authority and a separate designation of management. In addition, the City has no ability to significantly influence operations and no financial accountability over the fiscal matters of the Library.

***Letter of Transmittal  
For the Year Ended December 31, 2010***

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**The City of Mount Vernon:**

The City of Mount Vernon was founded in 1805 and was incorporated on February 22, 1830, under the laws of the State of Ohio. Mount Vernon is located in the center of the state, approximately 50 miles northeast of Columbus, Ohio, and is the county seat of Knox County. Mount Vernon operates under a statutory Mayor-Council form of government, as set forth in the Ohio Revised Code. Mount Vernon's 9.8 square mile area serves a residential population of 16,990. State highways 3, 13, 229 and 586 and U. S. Highway 36 serve as some of the City's major transportation arteries. Mount Vernon is the birthplace of Daniel Decatur Emmett, composer of the southern classic "Dixie" and Paul Lynde, a nationally known comedian.

**The Management:**

The citizens of Mount Vernon elect one full-time Mayor (for a four year term), who appoints the Clerk of Council and his Administrative Assistant (combined as one full-time position) and the Safety-Service Director, who is a full-time employee. The Safety-Service Director is responsible for each of the following departments:

Police Department - The department employs a total of thirty-two individuals including both civilian employees and sworn police officers. The department is responsible for enforcing various criminal and traffic statutes as well as local parking laws.

Fire Department - The department is comprised of sixteen firefighters, twenty firefighter/paramedics, three paramedics and one executive secretary. All Fire Department services including all basic fire protection, emergency medical and rescue services are tax supported. There is a charge levied to health insurance companies for emergency medical services described above.

Engineering Department - This department has a total of six full-time engineering personnel and one part-time code enforcement officer. They are responsible for code enforcement, issuance of building permits, plan reviews for new construction and remodeling, insuring compliance with prevailing wage statutes and working with the Water and Wastewater Commission.

Public Building and Land and Parks Department - These two departments work very closely together under the leadership of a single department head. There is a total of five full-time employees and up to five part-time or seasonal employees. The departments maintain all the City's buildings and grounds including all vacant land and park facilities.

Recreation and Pool Departments - These departments employ part-time and seasonal employees, only. In the summertime, one hundred people are hired to coordinate and administer organized recreational programs in the City's two major parks and to operate the municipal water park/pool.

Street Department - The Street Department is responsible for the on-going maintenance and improvement of the City's highways, streets, alleys, storm water drainage facilities, and traffic signs and signals. The department includes ten full-time employees and five part-time or seasonal employees to help with the fall leaf pick-up program.

***Letter of Transmittal  
For the Year Ended December 31, 2010***

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Cemetery Department - This department is operated with four full-time employees and five and one fourth seasonal employees. The Cemetery department is responsible for the operation and maintenance of the City's cemetery, as well as the sale of burial lots.

Water Department - This department operates with ten full-time employees and fifteen shared full-time employees. The shared employees also work with the Wastewater Department. The Water Department is responsible for the treatment and distribution of potable water to the City's 6,400 customers and customers located in the Village of Gambier (approximately three miles east of Mount Vernon). All treatment plant employees are required to have a Class I operators license within two years of employment.

Wastewater Department - This department operates with twelve full-time employees and fifteen shared full-time employees as described above. The Wastewater Department is responsible for the collection and treatment of all sewerage within the City of Mount Vernon and Clinton Township (a township adjacent to the City). All plant employees are required to have a Class I operators license within two years of employment.

The citizens of Mount Vernon elect one full-time Auditor (for a four year term), who appoints the staff of the Auditor's Office. There are two full-time employees, who in conjunction with the City Auditor, are responsible for the accounting and financial administration functions, including recording all revenues, investing idle funds, debt service management, accounts payable processing, payroll, expenditure tracking, financial records administration, budgeting and financial reporting.

The citizens of Mount Vernon elect one part-time Treasurer (for a four year term), who appoints the staff of the Income Tax Department. The Income Tax Department has three full-time employees, who are responsible for the administration and collection of the City's 1.5% earnings tax. In addition, the Income Tax Department offers direct taxpayer assistance services to all residents and businesses.

The citizens of Mount Vernon elect one full-time Law Director (for a four year term), who appoints the Law Department. The Law Department has one assistant Law Director and three full-time employees, who along with the Law Director, are responsible for writing all legislation and prosecuting all of the City's court cases.

The citizens of Mount Vernon elect one part-time President of Council, (for a two year term), who is responsible for conducting the council meetings and assigning committees of council.

The citizens of Mount Vernon elect one part-time councilperson from each of the four wards and three part-time council-at-large for a total of seven. Council members serve a two year term and are elected in odd numbered years. The City Council meets on the second and fourth Monday night of each month, in a public meeting, to hear proposed legislation and take action on various issues pending before the legislative body.

***Letter of Transmittal  
For the Year Ended December 31, 2010***

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**Economic Outlook**

To help assist in the area of foreclosed homes, the State of Ohio, Department of Development awarded the City a federal grant in 2008, known as the Neighborhood Stabilization Program (NSP), to provide funding for homes that have been foreclosed on and are abandoned. The City was paired with Knox County and Richland County (excluding the City of Mansfield) to create Region 9. The City was appointed to be the lead agent for the entire region, and will have full responsibility in managing and overseeing the NSP grant project. Selected mapping areas were defined for each separate governmental entity to be used as target areas. Homes within these target areas will be assessed to determine if they meet the test for purchasing and rehabilitating, then resold, or if they merely need to be demolished and either set aside the land for green space, or reconstruct a new dwelling for resale. There are several public agencies who have an interest in either purchasing rehabilitated properties, or acquiring empty lots where new dwellings can be constructed. Habitat for Humanity (in Knox and Richland counties) has ongoing needs for available lots to construct new homes, along with the Knox County Metropolitan Housing Authority who has interest in owning properties they can rent to low to moderate income families. The grant provides for both of these agencies to become beneficiaries once properties have been identified. The NSP has a duration of four years to complete the defined goals that were awarded in the grant. The City will be required to provide ongoing monitoring of the receipt of grant funds in conjunction with monitoring of the expenditure of grant funds throughout the duration of the grant. During the year of 2010, all projects were identified and funding was secured for demolition of several properties within the region, and also provided funding for the acquisition of a property for the Knox Metropolitan Housing Authority (Knox Housing Services, Inc) for rehabilitation and rental property, the Eastern Ohio Housing Development Corporation for rehabilitation and rental property, and Knox County Habitat for Humanity for demolition and reconstruction of a new family dwelling. Twelve properties were demolished during the year leaving the vacant land for green space.

The City has hired an engineering firm to design a cross over road between Coshocton Avenue and Yauger Road. This newly designed road will acquire the current driveway of the local hospital (Knox Community Hospital). New road entrances into the hospital complex will be included in the design and additional street lighting will be added. This proposed road is being installed to help traffic flow on both roads and make it safer to travel on Coshocton Avenue. Bids will be received and construction will be performed during 2011. Funding for this project will be provided by the Tax Increment Fund-Coshocton Road area fund and the estimated cost is approximately \$1.3 million.

Thanks to the foresight of City management, coupled with the cooperation of the City's department heads, the growth in the local economy resulted in a favorable impact on the City's ability to provide quality services to the public. The Engineering Department issued one hundred fifty-nine building permits in 2010 and one hundred sixty-two in 2009, a decrease of three permits.

***Letter of Transmittal  
For the Year Ended December 31, 2010***

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**Long-term Financial Planning:**

Upgrades to the wastewater treatment plant were completed and bids were received for this project. Upgrades will include new electrical and instrumentation throughout the facility, a new methane gas heating unit, and a new public septic receiving station. Since this facility has very limited alternative power supply, this project will incorporate a new generator large enough to power the entire facility when alternative power is needed. A significant amount of the plant is currently operated by a manual labor force, and this project will allow the instrumentation to be converted to a more automatedly operated facility with computerized oversight in place. The cost of this project is approximately \$7.6 million dollars.

The City was approved for a loan on January 11, 2011, for the construction, through the Ohio Environmental Protection Agency (OEPA) Division of Environmental and Financial Assistance (DEFA) program. DEFA has funding available from the Water Pollution Control Loan Fund (WPCLF) whereby participation in the program may help provide funding assistance towards the construction of the public septic receiving station. As outlined by OEPA, as an incentive for public owners of treatment facilities to include equipment designed to receive, treat, and dispose of septage, the WPCLF offers a reduction to a recipient's basic interest rate when it is borrowing from the WPCLF to improve other facilities. The estimated cost of construction of the public septic receiving station is \$1.5 million dollars. Construction was started in mid January and is expected to take up to eighteen months to complete.

**Employee Relations:**

The City of Mount Vernon began the second year of a three year contract with the City's three unions. All union contracts were effective January 1, 2009, through December 31, 2011, with annual raises on January 1st of each year. The first is, the Dan Emmett Chapter of the Ohio Civil Service Employees Association (OCSEA), Local 11/American Federation of State, County and Municipal Employees, AFL-CIO, which consists of fifty-seven members from the public service departments (Engineering, Public Building and Land, Parks, Street, Cemetery, Water and Wastewater). The second is the Ohio Association of Professional Firefighters, The Mount Vernon Firefighters and Paramedics Local 3712 which consists of thirty-seven members of the fire department. The final bargaining unit is the Kokosing Chapter of the Fraternal Order of Police, Ohio Labor Council, Inc. (FOP) which consists of twenty-seven members of the police department. The remaining departments along with all the department heads are not represented by any union.

The City continues to experience a good working relationship with these three unions for the betterment of the citizens of this community.

**Unemployment Rates:**

The City of Mount Vernon's economic outlook continued to be stable for 2010. Starting out the year at 9.7 percent, the unemployment rate flexed with steady decreases, then ended the year at 9.1 percent. The City's diverse mix of employment opportunities helps to offset such economic fluctuations.

***Letter of Transmittal  
For the Year Ended December 31, 2010***

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**Major Initiatives**

**Municipal Court:**

The Municipal Court found 2010 to be a regular year of operations. While there continue to be ongoing law changes, the Court did not experience any significant changes compared to previous years.

Traffic cases filed numbered 6,234, an increase of 367 from those filed in 2009, while criminal case filings of 1,378 increased by 132 cases from those filed in 2009. There was a decrease in civil case filings, 1,259 in 2010 compared to 1,425 in 2009.

**Fire Department:**

The Fire Department updated a portion of its turn out gear along with the replacement of a thermal imaging camera during the year. A new LifePak Heart Monitor was acquired along with a new SUV vehicle. The department acquired new software that can identify where fire hydrants are located as well as certain floor plan layouts of commercial and industrial structures. Training and certification of firefighters and paramedics continue to be major concentrations for the department. Each paramedic is required to maintain continued education and recertification every two years. Each firefighter holds Emergency Medical Technician certification which requires recertification and continued education also.

Fire prevention and education were widely covered by the department in 2010. Over one thousand children were hosted for department tours and safety presentations. Senior citizens received blood pressure checks and testing for elevated blood sugar levels at the Station Break throughout the year.

Fire inspections were an important function of the department during the year. The department is responsible for assessing all commercial and industrial structures within the city. A total of 685 inspections were completed during 2010.

**Police Department:**

The Police Department continued the annual replacement of three marked police cruisers during 2010.

Training using the Law Enforcement Training Network (LETN) has been very beneficial throughout the year as LETN affords employees the ability to use online training to meet the demands of law enforcement of today. The LETN delivers targeted training that enables officers to respond appropriately to ensure officer safety and reduce liability.

Law enforcement within the City maintains a safe and secure environment for all of its citizens and visitors.

***Letter of Transmittal  
For the Year Ended December 31, 2010***

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**Street Department:**

Although the City has many great historical structures, one cannot pass through this community without achieving the opportunity to travel on some nine miles of brick streets distributed through the City. In 2010, the City continued the restoration of brick streets. South McArthur and South McKenzie Streets received new curbing and gutters during the year. A road improvement project on North McKenzie Street between Chestnut Street and Sugar Street was started during the year. The project cost is \$206,964 and funding will be provided by the Capital Improvement Fund.

The department continued to make minor repairs and improvement to the brick streets throughout the city with force labor. Work crews remove old bricks, improve the base course, and reinstall the bricks for a more level driving road surface. The investment in tools and equipment combined with our force labor, costs have significantly reduced the cost instead of hiring a contractor to totally remove the roadway and relay it.

The City received a grant through Ohio Public Works Commission with an estimated value of seven hundred seventy-four thousand dollars to provide funding for the widening of Edgewood Road and Gambier Road intersection and provide funding for additional resurfacing of streets located through the city. These improvements were all completed during the year.

New asphalt roads are always an improvement for traffic flow throughout the City. During 2010, the City was able to improve the surface course on forty-five streets at a value of \$779,532.

With above average snow fall during the months of winter, purchasing road salt was a concern for the department. Pricing and supply were major indicators for all governments state wide. Since the City participates in the state's purchasing program, we did not realize a shortage and the pricing was slightly higher than the previous year. Other routine projects completed by the Street Department included street sweeping, traffic line painting, traffic signal repairs, traffic sign replacement and leaf pick-up.

**Cemetery Department:**

The Cemetery Department continues its restoration project on the chapel located within the cemetery. While no projects were completed during the year an assessment of the tile flooring is being conducted to best determine the proper method of cleaning and repairing the flooring. This structure has been dated back to as early as 1884, and is currently being petitioned for recognition as a historical structure in Ohio. Continued repairs to monuments and foundations were completed throughout the year. The department continued its five year plan of resurfacing a portion of the roads within the cemetery in 2010. This year was the third year of the program and it will be carried forward until all roadways have been improved. Funding for the roadway improvements will be provided for by the Capital Improvements Fund.

**Engineering Department:**

The Engineering Department continued to serve the needs of new construction within the City in 2010. One hundred fifty-nine zoning permits, representing approximately six million dollars in increased property values were issued in 2010. The Engineering Department provided assistance for all new construction and upgrade projects that were conducted by the City in 2010.

***Letter of Transmittal  
For the Year Ended December 31, 2010***

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**Public Buildings and Land and Parks Department:**

The Public Buildings and Land Department and Parks Department share employees on an as needed basis. The salary of the superintendent and foreman is paid one half from each department. The Public Buildings and Land Department is responsible for a total of thirteen buildings and property. The Parks Department maintains eight parks with a total acreage of 244.98 acres of land. Foundation Park, a nature trail and fishing park continues to receive improvements.

The municipal parking garage received extensive maintenance to deteriorating structure cross members. These improvements would contain water drainage and provide for a safer environment for drivers. This thirty-five year old facility also had new floor coating applied to two levels and a new roof was applied to the Plaza Building which sits atop the parking garage.

The City was awarded a Community Development Block Grant to provide funding for additional sidewalks and crosswalks in the Sychar Road, Pleasant Street, Wooster Road area and a replacement bridge on Braddock Street in 2010. In addition to these improvements, an additional parking facility was installed at the Hiawatha park area. The cost of these improvements totaled \$456,052 of which the grant covered eighty-seven percent and the City's capital improvement fund covered the balance.

The Hiawatha Water Park/Pool complex continued to be a real attraction for the community. In 2010, the water park ended the season with over seven hundred household memberships covering over twenty-five hundred individuals. This was very comparable to the previous year's membership totals. Total daily visitors to the water park average between 1,000 and 1,200. Public participation continues to be well received due to the fact that swimming lessons are included free with the purchase of a membership. During 2010, there were three different schedules for swim lessons, where approximately sixty youth were trained in proper swimming techniques.

Foundation Park received a new shelter/restroom facility with a project cost of \$198,286. This much needed building will provide many sources of use from this nature park. Foundation Park continues to be a model nature park within the core center of the city and future expansion within the park is being considered.

**Water Department:**

The Water Distribution Division of the Water Department performed various maintenance activities to the lines in 2010. Backflow prevention continues to be monitored to prevent contaminates through the water service connection into the public water system. High risk consumers are the major users the City requires to comply with these regulations. Future service connections to be required will be industrial, commercial and residential users. This will include current and new service connections.

Online bill pay has completed its first year of service. Customers are able to access their account online and make payment at the same time. Comparative water usage charting is also included with this service. The response of use by the customers has been greatly accepted and used widely.

***Letter of Transmittal  
For the Year Ended December 31, 2010***

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**Wastewater Department:**

The Wastewater Treatment Plant Division of the Wastewater Department performed routine maintenance of the facility and equipment throughout 2010. The department completed design for the wastewater treatment plant upgrades to the electrical and instrumentation operating equipment. This project has been bid and construction began in mid January, 2011. Funding was provided by the Ohio Environmental Protection Agency, Water Pollution Control Loan Fund.

The Kokosing Interceptor and the Center Run Interceptor wastewater lines project were started during 2010. The Ohio Environmental Protection Agency has amended its operating permit regulations whereby each public utility systems needs to reduce its infiltration from outside sources and curtail any by pass treatment processes during high rainfall periods. These two major interceptors have been identified as having infiltration issues. Funding for this project was provided by the issuance of bonds in the prior year and the total project cost is \$1,962,992.

**Financial Information**

**Internal Control, Budgetary Control and the Accounting System:**

The City of Mount Vernon's budgetary accounting system was designed to provide reasonable assurance that:

1. The City's assets are protected against loss and unauthorized use or disposition, and
2. Reliable financial reports for preparing financial statements and providing accountability for assets are maintained.

The concept of reasonable assurance states that internal controls should be evaluated using the following criteria:

1. The expense associated with providing the internal controls should not exceed the benefits likely to be derived from their implementation, and
2. The evaluation of the offsetting costs and benefits involves estimates and judgment by the City administration and the Auditor's Office.

***Letter of Transmittal  
For the Year Ended December 31, 2010***

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All internal control evaluations occur within this framework. It is the belief of the administration and financial management personnel that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by Mount Vernon City Council. All funds are included in the annual appropriated budget. The level of budgetary control (that is, the levels at which expenditures cannot legally exceed the appropriated amount) is at the object level within each department. Budgetary control is maintained within the personal services, operating expenses, and capital outlay categories with each department though the encumbering of estimated purchase amounts prior to the release of formal purchase orders to vendors. Encumbered appropriations carry forward to the following year(s) until expended or liquidated. Unencumbered amounts lapse at year end. Open encumbrances as of December 31, 2010, that have not been included as an accrued item are reported as reservations of fund balances with this report.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

**Other Information**

**Independent Audit:**

This report of the City of Mount Vernon was audited by the Auditor of the State of Ohio. They have audited the basic financial statements and the related notes as indicated in their letter. Their examination was conducted in accordance with generally accepted government auditing standards, which includes a financial and compliance audit as well as an evaluation of internal accounting controls and tests of transactions. The State Auditor's unqualified opinion letter is included in this report.

**Awards:**

The Government Finance Officers Association of the United State and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mount Vernon, Ohio for its comprehensive annual financial report for the year ended December 31, 2009. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards in state and local government financial reporting. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents satisfy all program standards. The report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements respective to the reporting entity.

A Certificate of Achievement is valid for a period of one year only. The City of Mount Vernon received a Certificate of Achievement for the last nineteen consecutive years (fiscal years ended 1991-2009). I believe this current report continues to conform to the Certificate of Achievement program requirements, and I am submitting it to GFOA.

***Letter of Transmittal  
For the Year Ended December 31, 2010***

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**Public Disclosure:**

The publication of this Comprehensive Annual Financial Report is indicative of the City's commitment to provide significantly enhanced financial information and accountability to the citizens. In addition to the citizens of Mount Vernon, the recipients of this report include city, state and federal officials, schools, libraries, newspapers, investment banking firms, banks and rating agencies. The report is made available to any person or organization requesting it. The extensive effort to prepare and distribute this report is indicative of the continued efforts of the City to improve its overall financial accounting, management and reporting capabilities.

**Acknowledgments:**

I would like to thank my staff and extend special recognition to all related departments within the City, who assisted with the preparation of the 2010 Comprehensive Annual Financial Report and annual independent audit.

Special appreciation is extended to, Pete Jackson, audit manager of the City's audit by the Auditor of the State of Ohio, for timely completion of the audit.

In closing, without the leadership and support of the Mount Vernon City Council and Administration, preparation of this report would not have been possible.

Respectfully,



Terry Scott,  
City Auditor

**CITY OF MOUNT VERNON, OHIO**

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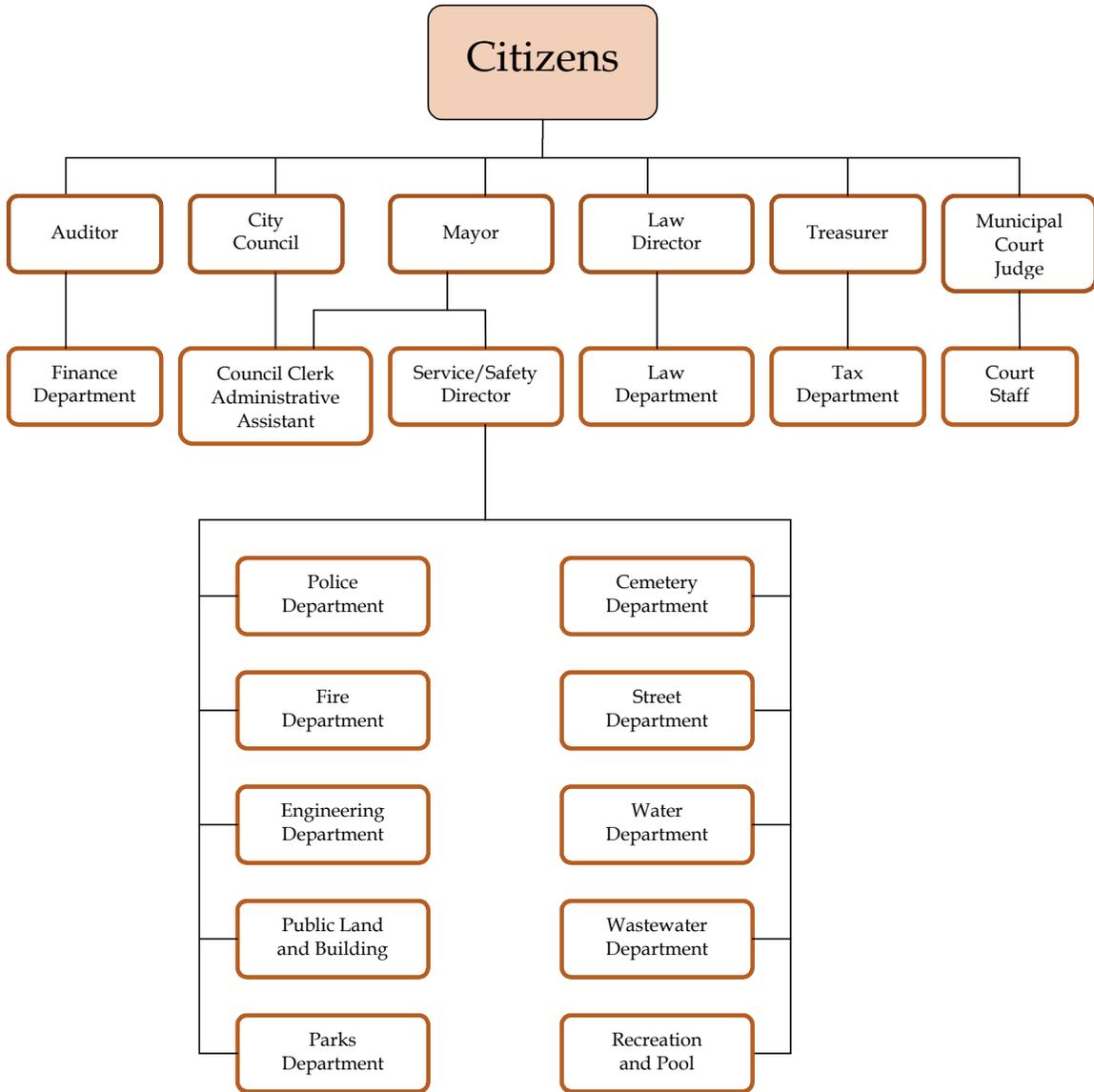
***List of Principal Officials  
For the Year Ended December 31, 2010***

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<b><i>NAME</i></b>	<b><i>TITLE</i></b>	<b><i>YEARS OF SERVICE</i></b>
<b><u>City Council</u></b>		
John Booth	President	7
Jay Manners	First Ward Member	1
Charles K. Dice	Second Ward Member	12
Nancy Vail	Third Ward Member	1
John Fair	Fourth Ward Member	11
Mike Hillier	Member At-Large	5
Rebecca Jordan	Member At-Large	3
Bruce Hawkins	Member At-Large	4
<b><u>City Administration</u></b>		
Richard K. Mavis	Mayor	15
Terry Scott	Auditor	16
William D. Smith	Law Director	30
James Shipley	Treasurer	11
David C. Glass	Safety-Service Director	32
Janet M. Brown	Clerk of Council	18
<b><u>Department Heads</u></b>		
Debora Tyson	Income Tax Administrator	20
Michael Merrilees	Police Chief	22
Shawn Christy	Fire Chief	8
Paul G. Oliver	Parks, Public Buildings and Land Superintendent	28
David Carpenter	Street Superintendent	19
Deborah S. Briscoe	Cemetery Foreman	30
Pam Muralt	Water and Wastewater Meter and Customer Service Administrator	30
Judith Scott	Water and Wastewater Treatment and Distribution Administrator	28

***City Organizational Chart  
For the Year Ended December 31, 2010***

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*Government Finance Officers Association of the United States and Canada  
Certificate of Achievement for Excellence in Financial Reporting*

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Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

City of Mount Vernon  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2009

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



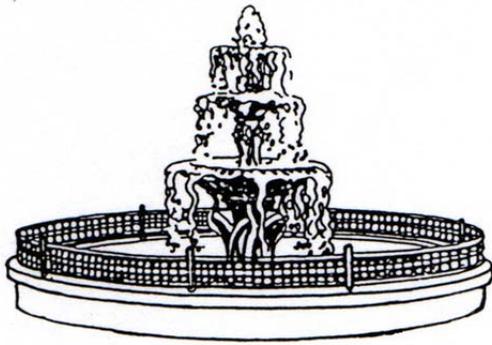
President

Executive Director



# Financial Section







# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

City of Mount Vernon  
Knox County  
40 Public Square  
Mount Vernon, Ohio 43050

To the Members of City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mount Vernon, Knox County, Ohio, (the City) as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mount Vernon, Knox County, Ohio, as of December 31, 2010, and the respective changes in financial position, and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information provides additional analysis and are not a required part of the basic financial statements. The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. These statements and schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.



