

CITY OF MOUNT VERNON
KNOX COUNTY
SINGLE AUDIT
JANUARY 1, 2016 – DECEMBER 31, 2016





Dave Yost • Auditor of State

Members of City Council
City of Mount Vernon
40 Public Square
Mount Vernon, Ohio 43050

We have reviewed the *Independent Auditor's Report* of the City of Mount Vernon, Knox County, prepared by Wilson, Shannon & Snow, Inc., for the audit period January 1, 2016 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

August 14, 2017

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**CITY OF MOUNT VERNON
KNOX COUNTY**

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**CITY OF MOUNT VERNON
KNOX COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Federal Grantor/ Pass Through Grantor/ Program Grant Title	Pass Through Entity Number	CFDA Number	Expenditures
U.S. Department of Justice			
Bulletproof Vest Partnership Program (Direct)	N/A	16.607	\$ 1,502
<i>Passed through Ohio Attorney General's Office:</i>			
Crime Victim Assistance	15-5041-0-2-754	16.575	<u>68,744</u>
Total Department of Justice			<u>70,246</u>
U.S. Department of Housing and Urban Development			
<i>Passed through Ohio Development Services Agency:</i>			
Community Development Block Grants/State's Program	S-C-14-2CP-1	14.228	57,089
Community Development Block Grants/State's Program	A-C-14-2CP-1	14.228	207,246
Community Development Block Grants/State's Program	A-F-14-2CP-1	14.228	342,013
Community Development Block Grants/State's Program	A-F-15-2CP-1	14.228	75,000
Community Development Block Grants/State's Program	A-F-16-2CP-1	14.228	<u>219</u>
Total Community Development Block Grant/State's Program			<u>681,567</u>
Home Investment Partnerships Program	A-C-14-2CP-2	14.239	<u>276,934</u>
Total Home Investment Partnership Program			<u>276,934</u>
Total Department of Housing and Urban Development			<u>958,501</u>
U.S. Department of Transportation; Federal Highway Administration			
<i>Passed through Ohio Department of Transportation:</i>			
Highway Planning and Construction	92412	20.205	<u>25,045</u>
Total Expenditures of Federal Awards			<u>\$ 1,053,792</u>

**CITY OF MOUNT VERNON
KNOX COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2016**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Mount Vernon, Knox County (the City) under programs of the federal government for the year ended December 31, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



**INDEPENDENT AUDITOR'S 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 43050

To City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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, (the City) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 23, 2017.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
June 23, 2017



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY UNIFORM GUIDANCE**

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

To City Council:

Report on Compliance for The Major Federal Program

We have audited the City of Mount Vernon's (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the City of Mount Vernon's major federal program for the year ended December 31, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the City of Mount Vernon's major federal program.

Management's Responsibility

The City's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the City's compliance for the City's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the City's major program. However, our audit does not provide a legal determination of the City's compliance.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
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Opinion on The Major Federal Program

In our opinion, the City of Mount Vernon complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2016.

Report on Internal Control over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine 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's applicable 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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 (the City) as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our unmodified report thereon dated June 23, 2017. We conducted our audit to opine on the City's' basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance 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 management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Wilson, Shannon & Snow, Inc.

Newark, Ohio
June 23, 2017

**CITY OF MOUNT VERNON
KNOX COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2016**

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control 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 weaknesses in internal control 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	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Community Development Block Grants – State Grants, CFDA #14.228
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