**Dave Yost**  
Auditor of State

June 14, 2011

The discussion and analysis of the City of Mount Vernon's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2010. 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, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

## **FINANCIAL HIGHLIGHTS**

Key financial highlights for 2010 are as follows:

- ❑ In total, net assets increased \$709,237. Net assets of governmental activities increased \$616,598 which represents a 1.26% increase from 2009. Net assets of business-type activities increased \$92,639 from 2009.
- ❑ General revenues accounted for \$12,248,588 in revenue or 51.1% of all revenues. Program specific revenues in the form of charges for services, and grants and contributions accounted for \$11,728,418, 48.9% of total revenues of \$23,977,006.
- ❑ The City had \$16,816,608 in expenses related to governmental activities; only \$5,189,591 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$12,243,615 were also used to provide for these programs.
- ❑ Among major funds, the general fund had \$11,868,482 in revenues and other financing sources and \$11,517,324 in expenditures and other financing uses. The general fund's fund balance increased from \$4,658,440 to \$5,009,465.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts – *management's discussion and analysis*, the *basic financial statements*, and an optional section that presents *combining and individual statements and schedules* for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the City:

These statements are as follows:

1. *The Government-Wide Financial Statements* – These statements provide both long-term and short-term information about the City's overall financial status.
2. *The Fund Financial Statements* – These statements focus on individual parts of the City, reporting the City's operations in more detail than the government-wide statements.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

**Government-wide Statements**

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the City's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's net assets and how they have changed. Net-assets (the difference between the City's assets and liabilities) is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City you need to consider additional nonfinancial factors such as the City's tax base and the condition of the City's capital assets.

The government-wide financial statements of the City are divided into two categories:

- ***Governmental Activities*** – Most of the City's program's and services are reported here including security of persons and property, public health and welfare services, leisure time activities, community environment, transportation and general government.
- ***Business-Type Activities*** – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's water and sewer funds are reported as business-type activities.

**Fund Financial Statements**

Funds are accounting devices that the City uses to keep track of specific sources of funding and spending for particular purposes. The fund financial statements provide more detailed information about the City's most significant funds, not the City as a whole.

***Governmental Funds*** – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The City's major funds are the General Fund, the General Bond Retirement Fund, the Capital Improvement Fund and the TIF District-Coshocton Road Fund. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**CITY OF MOUNT VERNON, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2010**

**Unaudited**

**Proprietary Funds** – Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match. The proprietary fund financial statements provide separate information for the Water and Sewer funds, both of which are considered major funds.

**Fiduciary Funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. All of the City's fiduciary activities are reported in a separate Statement of Assets and Liabilities.

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

The following table provides a summary of the City's net assets for 2010 compared to 2009:

	Governmental Activities		Business-type Activities		Total	
	Restated				Restated	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$15,670,216	\$18,731,898	\$7,268,095	\$7,967,188	\$22,938,311	\$26,699,086
Capital assets, Net	45,918,415	44,459,320	29,909,277	30,480,598	75,827,692	74,939,918
Total assets	61,588,631	63,191,218	37,177,372	38,447,786	98,766,003	101,639,004
Long-term liabilities outstanding	8,740,071	9,093,813	16,829,076	18,143,680	25,569,147	27,237,493
Other liabilities	3,333,452	5,198,895	226,623	275,072	3,560,075	5,473,967
Total liabilities	12,073,523	14,292,708	17,055,699	18,418,752	29,129,222	32,711,460
Net assets						
Invested in capital assets, net of related debt	38,627,947	36,745,484	13,393,510	15,255,947	52,021,457	52,001,431
Restricted	6,397,410	5,911,959	3,329,674	3,475,907	9,727,084	9,387,866
Unrestricted	4,489,751	6,241,067	3,398,489	1,297,180	7,888,240	7,538,247
Total net assets	\$49,515,108	\$48,898,510	\$20,121,673	\$20,029,034	\$69,636,781	\$68,927,544

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**CITY OF MOUNT VERNON, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2010**

**Unaudited**

Changes in Net Assets – The following table shows the changes in net assets for 2010 compared to 2009:

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues						
Program Revenues:						
Charges for Services and Sales	\$2,502,036	\$2,295,109	\$6,498,118	\$6,005,477	\$9,000,154	\$8,300,586
Operating Grants and Contributions	1,807,522	2,336,173	40,709	0	1,848,231	2,336,173
Capital Grants and Contributions	880,033	854,233	0	41,618	880,033	895,851
Total Program Revenues	5,189,591	5,485,515	6,538,827	6,047,095	11,728,418	11,532,610
General Revenues:						
Property Taxes	2,138,927	2,121,388	0	0	2,138,927	2,121,388
Income Taxes	8,688,085	9,383,772	0	0	8,688,085	9,383,772
Other Local Taxes	87,796	94,493	0	0	87,796	94,493
Intergovernmental Revenues, Unrestricted	1,087,350	992,167	0	0	1,087,350	992,167
Investment Earnings	60,858	190,437	4,973	6,394	65,831	196,831
Miscellaneous	180,599	152,110	0	0	180,599	152,110
Total General Revenues	12,243,615	12,934,367	4,973	6,394	12,248,588	12,940,761
Total Revenues	17,433,206	18,419,882	6,543,800	6,053,489	23,977,006	24,473,371
Program Expenses						
Security of Persons and Property	5,950,098	6,257,913	0	0	5,950,098	6,257,913
Public Health and Welfare Services	693,029	769,637	0	0	693,029	769,637
Leisure Time Activities	963,163	881,252	0	0	963,163	881,252
Community Environment	1,560,761	293,474	0	0	1,560,761	293,474
Transportation	2,586,915	2,898,557	0	0	2,586,915	2,898,557
General Government	4,711,970	4,685,914	0	0	4,711,970	4,685,914
Interest and Fiscal Charges	350,672	321,941	0	0	350,672	321,941
Water	0	0	3,347,380	3,388,734	3,347,380	3,388,734
Wastewater	0	0	3,103,781	2,885,616	3,103,781	2,885,616
Total Expenses	16,816,608	16,108,688	6,451,161	6,274,350	23,267,769	22,383,038
Total Change in Net Assets	616,598	2,311,194	92,639	(220,861)	709,237	2,090,333
Beginning Net Assets, restated	48,898,510	46,587,316	20,029,034	20,249,895	68,927,544	66,837,211
Ending Net Assets	\$49,515,108	\$48,898,510	\$20,121,673	\$20,029,034	\$69,636,781	\$68,927,544

**Governmental Activities**

Net assets of the City's governmental activities increased by \$616,598 over 2009. The increase in Net Assets is the result of additional estate tax revenues and conservative financial planning that enabled the city to preserve a significant portion of its beginning net asset value.

The City receives an income tax, which is based on 1.5% of all salaries, wages, commissions and other compensation and on net profits earned from those working in the City.

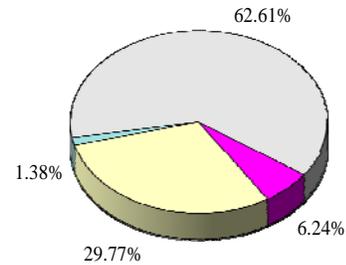
**CITY OF MOUNT VERNON, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2010**

**Unaudited**

Income taxes and property taxes made up 49.84% and 12.27% respectively of revenues for governmental activities for the City in 2010. The City's reliance upon tax revenues is demonstrated by the following graph indicating 62.61% of total revenues from general tax revenues:

Revenue Sources	2010	Percent of Total
General Tax Revenues	\$10,914,808	62.61%
Intergovernmental Revenues, Unrestricted	1,087,350	6.24%
Program Revenues	5,189,591	29.77%
General Other	241,457	1.38%
<b>Total Revenue</b>	<b>\$17,433,206</b>	<b>100.00%</b>



**Business-Type Activities**

Net assets of the business type activities increased by \$92,639. This modest increase is the result of strategic managed operations during the year.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The City's governmental funds reported a combined fund balance of \$10,036,792, which is a decrease from last year's balance of \$10,600,254. The schedule below indicates the fund balance and the total change in fund balance by fund as of December 31, 2010 and 2009:

	Fund Balance December 31, 2010	Fund Balance December 31, 2009	Increase (Decrease)
General	\$5,009,465	\$4,658,440	\$351,025
General Bond Retirement	0	10,568	(10,568)
Capital Improvement	1,076,406	1,416,802	(340,396)
TIF District-Coshocton Road	1,971,643	2,092,944	(121,301)
Other Governmental	1,979,278	2,421,500	(442,222)
<b>Total</b>	<b>\$10,036,792</b>	<b>\$10,600,254</b>	<b>(\$563,462)</b>

**CITY OF MOUNT VERNON, OHIO**

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**Management's Discussion and Analysis  
For the Year Ended December 31, 2010**

**Unaudited**

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*General Fund* – The City's General Fund balance decrease is due to several factors. The tables that follow assist in illustrating the financial activities of the General Fund:

	2010 Revenues	2009 Revenues	Increase (Decrease)
Property and Other Taxes	\$8,190,413	\$8,872,511	(\$682,098)
Intergovernmental Revenue	1,203,448	1,163,307	40,141
Charges for Services	1,535,449	1,447,325	88,124
Licenses and Permits	11,520	11,671	(151)
Investment Earnings	59,888	185,847	(125,959)
Fines and Forfeitures	707,284	630,213	77,071
All Other Revenue	159,387	92,146	67,241
Total	<u>\$11,867,389</u>	<u>\$12,403,020</u>	<u>(\$535,631)</u>

General Fund revenues in 2010 decreased approximately 4.3% compared to revenues in 2009. The major decrease is in city income tax revenues. The decrease in investment earnings is due to continuing falling market rates associated with economic conditions throughout the year.

	2010 Expenditures	2009 Expenditures	Increase (Decrease)
Security of Persons and Property	\$4,823,976	\$5,082,202	(\$258,226)
Public Health and Welfare Services	360,771	353,908	6,863
Leisure Time Activities	674,620	697,900	(23,280)
Community Environment	26,352	24,783	1,569
Transportation	61,527	66,012	(4,485)
General Government	5,018,534	5,364,810	(346,276)
Debt Service:			
Principal Retirement	9,658	9,260	398
Interest and Fiscal Charges	18,217	18,615	(398)
Total	<u>\$10,993,655</u>	<u>\$11,617,490</u>	<u>(\$623,835)</u>

General Fund expenditures decreased by \$623,835 or 5.37% compared to the prior year primarily due to decrease in summer seasonal personnel in General Government and in wage and contract services expenses in Security of Persons and Property.

**CITY OF MOUNT VERNON, OHIO**

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**Management's Discussion and Analysis  
For the Year Ended December 31, 2010**

**Unaudited**

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*General Bond Retirement Fund* – The General Debt Retirement Fund balance decreased \$10,568.

*Capital Improvement Fund* - The Capital Improvement Fund balance decreased from \$1,416,802 to \$1,076,406 due to the rebuild of two blocks of highway on North McKenzie Street.

*TIF District-Coshocton Road Fund* - The TIF District-Coshocton Road Fund balance decreased from \$2,092,944 to \$1,971,643 due to design costs associated with upcoming road improvements.

*Budget* - The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of 2010 the City amended its General Fund budget several times. The increase in the final budget of \$13,042,661 over the original budget of \$12,309,839 was due to awards from operating grants. Actual expenditures were less than the final budget because of conservative fiscal management practices.

For the General Fund, final budget basis revenue of \$11,459,093 did not significantly change from the original budget estimates. Actual Revenues were more than the final budget due to increased court fines and forfeitures and EMS billing charges.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of 2010 the City had \$75,827,692 net of accumulated depreciation invested in buildings, infrastructure, equipment and vehicles. Of this total, \$45,918,415 was related to governmental activities and \$29,909,277 to the business-type activities. The following table shows 2010 and 2009 balances:

	Governmental Activities		Increase (Decrease)
	2010	Restated 2009	
Land	\$10,880,165	\$10,779,218	\$100,947
Construction In Progress	996,223	1,115,540	(119,317)
Buildings	11,978,501	10,988,824	989,677
Improvements Other than Buildings	1,016,087	621,331	394,756
Infrastructure	37,744,590	36,024,990	1,719,600
Machinery and Equipment	6,422,154	6,501,831	(79,677)
Less: Accumulated Depreciation	(23,119,305)	(21,572,414)	(1,546,891)
Totals	<u>\$45,918,415</u>	<u>\$44,459,320</u>	<u>\$1,459,095</u>

**CITY OF MOUNT VERNON, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2010**

**Unaudited**

Constructions in Progress decreased due to various transportation projects being completed during the year. Infrastructures increased due to additional roads being resurfaced in 2010, drainage projects performed during the year and the completion of transportation projects. Buildings increased due to construction of a shelter house/restroom facility and improvements to the municipal parking garage.

	Business-Type Activities		Increase (Decrease)
	2010	2009	
Land	\$819,311	\$819,311	\$0
Construction in Progress	1,751,452	1,248,400	503,052
Buildings and Improvements	25,398,831	25,398,831	0
Utility Structures in Service	23,778,774	23,605,888	172,886
Machinery and Equipment	3,571,352	3,390,520	180,832
Less: Accumulated Depreciation	<u>(25,410,443)</u>	<u>(23,982,352)</u>	<u>(1,428,091)</u>
Totals	<u>\$29,909,277</u>	<u>\$30,480,598</u>	<u>(\$571,321)</u>

Business type capital assets decreased as a result of depreciation expense; however, this was somewhat offset by replacement equipment, improvements to utility lines and new projects being designed for upcoming construction projects. Construction in Progress increased due to design costs of the wastewater plant electrical upgrade project and the interceptor wastewater rehabilitation project. Utility Structure in Service increased due to improvements of the north elevated water tower. Additional information on the City's capital assets can be found in Note 7.

**Debt**

At December 31, 2010, the City had \$19,230,000 in bonds outstanding, \$1,355,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2010 and 2009:

	2010	2009
Governmental Activities:		
General Obligation Bonds Payable	\$6,881,718	\$7,280,711
Ohio Public Works Commission Loan	419,375	433,125
Police and Firemen's Pension Accrued Liability	421,356	431,014
Compensated Absences	1,017,622	948,963
Total Governmental Activities	<u>8,740,071</u>	<u>9,093,813</u>
Business-Type Activities:		
Mortgage Revenue Bonds Payable	4,020,000	4,420,000
General Obligation Bonds Payable	12,348,282	13,274,289
Ohio Public Works Commission Loan	122,228	125,362
Compensated Absences	338,566	324,029
Total Business-Type Activities	<u>16,829,076</u>	<u>18,143,680</u>
Totals	<u>\$25,569,147</u>	<u>\$27,237,493</u>

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.5% of the total assessed value of real and personal property. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total assessed value of property.

At December 31, 2010, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 10.

## **ECONOMIC FACTORS**

The Central Ohio Technical College (COTC) plans to complete renovations to their downtown structure in the fall of 2011. The fall quarter of 2011 will bring all students attending the Knox campus back together in the central business district. We are so fortunate to have COTC located in our central business district in downtown Mount Vernon. The inflow of people is immense for the retail businesses located in the district. Enrollment in the Knox Campus continues to increase annually.

Mount Vernon Nazarene University (MVNU), a liberal arts, Christian Based University has announced they plan to begin renovations to a second former retail establishment located in the central business district in downtown Mount Vernon. The three story renovated facility will provides classrooms for the nursing program. The enrichment of higher education in our central business district has made a significant impact on existing structures in this area.

Development continues to grow within the community. Twelve commercial/industrial permits were issued in 2010, contributing an estimated \$3.1 million in tax valuation. Residential developments provided approximately \$2.5 million in tax valuation with thirty-nine permits being issued. Overall development continues to provide enhancements throughout the community and with such diversification; this helps to support our tax base and also helps to provide additional employment within the community.

Unemployment decreased throughout the year. Starting out the year with 9.7 percent, it managed a rise to 10.6 percent at the close of the first quarter. By midyear it had decreased to 9.8 percent finally dipped downward to 9.1 percent by year end. The impact of such increases and decreases throughout the year were measurable however due to the diverse mix of employers throughout the City the overall impact was sustainable.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Terry Scott, City Auditor of the City of Mount Vernon.

**CITY OF MOUNT VERNON, OHIO**

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**Statement of Net Assets**  
**December 31, 2010**

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	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 7,265,939	\$ 4,109,188	\$ 11,375,127
Investments	945,571	1,054,429	2,000,000
Receivables:			
Taxes	4,869,400	0	4,869,400
Accounts	175,721	1,516,974	1,692,695
Intergovernmental	1,830,862	0	1,830,862
Interest	34,330	0	34,330
Inventory of Supplies	30,331	106,935	137,266
Prepaid Items	68,142	13,374	81,516
Deferred Charge	61,750	25,195	86,945
Restricted Assets:			
Cash and Cash Equivalents	360,335	0	360,335
Cash and Cash Equivalents with Fiscal Agent	27,835	442,000	469,835
Capital Assets			
Capital Assets not Being Depreciated	11,876,388	2,570,763	14,447,151
Capital Assets Being Depreciated	34,042,027	27,338,514	61,380,541
<b>Total Assets</b>	<b>61,588,631</b>	<b>37,177,372</b>	<b>98,766,003</b>
<b>Liabilities:</b>			
Accounts Payable	185,515	66,444	251,959
Accrued Wages and Benefits	581,742	107,752	689,494
Contracts Payable	425,715	23,623	449,338
Matured Bonds and Interest Payable	0	650	650
Unearned Revenue	2,119,829	0	2,119,829
Accrued Interest Payable	20,651	28,154	48,805
Noncurrent liabilities:			
Due within one year	710,814	1,474,874	2,185,688
Due in more than one year	8,029,257	15,354,202	23,383,459
<b>Total Liabilities</b>	<b>12,073,523</b>	<b>17,055,699</b>	<b>29,129,222</b>

**CITY OF MOUNT VERNON, OHIO**

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	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	38,627,947	13,393,510	52,021,457
Restricted For:			
Capital Projects	2,081,466	2,887,674	4,969,140
Debt Service	0	442,000	442,000
Perpetual Care, Nonexpendable	369,072	0	369,072
Security of Persons and Property	813,686	0	813,686
Leisure Time Activities	25,694	0	25,694
Community Environment	2,114,957	0	2,114,957
Transportation	992,535	0	992,535
Unrestricted	4,489,751	3,398,489	7,888,240
<b>Total Net Assets</b>	<b>\$ 49,515,108</b>	<b>\$ 20,121,673</b>	<b>\$ 69,636,781</b>

See accompanying notes to the basic financial statements

**CITY OF MOUNT VERNON, OHIO**

**Statement of Activities  
For the Year Ended December 31, 2010**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Security of Persons and Property	\$ 5,950,098	\$ 1,200,644	\$ 0	\$ 0
Public Health and Welfare Services	693,029	83,842	0	0
Leisure Time Activities	963,163	296,300	0	5,000
Community Environment	1,560,761	20,387	815,050	0
Transportation	2,586,915	2,702	822,041	875,033
General Government	4,711,970	898,161	170,431	0
Interest and Fiscal Charges	350,672	0	0	0
<b>Total Governmental Activities</b>	<b>16,816,608</b>	<b>2,502,036</b>	<b>1,807,522</b>	<b>880,033</b>
<b>Business-Type Activities:</b>				
Water	3,347,380	3,392,757	0	0
Sewer	3,103,781	3,105,361	40,709	0
<b>Total Business-Type Activities</b>	<b>6,451,161</b>	<b>6,498,118</b>	<b>40,709</b>	<b>0</b>
<b>Totals</b>	<b>\$ 23,267,769</b>	<b>\$ 9,000,154</b>	<b>\$ 1,848,231</b>	<b>\$ 880,033</b>

**General Revenues**

Property Taxes Levied for:  
 General Purposes  
 Special Purposes  
 Capital Outlay  
 Municipal Income Tax  
 Other Local Taxes  
 Intergovernmental Revenue, Unrestricted  
 Investment Earnings  
 Miscellaneous  
 Total General Revenues  
 Change in Net Assets  
 Net Assets Beginning of Year, restated  
 Net Assets End of Year

See accompanying notes to the basic financial statements

**CITY OF MOUNT VERNON, OHIO**

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Net (Expense) Revenue  
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (4,749,454)	\$ 0	\$ (4,749,454)
(609,187)	0	(609,187)
(661,863)	0	(661,863)
(725,324)	0	(725,324)
(887,139)	0	(887,139)
(3,643,378)	0	(3,643,378)
(350,672)	0	(350,672)
<u>(11,627,017)</u>	<u>0</u>	<u>(11,627,017)</u>
0	45,377	45,377
<u>0</u>	<u>42,289</u>	<u>42,289</u>
0	87,666	87,666
<u>(11,627,017)</u>	<u>87,666</u>	<u>(11,539,351)</u>
589,285	0	589,285
167,876	0	167,876
1,381,766	0	1,381,766
8,688,085	0	8,688,085
87,796	0	87,796
1,087,350	0	1,087,350
60,858	4,973	65,831
<u>180,599</u>	<u>0</u>	<u>180,599</u>
<u>12,243,615</u>	<u>4,973</u>	<u>12,248,588</u>
616,598	92,639	709,237
<u>48,898,510</u>	<u>20,029,034</u>	<u>68,927,544</u>
<u>\$ 49,515,108</u>	<u>\$ 20,121,673</u>	<u>\$ 69,636,781</u>

**CITY OF MOUNT VERNON, OHIO**

**Balance Sheet  
Governmental Funds  
December 31, 2010**

	General	General Bond Retirement	Capital Improvement	TIF District- Coshocton Road
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 2,792,132	\$ 0	\$ 941,013	\$ 1,972,618
Investments	704,105	0	241,466	0
Receivables:				
Taxes	2,995,561	0	144,703	1,363,228
Accounts	113,380	0	50,312	0
Intergovernmental	412,915	0	0	0
Interest	34,330	0	0	0
Inventory of Supplies	533	0	0	0
Prepaid Items	64,836	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	0	0	0	0
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
<b>Total Assets</b>	<b>\$ 7,117,792</b>	<b>\$ 0</b>	<b>\$ 1,377,494</b>	<b>\$ 3,335,846</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 169,293	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	332,064	0	0	0
Contracts Payable	0	0	269,131	975
Deferred Revenue	1,606,970	0	31,957	1,363,228
<b>Total Liabilities</b>	<b>2,108,327</b>	<b>0</b>	<b>301,088</b>	<b>1,364,203</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	350,998	0	13,900	5,500
Reserved for Prepaid Items	64,836	0	0	0
Reserved for Supplies Inventory	533	0	0	0
Reserved for Endowments	0	0	0	0
Undesignated/Unreserved in:				
General Fund	4,593,098	0	0	0
Special Revenue Funds	0	0	0	0
Capital Projects Funds	0	0	1,062,506	1,966,143
<b>Total Fund Balances</b>	<b>5,009,465</b>	<b>0</b>	<b>1,076,406</b>	<b>1,971,643</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 7,117,792</b>	<b>\$ 0</b>	<b>\$ 1,377,494</b>	<b>\$ 3,335,846</b>

See accompanying notes to the basic financial statements

**CITY OF MOUNT VERNON, OHIO**

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Other Governmental Funds	Total Governmental Funds
\$ 1,560,176	\$ 7,265,939
0	945,571
365,908	4,869,400
12,029	175,721
1,417,947	1,830,862
0	34,330
29,798	30,331
3,306	68,142
360,335	360,335
27,835	27,835
<u>\$ 3,777,334</u>	<u>\$ 15,608,466</u>
\$ 16,222	\$ 185,515
249,678	581,742
155,609	425,715
<u>1,376,547</u>	<u>4,378,702</u>
<u>1,798,056</u>	<u>5,571,674</u>
351,346	721,744
3,306	68,142
29,798	30,331
369,072	369,072
0	4,593,098
1,182,665	1,182,665
43,091	3,071,740
<u>1,979,278</u>	<u>10,036,792</u>
<u>\$ 3,777,334</u>	<u>\$ 15,608,466</u>

**CITY OF MOUNT VERNON, OHIO**

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***Reconciliation Of Total Governmental Fund Balances  
To Net Assets Of Governmental Activities  
December 31, 2010***

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<b>Total Governmental Fund Balances</b>		\$ 10,036,792
<b><i>Amounts reported for governmental activities in the statement of net assets are different because</i></b>		
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.		45,918,415
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		2,258,873
Bond issuance costs, reported as expenditures in governmental funds are allocated as an expense over the life of the debt on a full accrual basis.		61,750
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds Payable	(6,881,718)	
Ohio Public Works Commission Loan Payable	(419,375)	
Police and Firemen's Pension Accrued Liability	(421,356)	
Compensated Absences Payable	(1,017,622)	
Accrued Interest Payable	(20,651)	
		<u>(8,760,722)</u>
<b><i>Net Assets of Governmental Activities</i></b>		<b><u>\$ 49,515,108</u></b>

See accompanying notes to the basic financial statements



**CITY OF MOUNT VERNON, OHIO**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2010**

	General	General Bond Retirement	Capital Improvement	TIF District- Coshocton Road
<b>Revenues:</b>				
Taxes	\$ 8,190,413	\$ 0	\$ 549,186	\$ 1,320,086
Intergovernmental Revenues	1,203,448	0	725,345	0
Charges for Services	1,535,449	0	0	0
Licenses and Permits	11,520	0	0	0
Investment Earnings	59,888	277	0	0
Fines and Forfeitures	707,284	0	0	0
All Other Revenue	159,387	0	0	0
<b>Total Revenue</b>	<b>11,867,389</b>	<b>277</b>	<b>1,274,531</b>	<b>1,320,086</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	4,823,976	0	0	0
Public Health and Welfare Services	360,771	0	1,944	0
Leisure Time Activities	674,620	0	0	0
Community Environment	26,352	0	0	0
Transportation	61,527	0	1,372,120	1,160,683
General Government	5,018,534	0	240,863	0
Debt Service:				
Principal Retirement	9,658	412,743	0	0
Interest and Fiscal Charges	18,217	321,208	0	0
<b>Total Expenditures</b>	<b>10,993,655</b>	<b>733,951</b>	<b>1,614,927</b>	<b>1,160,683</b>
Excess (Deficiency) of Revenues Over Expenditures	873,734	(733,674)	(340,396)	159,403
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	1,093	0	0	0
Transfers In	0	723,106	0	0
Transfers Out	(523,669)	0	0	(280,704)
<b>Total Other Financing Sources (Uses)</b>	<b>(522,576)</b>	<b>723,106</b>	<b>0</b>	<b>(280,704)</b>
Net Change in Fund Balances	351,158	(10,568)	(340,396)	(121,301)
<b>Fund Balances at Beginning of Year</b>	<b>4,658,440</b>	<b>10,568</b>	<b>1,416,802</b>	<b>2,092,944</b>
Increase (Decrease) in Inventory Reserve	(133)	0	0	0
<b>Fund Balances End of Year</b>	<b>\$ 5,009,465</b>	<b>\$ 0</b>	<b>\$ 1,076,406</b>	<b>\$ 1,971,643</b>

See accompanying notes to the basic financial statements

**CITY OF MOUNT VERNON, OHIO**

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Other Governmental Funds	Total Governmental Funds
\$ 777,005	\$ 10,836,690
2,340,760	4,269,553
97,400	1,632,849
5,432	16,952
693	60,858
137,911	845,195
32,314	191,701
<u>3,391,515</u>	<u>17,853,798</u>
760,638	5,584,614
315,000	677,715
53,526	728,146
1,534,409	1,560,761
1,080,681	3,675,011
184,447	5,443,844
0	422,401
0	339,425
<u>3,928,701</u>	<u>18,431,917</u>
(537,186)	(578,119)
2,166	3,259
104,020	827,126
<u>(22,753)</u>	<u>(827,126)</u>
<u>83,433</u>	<u>3,259</u>
(453,753)	(574,860)
2,421,500	10,600,254
11,531	11,398
<u>\$ 1,979,278</u>	<u>\$ 10,036,792</u>

**CITY OF MOUNT VERNON, OHIO**

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***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, 2010***

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**Net Change in Fund Balances - Total Governmental Funds** \$ (574,860)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlay	3,490,280	
Depreciation Expense	<u>(2,010,596)</u>	1,479,684

The net effect of various miscellaneous transactions involving capital assets (i.e. disposals and sales) is to increase net assets.

The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets.	<u>(20,589)</u>	(20,589)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (621,530)

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

General Obligation Bond Principal Payment	398,993	
Ohio Public Works Commission Loan Payment	13,750	
Police Firemen's Pension Accrued Liability Principal Payment	<u>9,658</u>	422,401

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (11,247)

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

Compensated Absences	(68,659)	
Change in Inventory	<u>11,398</u>	<u>(57,261)</u>

***Change in Net Assets of Governmental Activities*** \$ 616,598

See accompanying notes to the basic financial statements

**CITY OF MOUNT VERNON, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Year Ended December 31, 2010**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 8,530,750	\$ 8,530,750	\$ 8,122,301	\$ (408,449)
Intergovernmental Revenue	602,749	817,843	1,263,983	446,140
Charges for Services	1,336,300	1,336,300	1,570,417	234,117
Licenses and Permits	15,200	15,200	11,520	(3,680)
Investment Earnings	200,000	200,000	51,161	(148,839)
Fines and Forfeitures	450,000	450,000	718,610	268,610
All Other Revenues	109,000	109,000	150,563	41,563
Total Revenues	<u>11,243,999</u>	<u>11,459,093</u>	<u>11,888,555</u>	<u>429,462</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	4,967,991	5,338,192	5,153,611	184,581
Public Health and Welfare Services	374,034	423,440	398,133	25,307
Leisure Time Activities	775,100	805,515	722,811	82,704
Community Environment	42,939	47,533	29,102	18,431
Transportation	58,500	66,375	61,509	4,866
General Government	6,091,275	6,361,606	5,144,466	1,217,140
Total Expenditures	<u>12,309,839</u>	<u>13,042,661</u>	<u>11,509,632</u>	<u>1,533,029</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,065,840)	(1,583,568)	378,923	1,962,491
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	1,093	1,093
Transfers Out	(1,364,434)	(1,363,834)	(523,669)	840,165
Total Other Financing Sources (Uses):	<u>(1,364,434)</u>	<u>(1,363,834)</u>	<u>(522,576)</u>	<u>841,258</u>
Net Change in Fund Balance	(2,430,274)	(2,947,402)	(143,653)	2,803,749
Fund Balance at Beginning of Year	2,573,494	2,573,494	2,573,494	0
Prior Year Encumbrances	517,129	517,129	517,129	0
Fund Balance at End of Year	<u>\$ 660,349</u>	<u>\$ 143,221</u>	<u>\$ 2,946,970</u>	<u>\$ 2,803,749</u>

See accompanying notes to the basic financial statements

**CITY OF MOUNT VERNON, OHIO**

**Statement of Net Assets  
Proprietary Funds  
December 31, 2010**

	Business-Type Activities		
	Enterprise Funds		Total
	Water	Sewer	
<b>ASSETS</b>			
Current assets:			
Cash and Cash Equivalents	\$ 720,029	\$ 3,389,159	\$ 4,109,188
Investments	184,761	869,668	1,054,429
Accounts receivable (net of allowance for uncollectibles)	746,237	770,737	1,516,974
Inventory of Supplies	58,123	48,812	106,935
Prepaid Items	5,799	7,575	13,374
Total current assets	1,714,949	5,085,951	6,800,900
Noncurrent assets:			
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	442,000	0	442,000
Deferred Charges	0	25,195	25,195
Capital assets:			
Capital Assets Not Being Depreciated	433,701	2,137,062	2,570,763
Capital Assets Being Depreciated	15,957,561	11,380,953	27,338,514
Total capital assets	16,391,262	13,518,015	29,909,277
Total noncurrent assets	16,833,262	13,543,210	30,376,472
Total assets	18,548,211	18,629,161	37,177,372
<b>LIABILITIES</b>			
Current liabilities:			
Accounts Payable	25,271	41,173	66,444
Accrued Wages and Benefits	51,822	55,930	107,752
Contracts Payable	9,577	14,046	23,623
Matured Bonds and Interest Payable	650	0	650
Accrued Interest Payable	14,829	13,325	28,154
General Obligation Bonds Payable - Current	516,675	439,175	955,850
Revenue Bond Payable - Current	400,000	0	400,000
OPWC Loans Payable - Current	6,268	0	6,268
Compensated Absences Payable - Current	46,930	65,826	112,756
Total Current Liabilities	1,072,022	629,475	1,701,497

**CITY OF MOUNT VERNON, OHIO**

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	Business-Type Activities		Total
	Enterprise Funds		
	Water	Sewer	
Noncurrent Liabilities:			
General Obligation Bonds Payable	4,472,090	6,920,342	11,392,432
Revenue Bonds Payable	3,620,000	0	3,620,000
OPWC Loans Payable	115,960	0	115,960
Compensated Absences Payable	91,216	134,594	225,810
Total noncurrent liabilities	8,299,266	7,054,936	15,354,202
<b>Total Liabilities</b>	<b>9,371,288</b>	<b>7,684,411</b>	<b>17,055,699</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	7,235,469	6,158,041	13,393,510
Restricted for Capital Projects	356,786	2,530,888	2,887,674
Restricted for Debt Service	442,000	0	442,000
Unrestricted	1,142,668	2,255,821	3,398,489
Total Net Assets	<u>\$ 9,176,923</u>	<u>\$ 10,944,750</u>	<u>\$ 20,121,673</u>

See accompanying notes to the basic financial statements



**CITY OF MOUNT VERNON, OHIO**

**Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2010**

	Business-Type Activities		
	Enterprise Funds		Total
	Water	Sewer	
<b>Operating Revenues:</b>			
Charges for Services	\$ 3,392,680	\$ 3,037,010	\$ 6,429,690
Other Operating Revenues	77	68,351	68,428
<b>Total Operating Revenues</b>	<b>3,392,757</b>	<b>3,105,361</b>	<b>6,498,118</b>
<b>Operating Expenses:</b>			
Personal Services	1,192,750	1,272,193	2,464,943
Contractual Services	156,703	569,394	726,097
Materials and Supplies	461,271	138,241	599,512
Utilities	215,748	231,836	447,584
Depreciation	893,549	543,768	1,437,317
<b>Total Operating Expenses</b>	<b>2,920,021</b>	<b>2,755,432</b>	<b>5,675,453</b>
<b>Operating Income</b>	<b>472,736</b>	<b>349,929</b>	<b>822,665</b>
<b>Non-Operating Revenues (Expenses):</b>			
Interest Income	1,701	3,272	4,973
Interest and Fiscal Charges	(427,359)	(348,349)	(775,708)
Intergovernmental Grants	0	40,709	40,709
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(425,658)</b>	<b>(304,368)</b>	<b>(730,026)</b>
<b>Change in Net Assets</b>	<b>47,078</b>	<b>45,561</b>	<b>92,639</b>
Net Assets Beginning of Year	9,129,845	10,899,189	20,029,034
<b>Net Assets End of Year</b>	<b>\$ 9,176,923</b>	<b>\$ 10,944,750</b>	<b>\$ 20,121,673</b>

See accompanying notes to the basic financial statements

**CITY OF MOUNT VERNON, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2010**

	Business-Type Activities Enterprise Funds		Total
	Water	Sewer	
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$3,326,169	\$2,943,953	\$6,270,122
Cash Payments for Goods and Services	(835,426)	(1,020,858)	(1,856,284)
Cash Payments to Employees	(1,199,679)	(1,265,391)	(2,465,070)
Net Cash Provided by Operating Activities	<u>1,291,064</u>	<u>657,704</u>	<u>1,948,768</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Proceeds from U S Treasury	0	40,709	40,709
Proceeds from Ohio Public Works Commission Loan	0	0	0
Proceeds from General Obligation Bonds	0	0	0
Acquisition and Construction of Assets	(189,192)	(672,501)	(861,693)
Principal Paid on General Obligation Bonds	(491,525)	(434,482)	(926,007)
Principal Paid on Ohio Public Works Commission Loan	(3,134)	0	(3,134)
Principal Paid on Revenue Bonds	(400,000)	0	(400,000)
Interest Paid on All Debt	(421,251)	(324,884)	(746,135)
Net Cash Used for Capital and Related Financing Activities	<u>(1,505,102)</u>	<u>(1,391,158)</u>	<u>(2,896,260)</u>
<u>Cash Flows from Investing Activities:</u>			
Proceeds from Sale of Investments	23,386	59,903	83,289
Receipt of Interest	1,701	3,272	4,973
Net Cash Provided by Investing Activities	<u>25,087</u>	<u>63,175</u>	<u>88,262</u>
Net Decrease in Cash and Cash Equivalents	(188,951)	(670,279)	(859,230)
Cash and Cash Equivalents at Beginning of Year	<u>1,350,980</u>	<u>4,059,438</u>	<u>5,410,418</u>
Cash and Cash Equivalents at End of Year	<u>\$1,162,029</u>	<u>\$3,389,159</u>	<u>\$4,551,188</u>
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$720,029	\$3,389,159	\$4,109,188
Restricted Cash with Fiscal Agent	442,000	0	442,000
Cash and Cash Equivalents at End of Year	<u>\$1,162,029</u>	<u>\$3,389,159</u>	<u>\$4,551,188</u>

(Continued)

**CITY OF MOUNT VERNON, OHIO**

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	Business-Type Activities		Total
	Enterprise Funds		
	Water	Sewer	
<u>Reconciliation of Operating Income to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Income	\$472,736	\$349,929	\$822,665
Adjustments to Reconcile Operating Income to			
Net Cash Provided by Operating Activities:			
Depreciation Expense	893,549	543,768	1,437,317
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(66,588)	(161,408)	(227,996)
Increase in Inventory	(16,395)	(16,609)	(33,004)
Increase in Prepaid Items	(599)	(2,006)	(2,605)
Increase (Decrease) in Accounts Payable	10,304	(64,751)	(54,447)
Increase in Accrued Wages and Benefits	763	3,319	4,082
Decrease in Contracts Payable	(4,317)	(7,464)	(11,781)
Increase in Compensated Absences	1,611	12,926	14,537
Total Adjustments	<u>818,328</u>	<u>307,775</u>	<u>1,126,103</u>
Net Cash Provided by Operating Activities	<u>\$1,291,064</u>	<u>\$657,704</u>	<u>\$1,948,768</u>

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2010 the Water and Sewer Funds had outstanding liabilities of \$6,853 and \$11,882 respectively for certain capital assets.

See accompanying notes to the basic financial statements

**CITY OF MOUNT VERNON, OHIO**

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***Statement of Assets and Liabilities  
Fiduciary Funds  
December 31, 2010***

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	<u>Agency</u>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 269,723
<b>Total Assets</b>	<u>\$ 269,723</u>
<b>Liabilities:</b>	
Intergovernmental Payable	\$ 27,420
Due to Others	<u>242,303</u>
<b>Total Liabilities</b>	<u>\$ 269,723</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of Mount Vernon, Ohio (the "City") was incorporated on February 22, 1830 under the laws of the State of Ohio. The City operates under the general statutory form of government.

The financial statements are presented as of December 31, 2010 and for the year then ended and have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

**A. Reporting Entity**

The accompanying basic financial statements comply with the provisions of the GASB Statement No. 14, *"The Financial Reporting Entity,"* in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either (1) the City's ability to impose its will over the organization, or (2) the potential that the organization will provide a financial benefit to or impose a financial burden on the City.

Based on the foregoing, the City's financial reporting entity has no component units but includes all funds, agencies, boards and commissions that are part of the primary government. The reporting entity of the City includes the following services: police and fire protection, emergency medical, parks, recreation, cemetery, planning, zoning, street maintenance and other governmental services. In addition, the City owns and operates a water treatment and distribution system and a wastewater treatment and collection system which are reported as enterprise funds.

The City, in conjunction with Knox County, the six villages and the twenty-two townships within Knox County, have created the Knox County Emergency Management Agency (EMA). The EMA is a jointly governed organization whose board is composed of seven members, one county commissioner, five chief executive officers representing municipal corporations or townships and one non-elected representative. The agency was organized to coordinate all civil defense functions within the county to insure the most effective use of resources during an emergency. The City appropriated \$6,000 for operations of the EMA for 2010.

Mid Ohio Transit Authority (MOTA) is a jointly governed organization whose board is composed of four members; one county commissioner, one township representative, and one representative from the City. These three members collectively appoint one non-elected representative from within the county. MOTA was organized to provide public transportation for the entire county.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**A. Reporting Entity (Continued)**

The City did not appoint a majority of the members of the Board, nor is the City accountable for any operating deficits of MOTA. The MOTA Board is responsible for the fiscal operation of MOTA. The City appropriated \$25,000 for an operating grant to MOTA for 2010.

The Knox County General Health District as a combined agency was created in 1983 as provided in Section 3709.07 of the Ohio Revised Code. The jointly governed organization's board is composed of nine members; six members from the townships and villages, and three members from the City. The combined Knox County General Health District was organized to provide public health services as required by the Ohio Revised Code and the Ohio Administrative Code, and such other services as are duly authorized or required by regulations of the District and can be furnished within the financial resources available to the District.

The combined Knox County General Health District Board is responsible for the fiscal operations of the District. Under a contractual arrangement, the District sets the amount the City shall contribute on an annual basis. The remaining funding necessary for the District shall be apportioned by the County Auditor on the basis of taxable valuations among each township and village. Any fees charged for services by the District shall be placed in the District Health Fund. The City appropriated \$45,034 for operations of the combined District for 2010.

The accounting policies and financial reporting practices of the City conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies.

**B. Basis of Presentation - Fund Accounting**

The accounting system is organized and operated on the basis of funds each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, net assets, revenues and expenditures or expenses. The following fund types are used by the City:

***Governmental Funds***

Governmental funds are those funds through which most governmental functions typically are financed. The acquisition, use and balances of the City's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is on determination of "financial flow" (sources and uses and balances of financial resources). The following are the City's major governmental funds:

General Fund - This fund is used to account for all financial resources except those 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 general laws of Ohio.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation - Fund Accounting** (Continued)

General Bond Retirement Fund – This fund is used for the accumulation of resources for, and the payment of, principal and interest on general obligation debt other than those accounted for in the proprietary funds.

Capital Improvement Fund – This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

TIF District – Coshocton Road Fund – This fund is used to account for financial resources used for the improvements within the described boundaries of the Coshocton Road area.

***Proprietary Funds***

All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of these funds are included on the statement of net assets. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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 City's major enterprise funds are:

Water Fund – This fund is used to account for the operation of the City's water service.

Sewer Fund – This fund is used to account for the operation of the City's sanitary sewer service.

***Fiduciary Funds***

Agency Funds - These funds are used to account for assets held by a governmental unit as an agent for individuals, private organizations or other governmental units. The agency funds account for municipal court collections that are distributed to various local governments, bond and inspection collections are funds on deposit as required by City ordinance for subdivision construction, and insurance trust funds are for insurance funds on deposit to ensure the clean up of damaged property. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation – Financial Statements**

**Government-wide Financial Statements** – The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund 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.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function or program of the City's governmental activities. 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 and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

**Fund Financial Statements** – Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Basis of Accounting**

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which the City considers to be 60 days after year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt, which is recognized when due.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from income taxes is recognized in the period in which the income is earned and is available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenue is available. 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 specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. Revenues considered susceptible to accrual at year end include income taxes, interest on investments, and state levied locally shared taxes, including motor vehicle license fees and local government assistance. Other revenues, including licenses, permits, certain charges for services, and miscellaneous revenues are recorded when received in cash, because generally these revenues are not measurable until received.

Property taxes measurable as of December 31, 2010 but which are not intended to finance 2010 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenues.

The accrual basis of accounting is utilized for reporting purposes by governmental activities, the proprietary funds and the fiduciary funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

For governmental activities and proprietary funds, the City applies Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB statements and interpretations issued after November 30, 1989 to its business-type activities and enterprise funds.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the modified tax budget, the certificate of estimated resources and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation ordinance are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only the general fund and major special revenue funds are required to be reported. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by an ordinance of the City Council.

**1. Modified Tax Budget**

By July 15, the Mayor submits an annual modified tax budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year for the period January 1 to December 31 of the following year.

**2. Estimated Resources**

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificates of estimated resources is amended to include any unencumbered fund balances from the preceding year, and are reported as original budget amounts on the budgetary statements. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the final budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2010.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

**3. Appropriations**

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 through December 31. The appropriation ordinance establishes spending controls at the fund, department and object level. The original appropriation budget ordinance may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may only be modified during the year by an ordinance of City Council. During the year, several supplemental appropriations were necessary to budget the use of contingency funds.

Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual" are provided on the budgetary basis to provide a comparison of actual results to the original and the final budgets. The final budget includes all amendments and modifications.

**4. Encumbrances**

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying basic financial statements.

**5. Lapsing of Appropriations**

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process (Continued)**

6. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting. The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund:

<u>Net Change in Fund Balance</u>	
	<u>General Fund</u>
GAAP Basis (as reported)	\$351,158
Increase (Decrease):	
Accrued Revenues at December 31, 2010 received during 2011	(1,996,595)
Accrued Revenues at December 31, 2009 received during 2010	2,017,761
Accrued Expenditures at December 31, 2010 paid during 2011	501,357
Accrued Expenditures at December 31, 2009 paid during 2010	(560,212)
2009 Prepays for 2010	108,793
2010 Prepays for 2011	(64,836)
Outstanding Encumbrances	<u>(501,079)</u>
Budget Basis	<u><u>(\$143,653)</u></u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits, the State Treasury Assets Reserve (STAR Ohio), and certificates of deposit and investments with original maturities of less than three months. The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand. See Note 3, "Cash, Cash Equivalents and Investments."

**G. Investments**

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City reports its investments at fair value. Fair value is determined by quoted market prices, except for nonparticipating investment contracts (certificates of deposit) which are reported at cost. All investment income, including changes in the fair value of investments are recognized as revenue in the operating statements. The City allocates interest among the various funds based upon state statutes and City legislation. See Note 3, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2010. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2010.

**H. Inventory**

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market in the proprietary funds and on the statement of net assets. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the enterprise funds and on a government-wide basis when used.

**I. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2010, 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/expense is reported in the year in which services are consumed.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Capital Assets and Depreciation**

Capital assets are defined by the City as assets with an initial, individual cost of more than \$1,000.

**1. Capital Assets - Governmental Activities**

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements.

Donated capital assets are recorded at fair market value at the date received. Capital assets include land, buildings, improvements other than building, machinery, equipment and infrastructure. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significant number of years. Examples of infrastructure include roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems. Estimated historical costs for governmental activities capital asset values were initially determined by identifying historical costs when such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

**2. Capital Assets – Business Type Activities**

Capital assets acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Assets and in the respective funds.

**3. Depreciation**

All capital assets are depreciated, excluding land and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Governmental and Business-Type Activities Estimated Lives (in years)</u>
Buildings	15 - 50
Improvements other than Buildings	25-65
Infrastructure and Utility Structures in Service	15-100
Machinery and Equipment	5 - 20

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**K. Long-Term Obligations**

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	General Bond Retirement Fund Water Fund Sewer Fund
Mortgage Revenue Bonds	Water Fund
Ohio Public Works Loan	General Bond Retirement Fund, Water Fund
Police and Fire Pension Accrued Liability	General Fund
Compensated Absences	General Fund, Street Construction Maintenance and Repair Fund, Cemetery Fund, Water Fund, Sewer Fund

**L. Compensated Absences**

City employees earn vacation at varying rates based upon length of service. A maximum of three weeks of vacation time may be carried over beyond the anniversary date subject to the approval of the department head. Upon separation from the City, the employee (or his estate) is paid for the accumulated unused vacation leave balance.

Sick leave is accrued by employees at the rate of 5 hours for every eighty hours worked. Upon separation from the City, after 10 years of service, 40 hour employees are paid 50% of accumulated sick leave up to a maximum of 480 hours and 48 hour employees up to a maximum of 617 hours. After 20 years of service, 40 hour employees are paid up to a maximum of 720 hours and 48 hour employees up to a maximum of 864 hours. Upon retirement the maximum payments are 1,080 hours with ten or more years of service for 40 hour employees in the police department, 1,200 hours with ten or more years of service for all other 40 hour employees and 1,296 hours for 48 hour employees with ten or more years of service.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Compensated Absences (Continued)**

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement is accrued to the extent that it is considered probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method for all employees who have completed five years of service, whereby the liability is recorded on the basis of leave accumulated by employees eligible to receive termination payments as of the balance sheet date and on leave balances accumulated by other employees expected to become eligible to receive such payments in the future.

Compensated absences accumulated by employees are reported as an expense when earned in the government-wide financial statements. For governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." The noncurrent portion of the liability is not reported.

Compensated absences are expensed in the Water and Sewer Enterprise Funds when earned and the related liability is reported within the fund.

**M. Net Assets**

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

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

**N. Pensions**

The provision for pension costs are recorded when the related payroll is accrued and the obligation is incurred.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**O. Interfund Transactions**

Transfers between governmental and business type activities on the government-wide financial 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. Interfund services provided and used are not eliminated in the process of consolidation. 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. Interfund activity has been eliminated from the government-wide financial statements.

**P. Reservations of Fund Balance**

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for inventories of supplies and materials, prepaid items, endowments, and encumbered amounts, which have not been accrued at year end.

**Q. Restricted Assets**

Certain assets are classified as restricted cash on the statement of net assets and the balance sheet because these funds are being held by Knox County for permissive tax or a trustee as designated by a bond indenture, or in a trustee capacity for perpetual care.

**R. Operating Revenues and Expenses**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. 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 water treatment and distribution and wastewater collection and treatment. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**S. Bond Issuance Costs**

In governmental fund types, bond issuance costs are recognized in the current period. Bond issuance costs in the government-wide financial statements and proprietary fund types are deferred and amortized over the term of the bonds. Issuance costs are recorded as deferred charges.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 2 – PRIOR PERIOD ADJUSTMENT AND RESTATEMENT OF NET ASSETS**

For the year ended December 31, 2009, the City corrected an overstatement of capital assets reported in the Statement of Net Assets for Governmental Activities. The correction resulted in the restatement of net assets at December 31, 2009 of the Governmental Activities as follows:

	Governmental Activities
Net Assets at December 31, 2009 as reported	\$51,092,719
Correction of overstatement of capital assets	(2,194,209)
Net Assets at December 31, 2009 as restated	<u>\$48,898,510</u>

**NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. In addition, investments are separately held by a number of individual funds. The City has adopted an Investment Policy that follows Ohio Revised Code Chapter 135 and applies the prudent person standard. The prudent person standard requires the Auditor and Treasurer to exercise the care, skill and experience that a prudent person would use to manage his/her personal financial affairs and to seek investments that will preserve principal while maximizing income.

Statutes require the classification of funds held by the City into three categories:

Category 1 consists of "active" funds - those funds required to be kept in "cash" or "near cash" status for immediate use by the City. Such funds must be maintained either as cash in the City Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current five year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds not needed for immediate use but needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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**NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

**A. Deposits**

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned. Protection of City cash and deposits is provided by the federal deposit insurance corporation as well as qualified securities pledged by the institution holding the assets. The City has no policy on custodial credit risk and is governed by Ohio Revised Code. Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At year end the carrying amount of the City's deposits was \$12,555,588 and the bank balance \$12,853,051. The Federal Deposit Insurance Corporation (FDIC) covered \$2,500,000 of the bank balance. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	Balance
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	\$10,353,051
Total Balance	\$10,353,051

Investment earnings of \$49,345 earned by other funds were credited to the General Fund as required by state statute.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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**NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**B. Investments**

The City's investments at December 31, 2010 are summarized below:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years) less than 1</u>
STAR Ohio	<u>\$1,449,597</u>	AAAm <sup>1</sup>	<u>\$1,449,597</u>
Total Investments	<u>\$1,449,597</u>		<u>\$1,449,597</u>

<sup>1</sup> Standard & Poor's

*Interest Rate Risk* – The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date.

*Investment Credit Risk* – The City has no investment policy that limits its investment choices other than the limitation of State statute for “interim” funds described previously.

*Concentration of Credit Risk* – The City places no limit on the amount the City may invest in one issuer. Of the City’s total investments, 100% are STAR Ohio.

*Custodial Credit Risk* – For an investment, custodial credit risk is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The above investments are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty’s trust department or agent, but not in the City’s name. The City has no policy on custodial credit risk and is governed by Ohio Revised Code as described under Deposits.