**CITY OF MOUNT VERNON
KNOX COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2016**

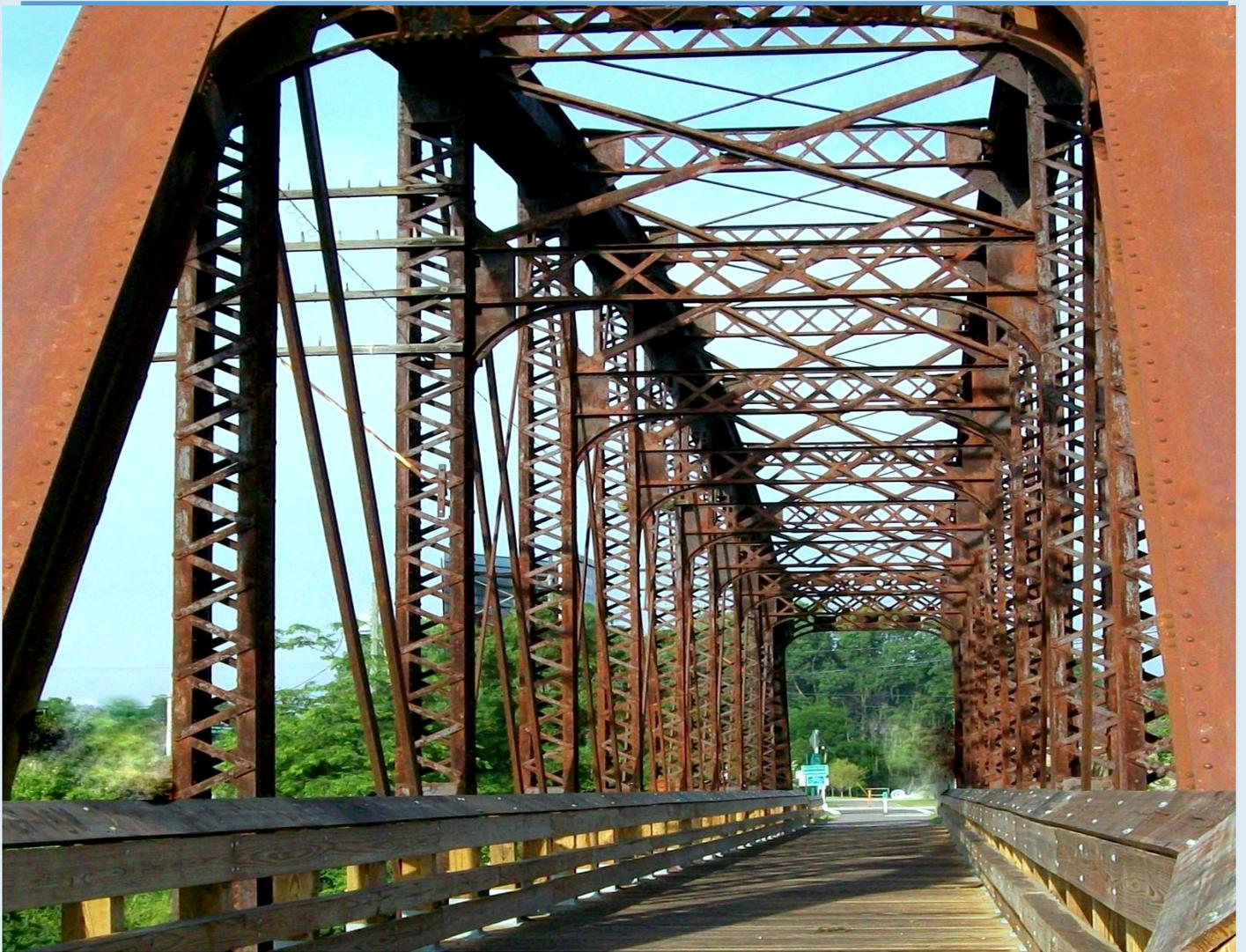
**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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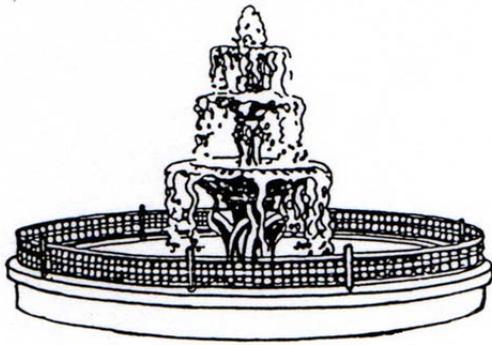
City of Mount Vernon, Ohio

Comprehensive Annual Financial Report

Year Ended December 31, 2016



Mount Vernon



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2016

Prepared by the Auditor's Office

Terry Scott
City Auditor



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KNOX COUNTY, OHIO

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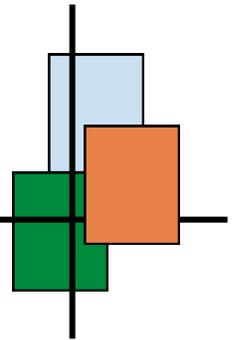