**C. Cash with Fiscal Agents**

In addition to deposits and investments, the City has uninsured and uncollateralized cash in the amount of \$27,835 being held by Knox County and the City had cash with fiscal agents in the amount of \$442,000 for bond reserve accounts, of which \$250,000 was insured by the FDIC and the remaining deposits were uninsured and uncollateralized.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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**NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

**D. Reconciliation of Cash, Cash Equivalents and Investments**

The classification of cash, cash equivalents and investments on the financial statements is based on criteria set forth in GASB Statement No. 9. STAR Ohio is treated as a cash equivalent. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per GASB Statement No. 9	\$12,005,185	\$2,000,000
Certificates of Deposit (with maturities of more than 3 months)	2,000,000	(2,000,000)
Investments:		
STAR Ohio	(1,449,597)	1,449,597
Per GASB Statement No. 3	<u>\$12,555,588</u>	<u>\$1,449,597</u>

**NOTE 4 - TAXES**

**A. Property Taxes**

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2010 were levied after October 1, 2009 on assessed values as of January 1, 2009, the lien date. Assessed values were established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years, and equalization adjustments are made in the third year following reappraisal. The last revaluation was completed in 2008. Real property taxes are payable annually or semi-annually. The first payment is due January 31; the remainder is payable by June 20.

Tangible personal property tax (other than public utility property) attaches as a lien and were levied, on the true value as of January 1, 2010. Tangible personal property of telephone and telecommunication companies (except for public utilities) is currently assessed for ad valorem taxation purposes at 10 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 4 - TAXES (Continued)**

**A. Property Taxes (Continued)**

House Bill No. 66 was signed into law on June 30, 2005. House Bill No.66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in 2009, and the tax on telephone and telecommunications property will be eliminated by 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the City due to the phasing out of the tax. In calendar years 2006-2012, the City will be fully reimbursed for the lost revenue. In calendar years 2013-2017, the reimbursements will be phased out.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100% of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Mount Vernon. The County Auditor periodically remits to the City its portion of the taxes collected. The full tax rate for all City operations for the year ended December 31, 2010 was \$3.20 per \$1,000 of assessed value. The 2010 assessed value was \$259,179,980. This amount constitutes \$251,646,680 in real property assessed value and \$7,533,300 in public utility assessed.

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the City's share is .320% (3.20 mills) of assessed value.

**B. Income Tax**

The City levies a tax of 1.5% on all salaries, wages, commissions and other compensation and on net profits earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of up to 1% of the tax paid to another municipality.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly, as required. Corporations and other individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually.

Income tax proceeds, after payment of collection expenses, have been allocated by City Council as follows: 81% of the unvoted 1% portion of the income tax is credited to the General Fund, 10% to the Capital Improvement Fund, 3% to the Street Construction, Maintenance and Repair Fund, 4% to the Cemetery Fund, 1% to the Police Pension Fund and 1% to the Fire Pension Fund; 100% of the voted 0.5% portion of the income tax is credited to the General Fund.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 5 - RECEIVABLES**

Receivables at December 31, 2010 consisted of taxes, accounts, interest, and intergovernmental receivables. All receivables are collectible in full and within one year except for allowance for doubtful accounts related to billings for governmental and proprietary funds.

A summary of the principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amount</u>
General Fund	
Estate Tax	\$137,503
Homestead and Rollback Reimbursement	40,782
Local Government	234,315
Lodging Tax	315
Total General Fund	<u>412,915</u>
Nonmajor Special Revenue Funds:	
Street Construction, Maintenance and Repair Fund	
Cents Per Gallon	26,571
Gasoline Tax	215,986
Motor Vehicle Tax	50,325
Total Street Construction, Maintenance and Repair Fund	<u>292,882</u>
State Highway Improvement Fund	
Gasoline Tax	19,668
Motor Vehicle Tax	4,080
Total State Highway Improvement Fund	<u>23,748</u>
Permissive Auto License Tax Fund - Permissive Tax	27,835
CDBG Fund - CDBG Grants	1,048,312
Permissive License Registration Fund - Permissive Tax	15,746
Police Pension Fund - Homestead and Rollback Reimbursement	4,712
Fire Pension Fund - Homestead and Rollback Reimbursement	4,712
Total Nonmajor Special Revenue Funds	<u>1,417,947</u>
Total Governmental Fund Types	<u>\$1,830,862</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 6 - TRANSFERS**

Following is a summary of Transfers in and out for all funds for 2010:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$523,669
General Bond Retirement Fund	723,106	0
TIF District-Coshocton Road Fund	0	280,704
Other Governmental Funds	104,020	22,753
Total Governmental Funds	<u>\$827,126</u>	<u>\$827,126</u>

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; 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.

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**CITY OF MOUNT VERNON, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

**NOTE 7 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets as of December 31, 2010:

**Historical Cost:**

Class	Restated December 31, 2009	Additions	Deletions	December 31, 2010
<b>Capital assets not being depreciated:</b>				
Land	\$10,779,218	\$100,947	\$0	\$10,880,165
Construction in Progress	1,115,540	847,191	(966,508)	996,223
Subtotal	11,894,758	948,138	(966,508)	11,876,388
<b>Capital assets being depreciated:</b>				
Buildings	10,988,824	1,000,009	(10,332)	11,978,501
Improvements Other than Buildings	621,331	394,756	0	1,016,087
Infrastructure	36,024,990	1,754,339	(34,739)	37,744,590
Machinery and Equipment	6,501,831	359,546	(439,223)	6,422,154
Subtotal	54,136,976	3,508,650	(484,294)	57,161,332
Total Cost	<u>\$66,031,734</u>	<u>\$4,456,788</u>	<u>(\$1,450,802)</u>	<u>\$69,037,720</u>

**Accumulated Depreciation:**

Class	Restated December 31, 2009	Additions	Deletions	December 31, 2010
Buildings	(\$3,898,175)	(\$391,407)	\$10,332	(\$4,279,250)
Improvements	(484,521)	(14,470)	0	(498,991)
Infrastructure	(12,655,606)	(1,169,374)	25,086	(13,799,894)
Machinery and Equipment	(4,534,112)	(435,345)	428,287	(4,541,170)
Total Depreciation	<u>(\$21,572,414)</u>	<u>(\$2,010,596) *</u>	<u>\$463,705</u>	<u>(\$23,119,305)</u>
<b>Net Value:</b>	<u>\$44,459,320</u>			<u>\$45,918,415</u>

\* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$346,663
Leisure Time Activities	228,640
Public Health & Welfare	14,613
Transportation	1,244,265
General Government	176,415
Total Depreciation Expense	<u>\$2,010,596</u>

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

**NOTE 7 – CAPITAL ASSETS (Continued)**

**B. Business-Type Activities Capital Assets**

Summary by category of changes in business-type activities capital assets as of December 31, 2010:

*Historical Cost:*

Class	December 31, 2009	Additions	Deletions	December 31, 2010
<i>Capital assets not being depreciated:</i>				
Land	\$819,311	\$0	\$0	\$819,311
Construction in Progress	1,248,400	519,565	(16,513)	1,751,452
Subtotal	2,067,711	519,565	(16,513)	2,570,763
<i>Capital assets being depreciated:</i>				
Buildings	25,398,831	0	0	25,398,831
Utility Structures in Service	23,605,888	172,886	0	23,778,774
Machinery and Equipment	3,390,520	209,898	(29,066)	3,571,352
Subtotal	52,395,239	382,784	(29,066)	52,748,957
Total Cost	\$54,462,950	\$902,349	(\$45,579)	\$55,319,720

*Accumulated Depreciation:*

Class	December 31, 2009	Additions	Deletions	December 31, 2010
Buildings	(\$9,219,703)	(\$928,969)	\$0	(\$10,148,672)
Utility Structures in Service	(11,738,210)	(336,681)	0	(12,074,891)
Machinery and Equipment	(3,024,439)	(171,667)	9,226	(3,186,880)
Total Depreciation	(\$23,982,352)	(\$1,437,317)	\$9,226	(\$25,410,443)
<i>Net Value:</i>	\$30,480,598			\$29,909,277

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 8 - DEFINED BENEFIT PENSION PLANS**

All of the City's full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

**A. Ohio Public Employees Retirement System ("OPERS")**

The following information was provided by OPERS to assist the City in complying with GASB Statement No. 27, "Accounting for Pensions by State and Local Government Employers."

All employees of the City, except full-time uniformed police officers and full-time firefighters, participate in one of the three pension plans administered by OPERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, including postemployment health care benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The ORC provides statutory authority for employee and employer contributions. For 2010, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2010 employer contribution rate for local government employer units was 14.00%, of covered payroll which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 8.5% from January 1 through February 28, 2010 and 9.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 9.27% from January 1 through February 28, 2010, and 9.77% from March 1 through December 31, 2010. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City's required contributions for pension obligations to OPERS for the years ending December 31, 2010, 2009, and 2008 were \$656,785, \$651,484 and \$623,056, respectively, which

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)**

**A. Ohio Public Employees Retirement System (“OPERS”) (Continued)**

were equal to the required contributions for each year. Contributions to the member-directed plan for 2010 were \$11,906 made by the City and \$8,504 made by the plan members.

**B. Ohio Police and Fire Pension Fund (“OP&F”)**

All City full-time police officers and full-time firefighters participate in OP&F, a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Contribution requirements and benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the ORC. The Ohio Police and Fire Pension Fund issues a stand-alone financial report that includes financial statements and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164 or by calling (614) 228-2975.

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2010, 12.75% of annual covered salary for police and 17.25% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City’s contributions for pension obligations to the OP&F Fund for the years ending December 31, 2010, 2009, and 2008 were \$182,450, \$170,763 and \$166,269 for police and \$325,302, \$327,739 and \$306,150 for firefighters, respectively, which were equal to the required contributions for each year.

**NOTE 9 - POSTEMPLOYMENT BENEFITS**

**A. Ohio Public Employees Retirement System (“OPERS”)**

Plan Description – 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.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B Premium reimbursement, to qualifying member of both the Traditional Pension and the Combined Plans. Members of the Member Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 9 - POSTEMPLOYMENT BENEFITS (Continued)**

**A. Ohio Public Employees Retirement System (“OPERS”) (Continued)**

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 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 is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the ORC.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73% from January 1 through February 28, 2010, and 4.23% from March 1 through December 31, 2010. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2010, 2009, and 2008 were \$376,084, \$270,706 and \$311,528, respectively, which were equal to the required contributions for each year.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 9 - POSTEMPLOYMENT BENEFITS (Continued)**

**B. Ohio Police and Fire Pension Fund (“OP&F”)**

Plan Description – The City contributes to the OP&F sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

The ORC permits, but does not mandate, OP&F to provide OPEB benefits. Authority to establish and amend benefits is provided in Chapter 742 of the ORC.

OP&F issues a stand-alone financial report that includes financial information and required supplementary information for the plan. Interested parties may obtain a copy by making a written request to 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% 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 made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2010, the employer contribution allocated to the health care plan was 6.75% 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 and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2010, 2009, and 2008 were \$96,591, \$90,404 and \$88,025 for police and \$127,292, \$128,246 and \$119,798 for firefighters, respectively, which were equal to the required contributions for each year.

**CITY OF MOUNT VERNON, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

**NOTE 10 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS**

Long-term debt and other long-term obligations of the City at December 31, 2010 were as follows:

			Balance December 31, 2009	Additions	(Reductions)	Balance December 31, 2010	Amounts Due Within One Year
<b>Business-Type Activities:</b>							
Mortgage Revenue Bonds:							
3.00 - 3.75%	Water Refunding 1999	2009	\$4,420,000	\$0	(\$400,000)	\$4,020,000	\$400,000
			<u>\$4,420,000</u>	<u>\$0</u>	<u>(\$400,000)</u>	<u>\$4,020,000</u>	<u>\$400,000</u>
General Obligation Bonds:							
2.00 - 4.200%	Wastewater Improvements	2003	1,420,851	0	(126,607)	1,294,244	129,050
2.00 - 4.200%	Wastewater-Refunding 1992	2003	997,858	0	(91,350)	906,508	93,450
2.00 - 4.200%	Water-Building Project	2003	85,290	0	(6,525)	78,765	6,675
2.00 - 4.200%	Wastewater-Building Project	2003	85,290	0	(6,525)	78,765	6,675
4.00 - 5.500%	Waterworks Refunding 1997	2007	4,910,000	0	(465,000)	4,445,000	480,000
3.75 - 4.350%	Waterworks	2007	485,000	0	(20,000)	465,000	30,000
3.75 - 4.350%	W/W Treatment Facility	2007	2,695,000	0	(105,000)	2,590,000	105,000
1.15 - 6.000%	Wastewater Improvements	2009	2,595,000	0	(105,000)	2,490,000	105,000
	Total General Obligation Bonds Payable		<u>13,274,289</u>	<u>0</u>	<u>(926,007)</u>	<u>12,348,282</u>	<u>955,850</u>
Ohio Public Works Commission Loan:							
0.000%	Wastewater Improvements	2009	125,362	0	(3,134)	122,228	6,268
	Compensated Absences		<u>324,029</u>	<u>249,185</u>	<u>(234,648)</u>	<u>338,566</u>	<u>112,756</u>
	Total Business-Type Activities		<u>\$18,143,680</u>	<u>\$249,185</u>	<u>(\$1,563,789)</u>	<u>\$16,829,076</u>	<u>\$1,474,874</u>
<b>Governmental Activities:</b>							
General Obligation Bond:							
2.00 - 4.200%	Building Project	2003	\$169,195	\$0	(\$13,050)	\$156,145	\$13,350
2.00 - 4.200%	Highway Project	2003	2,116,516	0	(190,943)	1,925,573	195,800
3.75 - 4.350%	Water Park Facility	2007	2,830,000	0	(110,000)	2,720,000	110,000
2.00- 4.250%	Highway Project	2009	2,165,000	0	(85,000)	2,080,000	80,000
	Total General Obligation Bonds Payable		<u>7,280,711</u>	<u>0</u>	<u>(398,993)</u>	<u>6,881,718</u>	<u>399,150</u>
Ohio Public Works Commission Loans:							
0.000%	OPWC Loan Payable	2003	308,125	0	(10,625)	297,500	21,250
0.000%	OPWC Loan Payable	2009	<u>125,000</u>	<u>0</u>	<u>(3,125)</u>	<u>121,875</u>	<u>6,250</u>
	Total OPWC Loans Payable		<u>433,125</u>	<u>0</u>	<u>(13,750)</u>	<u>419,375</u>	<u>27,500</u>
	Compensated Absences		<u>948,963</u>	<u>1,256,766</u>	<u>(1,188,107)</u>	<u>1,017,622</u>	<u>274,091</u>
	Police and Firemen's Pension Accrued Liability		<u>431,014</u>	<u>0</u>	<u>(9,658)</u>	<u>421,356</u>	<u>10,073</u>
	Total Governmental Activities		<u>\$9,093,813</u>	<u>\$1,256,766</u>	<u>(\$1,610,508)</u>	<u>\$8,740,071</u>	<u>\$710,814</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 10 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)**

**A. Long-term Debt Purpose**

**Business Type Activities:** Mortgage Revenue Bonds Refunding 1999 (2009) and General Obligation Bonds, Waterworks Refunding 1997 (2007) were issued for the construction of a new water treatment plant. Water and Wastewater-Building Project (2003) was for the acquisition and renovation of a building for the customer service and billing division. Wastewater Improvements (2003) was for the construction of a major wastewater main line. Waterworks (2007) was for the construction of a major water main line. Wastewater-Refunding 1992 (2003) was for the construction of two anaerobic aerobic digester tanks. Wastewater Treatment Facility (2007) was for aeration and infiltration upgrades. Wastewater Improvements (2009) was for relining of wastewater lines and manhole rehabilitation.

**Governmental Activities:** Building Project (2003) was for the acquisition and renovation of a building for the City Income Tax Department. Highway Project (2003) was for the widening of a portion of State Route 36 East, including drainage and traffic lights. Water Park Facility (2007) was for the construction of a new water park/pool complex. Highway Project (2009) was for road improvements to Blackjack Road.

**B. Police and Firemen's Pension Fund**

The City's liability for past service costs related to the Police and Firemen's Pension Fund at December 31, 2010 was \$681,671 in principal and interest payments through the year 2035.

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

**NOTE 10 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)**

**C. Principal and Interest Requirements**

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2010 are as follows:

**Business-type Activities:**

Years	General Obligation Bonds		Mortgage Revenue Bonds		Ohio Public Works Commission Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
	2011	\$ 955,850	\$ 535,798	\$ 400,000	\$ 139,650	\$ 6,268
2012	986,938	501,581	415,000	127,650	6,268	0
2013	919,315	465,920	425,000	115,200	6,268	0
2014	954,626	431,915	435,000	102,450	6,268	0
2015	989,936	395,769	450,000	89,400	6,268	0
2016-2020	4,227,924	1,314,364	1,895,000	171,150	31,340	0
2021-2025	2,173,693	593,014	0	0	31,340	0
2026-2030	1,140,000	132,803	0	0	28,208	0
Totals	\$12,348,282	\$4,371,164	\$4,020,000	\$745,500	\$122,228	\$0

**Governmental Activities:**

Years	General Obligation Bonds		Police/Fire Pension Liability		Ohio Public Works Commission Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
	2011	\$ 399,150	\$ 270,189	\$ 10,073	\$ 17,801	\$ 27,500
2012	418,062	257,221	10,505	17,369	27,500	0
2013	345,685	243,421	10,956	16,918	27,500	0
2014	355,374	231,827	11,428	16,448	27,500	0
2015	375,064	219,291	11,917	15,955	27,500	0
2016-2020	2,097,076	869,746	67,722	71,648	137,500	0
2021-2025	1,896,307	434,851	83,573	55,800	105,625	0
2026-2030	995,000	89,688	103,129	36,242	38,750	0
2031-2035	0	0	112,053	12,134	0	0
Totals	\$6,881,718	\$2,616,234	\$421,356	\$260,315	\$419,375	\$0

**CITY OF MOUNT VERNON, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010**

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**NOTE 11 – NOTE PAYABLE**

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or from available funds of the City or a combination of these sources.

	<u>Maturity Date</u>	<u>Balance January 1, 2010</u>	<u>Issued</u>	<u>(Retired)</u>	<u>Balance December 31, 2010</u>
Note Payable:					
Street Improvements	2/23/2010	\$2,100,000	\$0	(\$2,100,000)	\$0

**NOTE 12 – COMPENSATED ABSENCES**

The City provides a liability for accumulated unpaid sick leave, vacation and compensatory time benefits when earned by employees. Accrued employee benefits for Governmental Funds not currently due and payable at yearend are recorded as Long-Term Obligations in the government-wide statements. At December 31, 2010, the total accumulated unpaid sick, vacation and compensatory time recorded was as follows:

	<u>Hours</u>	<u>Amount</u>
Sick Leave	63,051	\$695,400
Vacation	13,025	274,090
Compensatory Time	<u>2,333</u>	<u>48,132</u>
Total	<u><u>78,409</u></u>	<u><u>\$1,017,622</u></u>

The portion attributable to the enterprise funds has been recorded within the respective fund and is not included in the figures presented above.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 13 - 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; and natural disasters.

The City belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty Coverage

For occurrences prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year.

For occurrences on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per claim, including loss adjustment expenses. PEP pays a percentage of its contribution to APEEP. APEEP reinsures claim exceeding \$350,000, and provides up to \$2,650,000 per claim and \$10,000,000 in aggregate per year.

If losses exhaust PEP's retained earnings, APEEP covers PEP losses up to \$5,000,000 per year, subject to an aggregate of \$10,000,000. Governments can elect additional coverage, from \$3,000,000 to \$13,000,000, General Reinsurance Corporation.

Property Coverage

Travelers reinsures specific losses exceeding \$250,000, and provides up to \$600,000,000 per occurrence. APEEP reinsures members for a specific loss exceeding \$150,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined PEP members' total insurable values. If the stop loss is reached by payment of losses between \$150,000 and \$250,000, Travelers will reinsure specific losses exceeding \$150,000 up to their \$600,000,000 per occurrence limit.

The aforementioned casualty and property reinsurance agreements do not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 13 - RISK MANAGEMENT (Continued)**

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008 (latest information available from PEP is for 2008 and 2009):

	<u>2009</u>	<u>2008</u>
Assets	\$ 36,374,898	\$ 35,769,535
Liabilities	<u>15,256,862</u>	<u>15,310,206</u>
Net Assets	<u>\$ 21,118,036</u>	<u>\$ 20,459,329</u>

At December 31, 2009 and 2008, respectively, casualty coverage liabilities noted above include approximately \$13.7 million and \$12.9 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$13.7 million and \$12.9 million of unpaid claims to be billed to approximately 447 and 445 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The City's share of these unpaid claims collectible in future years is approximately \$251,632. This payable includes the subsequent year's contribution due if the City terminates participation, as described in the last paragraph below.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

	<u>Contributions to PEP</u>
2009	\$ 125,816
2010	135,157

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's budgetary contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

The City pays unemployment claims to the State of Ohio as incurred. Workers' compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2010***

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**NOTE 14 - CONSTRUCTION COMMITMENTS**

As of December 31, 2010, the City had the following commitments with respect to capital projects:

<u>Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
2010 Brick Street Rehabilitation Project	\$165,350	May 2011
City Hall Chiller Replacement-2010	52,480	May 2011
Kokosing & Center Run Sewer Rehab	1,974,027	September 2011

**NOTE 15 - CONTINGENCIES**

The City is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

**NOTE 16 SUBSEQUENT EVENTS**

On January 11, 2011, the City entered into an agreement with the Ohio Water Development Authority for the City to receive a loan of \$7,589,494 from the Ohio EPA Water Pollution Control Loan Fund (WPCLF) for wastewater plant electrical and instrumentation upgrades.

*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*

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*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE  
THE MAJOR AND NONMAJOR GOVERNMENTAL FUNDS, AND  
FIDUCIARY FUNDS.*

***Nonmajor Governmental Funds***

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***Special Revenue Funds***

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Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

**Street Construction, Maintenance and Repair Fund**

To account for state-levied and controlled gasoline tax and motor vehicle registration fees designated for street maintenance and repair.

**State Highway Improvement Fund**

To account for the portion of the state gasoline tax and motor vehicle registration fees designated for maintenance and repair of state highways within the City.

**Permissive Auto License Tax Fund**

To account for county-levied motor vehicle registration fees designated for maintenance and repair of roads within the City.

**Cemetery Fund**

To account for revenue received from the operation of the City's municipal cemetery.

**Park Development Fund**

To account for the operation and maintenance of public recreational facilities.

**Community Development Block Grant Fund**

To account for state grants designated for community environmental improvements.

**Parking Fund**

To account for revenues received from the City's parking garage.

**Law Enforcement Trust Fund**

To account for the proceeds from the confiscation of contraband.

**Drug Enforcement Trust Fund**

To account for mandatory fines collected for drug offenses.

**Permissive License Registration Fund**

To account for municipal-levied motor vehicle registration fees designated for street construction, maintenance and repair.

(Continued)

***Special Revenue Funds***

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**Indigent Drivers Alcohol Treatment Fund**

To account for revenues derived from fines levied by the courts to be used for treatment of persons with alcohol related problems.

**DUI - Enforcement and Education Fund**

To account for the financial resources used to educate the public regarding laws governing the operation of motor vehicles while under the influence of alcohol.

**Court Computerization Fund**

To account for revenues from fines to be used for computers and for updating computerized court functions.

**Probation Services Fund**

To account for revenues from offenders placed on probation and designated for probation related expenses or reconciliation programs for offenders and victims.

**Federal Emergency Management Agency (FEMA) Grant Fund**

To account for grant monies received from Federal Emergency Management Agency for assistance with public or individual restoration of disaster-damaged projects.

**Lodging Excise Tax Fund**

To promote the development of the arts, cultural and educational, to bring the patronage and business of residents and tourists to the central business district, for the benefit of the citizens of the City and the business community.

**Driver's Interlock and Alcohol Monitoring Fund**

To account for the financial resources derived from fines levied by the courts to be used for monitoring drivers who have been convicted of driving under the influence.

**Public Service Street Repair Fund**

To account for revenue received for cab vehicle licenses and cab operator licenses designated for street maintenance and repair.

**Hiawatha Water Park Scholarship Fund**

To account for public donations to provide scholarships for income eligible youth for day passes to the water park facility.

**Police Pension Fund**

To account for .3 mills of property taxes for the partial payment of the current and accrued liability for police disability and pension.

***Special Revenue Funds***

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**Fire Pension Fund**

To account for .3 mills of property taxes for the partial payment of the current and accrued liability for fire disability and pension.

**Mausoleum Fund**

To account for funds on deposit used for the purpose of upkeep, repair and maintenance of the mausoleum.

**Veterans Honor Walkway Fund**

To account for funds on deposit used for the purpose of upkeep, repair and maintenance of the Veterans Walk of Honor and the Civil War monument located on the city square.

***Capital Projects Funds***

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The Capital Projects Funds are used to account for the financial resources used for the acquisition or construction of major capital facilities other than that financed by proprietary or trust funds.

**Baltimore and Ohio (B&O) Railroad Depot Fund**

To account for financial resources used for the acquisition and improvements of a 1907 historical railroad depot station. The improvements are being funded by public contributions and potential future historical preservation grants. The site will provide space for community activities or additional governmental operations.

**TIF District-Industrial Area Fund**

To account for financial resources used for the improvements within the described boundaries of the Industrial Park area. The TIF (tax increment financing) district will expire in January 2036 due to the thirty year maximum lifetime.

***Permanent Fund***

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The Permanent Fund is used to account for the financial resources that are legally restricted in that only the earnings, not the principal, may be used to support the City's programs.

**Perpetual Care Fund**

To account for funds on deposit used for the purpose of upkeep, repair and maintenance of the cemetery.

**CITY OF MOUNT VERNON, OHIO**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2010**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 1,517,085	\$ 43,091	\$ 0	\$ 1,560,176
Receivables:				
Taxes	335,908	30,000	0	365,908
Accounts	3,292	0	8,737	12,029
Intergovernmental	1,417,947	0	0	1,417,947
Inventory of Supplies	29,798	0	0	29,798
Prepaid Items	3,306	0	0	3,306
Restricted Assets:				
Cash and Cash Equivalents	0	0	360,335	360,335
Cash and Cash Equivalents with Fiscal Agent	27,835	0	0	27,835
<b>Total Assets</b>	<b>\$ 3,335,171</b>	<b>\$ 73,091</b>	<b>\$ 369,072</b>	<b>\$ 3,777,334</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 16,222	\$ 0	\$ 0	\$ 16,222
Accrued Wages and Benefits Payable	249,678	0	0	249,678
Contracts Payable	155,609	0	0	155,609
Deferred Revenue	1,346,547	30,000	0	1,376,547
<b>Total Liabilities</b>	<b>1,768,056</b>	<b>30,000</b>	<b>0</b>	<b>1,798,056</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	351,346	0	0	351,346
Reserved for Prepaid Items	3,306	0	0	3,306
Reserved for Supplies Inventory	29,798	0	0	29,798
Reserved for Endowments	0	0	369,072	369,072
Undesignated/Unreserved				
Special Revenue Funds	1,182,665	0	0	1,182,665
Capital Projects Funds	0	43,091	0	43,091
<b>Total Fund Balances</b>	<b>1,567,115</b>	<b>43,091</b>	<b>369,072</b>	<b>1,979,278</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,335,171</b>	<b>\$ 73,091</b>	<b>\$ 369,072</b>	<b>\$ 3,777,334</b>

**CITY OF MOUNT VERNON, OHIO**

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2010***

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 745,273	\$ 31,732	\$ 0	\$ 777,005
Intergovernmental Revenues	2,340,760	0	0	2,340,760
Charges for Services	97,400	0	0	97,400
Licenses and Permits	5,432	0	0	5,432
Investment Earnings	693	0	0	693
Fines and Forfeitures	137,911	0	0	137,911
All Other Revenue	14,065	0	18,249	32,314
<b>Total Revenue</b>	<u>3,341,534</u>	<u>31,732</u>	<u>18,249</u>	<u>3,391,515</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	760,638	0	0	760,638
Public Health and Welfare Services	315,000	0	0	315,000
Leisure Time Activities	53,526	0	0	53,526
Community Environment	1,534,409	0	0	1,534,409
Transportation	1,079,042	1,639	0	1,080,681
General Government	180,825	3,622	0	184,447
Debt Service:				
<b>Total Expenditures</b>	<u>3,923,440</u>	<u>5,261</u>	<u>0</u>	<u>3,928,701</u>
Excess (Deficiency) of Revenues Over Expenditures	(581,906)	26,471	18,249	(537,186)
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	2,166	0	0	2,166
Transfers In	104,020	0	0	104,020
Transfers Out	0	(22,753)	0	(22,753)
<b>Total Other Financing Sources (Uses)</b>	<u>106,186</u>	<u>(22,753)</u>	<u>0</u>	<u>83,433</u>
Net Change in Fund Balances	(475,720)	3,718	18,249	(453,753)
<b>Fund Balances at Beginning of Year</b>	2,031,304	39,373	350,823	2,421,500
Increase in Inventory Reserve	11,531	0	0	11,531
<b>Fund Balances End of Year</b>	<u>\$ 1,567,115</u>	<u>\$ 43,091</u>	<u>\$ 369,072</u>	<u>\$ 1,979,278</u>

**CITY OF MOUNT VERNON, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2010**

	Street Construction, Maintenance and Repair	State Highway Improvement	Permissive Auto License Tax	Cemetery	Park Development
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 197,887	\$ 104,150	\$ 303	\$ 65,185	\$ 25,292
Receivables:					
Taxes	43,411	0	0	57,881	0
Accounts	0	0	0	3,292	0
Intergovernmental	292,882	23,748	27,835	0	0
Inventory of Supplies	29,244	0	0	554	0
Prepaid Items	2,327	0	0	979	0
Restricted Assets:					
Cash and Cash Equivalents with Fiscal Agent	0	0	27,835	0	0
<b>Total Assets</b>	<b>\$ 565,751</b>	<b>\$ 127,898</b>	<b>\$ 55,973</b>	<b>\$ 127,891</b>	<b>\$ 25,292</b>
<b>Liabilities:</b>					
Accounts Payable	\$ 3,610	\$ 939	\$ 0	\$ 1,948	\$ 0
Accrued Wages and Benefits Payable	29,750	0	0	12,735	0
Contracts Payable	0	0	0	0	0
Deferred Revenue	204,842	15,832	27,835	12,783	0
<b>Total Liabilities</b>	<b>238,202</b>	<b>16,771</b>	<b>27,835</b>	<b>27,466</b>	<b>0</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	11,507	162	0	17,575	0
Reserved for Prepaid Items	2,327	0	0	979	0
Reserved for Supplies Inventory	29,244	0	0	554	0
Unreserved, Undesignated in:					
Special Revenue Funds	284,471	110,965	28,138	81,317	25,292
<b>Total Fund Balances</b>	<b>327,549</b>	<b>111,127</b>	<b>28,138</b>	<b>100,425</b>	<b>25,292</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 565,751</b>	<b>\$ 127,898</b>	<b>\$ 55,973</b>	<b>\$ 127,891</b>	<b>\$ 25,292</b>

**CITY OF MOUNT VERNON, OHIO**

Community Development Block Grant	Parking	Law Enforcement Trust	Drug Enforcement Trust	Permissive License Registration	Indigent Drivers Alcohol Treatment	DUI Enforcement and Education
\$ 197,608	\$ 15,263	\$ 13,041	\$ 26,574	\$ 54,788	\$ 1,068	\$ 37,208
0	0	0	0	0	0	0
0	0	0	0	0	0	0
1,048,312	0	0	0	15,746	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 1,245,920</u>	<u>\$ 15,263</u>	<u>\$ 13,041</u>	<u>\$ 26,574</u>	<u>\$ 70,534</u>	<u>\$ 1,068</u>	<u>\$ 37,208</u>
\$ 0	\$ 823	\$ 0	\$ 0	\$ 8,361	\$ 0	\$ 0
0	4	0	0	0	0	0
150,432	0	0	0	0	0	0
869,037	0	0	0	0	0	0
<u>1,019,469</u>	<u>827</u>	<u>0</u>	<u>0</u>	<u>8,361</u>	<u>0</u>	<u>0</u>
72,893	787	0	0	10,795	0	250
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>153,558</u>	<u>13,649</u>	<u>13,041</u>	<u>26,574</u>	<u>51,378</u>	<u>1,068</u>	<u>36,958</u>
<u>226,451</u>	<u>14,436</u>	<u>13,041</u>	<u>26,574</u>	<u>62,173</u>	<u>1,068</u>	<u>37,208</u>
<u>\$ 1,245,920</u>	<u>\$ 15,263</u>	<u>\$ 13,041</u>	<u>\$ 26,574</u>	<u>\$ 70,534</u>	<u>\$ 1,068</u>	<u>\$ 37,208</u>

(Continued)

**CITY OF MOUNT VERNON, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2010**

	Court Computerization	Probation Services	FEMA	Lodging Excise Tax	Driver's Interlock and Alcohol Monitoring
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 162,537	\$ 46,192	\$ 0	\$ 0	\$ 27,426
Receivables:					
Taxes	0	0	0	5,272	0
Accounts	0	0	0	0	0
Intergovernmental	0	0	0	0	0
Inventory of Supplies	0	0	0	0	0
Prepaid Items	0	0	0	0	0
Restricted Assets:					
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0	0
<b>Total Assets</b>	<b>\$ 162,537</b>	<b>\$ 46,192</b>	<b>\$ 0</b>	<b>\$ 5,272</b>	<b>\$ 27,426</b>
<b>Liabilities:</b>					
Accounts Payable	\$ 350	\$ 191	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0	0
Contracts Payable	0	0	0	5,177	0
Deferred Revenue	0	0	0	0	0
<b>Total Liabilities</b>	<b>350</b>	<b>191</b>	<b>0</b>	<b>5,177</b>	<b>0</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	9,974	982	0	0	0
Reserved for Prepaid Items	0	0	0	0	0
Reserved for Supplies Inventory	0	0	0	0	0
Unreserved, Undesignated in:					
Special Revenue Funds	152,213	45,019	0	95	27,426
<b>Total Fund Balances</b>	<b>162,187</b>	<b>46,001</b>	<b>0</b>	<b>95</b>	<b>27,426</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 162,537</b>	<b>\$ 46,192</b>	<b>\$ 0</b>	<b>\$ 5,272</b>	<b>\$ 27,426</b>

**CITY OF MOUNT VERNON, OHIO**

Public Service Street Repair	Hiawatha Water Park Scholarship	Police Pension	Fire Pension	Mausoleum	Veterans Honor Walkway	Total Nonmajor Special Revenue Funds
\$ 1,270	\$ 402	\$ 220,706	\$ 246,579	\$ 7,131	\$ 66,475	\$ 1,517,085
0	0	114,672	114,672	0	0	335,908
0	0	0	0	0	0	3,292
0	0	4,712	4,712	0	0	1,417,947
0	0	0	0	0	0	29,798
0	0	0	0	0	0	3,306
0	0	0	0	0	0	27,835
<u>\$ 1,270</u>	<u>\$ 402</u>	<u>\$ 340,090</u>	<u>\$ 365,963</u>	<u>\$ 7,131</u>	<u>\$ 66,475</u>	<u>\$ 3,335,171</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 16,222
0	0	79,464	127,725	0	0	249,678
0	0	0	0	0	0	155,609
0	0	108,109	108,109	0	0	1,346,547
0	0	187,573	235,834	0	0	1,768,056
0	0	94,946	130,404	1,071	0	351,346
0	0	0	0	0	0	3,306
0	0	0	0	0	0	29,798
1,270	402	57,571	(275)	6,060	66,475	1,182,665
1,270	402	152,517	130,129	7,131	66,475	1,567,115
<u>\$ 1,270</u>	<u>\$ 402</u>	<u>\$ 340,090</u>	<u>\$ 365,963</u>	<u>\$ 7,131</u>	<u>\$ 66,475</u>	<u>\$ 3,335,171</u>

**CITY OF MOUNT VERNON, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

	Street Construction, Maintenance and Repair	State Highway Improvement	Permissive Auto License Tax	Cemetery	Park Development
<b>Revenues:</b>					
Taxes	\$ 164,756	\$ 0	\$ 0	\$ 219,674	\$ 0
Intergovernmental Revenues	602,223	47,691	68,902	0	0
Charges for Services	0	0	0	64,353	4,020
Licenses and Permits	2,702	0	0	0	0
Investment Earnings	174	87	0	375	0
Fines and Forfeitures	0	0	0	0	0
All Other Revenue	712	0	0	0	10,000
<b>Total Revenue</b>	<b>770,567</b>	<b>47,778</b>	<b>68,902</b>	<b>284,402</b>	<b>14,020</b>
<b>Expenditures:</b>					
Current:					
Security of Persons and Property	0	0	0	0	0
Public Health and Welfare Services	0	0	0	315,000	0
Leisure Time Activities	0	0	0	0	48,106
Community Environment	0	0	0	0	0
Transportation	841,899	55,261	75,000	0	0
General Government	0	0	0	0	0
<b>Total Expenditures</b>	<b>841,899</b>	<b>55,261</b>	<b>75,000</b>	<b>315,000</b>	<b>48,106</b>
Excess (Deficiency) of Revenues Over Expenditures	(71,332)	(7,483)	(6,098)	(30,598)	(34,086)
<b>Other Financing Sources (Uses):</b>					
Sale of Capital Assets	937	0	0	291	0
Transfers In	0	0	0	0	4,020
<b>Total Other Financing Sources (Uses)</b>	<b>937</b>	<b>0</b>	<b>0</b>	<b>291</b>	<b>4,020</b>
Net Change in Fund Balances	(70,395)	(7,483)	(6,098)	(30,307)	(30,066)
<b>Fund Balances at Beginning of Year</b>	<b>386,253</b>	<b>118,610</b>	<b>34,236</b>	<b>130,892</b>	<b>55,358</b>
Increase (Decrease) in Inventory Reserve	11,691	0	0	(160)	0
<b>Fund Balances End of Year</b>	<b>\$ 327,549</b>	<b>\$ 111,127</b>	<b>\$ 28,138</b>	<b>\$ 100,425</b>	<b>\$ 25,292</b>

**CITY OF MOUNT VERNON, OHIO**

Community Development Block Grant	Parking	Law Enforcement Trust	Drug Enforcement Trust	Permissive License Registration	Indigent Drivers Alcohol Treatment	DUI Enforcement and Education
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
1,494,331	0	0	0	103,449	0	0
0	0	0	0	0	0	0
0	1,460	0	0	0	0	0
4	0	0	0	0	0	0
0	4,125	2,555	8,654	0	24,593	1,340
0	2,951	0	0	0	0	0
<u>1,494,335</u>	<u>8,536</u>	<u>2,555</u>	<u>8,654</u>	<u>103,449</u>	<u>24,593</u>	<u>1,340</u>
0	25,872	1,354	1,446	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
1,534,409	0	0	0	0	0	0
0	0	0	0	106,882	0	0
0	0	0	0	0	24,492	0
<u>1,534,409</u>	<u>25,872</u>	<u>1,354</u>	<u>1,446</u>	<u>106,882</u>	<u>24,492</u>	<u>0</u>
(40,074)	(17,336)	1,201	7,208	(3,433)	101	1,340
0	938	0	0	0	0	0
0	0	0	0	0	0	0
0	938	0	0	0	0	0
(40,074)	(16,398)	1,201	7,208	(3,433)	101	1,340
266,525	30,834	11,840	19,366	65,606	967	35,868
0	0	0	0	0	0	0
<u>\$ 226,451</u>	<u>\$ 14,436</u>	<u>\$ 13,041</u>	<u>\$ 26,574</u>	<u>\$ 62,173</u>	<u>\$ 1,068</u>	<u>\$ 37,208</u>

(Continued)

**CITY OF MOUNT VERNON, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

	Court Computerization	Probation Services	FEMA	Lodging Excise Tax	Driver's Interlock and Alcohol Monitoring
<b>Revenues:</b>					
Taxes	\$ 0	\$ 0	\$ 0	\$ 82,843	\$ 0
Intergovernmental Revenues	0	0	0	0	0
Charges for Services	0	26,012	0	0	0
Licenses and Permits	0	0	0	0	0
Investment Earnings	0	0	0	0	0
Fines and Forfeitures	78,476	2,169	0	0	15,999
All Other Revenue	0	0	0	0	0
<b>Total Revenue</b>	<b>78,476</b>	<b>28,181</b>	<b>0</b>	<b>82,843</b>	<b>15,999</b>
<b>Expenditures:</b>					
Current:					
Security of Persons and Property	0	0	0	0	0
Public Health and Welfare Services	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Environment	0	0	0	0	0
Transportation	0	0	0	0	0
General Government	55,581	14,170	472	82,748	0
<b>Total Expenditures</b>	<b>55,581</b>	<b>14,170</b>	<b>472</b>	<b>82,748</b>	<b>0</b>
Excess (Deficiency) of Revenues Over Expenditures	22,895	14,011	(472)	95	15,999
<b>Other Financing Sources (Uses):</b>					
Sale of Capital Assets	0	0	0	0	0
Transfers In	0	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balances	22,895	14,011	(472)	95	15,999
<b>Fund Balances at Beginning of Year</b>	<b>139,292</b>	<b>31,990</b>	<b>472</b>	<b>0</b>	<b>11,427</b>
Increase (Decrease) in Inventory Reserve	0	0	0	0	0
<b>Fund Balances End of Year</b>	<b>\$ 162,187</b>	<b>\$ 46,001</b>	<b>\$ 0</b>	<b>\$ 95</b>	<b>\$ 27,426</b>

**CITY OF MOUNT VERNON, OHIO**

Public Service Street Repair	Hiawatha Water Park Scholarship	Police Pension	Fire Pension	Mausoleum	Veterans Honor Walkway	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 139,000	\$ 139,000	\$ 0	\$ 0	\$ 745,273
0	0	12,082	12,082	0	0	2,340,760
0	0	0	0	1,240	1,775	97,400
1,270	0	0	0	0	0	5,432
0	0	0	0	6	47	693
0	0	0	0	0	0	137,911
0	402	0	0	0	0	14,065
<u>1,270</u>	<u>402</u>	<u>151,082</u>	<u>151,082</u>	<u>1,246</u>	<u>1,822</u>	<u>3,341,534</u>
0	0	279,159	452,807	0	0	760,638
0	0	0	0	0	0	315,000
0	0	0	0	0	5,420	53,526
0	0	0	0	0	0	1,534,409
0	0	0	0	0	0	1,079,042
0	0	1,681	1,681	0	0	180,825
<u>0</u>	<u>0</u>	<u>280,840</u>	<u>454,488</u>	<u>0</u>	<u>5,420</u>	<u>3,923,440</u>
1,270	402	(129,758)	(303,406)	1,246	(3,598)	(581,906)
0	0	0	0	0	0	2,166
<u>0</u>	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>104,020</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>100,000</u>	<u>0</u>	<u>0</u>	<u>106,186</u>
1,270	402	(129,758)	(203,406)	1,246	(3,598)	(475,720)
0	0	282,275	333,535	5,885	70,073	2,031,304
0	0	0	0	0	0	11,531
<u>\$ 1,270</u>	<u>\$ 402</u>	<u>\$ 152,517</u>	<u>\$ 130,129</u>	<u>\$ 7,131</u>	<u>\$ 66,475</u>	<u>\$ 1,567,115</u>

**CITY OF MOUNT VERNON, OHIO**

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**Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2010**

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	<u>B&amp;O Railroad Depot</u>	<u>TIF District- Industrial Area</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 345	\$ 42,746	\$ 43,091
Receivables:			
Taxes	<u>0</u>	<u>30,000</u>	<u>30,000</u>
<b>Total Assets</b>	<u>\$ 345</u>	<u>\$ 72,746</u>	<u>\$ 73,091</u>
<b>Liabilities:</b>			
Deferred Revenue	<u>\$ 0</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>
<b>Total Liabilities</b>	<u>0</u>	<u>30,000</u>	<u>30,000</u>
<b>Fund Balances:</b>			
Unreserved, Undesignated in:			
Capital Projects Funds	<u>345</u>	<u>42,746</u>	<u>43,091</u>
<b>Total Fund Balances</b>	<u>345</u>	<u>42,746</u>	<u>43,091</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 345</u>	<u>\$ 72,746</u>	<u>\$ 73,091</u>

**CITY OF MOUNT VERNON, OHIO**

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***Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2010***

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	B&O Railroad Depot	TIF District- Industrial Area	Total Nonmajor Capital Project Funds
<b>Revenues:</b>			
Taxes	\$ 0	\$ 31,732	\$ 31,732
<b>Total Revenue</b>	<u>0</u>	<u>31,732</u>	<u>31,732</u>
<b>Expenditures:</b>			
Current:			
Transportation	0	1,639	1,639
General Government	<u>3,622</u>	<u>0</u>	<u>3,622</u>
<b>Total Expenditures</b>	<u>3,622</u>	<u>1,639</u>	<u>5,261</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,622)	30,093	26,471
<b>Other Financing Sources (Uses):</b>			
Transfers Out	<u>0</u>	<u>(22,753)</u>	<u>(22,753)</u>
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>(22,753)</u>	<u>(22,753)</u>
Net Change in Fund Balances	(3,622)	7,340	3,718
<b>Fund Balances at Beginning of Year</b>	<u>3,967</u>	<u>35,406</u>	<u>39,373</u>
<b>Fund Balances End of Year</b>	<u>\$ 345</u>	<u>\$ 42,746</u>	<u>\$ 43,091</u>

**CITY OF MOUNT VERNON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2010***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 594,500	\$ 594,500	\$ 591,983	\$ (2,517)
Municipal Income Tax	7,931,250	7,931,250	7,525,365	(405,885)
Other Local Taxes	5,000	5,000	4,953	(47)
Total Tax Revenues	<u>8,530,750</u>	<u>8,530,750</u>	<u>8,122,301</u>	<u>(408,449)</u>
Intergovernmental Revenues:				
State Levied Shared Taxes	505,499	505,499	910,716	405,217
Intergovernmental Revenues	<u>97,250</u>	<u>312,344</u>	<u>353,267</u>	<u>40,923</u>
Total Intergovernmental Revenues	<u>602,749</u>	<u>817,843</u>	<u>1,263,983</u>	<u>446,140</u>
Charges for Services	1,336,300	1,336,300	1,570,417	234,117
Licenses and Permits	15,200	15,200	11,520	(3,680)
Investment Earnings	200,000	200,000	51,161	(148,839)
Fines and Forfeitures	450,000	450,000	718,610	268,610
All Other Revenues	<u>109,000</u>	<u>109,000</u>	<u>150,563</u>	<u>41,563</u>
Total Revenues	<u>11,243,999</u>	<u>11,459,093</u>	<u>11,888,555</u>	<u>429,462</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Police Division:				
Personal Services	1,580,000	1,624,562	1,614,238	10,324
Travel and Transportation	53,080	61,448	39,985	21,463
Materials and Supplies	49,000	62,424	47,083	15,341
Contractual Services	176,000	219,861	191,544	28,317
Capital Outlay	<u>100,000</u>	<u>177,466</u>	<u>171,982</u>	<u>5,484</u>
Total Police Division	<u>1,958,080</u>	<u>2,145,761</u>	<u>2,064,832</u>	<u>80,929</u>
Fire and E.M.S. Division:				
Personal Services	2,349,325	2,375,680	2,345,018	30,662
Travel and Transportation	37,000	31,246	29,028	2,218
Materials and Supplies	92,000	94,724	86,892	7,832
Contractual Services	138,020	157,520	143,335	14,185
Capital Outlay	<u>116,066</u>	<u>159,041</u>	<u>156,135</u>	<u>2,906</u>
Total Fire and E.M.S. Division	<u>2,732,411</u>	<u>2,818,211</u>	<u>2,760,408</u>	<u>57,803</u>

(Continued)

**CITY OF MOUNT VERNON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2010***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Miscellaneous:				
Street Lighting/Radio Repair/Sirens:				
Materials and Supplies	30,000	52,225	45,558	6,667
Contractual Services	207,000	266,495	227,438	39,057
Public Defender:				
Contractual Services	12,500	27,500	27,500	0
Debt Services:				
Principal Retirement	9,659	9,659	9,658	1
Interest and Fiscal Charges	18,341	18,341	18,217	124
Total Miscellaneous	<u>277,500</u>	<u>374,220</u>	<u>328,371</u>	<u>45,849</u>
Total Security of Persons and Property	<u>4,967,991</u>	<u>5,338,192</u>	<u>5,153,611</u>	<u>184,581</u>
Public Health and Welfare Services:				
Police Division:				
Contractual Services	298,500	322,406	322,247	159
Total Police Division	<u>298,500</u>	<u>322,406</u>	<u>322,247</u>	<u>159</u>
Humane Officer:				
Travel and Transportation	8,500	18,500	10,424	8,076
Contractual Services	22,000	37,500	20,428	17,072
Total Humane Officer	<u>30,500</u>	<u>56,000</u>	<u>30,852</u>	<u>25,148</u>
Health Department:				
Contractual Services	45,034	45,034	45,034	0
Total Health Department	<u>45,034</u>	<u>45,034</u>	<u>45,034</u>	<u>0</u>
Total Public Health and Welfare Services	<u>374,034</u>	<u>423,440</u>	<u>398,133</u>	<u>25,307</u>
Leisure Time Activities:				
Parks:				
Personal Services	221,400	225,920	224,178	1,742
Travel and Transportation	500	60	45	15
Materials and Supplies	5,000	5,745	5,046	699
Contractual Services	140,500	155,420	107,310	48,110
Capital Outlay	35,000	35,250	35,250	0
Total Parks	<u>402,400</u>	<u>422,395</u>	<u>371,829</u>	<u>50,566</u>

(Continued)

**CITY OF MOUNT VERNON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2010***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Recreation:				
Personal Services	15,000	15,000	12,663	2,337
Materials and Supplies	5,000	5,060	4,507	553
Contractual Services	8,800	8,800	8,644	156
Total Recreation	<u>28,800</u>	<u>28,860</u>	<u>25,814</u>	<u>3,046</u>
Pool:				
Personal Services	188,000	188,000	187,523	477
Travel and Transportation	3,500	3,500	766	2,734
Materials and Supplies	89,900	86,573	78,670	7,903
Contractual Services	55,000	70,437	54,443	15,994
Capital Outlay	7,500	5,750	3,766	1,984
Total Pool	<u>343,900</u>	<u>354,260</u>	<u>325,168</u>	<u>29,092</u>
Total Leisure Time Activities	<u>775,100</u>	<u>805,515</u>	<u>722,811</u>	<u>82,704</u>
Community Environment:				
Miscellaneous Area Development, Tree Care and Trimming, Planning and Zoning:				
Materials and Supplies	22,000	22,300	21,485	815
Contractual Services	20,939	25,233	7,617	17,616
Total Community Environment	<u>42,939</u>	<u>47,533</u>	<u>29,102</u>	<u>18,431</u>
Transportation:				
Miscellaneous:				
Rivers and Harbors, Airport, Yauger Road Project, and Kokosing Gap Trail:				
Materials and Supplies	38,000	43,375	39,000	4,375
Contractual Services	20,500	23,000	22,509	491
Total Transportation	<u>58,500</u>	<u>66,375</u>	<u>61,509</u>	<u>4,866</u>
General Government:				
Council:				
Personal Services	65,072	65,072	65,072	0
Travel and Transportation	7,500	2,500	0	2,500
Materials and Supplies	6,000	6,090	3,257	2,833
Contractual Services	1,000	1,000	0	1,000
Total Council	<u>79,572</u>	<u>74,662</u>	<u>68,329</u>	<u>6,333</u>

(Continued)

**CITY OF MOUNT VERNON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2010***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Mayor:</b>				
Personal Services	103,270	103,270	102,746	524
Travel and Transportation	500	315	0	315
Materials and Supplies	4,600	5,020	4,181	839
Contractual Services	800	1,100	340	760
Total Mayor	109,170	109,705	107,267	2,438
<b>Auditor:</b>				
Personal Services	278,957	288,457	242,052	46,405
Travel and Transportation	750	750	285	465
Materials and Supplies	13,700	18,425	13,395	5,030
Contractual Services	22,500	28,342	18,066	10,276
Total Auditor	315,907	335,974	273,798	62,176
<b>Treasurer:</b>				
Personal Services	8,134	8,134	8,134	0
Materials and Supplies	300	300	0	300
Total Treasurer	8,434	8,434	8,134	300
<b>Law Director:</b>				
Personal Services	258,222	264,222	264,138	84
Travel and Transportation	1,000	1,000	581	419
Materials and Supplies	25,200	32,091	28,428	3,663
Contractual Services	2,500	16,569	14,069	2,500
Total Law Director	286,922	313,882	307,216	6,666
<b>Income Tax:</b>				
Personal Services	127,544	127,544	124,923	2,621
Travel and Transportation	2,500	2,500	532	1,968
Materials and Supplies	26,655	38,180	34,427	3,753
Contractual Services	190,000	193,400	123,703	69,697
Capital Outlay	3,000	3,000	1,037	1,963
Total Income Tax	349,699	364,624	284,622	80,002