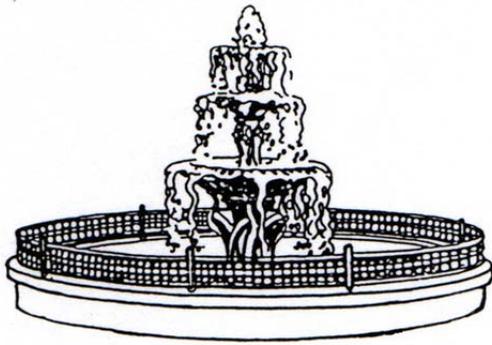
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Introductory Section







CITY OF MOUNT VERNON

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

phone (740) 393-9523

fax (740)-397-5288

June 23, 2017

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, 2016. The report has been prepared in conformity with accounting principles generally accepted in the United States of America (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.

Accounting principles generally accepted in the United States of America 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 Auditor's 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*, as amended by GASB Statement No. 39, *The Financial Reporting Entity* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, 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.

***Letter of Transmittal
For the Year Ended December 31, 2016***

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 2016.

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 \$55,000 for operations of the combined District for 2016.

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, 2016***

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 seven firefighters, thirty-one firefighter/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.

Property Maintenance and Code Enforcement Department – This department has one full-time inspector who is responsible to address non-compliant property maintenance issues as well as zoning code related violations. This would include buildings as well as general property grounds.

Engineering Department - This department has a total of six full-time engineering personnel. They are responsible for 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.

***Letter of Transmittal
For the Year Ended December 31, 2016***

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 nine full-time employees and five part-time or seasonal employees to help with the summer road maintenance projects, mowing, and fall leaf pick-up program.

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 6,540 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 operator's 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 operator's 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, one Victim's Advocate, and three full-time employees, who along with the Law Director, are responsible for writing all legislation, assisting victims of crime, and prosecuting the entire 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, except for the months of June, July, and August in which they meet only the fourth Monday 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, 2016***

Economic Outlook

In the world of today, every day we hear new headlines about the emphasis of becoming fit and exercising more. On behalf of a Community Development Block Grant combined with a grant from The Ariel Foundation, the City was able to install new sidewalks and curbing around the entire city square and extended one block eastward to Gay Street, and two blocks westward to Mechanic Street. In addition to the sidewalks within each sector of the public square the contractor provided cut-out openings for new trees to be planted during the winter months. The Ariel Foundation also provided the funding for the tree plantings. The total cost for the sidewalk improvement project was \$475,851.

To continue with new sidewalks, Beech Street and Vernonview Drive had new sidewalks installed with the support of another grant provided by the Community Development Block Grant program. Being located one block north of the heart of the commercial district of the city, these sidewalks will now provide for residents to walk to and from several retail establishments within the area or connect to existing sidewalks that extend the entire corridor of the commercial district. These improvements totaled \$63,649.

In an effort to take part in clean water and to maintain storm water run-off, the City was awarded a Surface Water Improvement Fund (SWIF) grant from the Ohio Environmental Protection Agency (OEPA) to construct a stormwater management demonstration project (also known as a rain garden) at the CA&C Rail Depot Station. An existing parking lot was cleared, and fifty percent of the space was planted with very special vegetation that grows well in water. A drainage system was installed to collect and retain rain water for the plants and eventually will filter the rainwater through the soil providing a recharge to the water table underground. The remaining half of the property was then asphalted and striped for a parking facility for the Depot along with sidewalks. This is the first ecosystem the City has constructed and annual evaluations will be reported to the OEPA. This project had a final cost of \$167,673.

A portion of the storm sewer drainage systems was replaced on East High Street and Gay Street during the year. After new asphalt pavement was installed the previous year on East High Street, spring time rains began to lift the new asphalt causing severe damage to the roadway. Further investigation provided the storm drainage system leading from the alley next to the Knox County Courthouse had collapsed and failed. Pressure from the water then pushed its way under the asphalt eroding the roadbed completely. After making the necessary improvements, a more efficient drainage system was installed and the roadbed and surface were reapplied. Total cost of the improvements came in at \$51,451 of which the Capital Improvement Fund provided the funding.