(Continued)

**CITY OF MOUNT VERNON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2010***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Municipal Court:				
Personal Services	532,200	537,132	501,995	35,137
Travel and Transportation	8,500	9,268	7,942	1,326
Materials and Supplies	49,000	50,592	49,030	1,562
Contractual Services	4,000	4,000	380	3,620
Total Municipal Court	593,700	600,992	559,347	41,645
Civil Services:				
Personal Services	9,018	9,018	8,990	28
Materials and Supplies	8,150	8,524	1,185	7,339
Total Civil Services	17,168	17,542	10,175	7,367
Safety Service:				
Personal Services	115,600	115,600	110,770	4,830
Travel and Transportation	100	100	0	100
Materials and Supplies	6,500	7,075	6,027	1,048
Contractual Services	57,000	69,500	46,675	22,825
Total Safety Service	179,200	192,275	163,472	28,803
Engineering:				
Personal Services	315,503	307,573	286,785	20,788
Travel and Transportation	1,600	1,600	729	871
Materials and Supplies	10,700	13,150	12,777	373
Contractual Services	362,500	370,361	68,458	301,903
Capital Outlay	17,900	24,400	21,511	2,889
Total Engineering	708,203	717,084	390,260	326,824
Public Land and Buildings:				
Personal Services	85,600	86,624	86,256	368
Travel and Transportation	200	160	7	153
Materials and Supplies	32,400	83,000	65,845	17,155
Contractual Services	332,500	385,475	316,658	68,817
Total Public Land and Buildings	450,700	555,259	468,766	86,493

(Continued)

**CITY OF MOUNT VERNON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2010***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Summer Work Program:				
Personal Services	0	165,000	94,184	70,816
Materials and Supplies	0	400	0	400
Total Summer Work Program	0	165,400	94,184	71,216
Miscellaneous:				
Personal Services	2,294,500	2,188,436	2,055,811	132,625
Materials and Supplies	10,000	10,360	4,371	5,989
Contractual Services	688,100	706,977	348,714	358,263
Total Miscellaneous	2,992,600	2,905,773	2,408,896	496,877
Total General Government	6,091,275	6,361,606	5,144,466	1,217,140
Total Expenditures	12,309,839	13,042,661	11,509,632	1,533,029
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,065,840)	(1,583,568)	378,923	1,962,491
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	1,093	1,093
Transfers Out	(1,364,434)	(1,363,834)	(523,669)	840,165
Total Other Financing Sources (Uses)	(1,364,434)	(1,363,834)	(522,576)	841,258
Net Change in Fund Balance	(2,430,274)	(2,947,402)	(143,653)	2,803,749
Fund Balance at Beginning of Year	2,573,494	2,573,494	2,573,494	0
Prior Year Encumbrances	517,129	517,129	517,129	0
Fund Balance at End of Year	<u>\$ 660,349</u>	<u>\$ 143,221</u>	<u>\$ 2,946,970</u>	<u>\$ 2,803,749</u>

**CITY OF MOUNT VERNON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Debt Service Fund – General Bond Retirement Fund  
For the Year Ended December 31, 2010***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Investment Earnings	\$ 0	\$ 0	\$ 277	\$ 277
All Other Revenues	0	40,709	40,709	0
Total Revenues	0	40,709	40,986	277
<b>Expenditures:</b>				
Debt Service:				
Principal Retirement	3,882,500	3,882,500	3,875,217	7,283
Interest and Fiscal Charges	1,048,031	1,088,740	1,036,286	52,454
Total Expenditures	4,930,531	4,971,240	4,911,503	59,737
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,930,531)	(4,930,531)	(4,870,517)	60,014
<b>Other Financing Sources (Uses):</b>				
Transfers In	2,819,687	2,819,687	2,757,673	(62,014)
Total Other Financing Sources (Uses)	2,819,687	2,819,687	2,757,673	(62,014)
Net Change in Fund Balance	(2,110,844)	(2,110,844)	(2,112,844)	(2,000)
Fund Balance at Beginning of Year	2,112,844	2,112,844	2,112,844	0
Fund Balance at End of Year	\$ 2,000	\$ 2,000	\$ 0	\$ (2,000)

**CITY OF MOUNT VERNON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Capital Project Funds – Capital Improvements Fund  
For the Year Ended December 31, 2010***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Municipal Income Taxes	\$ 562,500	\$ 562,500	\$ 542,598	\$ (19,902)
Intergovernmental Revenues	0	1,074,105	675,033	(399,072)
All Other Revenues	0	0	5,000	5,000
Total Revenues	<u>562,500</u>	<u>1,636,605</u>	<u>1,222,631</u>	<u>(413,974)</u>
<b>Expenditures:</b>				
Public Health and Welfare:				
Capital Outlay	<u>2,000</u>	<u>2,000</u>	<u>1,944</u>	<u>56</u>
Total Public Health and Welfare	<u>2,000</u>	<u>2,000</u>	<u>1,944</u>	<u>56</u>
Transportation:				
Street:				
Capital Outlay	<u>1,115,103</u>	<u>2,362,318</u>	<u>1,299,942</u>	<u>1,062,376</u>
Total Transportation	<u>1,115,103</u>	<u>2,362,318</u>	<u>1,299,942</u>	<u>1,062,376</u>
General Government:				
Auditor:				
Capital Outlay	2,350	2,350	2,350	0
Law Director:				
Capital Outlay	2,200	2,200	2,199	1
Civil Service:				
Capital Outlay	1,080	1,080	1,078	2
Public Lands and Buildings:				
Capital Outlay	<u>705,268</u>	<u>776,639</u>	<u>283,786</u>	<u>492,853</u>
Total General Government	<u>710,898</u>	<u>782,269</u>	<u>289,413</u>	<u>492,856</u>
Total Expenditures	<u>1,828,001</u>	<u>3,146,587</u>	<u>1,591,299</u>	<u>1,555,288</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,265,501)	(1,509,982)	(368,668)	1,141,314
Fund Balance at Beginning of Year	1,292,766	1,292,766	1,292,766	0
Prior Year Encumbrances	<u>244,481</u>	<u>244,481</u>	<u>244,481</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 271,746</u>	<u>\$ 27,265</u>	<u>\$ 1,168,579</u>	<u>\$ 1,141,314</u>

**CITY OF MOUNT VERNON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Capital Project Funds – TIF District – Coshocton Road Fund  
For the Year Ended December 31, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 1,200,000	\$ 1,206,000	\$ 1,320,086	\$ 114,086
Total Revenues	<u>1,200,000</u>	<u>1,206,000</u>	<u>1,320,086</u>	<u>114,086</u>
<b>Expenditures:</b>				
Transportation:				
Street:				
Contractual Services	380,000	386,000	381,729	4,271
Capital Outlay	<u>2,628,894</u>	<u>2,635,394</u>	<u>798,180</u>	<u>1,837,214</u>
Total Expenditures	<u>3,008,894</u>	<u>3,021,394</u>	<u>1,179,909</u>	<u>1,841,485</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,808,894)	(1,815,394)	140,177	1,955,571
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>(292,250)</u>	<u>(292,250)</u>	<u>(280,704)</u>	<u>11,546</u>
Total Other Financing Sources (Uses)	<u>(292,250)</u>	<u>(292,250)</u>	<u>(280,704)</u>	<u>11,546</u>
Net Change in Fund Balance	(2,101,144)	(2,107,644)	(140,527)	1,967,117
Fund Balance at Beginning of Year	2,101,144	2,101,144	2,101,144	0
Prior Year Encumbrances	<u>6,500</u>	<u>6,500</u>	<u>6,500</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 6,500</u>	<u>\$ 0</u>	<u>\$ 1,967,117</u>	<u>\$ 1,967,117</u>

**CITY OF MOUNT VERNON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>STREET CONSTRUCTION, MAINTENANCE AND REPAIR</b>				
<b>Revenues:</b>				
Municipal Income Taxes	\$ 168,750	\$ 168,750	\$ 162,779	\$ (5,971)
Intergovernmental Revenues	565,000	565,000	598,473	33,473
Licenses and Permits	0	0	2,702	2,702
Investment Earnings	500	500	174	(326)
All Other Revenues	0	0	712	712
Total Revenues	<u>734,250</u>	<u>734,250</u>	<u>764,840</u>	<u>30,590</u>
<b>Expenditures:</b>				
Transportation:				
Personal Services	823,414	832,014	733,332	98,682
Travel and Transportation	2,000	2,040	741	1,299
Materials and Supplies	98,000	103,284	86,642	16,642
Contractual Services	61,300	68,675	42,877	25,798
Capital Outlay	10,000	10,000	1,154	8,846
Total Expenditures	<u>994,714</u>	<u>1,016,013</u>	<u>864,746</u>	<u>151,267</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(260,464)	(281,763)	(99,906)	181,857
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	937	937
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>937</u>	<u>937</u>
Net Change in Fund Balance	(260,464)	(281,763)	(98,969)	182,794
Fund Balance at Beginning of Year	260,464	260,464	260,464	0
Prior Year Encumbrances	21,299	21,299	21,299	0
Fund Balance at End of Year	<u>\$ 21,299</u>	<u>\$ 0</u>	<u>\$ 182,794</u>	<u>\$ 182,794</u>

**CITY OF MOUNT VERNON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

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	STATE HIGHWAY IMPROVEMENT			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 45,300	\$ 45,300	\$ 47,387	\$ 2,087
Investment Earnings	200	200	87	(113)
Total Revenues	<u>45,500</u>	<u>45,500</u>	<u>47,474</u>	<u>1,974</u>
<b>Expenditures:</b>				
Transportation:				
Capital Outlay	<u>151,535</u>	<u>157,256</u>	<u>56,182</u>	<u>101,074</u>
Total Expenditures	<u>151,535</u>	<u>157,256</u>	<u>56,182</u>	<u>101,074</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(106,035)	(111,756)	(8,708)	103,048
Fund Balance at Beginning of Year	106,035	106,035	106,035	0
Prior Year Encumbrances	<u>5,721</u>	<u>5,721</u>	<u>5,721</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 5,721</u>	<u>\$ 0</u>	<u>\$ 103,048</u>	<u>\$ 103,048</u>

**CITY OF MOUNT VERNON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

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<b>PERMISSIVE AUTO LICENSE TAX</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 75,000	\$ 75,000	\$ 75,303	\$ 303
Total Revenues	<u>75,000</u>	<u>75,000</u>	<u>75,303</u>	<u>303</u>
<b>Expenditures:</b>				
Transportation:				
Capital Outlay	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>0</u>
Total Expenditures	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	303	303
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 303</u>	<u>\$ 303</u>

**CITY OF MOUNT VERNON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

<b>CEMETERY FUND</b>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Municipal Income Taxes	\$ 225,000	\$ 225,000	\$ 217,039	\$ (7,961)
Charges for Services	50,000	50,000	61,061	11,061
Investment Earnings	1,500	1,500	375	(1,125)
Total Revenues	<u>276,500</u>	<u>276,500</u>	<u>278,475</u>	<u>1,975</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Personal Services	289,750	292,253	268,163	24,090
Travel and Transportation	400	532	440	92
Materials and Supplies	36,200	37,615	31,124	6,491
Contractual Services	35,650	40,972	31,796	9,176
Capital Outlay	5,016	5,754	2,204	3,550
Total Expenditures	<u>367,016</u>	<u>377,126</u>	<u>333,727</u>	<u>43,399</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(90,516)	(100,626)	(55,252)	45,374
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	291	291
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>291</u>	<u>291</u>
Net Change in Fund Balance	(90,516)	(100,626)	(54,961)	45,665
Fund Balance at Beginning of Year	90,516	90,516	90,516	0
Prior Year Encumbrances	10,110	10,110	10,110	0
Fund Balance at End of Year	<u>\$ 10,110</u>	<u>\$ 0</u>	<u>\$ 45,665</u>	<u>\$ 45,665</u>

**CITY OF MOUNT VERNON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

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	<b>PARK DEVELOPMENT</b>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Charges for Services	\$ 2,000	\$ 2,000	\$ 4,020	\$ 2,020
All Other Revenues	<u>0</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>
Total Revenues	<u>2,000</u>	<u>12,000</u>	<u>14,020</u>	<u>2,020</u>
<b>Expenditures:</b>				
Leisure Time Activities:				
Capital Outlay	<u>59,358</u>	<u>69,358</u>	<u>48,106</u>	<u>21,252</u>
Total Expenditures	<u>59,358</u>	<u>69,358</u>	<u>48,106</u>	<u>21,252</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(57,358)	(57,358)	(34,086)	23,272
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>2,000</u>	<u>2,000</u>	<u>4,020</u>	<u>2,020</u>
Total Other Financing Sources (Uses)	<u>2,000</u>	<u>2,000</u>	<u>4,020</u>	<u>2,020</u>
Net Change in Fund Balance	(55,358)	(55,358)	(30,066)	25,292
Fund Balance at Beginning of Year	<u>55,358</u>	<u>55,358</u>	<u>55,358</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 25,292</u>	<u>\$ 25,292</u>

**CITY OF MOUNT VERNON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

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<b>COMMUNITY DEVELOPMENT BLOCK GRANT</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 1,610,361	\$ 2,412,361	\$ 1,555,000	\$ (857,361)
Investment Earnings	5	5	4	(1)
Total Revenues	<u>1,610,366</u>	<u>2,412,366</u>	<u>1,555,004</u>	<u>(857,362)</u>
<b>Expenditures:</b>				
Community Environment:				
Contractual Services	1,610,366	2,438,947	1,549,873	889,074
Total Expenditures	<u>1,610,366</u>	<u>2,438,947</u>	<u>1,549,873</u>	<u>889,074</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(26,581)	5,131	31,712
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	26,581	26,581	26,581	0
Fund Balance at End of Year	<u>\$ 26,581</u>	<u>\$ 0</u>	<u>\$ 31,712</u>	<u>\$ 31,712</u>

**CITY OF MOUNT VERNON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

	<b>PARKING</b>			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Licenses and Permits	\$ 0	\$ 0	\$ 1,460	\$ 1,460
Fines and Forfeitures	1,000	1,000	4,125	3,125
All Other Revenues	0	0	2,951	2,951
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>8,536</u>	<u>7,536</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	12,150	12,250	4,663	7,587
Materials and Supplies	200	200	0	200
Contractual Services	26,000	26,900	22,851	4,049
Total Expenditures	<u>38,350</u>	<u>39,350</u>	<u>27,514</u>	<u>11,836</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(37,350)	(38,350)	(18,978)	19,372
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	938	938
Transfers In	28,000	28,000	0	(28,000)
Total Other Financing Sources (Uses)	<u>28,000</u>	<u>28,000</u>	<u>938</u>	<u>(27,062)</u>
Net Change in Fund Balance	(9,350)	(10,350)	(18,040)	(7,690)
Fund Balance at Beginning of Year	30,693	30,693	30,693	0
Prior Year Encumbrances	1,000	1,000	1,000	0
Fund Balance at End of Year	<u>\$ 22,343</u>	<u>\$ 21,343</u>	<u>\$ 13,653</u>	<u>\$ (7,690)</u>

**CITY OF MOUNT VERNON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

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<b>LAW ENFORCEMENT TRUST</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Fines and Forfeitures	\$ 2,555	\$ 2,555	\$ 2,555	\$ 0
Total Revenues	<u>2,555</u>	<u>2,555</u>	<u>2,555</u>	<u>0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Contractual Services	1,354	1,354	1,354	0
Total Expenditures	<u>1,354</u>	<u>1,354</u>	<u>1,354</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,201	1,201	1,201	0
Fund Balance at Beginning of Year	<u>11,840</u>	<u>11,840</u>	<u>11,840</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 13,041</u>	<u>\$ 13,041</u>	<u>\$ 13,041</u>	<u>\$ 0</u>

**CITY OF MOUNT VERNON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	<u>8,654</u>	<u>8,654</u>	<u>8,654</u>	<u>0</u>
Total Revenues	<u>8,654</u>	<u>8,654</u>	<u>8,654</u>	<u>0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Contractual Services	<u>1,446</u>	<u>1,446</u>	<u>1,446</u>	<u>0</u>
Total Expenditures	<u>1,446</u>	<u>1,446</u>	<u>1,446</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	7,208	7,208	7,208	0
Fund Balance at Beginning of Year	<u>19,366</u>	<u>19,366</u>	<u>19,366</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 26,574</u>	<u>\$ 26,574</u>	<u>\$ 26,574</u>	<u>\$ 0</u>

**CITY OF MOUNT VERNON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

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<b>PERMISSIVE LICENSE REGISTRATION</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 100,000	\$ 100,000	\$ 103,212	\$ 3,212
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>103,212</u>	<u>3,212</u>
<b>Expenditures:</b>				
Transportation:				
Materials and Supplies	106,558	128,426	107,616	20,810
Contractual Services	<u>25,000</u>	<u>26,025</u>	<u>14,132</u>	<u>11,893</u>
Total Expenditures	<u>131,558</u>	<u>154,451</u>	<u>121,748</u>	<u>32,703</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(31,558)	(54,451)	(18,536)	35,915
Fund Balance at Beginning of Year	31,558	31,558	31,558	0
Prior Year Encumbrances	<u>22,893</u>	<u>22,893</u>	<u>22,893</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 22,893</u>	<u>\$ 0</u>	<u>\$ 35,915</u>	<u>\$ 35,915</u>

**CITY OF MOUNT VERNON, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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<b>INDIGENT DRIVERS ALCOHOL TREATMENT</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Fines and Forfeitures	\$ 20,000	\$ 24,800	\$ 24,492	\$ (308)
Total Revenues	<u>20,000</u>	<u>24,800</u>	<u>24,492</u>	<u>(308)</u>
<b>Expenditures:</b>				
General Government:				
Contractual Services	<u>20,000</u>	<u>24,800</u>	<u>24,492</u>	<u>308</u>
Total Expenditures	<u>20,000</u>	<u>24,800</u>	<u>24,492</u>	<u>308</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**CITY OF MOUNT VERNON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ 1,282</u>	<u>\$ (218)</u>
Total Revenues	<u>1,500</u>	<u>1,500</u>	<u>1,282</u>	<u>(218)</u>
<b>Expenditures:</b>				
General Government:				
Contractual Services	<u>37,291</u>	<u>37,291</u>	<u>250</u>	<u>37,041</u>
Total Expenditures	<u>37,291</u>	<u>37,291</u>	<u>250</u>	<u>37,041</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(35,791)	(35,791)	1,032	36,823
Fund Balance at Beginning of Year	<u>35,791</u>	<u>35,791</u>	<u>35,791</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 36,823</u>	<u>\$ 36,823</u>

**CITY OF MOUNT VERNON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 70,000	\$ 70,000	\$ 80,100	\$ 10,100
Total Revenues	<u>70,000</u>	<u>70,000</u>	<u>80,100</u>	<u>10,100</u>
<b>Expenditures:</b>				
General Government:				
Contractual Services	<u>182,063</u>	<u>202,545</u>	<u>65,665</u>	<u>136,880</u>
Total Expenditures	<u>182,063</u>	<u>202,545</u>	<u>65,665</u>	<u>136,880</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(112,063)	(132,545)	14,435	146,980
Fund Balance at Beginning of Year	112,063	112,063	112,063	0
Prior Year Encumbrances	<u>20,482</u>	<u>20,482</u>	<u>20,482</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 20,482</u>	<u>\$ 0</u>	<u>\$ 146,980</u>	<u>\$ 146,980</u>

**CITY OF MOUNT VERNON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

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	PROBATION SERVICES			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Charges for Services	<u>\$ 10,000</u>	<u>\$ 10,000</u>	<u>\$ 26,012</u>	<u>\$ 16,012</u>
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>26,012</u>	<u>16,012</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	10,000	10,000	8,263	1,737
Materials and Supplies	<u>30,948</u>	<u>31,583</u>	<u>6,776</u>	<u>24,807</u>
Total Expenditures	<u>40,948</u>	<u>41,583</u>	<u>15,039</u>	<u>26,544</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,948)	(31,583)	10,973	42,556
Fund Balance at Beginning of Year	31,355	31,355	31,355	0
Prior Year Encumbrances	<u>635</u>	<u>635</u>	<u>635</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,042</u>	<u>\$ 407</u>	<u>\$ 42,963</u>	<u>\$ 42,556</u>

**CITY OF MOUNT VERNON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

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<b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>				
General Government:				
Materials and Supplies	472	472	472	0
Total Expenditures	472	472	472	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	(472)	(472)	(472)	0
Fund Balance at Beginning of Year	472	472	472	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**CITY OF MOUNT VERNON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

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	<b>LODGING EXCISE TAX</b>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Other Local Taxes	<u>\$ 90,000</u>	<u>\$ 90,000</u>	<u>\$ 82,720</u>	<u>\$ (7,280)</u>
Total Revenues	<u>90,000</u>	<u>90,000</u>	<u>82,720</u>	<u>(7,280)</u>
<b>Expenditures:</b>				
General Government:				
Contractual Services	<u>90,000</u>	<u>90,000</u>	<u>82,720</u>	<u>7,280</u>
Total Expenditures	<u>90,000</u>	<u>90,000</u>	<u>82,720</u>	<u>7,280</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**CITY OF MOUNT VERNON, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>DRIVERS INTERLOCK AND ALCOHOL MONITORING</b>				
<b>Revenues:</b>				
Fines and Forfeitures	\$ 5,000	\$ 5,000	\$ 16,037	\$ 11,037
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>16,037</u>	<u>11,037</u>
<b>Expenditures:</b>				
General Government:				
Contractual Services	<u>15,957</u>	<u>15,957</u>	<u>0</u>	<u>15,957</u>
Total Expenditures	<u>15,957</u>	<u>15,957</u>	<u>0</u>	<u>15,957</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,957)	(10,957)	16,037	26,994
Fund Balance at Beginning of Year	<u>10,957</u>	<u>10,957</u>	<u>10,957</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 26,994</u>	<u>\$ 26,994</u>

**CITY OF MOUNT VERNON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Licenses and Permits	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,270</u>	<u>\$ 1,270</u>
Total Revenues	<u>0</u>	<u>0</u>	<u>1,270</u>	<u>1,270</u>
<b>Expenditures:</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	1,270	1,270
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,270</u>	<u>\$ 1,270</u>

**CITY OF MOUNT VERNON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
All Other Revenues	<u>\$          0</u>	<u>\$          0</u>	<u>\$          402</u>	<u>\$          402</u>
Total Revenues	<u>          0</u>	<u>          0</u>	<u>          402</u>	<u>          402</u>
<b>Expenditures:</b>				
Total Expenditures	<u>          0</u>	<u>          0</u>	<u>          0</u>	<u>          0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>          0</u>	<u>          0</u>	<u>          402</u>	<u>          402</u>
Fund Balance at Beginning of Year	<u>          0</u>	<u>          0</u>	<u>          0</u>	<u>          0</u>
Fund Balance at End of Year	<u><u>\$          0</u></u>	<u><u>\$          0</u></u>	<u><u>\$          402</u></u>	<u><u>\$          402</u></u>

**CITY OF MOUNT VERNON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

	<b>POLICE PENSION</b>			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Property Taxes	\$ 69,000	\$ 69,000	\$ 84,081	\$ 15,081
Municipal Income Taxes	56,250	56,250	54,260	(1,990)
Intergovernmental Revenues	8,130	8,130	12,082	3,952
Total Revenues	<u>133,380</u>	<u>133,380</u>	<u>150,423</u>	<u>17,043</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	563,681	643,781	370,683	273,098
General Government:				
Contractual Services	2,500	2,500	1,681	819
Total Expenditures	<u>566,181</u>	<u>646,281</u>	<u>372,364</u>	<u>273,917</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(432,801)	(512,901)	(221,941)	290,960
<b>Other Financing Sources (Uses):</b>				
Transfers In	150,000	150,000	0	(150,000)
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>150,000</u>	<u>0</u>	<u>(150,000)</u>
Net Change in Fund Balance	(282,801)	(362,901)	(221,941)	140,960
Fund Balance at Beginning of Year	267,601	267,601	267,601	0
Prior Year Encumbrances	80,100	80,100	80,100	0
Fund Balance at End of Year	<u>\$ 64,900</u>	<u>\$ (15,200)</u>	<u>\$ 125,760</u>	<u>\$ 140,960</u>

**CITY OF MOUNT VERNON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

	<b>FIRE PENSION</b>			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Property Taxes	\$ 69,000	\$ 69,000	\$ 84,081	\$ 15,081
Municipal Income Taxes	56,250	56,250	54,260	(1,990)
Intergovernmental Revenues	8,130	8,130	12,082	3,952
Total Revenues	<u>133,380</u>	<u>133,380</u>	<u>150,423</u>	<u>17,043</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	886,124	1,019,124	580,611	438,513
General Government:				
Contractual Services	2,500	2,500	1,681	819
Total Expenditures	<u>888,624</u>	<u>1,021,624</u>	<u>582,292</u>	<u>439,332</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(755,244)	(888,244)	(431,869)	456,375
<b>Other Financing Sources (Uses):</b>				
Transfers In	425,000	425,000	100,000	(325,000)
Total Other Financing Sources (Uses)	<u>425,000</u>	<u>425,000</u>	<u>100,000</u>	<u>(325,000)</u>
Net Change in Fund Balance	(330,244)	(463,244)	(331,869)	131,375
Fund Balance at Beginning of Year	315,044	315,044	315,044	0
Prior Year Encumbrances	133,000	133,000	133,000	0
Fund Balance at End of Year	<u>\$ 117,800</u>	<u>\$ (15,200)</u>	<u>\$ 116,175</u>	<u>\$ 131,375</u>

**CITY OF MOUNT VERNON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

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	MAUSOLEUM			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Charges for Services	\$ 0	\$ 0	\$ 1,240	\$ 1,240
Investment Earnings	25	25	6	(19)
Total Revenues	<u>25</u>	<u>25</u>	<u>1,246</u>	<u>1,221</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Contractual Services	<u>5,910</u>	<u>5,910</u>	<u>1,071</u>	<u>4,839</u>
Total Expenditures	<u>5,910</u>	<u>5,910</u>	<u>1,071</u>	<u>4,839</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,885)	(5,885)	175	6,060
Fund Balance at Beginning of Year	<u>5,885</u>	<u>5,885</u>	<u>5,885</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,060</u>	<u>\$ 6,060</u>

**CITY OF MOUNT VERNON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2010***

---

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>VETERANS HONOR WALKWAY</b>				
<b>Revenues:</b>				
Charges for Services	\$ 1,500	\$ 1,500	\$ 1,775	\$ 275
Investment Earnings	60	60	48	(12)
Total Revenues	<u>1,560</u>	<u>1,560</u>	<u>1,823</u>	<u>263</u>
<b>Expenditures:</b>				
Leisure Time Activities				
Materials and Supplies	66,646	66,646	5,133	61,513
Contractual Services	5,000	5,000	300	4,700
Total Expenditures	<u>71,646</u>	<u>71,646</u>	<u>5,433</u>	<u>66,213</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(70,086)	(70,086)	(3,610)	66,476
Fund Balance at Beginning of Year	<u>70,086</u>	<u>70,086</u>	<u>70,086</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 66,476</u>	<u>\$ 66,476</u>

**CITY OF MOUNT VERNON, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2010**

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<b>B &amp; O RAILROAD DEPOT</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u></u>
<b>Revenues:</b>				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>				
General Government:				
Contractual Services	3,967	3,967	3,622	345
Total Expenditures	3,967	3,967	3,622	345
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,967)	(3,967)	(3,622)	345
Fund Balance at Beginning of Year	3,967	3,967	3,967	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 345</u>	<u>\$ 345</u>

**CITY OF MOUNT VERNON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2010**

<b>TIF DISTRICT-INDUSTRIAL AREA</b>				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 25,000	\$ 25,000	\$ 31,732	\$ 6,732
Total Revenues	<u>25,000</u>	<u>25,000</u>	<u>31,732</u>	<u>6,732</u>
<b>Expenditures:</b>				
Transportation:				
Street:				
Contractual Services	450	531	531	0
Capital Outlay	<u>59,956</u>	<u>3,875</u>	<u>1,108</u>	<u>2,767</u>
Total Expenditures	<u>60,406</u>	<u>4,406</u>	<u>1,639</u>	<u>2,767</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(35,406)	20,594	30,093	9,499
<b>Other Financing Sources (Uses):</b>				
Transfers Out	<u>0</u>	<u>(56,000)</u>	<u>(22,753)</u>	<u>33,247</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(56,000)</u>	<u>(22,753)</u>	<u>33,247</u>
Net Change in Fund Balance	(35,406)	(35,406)	7,340	42,746
Fund Balance at Beginning of Year	<u>35,406</u>	<u>35,406</u>	<u>35,406</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 42,746</u>	<u>\$ 42,746</u>

**CITY OF MOUNT VERNON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Permanent Fund  
For the Year Ended December 31, 2010***

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	<b>PERPETUAL CARE</b>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
All Other Revenues	\$ 10,000	\$ 10,000	\$ 9,512	\$ (488)
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>9,512</u>	<u>(488)</u>
<b>Expenditures:</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,000	10,000	9,512	(488)
Fund Balance at Beginning of Year	<u>350,823</u>	<u>350,823</u>	<u>350,823</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 360,823</u>	<u>\$ 360,823</u>	<u>\$ 360,335</u>	<u>\$ (488)</u>



***Fiduciary Funds***

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Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

***Agency Funds***

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**Insurance Trust Fund**

To account for insurance funds on deposit to insure the clean up of damaged property.

**Bonds and Inspection Fee Trust Fund**

To account for funds on deposit as required by City ordinance for subdivision construction.

**Municipal Court Fund**

To account for funds that flow through the municipal court office.

**CITY OF MOUNT VERNON, OHIO**

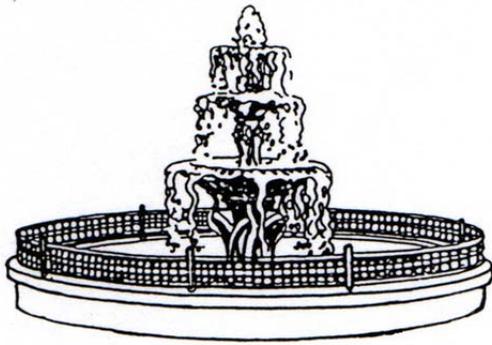
**Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2010**

	Balance December 31, 2009	Additions	Deductions	Balance December 31, 2010
<b><u>Insurance Trust Fund</u></b>				
Assets:				
Cash and Cash Equivalents	\$4,800	\$161,633	(\$12,000)	\$154,433
Total Assets	<u>\$4,800</u>	<u>\$161,633</u>	<u>(\$12,000)</u>	<u>\$154,433</u>
Liabilities:				
Due to Others	\$4,800	\$161,633	(\$12,000)	\$154,433
Total Liabilities	<u>\$4,800</u>	<u>\$161,633</u>	<u>(\$12,000)</u>	<u>\$154,433</u>
<b><u>Bonds and Inspection Fee Trust Fund</u></b>				
Assets:				
Cash	\$5,651	\$19,500	(\$13,000)	\$12,151
Total Assets	<u>\$5,651</u>	<u>\$19,500</u>	<u>(\$13,000)</u>	<u>\$12,151</u>
Liabilities:				
Due to Others	5,651	19,500	(13,000)	12,151
Total Liabilities	<u>\$5,651</u>	<u>\$19,500</u>	<u>(\$13,000)</u>	<u>\$12,151</u>
<b><u>Municipal Court Fund</u></b>				
Assets:				
Cash and Cash Equivalents	\$97,523	\$1,267,501	(\$1,261,885)	\$103,139
Total Assets	<u>\$97,523</u>	<u>\$1,267,501</u>	<u>(\$1,261,885)</u>	<u>\$103,139</u>
Liabilities:				
Intergovernmental Payable	\$30,444	\$501,771	(\$504,795)	\$27,420
Due to Others	67,079	765,730	(757,090)	75,719
Total Liabilities	<u>\$97,523</u>	<u>\$1,267,501</u>	<u>(\$1,261,885)</u>	<u>\$103,139</u>
<b><u>Totals - All Agency Funds</u></b>				
Assets:				
Cash and Cash Equivalents	\$107,974	\$1,448,634	(\$1,286,885)	\$269,723
Total Assets	<u>\$107,974</u>	<u>\$1,448,634</u>	<u>(\$1,286,885)</u>	<u>\$269,723</u>
Liabilities:				
Intergovernmental Payables	\$30,444	\$501,771	(\$504,795)	\$27,420
Due to Others	77,530	946,863	(782,090)	242,303
Total Liabilities	<u>\$107,974</u>	<u>\$1,448,634</u>	<u>(\$1,286,885)</u>	<u>\$269,723</u>



# Statistical Section





## ***STATISTICAL TABLES***

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This part of the City’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

### ***Contents***

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<b>Financial Trends</b>	S 2 – S 13
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.	
<b>Revenue Capacity</b>	S 14 – S 17
These schedules contain information to help the reader understand and assess the factors affecting the City’s ability to generate its most significant local revenue sources, which is income tax.	
<b>Debt Capacity</b>	S 18 – S 27
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
<b>Economic and Demographic Information</b>	S 28 – S 31
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
<b>Operating Information</b>	S 32 – S 37
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.	
<b>Sources Note:</b>	
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.	

## *City of Mount Vernon, Ohio*

*Net Assets by Component  
Last Eight Years  
(accrual basis of accounting)*

	2003	2004	2005	2006
<b>Governmental Activities:</b>				
Invested in Capital Assets, Net of Related Debt	\$5,354,235	\$7,615,083	\$32,127,147	\$33,477,918
Restricted	3,083,896	2,985,534	4,339,253	5,717,336
Unrestricted	1,627,959	2,256,937	2,639,997	3,097,916
Total Governmental Activities Net Assets	<u>\$10,066,090</u>	<u>\$12,857,554</u>	<u>\$39,106,397</u>	<u>\$42,293,170</u>
<b>Business-type Activities:</b>				
Invested in Capital Assets, Net of Related Debt	\$12,939,598	\$13,240,227	\$14,093,254	\$13,580,280
Restricted	707,033	694,806	1,258,730	2,353,194
Unrestricted	7,004,442	7,056,119	5,409,331	4,731,739
Total Business-type Activities Net Assets	<u>\$20,651,073</u>	<u>\$20,991,152</u>	<u>\$20,761,315</u>	<u>\$20,665,213</u>
<b>Primary Government:</b>				
Invested in Capital Assets, Net of Related Debt	\$18,293,833	\$20,855,310	\$46,220,401	\$47,058,198
Restricted	3,790,929	3,680,340	5,597,983	8,070,530
Unrestricted	8,632,401	9,313,056	8,049,328	7,829,655
Total Primary Government Net Assets	<u>\$30,717,163</u>	<u>\$33,848,706</u>	<u>\$59,867,712</u>	<u>\$62,958,383</u>

(1) Net Assets were restated in 2009 as a result of a prior period adjustment.

Source: City Auditor's Office

*City of Mount Vernon, Ohio*

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<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
		(1)	
\$35,789,973	\$37,018,250	\$36,745,484	\$38,627,947
4,503,529	7,235,132	5,911,959	6,397,410
4,954,398	4,528,143	6,241,067	4,489,751
<u>\$45,247,900</u>	<u>\$48,781,525</u>	<u>\$48,898,510</u>	<u>\$49,515,108</u>
\$13,897,047	\$14,278,602	\$15,255,947	\$13,393,510
1,391,876	1,248,880	3,475,907	3,329,674
5,345,814	4,734,074	1,297,180	3,398,489
<u>\$20,634,737</u>	<u>\$20,261,556</u>	<u>\$20,029,034</u>	<u>\$20,121,673</u>
\$49,687,020	\$51,296,852	\$52,001,431	\$52,021,457
5,895,405	8,484,012	9,387,866	9,727,084
10,300,212	9,262,217	7,538,247	7,888,240
<u>\$65,882,637</u>	<u>\$69,043,081</u>	<u>\$68,927,544</u>	<u>\$69,636,781</u>

## City of Mount Vernon, Ohio

*Changes in Net Assets  
Last Eight Years  
(accrual basis of accounting)*

	2003	2004	2005	2006
<b>Expenses</b>				
Governmental Activities:				
Security of Persons and Property	\$4,764,413	\$4,664,297	\$4,875,188	\$5,506,801
Public Health and Welfare Services	559,211	556,057	593,592	567,989
Leisure Time Activities	394,372	314,140	332,477	407,254
Community Environment	668,592	717,905	245,735	446,970
Transportation	1,400,899	1,193,206	2,392,740	1,730,910
General Government	3,851,104	3,282,747	3,955,560	3,915,618
Interest and Fiscal Charges	134,030	137,418	130,057	126,090
<i>Total Governmental Activities Expenses</i>	<u>11,772,621</u>	<u>10,865,770</u>	<u>12,525,349</u>	<u>12,701,632</u>
Business-type Activities:				
Water	3,256,836	2,863,797	3,215,544	3,135,091
Sewer	2,520,031	2,240,963	2,436,112	2,847,417
<i>Total Business-type Activities Expenses</i>	<u>5,776,867</u>	<u>5,104,760</u>	<u>5,651,656</u>	<u>5,982,508</u>
<i>Total Primary Government Expenses</i>	<u>\$17,549,488</u>	<u>\$15,970,530</u>	<u>\$18,177,005</u>	<u>\$18,684,140</u>
<b>Program Revenues</b>				
Governmental Activities:				
Charges for Services				
Security of Persons and Property	\$226,591	\$218,347	\$367,877	\$529,972
Public Health and Welfare Services	53,979	68,147	58,751	51,710
Leisure Time Activities	69,984	54,464	54,994	52,904
Community Environment	2,637	395	421	585
Transportation	446	1,066	2,254	9,712
General Government	682,713	705,234	877,480	845,758
Operating Grants and Contributions	1,571,916	870,878	1,439,733	898,391
Capital Grants and Contributions	183,870	1,995,939	1,376,854	884,203
<i>Total Governmental Activities Program Revenues</i>	<u>2,792,136</u>	<u>3,914,470</u>	<u>4,178,364</u>	<u>3,273,235</u>

*City of Mount Vernon, Ohio*

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2007	2008	2009	2010
\$5,599,365	\$5,728,419	\$6,257,913	\$5,950,098
666,167	644,241	769,637	693,029
777,880	952,192	881,252	963,163
745,733	211,150	293,474	1,560,761
2,097,746	2,433,003	2,898,557	2,586,915
4,627,294	4,627,134	4,685,914	4,711,970
355,174	263,523	321,941	350,672
<u>14,869,359</u>	<u>14,859,662</u>	<u>16,108,688</u>	<u>16,816,608</u>
3,216,980	3,379,191	3,388,734	3,347,380
2,873,468	2,858,183	2,885,616	3,103,781
<u>6,090,448</u>	<u>6,237,374</u>	<u>6,274,350</u>	<u>6,451,161</u>
<u>\$20,959,807</u>	<u>\$21,097,036</u>	<u>\$22,383,038</u>	<u>\$23,267,769</u>
\$939,779	\$1,016,173	\$1,141,818	\$1,200,644
54,678	56,052	68,352	83,842
294,296	309,238	256,078	296,300
953	3,989	6,621	20,387
1,400	500	3,070	2,702
897,668	863,175	819,170	898,161
871,919	1,761,824	2,336,173	1,807,522
1,508,148	447,392	854,233	880,033
<u>4,568,841</u>	<u>4,458,343</u>	<u>5,485,515</u>	<u>5,189,591</u>

(continued)

## City of Mount Vernon, Ohio

### Changes in Net Assets Last Eight Years (accrual basis of accounting)

	2003	2004	2005	2006
<b>Business-type Activities:</b>				
Charges for Services				
Water	2,678,308	3,034,525	2,931,081	2,991,511
Sewer	2,378,554	2,459,814	2,475,962	2,681,466
Operating Grants and Contributions	0	0	14,776	0
<i>Total Business-type Activities Program Revenues</i>	<u>5,056,862</u>	<u>5,494,339</u>	<u>5,421,819</u>	<u>5,672,977</u>
<i>Total Primary Government Program Revenues</i>	<u>7,848,998</u>	<u>9,408,809</u>	<u>9,600,183</u>	<u>8,946,212</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(8,980,485)	(6,951,300)	(8,346,985)	(9,428,397)
Business-type Activities	(720,005)	389,579	(229,837)	(309,531)
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$9,700,490)</u>	<u>(\$6,561,721)</u>	<u>(\$8,576,822)</u>	<u>(\$9,737,928)</u>
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental Activities:				
Property Taxes Levied for:				
(General Purposes	\$548,109	\$832,058	\$628,011	\$590,185
)Debt Service	127,596	193,664	151,338	131,866
(Capital Outlay	442,636	510,867	566,001	919,577
Income Taxes	6,373,436	6,988,358	8,018,764	9,035,177
Other Local Taxes	125,688	2,727	2,899	107,926
Grants and Entitlements not Restricted to Specific Programs	723,556	939,630	971,834	1,239,375
Investment Earnings	93,876	103,091	214,335	471,742
Miscellaneous	75,013	122,869	107,067	119,322
Transfers	49,500	49,500	0	0
<i>Total Governmental Activities</i>	<u>8,559,410</u>	<u>9,742,764</u>	<u>10,660,249</u>	<u>12,615,170</u>
Business-type Activities:				
Investment Earnings	0	0	0	213,429
Transfers	(49,500)	(49,500)	0	0
<i>Total Business-type Activities</i>	<u>(49,500)</u>	<u>(49,500)</u>	<u>0</u>	<u>213,429</u>
<i>Total Primary Government</i>	<u>\$8,509,910</u>	<u>\$9,693,264</u>	<u>\$10,660,249</u>	<u>\$12,828,599</u>
<b>Change in Net Assets</b>				
Governmental Activities	(\$421,075)	\$2,791,464	\$2,313,264	\$3,186,773
Business-type Activities	(769,505)	340,079	(229,837)	(96,102)
<i>Total Primary Government Change in Net Assets</i>	<u>(\$1,190,580)</u>	<u>\$3,131,543</u>	<u>\$2,083,427</u>	<u>\$3,090,671</u>

Source: City Auditor's Office

*City of Mount Vernon, Ohio*

2007	2008	2009	2010
3,197,165	3,308,139	3,287,232	3,392,757
2,675,408	2,515,147	2,718,245	3,105,361
0	0	41,618	40,709
<u>5,872,573</u>	<u>5,823,286</u>	<u>6,047,095</u>	<u>6,538,827</u>
<u>10,441,414</u>	<u>10,281,629</u>	<u>11,532,610</u>	<u>11,728,418</u>
(10,300,518)	(10,401,319)	(10,623,173)	(11,627,017)
(217,875)	(414,088)	(227,255)	87,666
<u>(\$10,518,393)</u>	<u>(\$10,815,407)</u>	<u>(\$10,850,428)</u>	<u>(\$11,539,351)</u>
\$736,982	\$632,956	\$682,820	\$589,285
181,624	158,796	175,254	167,876
1,058,750	1,176,352	1,263,314	1,381,766
9,260,355	10,359,164	9,383,772	8,688,085
106,968	99,236	94,493	87,796
1,057,943	842,850	992,167	1,087,350
675,429	421,642	190,437	60,858
177,197	243,948	152,110	180,599
0	0	0	0
<u>13,255,248</u>	<u>13,934,944</u>	<u>12,934,367</u>	<u>12,243,615</u>
187,399	40,907	6,394	4,973
0	0	0	0
<u>187,399</u>	<u>40,907</u>	<u>6,394</u>	<u>4,973</u>
<u>\$13,442,647</u>	<u>\$13,975,851</u>	<u>\$12,940,761</u>	<u>\$12,248,588</u>
\$2,954,730	\$3,533,625	\$2,311,194	\$616,598
(30,476)	(373,181)	(220,861)	92,639
<u>\$2,924,254</u>	<u>\$3,160,444</u>	<u>\$2,090,333</u>	<u>\$709,237</u>

**City of Mount Vernon, Ohio**

*Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

	2001	2002	2003	2004	2005
General Fund					
Reserved	\$451,473	\$452,615	\$300,833	\$270,566	\$230,254
Unreserved	2,954,889	2,159,404	1,587,655	2,041,286	2,335,202
<i>Total General Fund</i>	<u>3,406,362</u>	<u>2,612,019</u>	<u>1,888,488</u>	<u>2,311,852</u>	<u>2,565,456</u>
All Other Governmental Funds					
Reserved	322,545	775,975	411,570	286,964	278,367
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	753,381	565,443	607,698	701,300	824,716
Debt Service Funds	40,213	0	0	0	0
Capital Projects Funds	722,580	1,569,804	494,970	824,861	1,623,553
Permanent Fund	0	0	298,764	308,934	318,268
Total All Other Governmental Funds:	<u>1,838,719</u>	<u>2,911,222</u>	<u>1,813,002</u>	<u>2,122,059</u>	<u>3,044,904</u>
<i>Total Governmental Funds</i>	<u><u>\$5,245,081</u></u>	<u><u>\$5,523,241</u></u>	<u><u>\$3,701,490</u></u>	<u><u>\$4,433,911</u></u>	<u><u>\$5,610,360</u></u>

Source: City Auditor's Office

NOTE: Years 2001-2002 do not include Perpetual Care Fund which was classified as a Fiduciary Fund prior to implementing GASB 34 in 2003

*City of Mount Vernon, Ohio*

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<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$301,509	\$607,319	\$395,128	\$442,209	\$416,367
<u>3,338,049</u>	<u>4,212,879</u>	<u>4,458,073</u>	<u>4,216,231</u>	<u>4,593,098</u>
<u>3,639,558</u>	<u>4,820,198</u>	<u>4,853,201</u>	<u>4,658,440</u>	<u>5,009,465</u>
371,377	322,041	271,232	156,330	403,850
900,067	1,189,268	1,479,376	1,894,352	1,182,665
840	0	0	10,568	0
801,833	2,655,574	4,463,434	3,529,741	3,071,740
<u>325,010</u>	<u>334,058</u>	<u>343,534</u>	<u>350,823</u>	<u>369,072</u>
<u>2,399,127</u>	<u>4,500,941</u>	<u>6,557,576</u>	<u>5,941,814</u>	<u>5,027,327</u>
<u>\$6,038,685</u>	<u>\$9,321,139</u>	<u>\$11,410,777</u>	<u>\$10,600,254</u>	<u>\$10,036,792</u>

## *City of Mount Vernon, Ohio*

*Changes in Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

	2001	2002	2003	2004
<b>Revenues:</b>				
Taxes	\$7,162,621	\$7,333,467	\$7,705,183	\$8,243,192
Intergovernmental Revenues	3,299,208	2,361,696	2,191,567	4,128,601
Charges for Services	275,565	315,157	370,846	385,912
Licenses and Permits	337,654	410,109	22,496	4,834
Investment Earnings	243,570	172,363	93,876	103,091
Fines and Forfeitures	296,143	269,540	635,456	645,627
All Other Revenue	100,059	207,941	155,745	191,174
<b>Total Revenue</b>	<u>11,714,820</u>	<u>11,070,273</u>	<u>11,175,169</u>	<u>13,702,431</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	4,030,991	4,325,464	4,368,772	4,353,302
Public Health and Welfare Services	516,857	515,752	534,829	541,546
Leisure Time Activities	457,160	376,607	335,744	270,347
Community Environment	23,320	330,762	668,592	620,049
Transportation	3,756,029	4,091,140	3,721,449	3,268,392
General Government	4,292,876	4,048,058	3,903,761	3,626,077
Debt Service:				
Principal Retirement	46,615	3,372,993	3,736,395	217,786
Interest and Fiscal Charges	37,956	154,447	217,840	133,006
<b>Total Expenditures</b>	<u>13,161,804</u>	<u>17,215,223</u>	<u>17,487,382</u>	<u>13,030,505</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,446,984)	(6,144,950)	(6,312,213)	671,926

*City of Mount Vernon, Ohio*

2005	2006	2007	2008	2009	2010
\$9,237,011	\$10,980,389	\$11,440,727	\$12,456,495	\$11,494,371	\$10,836,690
3,329,519	2,995,086	3,138,477	1,910,413	3,395,984	4,269,553
661,031	689,374	1,422,430	1,464,750	1,529,878	1,632,849
34,329	34,776	21,786	15,661	15,471	16,952
214,335	471,742	675,429	421,642	190,437	60,858
656,958	758,950	761,462	759,240	746,363	845,195
174,126	247,003	782,894	301,400	157,238	191,701
<u>14,307,309</u>	<u>16,177,320</u>	<u>18,243,205</u>	<u>17,329,601</u>	<u>17,529,742</u>	<u>17,853,798</u>
4,617,588	5,197,207	5,274,270	5,517,450	5,828,902	5,584,614
578,186	564,521	654,455	631,418	754,709	677,715
287,260	1,325,158	655,489	683,733	706,685	728,146
446,243	301,064	745,733	211,150	293,474	1,560,761
2,852,792	2,735,444	2,393,098	4,177,685	3,940,483	3,675,011
4,017,230	5,295,380	7,721,022	5,567,468	6,369,728	5,443,844
212,377	217,413	217,763	325,179	2,434,814	422,401
125,645	121,678	350,762	250,142	329,738	339,425
<u>13,137,321</u>	<u>15,757,865</u>	<u>18,012,592</u>	<u>17,364,225</u>	<u>20,658,533</u>	<u>18,431,917</u>
1,169,988	419,455	230,613	(34,624)	(3,128,791)	(578,119)

(Continued)

## *City of Mount Vernon, Ohio*

*Changes in Fund Balances, Governmental Funds  
Last Ten Years  
(modified accrual basis of accounting)*

	2001	2002	2003	2004
<b>Other Financing Sources (Uses):</b>				
Proceeds from the Sale of Capital Assets	10,658	24,916	8,167	11,171
Ohio Public Works Commission Loan	0	0	425,000	0
General Obligation Bonds Issued	0	3,790,000	3,628,222	0
General Obligation Notes Issued	0	0	0	0
Premium on General Obligation Notes	0	0	0	0
State Infrastructure Bank Loan	760,474	2,565,620	0	0
Transfers In	1,066,589	4,528,433	888,398	709,532
Transfers Out	(1,017,089)	(4,478,933)	(838,898)	(660,032)
<b>Total Other Financing Sources (Uses)</b>	<u>820,632</u>	<u>6,430,036</u>	<u>4,110,889</u>	<u>60,671</u>
<b>Net Change in Fund Balance</b>	<u>(\$626,352)</u>	<u>\$285,086</u>	<u>(\$2,201,324)</u>	<u>\$732,597</u>
 <b>Debt Service as a Percentage of Noncapital Expenditures</b>	 0.68%	 21.89%	 26.72%	 3.41%

Source: City Auditor's Office

NOTE: Years 2001-2002 do not include Perpetual Care Fund which was classified as a Fiduciary Fund prior to implementing GASB 34 in 2003

*City of Mount Vernon, Ohio*

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2005	2006	2007	2008	2009	2010
4,541	2,784	23,688	12,298	17,865	3,259
0	0	0	0	125,000	0
0	0	3,035,000	0	2,165,000	0
0	0	0	2,100,000	0	0
0	0	0	7,245	8,232	0
0	0	0	0	0	0
1,519,676	1,546,311	1,712,982	2,785,286	1,286,170	827,126
(1,519,676)	(1,546,311)	(1,712,982)	(2,785,286)	(1,286,170)	(827,126)
4,541	2,784	3,058,688	2,119,543	2,316,097	3,259
\$1,174,529	\$422,239	\$3,289,301	\$2,084,919	(\$812,694)	(\$574,860)
3.14%	3.05%	4.29%	4.41%	16.75%	5.10%

## *City of Mount Vernon, Ohio*

### *Income Tax Revenues by Source, Governmental Funds Last Ten Years*

<b>Tax year</b>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Income Tax Rate	1.50%	1.50%	1.50%	1.50%
Estimated Personal Income (in thousands) (1)	\$361,338	\$366,144	\$373,940	\$393,803
Total Tax Collected	\$6,274,156	\$6,647,129	\$6,298,338	\$6,693,710
Income Tax Receipts				
Withholding	5,113,360	5,374,571	5,254,843	5,563,637
Percentage	81.50%	80.86%	83.43%	83.11%
Corporate	523,418	683,293	382,677	489,726
Percentage	8.34%	10.28%	6.08%	7.32%
Individuals	637,378	589,265	660,818	640,347
Percentage	10.16%	8.86%	10.49%	9.57%

Source: City Income Tax Department

(1) US Department of Commerce, Bureau of Economic Analysis.

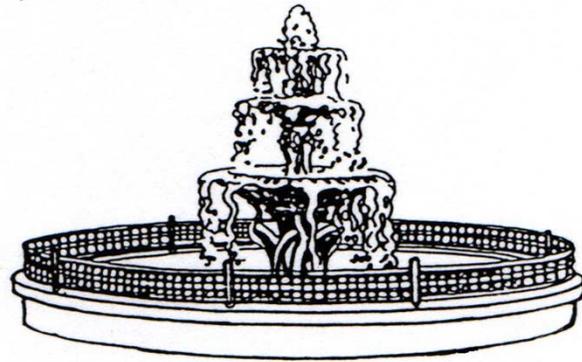
*City of Mount Vernon, Ohio*

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2005	2006	2007	2008	2009	2010
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
\$396,137	\$416,840	\$434,109	\$451,730	\$462,638	\$515,222
\$7,815,703	\$8,887,353	\$9,448,716	\$10,273,944	\$9,446,804	\$8,556,302
6,142,087	6,571,546	7,098,813	7,083,885	7,159,863	6,967,691
78.58%	73.94%	75.13%	68.95%	75.79%	81.43%
1,032,072	1,555,469	1,696,194	2,486,687	1,673,288	926,225
13.21%	17.50%	17.95%	24.20%	17.71%	10.83%
641,544	760,338	653,709	703,372	613,653	662,386
8.21%	8.56%	6.92%	6.85%	6.50%	7.74%



**City of Mount Vernon, Ohio**

*Income Tax Collections  
Current Year and Nine Years Ago*

Calendar Year 2010				
<u>Income Tax Filers</u>	<u>Taxable Income</u>	<u>Percent of Income</u>	<u>Income Tax Collections</u>	<u>Percent of Income</u>
Top Ten	\$218,627,600	38.33%	\$3,279,414	38.33%
All Others	351,792,533	61.67%	5,276,888	61.67%
Total	<u>\$570,420,133</u>	<u>100.00%</u>	<u>\$8,556,302</u>	<u>100.00%</u>

Calendar Year 2001				
<u>Income Tax Filers</u>	<u>Taxable Income</u>	<u>Percent of Income</u>	<u>Income Tax Collections</u>	<u>Percent of Income</u>
Top Ten	\$180,990,200	43.27%	\$2,714,853	43.27%
All Others	237,286,867	56.73%	3,559,303	56.73%
Total	<u>\$418,277,067</u>	<u>100.00%</u>	<u>\$6,274,156</u>	<u>100.00%</u>

Source: City Income Tax Department

## *City of Mount Vernon, Ohio*

### *Ratio of Outstanding Debt By Type Last Ten Years*

	2001	2002	2003	2004
<b>Governmental Activities</b> <sup>(1)</sup>				
Long-Term Notes Payable	\$0	\$3,790,000	\$0	\$0
General Obligation Bonds Payable	40,000	0	3,439,022	3,239,365
Ohio Public Works Commission Loan Payable	0	0	425,000	414,375
Police & Firemen's Pension Accrued Liability *	495,254	488,355	481,160	473,656
State Infrastructure Bank Loan	760,474	0	0	0
<b>Business-type Activities</b> <sup>(1)</sup>				
Ohio Public Works Commission Loan Payable	\$0	\$0	\$0	\$0
Long-Term Notes Payable	0	2,195,000	0	0
General Obligation Bonds Payable	7,960,000	7,640,000	11,155,978	10,625,635
Mortgage Revenue Bonds Payable	9,375,000	8,935,000	6,845,000	6,505,000
Total Primary Government	<u>\$18,630,728</u>	<u>\$23,048,355</u>	<u>\$22,346,160</u>	<u>\$21,258,031</u>
<b>Population</b> <sup>(2)</sup>				
City of Mount Vernon	15,256	15,256	15,256	15,256
Outstanding Debt Per Capita	\$1,221	\$1,511	\$1,465	\$1,393
<b>Income</b> <sup>(3)</sup>				
Personal (in thousands)	361,338	366,144	373,940	393,803
Percentage of Personal Income	5.16%	6.29%	5.98%	5.40%

\*Amount owed to the Ohio Police and Pension Fund as of January 1, 1969 to be paid off in fixed amounts, semiannually over sixty-two years.

**Sources:**

- (1) City Auditor's Office
- (2) US Bureau of Census, Population Division
- (3) US Department of Commerce, Bureau of Economic Analysis
  - (a) Per Capita Income is only available by County, Total Personal Income is a calculation.

*City of Mount Vernon, Ohio*

2005	2006	2007	2008	2009	2010
\$0	\$0	\$0	\$2,100,000	\$0	\$0
3,056,065	2,868,065	5,715,065	5,420,015	7,280,711	6,881,718
393,125	371,875	350,625	329,375	433,125	419,375
465,829	457,666	449,153	440,274	431,014	421,356
0	0	0	0	0	0
\$0	\$0	\$0	\$0	\$125,362	\$122,228
0	0	0	0	0	0
10,053,935	9,461,935	12,229,935	11,469,985	13,274,289	12,348,282
6,155,000	5,790,000	5,410,000	5,015,000	4,420,000	4,020,000
<u>\$20,123,954</u>	<u>\$18,949,541</u>	<u>\$24,154,778</u>	<u>\$24,774,649</u>	<u>\$25,964,501</u>	<u>\$24,212,959</u>
15,256	15,256	15,256	15,256	15,256	16,990
\$1,319	\$1,242	\$1,583	\$1,624	\$1,702	\$1,425.13
396,137	416,840	434,109	451,730	462,638	515,222
5.08%	4.55%	5.56%	5.48%	5.61%	4.70%

**City of Mount Vernon, Ohio**

*Ratios of General Bonded Debt Outstanding  
Last Ten Years*

Year	2001	2002	2003	2004
<b>Population</b> <sup>(1)</sup>	15,256	15,256	15,256	15,256
<b>Assessed Value</b> <sup>(2)</sup>	\$247,657,131	\$283,775,593	\$285,051,489	\$287,409,437
<b>General Bonded Debt</b> <sup>(3)</sup>				
General Obligation Bonds	\$8,000,000	\$7,640,000	\$14,595,000	\$13,865,000
<b>Resources Available to Pay Principal</b> <sup>(4)</sup>	\$40,213	\$0	\$0	\$2
<b>Net General Bonded Debt</b>	\$7,959,787	\$7,640,000	\$14,595,000	\$13,864,998
<b>Ratio of Net Bonded Debt to Assessed Value</b>	3.21%	2.69%	5.12%	4.82%
<b>Net Bonded Debt per Capita</b>	\$521.75	\$500.79	\$956.67	\$908.82

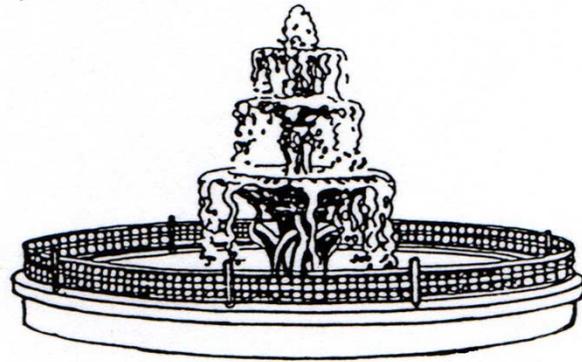
**Source:**

- (1) U.S. Bureau of Census of Population
- (2) Knox County Auditor
- (3) Includes all general obligation bonded debt.
- (4) Includes only Debt Service funds available for general obligation bonded debt supported by property taxes.

*City of Mount Vernon, Ohio*

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2005	2006	2007	2008	2009	2010
15,256	15,256	15,256	15,256	15,256	16,990
\$296,485,180	\$282,994,466	\$285,828,244	\$258,440,860	\$261,803,090	\$259,179,980
\$13,110,000	\$12,330,000	\$17,945,000	\$16,890,000	\$20,555,000	\$19,230,000
\$0	\$840	\$0	\$0	\$10,568	\$0
\$13,110,000	\$12,329,160	\$17,945,000	\$16,890,000	\$20,544,432	\$19,230,000
4.42%	4.36%	6.28%	6.54%	7.85%	7.42%
\$859.33	\$808.15	\$1,176.26	\$1,107.11	\$1,346.65	\$1,131.84



**City of Mount Vernon, Ohio**

*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
December 31, 2010*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Mount Vernon</u>	<u>Amount Applicable to the City of Mount Vernon</u>
<b>Direct:</b>			
City of Mount Vernon	\$6,881,718	100.00%	\$6,881,718
<b>Overlapping:</b>			
Knox County	8,116,354	22.24%	1,805,077
Mount Vernon School District	6,309,046	47.84%	3,018,248
Knox County Career Center	4,251,502	23.41%	995,277
		Subtotal	<u>5,818,602</u>
		Total	<u><u>\$12,700,320</u></u>

**Source:** Knox County Auditor and Fiscal Officers of Subdivision

## City of Mount Vernon, Ohio

### Debt Limitations Last Ten Years

Collection Year	2001	2002	2003	2004
<b>Total Debt</b>				
Net Assessed Valuation	\$247,657,131	\$283,775,593	\$285,051,489	\$287,409,437
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	26,003,999	29,796,437	29,930,406	30,177,991
City Debt Outstanding (2)	40,000	0	243,030	230,095
Less: Applicable Debt Service Fund Amounts	(40,213)	0	0	(2)
Net Indebtedness Subject to Limitation	(213)	0	243,030	230,093
Overall Legal Debt Margin	<u>\$26,004,212</u>	<u>\$29,796,437</u>	<u>\$29,687,376</u>	<u>\$29,947,898</u>
<b>Unvoted Debt</b>				
Net Assessed Valuation	\$247,657,131	\$283,775,593	\$285,051,489	\$287,409,437
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	13,621,142	15,607,658	15,677,832	15,807,519
City Debt Outstanding (2)	40,000	0	243,030	230,095
Less: Applicable Debt Service Fund Amounts	(40,213)	0	0	(2)
Net Indebtedness Subject to Limitation	(213)	0	243,030	230,093
Overall Legal Debt Margin	<u>\$13,621,355</u>	<u>\$15,607,658</u>	<u>\$15,434,802</u>	<u>\$15,577,426</u>

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City Debt Outstanding includes Non Self-Supporting General Obligation Bonds and Notes only.

Enterprise Debt is not considered in the computation of the Legal Debt Margin.

Tax Increment Financing Bonds are not considered in the computation of the Legal Debt Margin.

Source: City Auditor's Office

*City of Mount Vernon, Ohio*

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2005	2006	2007	2008	2009	2010
\$296,485,180	\$282,994,466	\$285,828,244	\$258,440,860	\$261,803,090	\$259,179,980
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
31,130,944	29,714,419	30,011,966	27,136,290	27,489,324	27,213,898
218,395	4,206,395	3,229,395	3,116,945	2,999,195	2,876,145
0	(840)	0	0	(10,568)	0
218,395	4,205,555	3,229,395	3,116,945	2,988,627	2,876,145
\$30,912,549	\$25,508,864	\$26,782,571	\$24,019,345	\$24,500,697	\$24,337,753
\$296,485,180	\$282,994,466	\$285,828,244	\$258,440,860	\$261,803,090	\$259,179,980
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
16,306,685	15,564,696	15,720,553	14,214,247	14,399,170	14,254,899
218,395	4,206,395	3,229,395	3,116,945	2,999,195	2,876,145
0	(840)	0	0	(10,568)	0
218,395	4,205,555	3,229,395	3,116,945	2,988,627	2,876,145
\$16,088,290	\$11,359,141	\$12,491,158	\$11,097,302	\$11,410,543	\$11,378,754

## City of Mount Vernon, Ohio

### Pledged Revenue Coverage Last Ten Years

	2001	2002	2003	2004
<b>Wastewater Mortgage Revenue</b>				
<b>Bonds 1992 Series (1 a)</b>				
Gross Revenues (2)	\$2,516,508	\$2,508,208	\$0	\$0
Direct Operating Expenses (3)	(1,418,787)	(1,774,502)	0	0
Net Revenue Available for Debt Service	1,097,721	733,706	0	0
Annual Debt Service Requirement	238,050	236,690	0	0
Coverage	4.61	3.10	N/A	N/A
<b>Water System Bonds 1999 Series (1 b)</b>				
Gross Revenues (2)	\$2,850,267	\$2,871,562	\$2,678,308	\$3,034,525
Direct Operating Expenses (3)	(1,563,777)	(1,698,148)	(1,644,435)	(1,621,464)
Net Revenue Available for Debt Service	1,286,490	1,173,414	1,033,873	1,413,061
Annual Debt Service Requirement	635,813	635,443	634,103	637,078
Coverage	2.02	1.85	1.63	2.22
<b>Tax Increment Financing (TIF) Bonds (4)</b>				
Payment In Lieu of Taxes (PILOT) Collections	\$0	\$0	\$443,561	\$510,867
Debt Service				
Principal	0	0	176,000	186,722
Interest	0	0	72,259	102,245
Coverage	N/A	N/A	1.79	1.77

(1) The Mortgage Revenue Bonds were issued as follows:

(a) The Waterworks system 1st Mortgage Revenue Bonds were issued in 1992, in the amount of \$2,800,000.

(b) The Water system 1st Mortgage Revenue Bonds were issued in 1999, in the amount of \$8,370,000.

(2) Gross revenues include operating revenues plus interest income.

(3) Direct operating expenses include operating expenses less depreciation.

(4) The Coshocton Road Tax Increment Financing Bonds were issued in 2003, in the amount of \$3,371,992

Source: City Auditor's Office

*City of Mount Vernon, Ohio*

2005	2006	2007	2008	2009	2010
\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
N/A	N/A	N/A	N/A	N/A	N/A
\$2,931,081	\$3,091,208	\$3,348,689	\$3,344,136	\$3,292,955	\$3,394,458
(1,698,652)	(1,648,878)	(1,784,855)	(1,956,474)	(1,991,293)	(2,026,472)
1,232,429	1,442,330	1,563,834	1,387,662	1,301,662	1,367,986
634,158	635,858	636,623	636,612	638,600	542,383
1.94	2.27	2.46	2.18	2.04	2.52
\$566,671	\$917,141	\$1,060,626	\$1,155,370	\$1,232,200	\$1,320,086
171,600	176,000	176,000	182,600	186,554	190,943
98,857	95,397	91,905	88,297	84,361	79,136
2.10	3.38	3.96	4.26	4.55	4.89

# City of Mount Vernon, Ohio

## Demographic and Economic Statistics Last Ten Years

Calendar Year	2001	2002	2003	2004
<b>Population</b> (1)				
City of Mount Vernon	15,256	15,256	15,256	15,256
Knox County	54,500	54,500	54,500	54,500
<b>Income</b> (2) (a)				
Total Personal (in thousands)	361,338	366,144	373,940	393,803
Per Capita	23,685	24,000	24,511	25,813
<b>Unemployment Rate</b> (3)				
Federal	3.8%	4.8%	5.8%	6.0%
State	3.7%	4.3%	5.7%	6.1%
Knox County	3.7%	4.7%	5.8%	5.6%
<b>Civilian Work Force Estimates</b> (3)				
State	5,857,000	5,828,000	5,915,000	5,875,300
Knox County	26,600	26,900	27,600	29,200

### Sources:

(1) US Bureau of Census of Population

(2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2009 for the presentation of 2010 statistics, the City is using the latest information available.

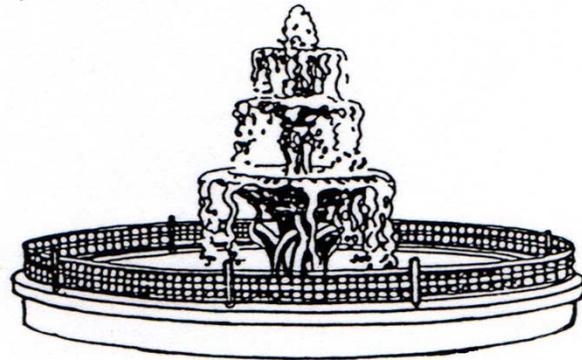
(a) Per Capita Income is only available by County, Total Personal Income is a calculation

(3) State Department of Labor Statistics

*City of Mount Vernon, Ohio*

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2005	2006	2007	2008	2009	2010
15,256	15,256	15,256	15,256	15,256	16,990
54,500	54,500	54,500	54,500	54,500	60,921
396,137	416,840	434,109	451,730	462,638	515,222
25,966	27,323	28,455	29,610	30,325	30,325
5.5%	5.0%	4.6%	5.8%	5.8%	9.1%
6.0%	5.9%	5.6%	6.6%	6.6%	9.3%
5.4%	5.1%	5.4%	6.3%	6.3%	9.1%
5,900,400	5,934,000	5,976,500	5,986,400	5,986,400	5,986,400
30,100	30,500	31,000	30,800	30,800	30,800



## City of Mount Vernon, Ohio

### Principal Employers Current Year and Nine Years Ago

		2010	
Employer	Nature of Business	Number of Employees	Rank
Rolls-Royce Energy Systems, Inc.	Manufacturing	1,200	1
Ariel Corporation	Manufacturing	918	2
Knox Community Hospital	Medical Care	816	3
Mount Vernon City Schools	Education	547	4
Knox County	Government	434	5
Mount Vernon Nazarene University	Education	400	6
Wal-Mart	Retail	365	7
Jeld-Wen Windows & Doors	Manufacturing	277	8
Sanoh America, Inc.	Manufacturing	224	9
First Knox National Bank	Financial	223	10
Total		5,404	

		2001	
Employer	Nature of Business	Number of Employees	Rank
Rolls-Royce Energy Systems, Inc.	Manufacturing	819	1
Mount Vernon Nazarene College	Education	663	2
Knox Community Hospital	Medical Care	575	3
Board of Education (City)	Education	533	4
Knox County	Government	525	5
Ariel Corporation	Manufacturing	457	6
Kelsey-Hayes	Manufacturing	453	7
Jeld-Wen, Inc.	Manufacturing	400	8
Breon, Inc.	Restaurant	296	9
Wal-Mart	Retail	157	10
Total		4,878	

**Sources:**

City Auditor's Office

Total Employment within the City is not available

## City of Mount Vernon, Ohio

### Full Time Equivalent Employees by Function Last Ten Years

	2001	2002	2003	2004	2005
<b>Governmental Activities</b>					
General Government					
Administration	1.00	1.00	1.00	1.00	1.00
Finance	2.00	2.00	2.50	2.50	2.00
Law Director	3.00	3.00	3.00	3.00	4.00
Income Tax	3.00	3.00	3.00	3.00	3.00
Legal/Court	9.50	10.00	10.00	10.50	10.50
Safety-Service	2.00	2.00	2.00	2.00	2.00
Civil Service	0.50	0.50	0.50	0.50	0.50
Engineering	7.00	7.00	7.00	6.00	5.00
Public Buildings/Lands	1.25	2.25	2.25	2.25	1.75
Security of Persons and Property					
Police	32.00	31.00	30.00	29.00	29.00
Fire	32.00	33.00	33.00	33.00	31.00
Transportation					
Street	14.00	13.50	14.50	13.25	12.75
Leisure Time Activities					
Parks/Recreation	17.00	15.75	18.50	16.50	16.75
Public Health and Welfare					
Cemetery	5.00	5.00	5.00	5.25	5.00
<b>Business-Type Activities</b>					
Utilities					
Water	17.50	17.50	17.50	16.50	17.50
Sewer	20.00	20.00	19.00	18.00	19.00
<i>Total Employees</i>	<u>166.75</u>	<u>166.50</u>	<u>168.75</u>	<u>162.25</u>	<u>160.75</u>

**Method:** 1.00 for each full-time, 0.50 for each part-time and 0.25 for each seasonal employee  
 Elected Officials have been omitted from this table  
 Source: City Auditor's Office

*City of Mount Vernon, Ohio*

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<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00
4.00	4.00	4.00	4.00	4.00
3.00	3.00	3.00	3.00	3.00
10.50	10.50	11.00	11.00	11.00
2.00	2.00	2.00	2.00	2.00
0.50	0.50	0.50	0.50	0.50
5.50	6.00	6.50	6.50	6.50
1.75	1.75	1.75	1.75	1.75
28.50	32.00	31.00	32.00	32.00
33.00	40.00	40.00	40.00	40.00
13.00	12.50	12.50	12.50	12.50
16.75	58.25	53.75	53.75	53.75
5.00	6.00	6.00	6.00	5.25
17.50	17.50	17.50	17.50	17.50
19.00	19.50	19.50	19.50	19.50
<u>163.00</u>	<u>216.50</u>	<u>212.00</u>	<u>213.00</u>	<u>212.25</u>

## *City of Mount Vernon, Ohio*

### *Operating Indicators by Function Last Ten Years*

	2001	2002	2003	2004
<b>Governmental Activities</b>				
General Government				
Court				
Number of Civil Cases	942	1,029	1,085	1,193
Number of Criminal Cases	1,180	1,178	1,335	1,151
Number of Traffic Cases	6,938	7,749	6,620	5,257
Number of Open Cases	1,050	1,114	946	959
Licenses and Permits				
Number of Building Permits	214	206	213	223
Security of Persons and Property				
Police				
Number of Citations Issued	4,495	4,495	3,466	2,953
Fire				
Number of Fire Calls	3,425	3,442	3,826	4,003
Number of EMS Runs				
Number of Inspections	250	250	325	325
<b>Business-Type Activities</b>				
Water				
Number of Service Connections	6,047	6,106	6,186	6,249
Daily Average Consumption (thousands of gallons)	2,477,529	2,619,205	2,466,822	2,607,683
Sewer				
Number of Service Connections	6,217	6,320	6,408	6,488
Daily Average Sewage Treatment (thousands of gallons)	2,511,140	2,780,038	3,143,844	3,514,664

Source: City Auditor's Office

*City of Mount Vernon, Ohio*

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<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
1,098	1,078	1,252	1,484	1,425	1,259
1,146	1,170	1,088	1,335	1,246	1,378
6,002	6,571	5,491	5,811	5,867	6,234
985	928	1,020	1,003	1,038	884
218	211	119	160	162	159
3,608	3,322	3,081	3,857	3,295	3,640
4,003	868	752	871	1,032	1,067
	2,814	2,911	3,259	3,282	3,386
325	125	375	1,250	1,009	685
6,307	6,369	6,421	6,449	6,469	6,484
2,252,603	2,465,836	2,508,356	2,704,110	3,026,000	2,565,381
6,536	6,590	6,637	6,655	6,682	6,704
3,524,293	3,122,181	3,145,699	3,282,192	2,979,515	2,881,773

## City of Mount Vernon, Ohio

### Capital Asset Statistics by Function Last Ten Years

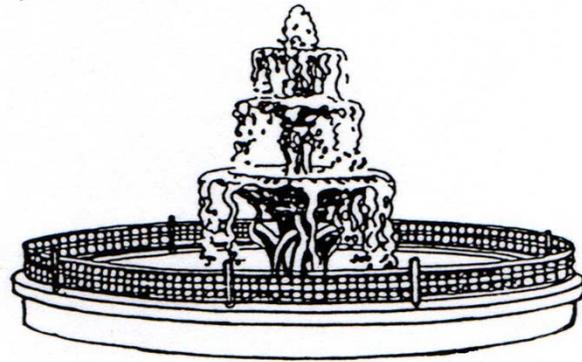
	2001	2002	2003	2004
<b>Governmental Activities</b>				
General Government				
Public Land and Buildings				
Land (acres)	9.2	9.2	9.2	9.2
Buildings	8	9	9	9
Security of Persons and Property				
Police				
Stations	1	1	1	1
Vehicles	12	13	13	13
Fire				
Stations	2	2	2	2
Vehicles	11	11	11	11
Transportation				
Street				
Streets (lane miles)	76	76	76	82
Street Lights	1,470	1,470	1,470	1,470
Traffic Signals	47	50	50	50
Vehicles	13	13	13	13
Leisure Time Activities				
Parks/Recreation				
Land (acres)	176.58	176.58	176.58	176.58
Buildings	13	13	13	14
Parks	7	7	7	8
Playgrounds	4	4	4	4
Swimming Pools	2	2	2	2
Tennis Courts	10	10	10	10
Baseball/Softball Diamonds	11	11	11	11
Soccer Fields	2	2	2	2
<b>Business-Type Activities</b>				
Utilities				
Water				
Waterlines (Miles)	63	63	63	63
Number of Hydrants	484	484	484	484
Average Daily Consumption	5,477,529	2,619,205	2,466,822	2,607,683
Storage Capacity (thousands of gallons)	5,000	7,000	7,000	7,000
Sewer				
Sewerlines (Miles)	62	62	62	62
Average Daily Treatment	2,511,140	2,780,038	3,143,844	3,514,664
Treatment Capacity (thousands of gallons)	5,000	5,000	5,000	5,000

Source: City Auditor's Office

*City of Mount Vernon, Ohio*

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2005	2006	2007	2008	2009	2010
9.2	9.2	9.2	9.8	9.8	12.4
9	9	9	9	9	9
1	1	1	1	1	1
13	13	13	13	13	13
2	2	2	2	2	2
11	11	11	11	11	11
82	82	82	82	82	82
1,470	1,470	1,470	1,470	1,470	1,470
50	50	51	52	53	53
13	13	13	13	13	13
176.58	210.32	241.86	241.86	241.86	244.98
14	14	14	14	14	14
8	8	8	8	8	8
4	4	4	4	4	4
2	2	4	4	4	4
10	10	10	10	10	10
11	11	11	11	11	11
2	2	2	2	2	2
63	63	63	63	63	63
484	484	484	484	484	484
2,252,603	2,465,836	2,508,356	2,704,110	3,026,000	2,565,381
7,000	7,000	7,000	7,000	7,000	7,000
62	62	62	62	62	62
3,524,293	3,122,181	3,145,699	3,282,192	2,979,515	2,881,773
5,000	5,000	5,000	5,000	5,000	5,000





# Dave Yost • Auditor of State

**CITY OF MOUNT VERNON**

**KNOX COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 19, 2011**