The police department was able to purchase new mobile data terminals for the cruisers during the year. These terminals afford the officers quick access via exclusive software for communications purposes in addition to bureau of motor vehicle files. Three new cruisers were purchased during the year and two new bikes and related equipment for the bike patrol were purchased. Generous public support has provided needed funding to outfit the new bike patrol and the department has received special training for those officers who will be assigned to the bike patrol. The department has recognized all public support that has been provided and appreciates those organizations who have participated.

***Letter of Transmittal
For the Year Ended December 31, 2016***

The fire department purchased four lap top computers that are utilized within the medical vehicles for communication purposes with the local hospital as well as other charting purposes from the patients. In addition, turn out gear was upgraded and two new power lift cots were acquired. These special power lift cots will provide extensively in the reduction of work related injuries for fire personnel in cases where excessive weight patients are in need of medical transports. Average cost per cot was approximately \$41,000.00 each.

The City has been actively continuing its tree plantings and tree replacement program over the past several years. This ongoing project continued for 2016 merely due to the extreme generosity of the Ariel Foundation. This foundation has contributed tens of thousands of dollars into tree plantings and tree replacements over the past years and in 2016, an addition \$77,871 was provided to continue the ongoing efforts. Our tree lined streets and recreation parks all have been the beneficiary of this project and more is planned for the upcoming year as well.

The City recognizes that it has been a large benefactor in grant awards distributed on behalf of the Ariel Foundation as well as Ariel Corporation. The numerous projects and ongoing improvements throughout the city will be everlasting and certainly provides for the wonderful aesthetics that continues to make Mount Vernon, Ohio a great place to live, work and raise a family. We say "Thank You" to Ariel Foundation and Ariel Corporation for your heartfelt support.

The Downtown Connector Trail was completed providing for a full connection between the Heart of Ohio Trail (HOOT), and the Kokosing Gap Trail located within the city. Funding for the connector was provided for by the Ohio Department of Transportation, and the total cost of the project was \$825,742.

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 thirty-seven building permits in 2016 and one hundred thirty-two in 2015, an increase of five permits.

Long-term Financial Planning:

The City has been in communication with the Ohio Department of Transportation (ODOT) in regards to the Mount Vernon Avenue Bridge. This bridge was constructed in the early 1970's at which time it was owned by Knox County. Current regulations now require that all bridges located within the local municipality must be under the ownership and management of the municipality. This bridge is now scheduled to be replaced in 2018; however the estimated cost is approximately \$5.5 million. ODOT has indicated they can provide \$2.5 million towards the replacement, leaving the City with the remaining \$3 million. In order to provide the necessary funding for this bridge replacement, the City intends to issue bonds for its portion of the construction costs. While funding will not be required until early to mid-2018, the City continues to pursue other funding sources such as grants to help offset its portion of the project costs.

***Letter of Transmittal
For the Year Ended December 31, 2016***

Employee Relations:

The City of Mount Vernon is in the second year of a three year contract with the City's three unions. All union contracts were effective January 1, 2015, through December 31, 2017, with annual raises on January 1st of each year beginning in 2015. 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 showed signs of steady improvement for 2016. Starting out the year at 4.9 percent, the unemployment rate decreased consistently over the first half of the year to 4.6 percent, and then decreased again at the end of the year finishing at 4.4 percent. The City's diverse mix of employment opportunities helps to offset such economic fluctuations.

Major Initiatives

The City's resurfacing program continued to provide maintenance to our roadways throughout the city. Approximately \$366,000 was disbursed from the city treasury, and \$693,000 from the Ohio Department of Transportation (ODOT) for resurfacing in 2016. Nine streets in the city in addition to ODOT's portion were slated for resurfacing.

Various equipment purchases were made for various departments within the City. A wood chipper and leaf vacuum machine for the Street Department and a zero turn mower for the Cemetery Department were a few of the equipment purchases made during the year.

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.

***Letter of Transmittal
For the Year Ended December 31, 2016***

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.

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.

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 independent firm of Wilson, Shannon & Snow, Inc. of Newark, 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 auditor's unmodified opinion letter is included in this report.

***Letter of Transmittal
For the Year Ended December 31, 2016***

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, 2015. 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 twenty-five consecutive years (fiscal years ended 1991-2015). I believe this current report continues to conform to the Certificate of Achievement program requirements, and I am submitting it to GFOA.

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 2016 Comprehensive Annual Financial Report and annual independent audit.

Special appreciation is extended to the staff of Wilson, Shannon & Snow, Inc., 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,



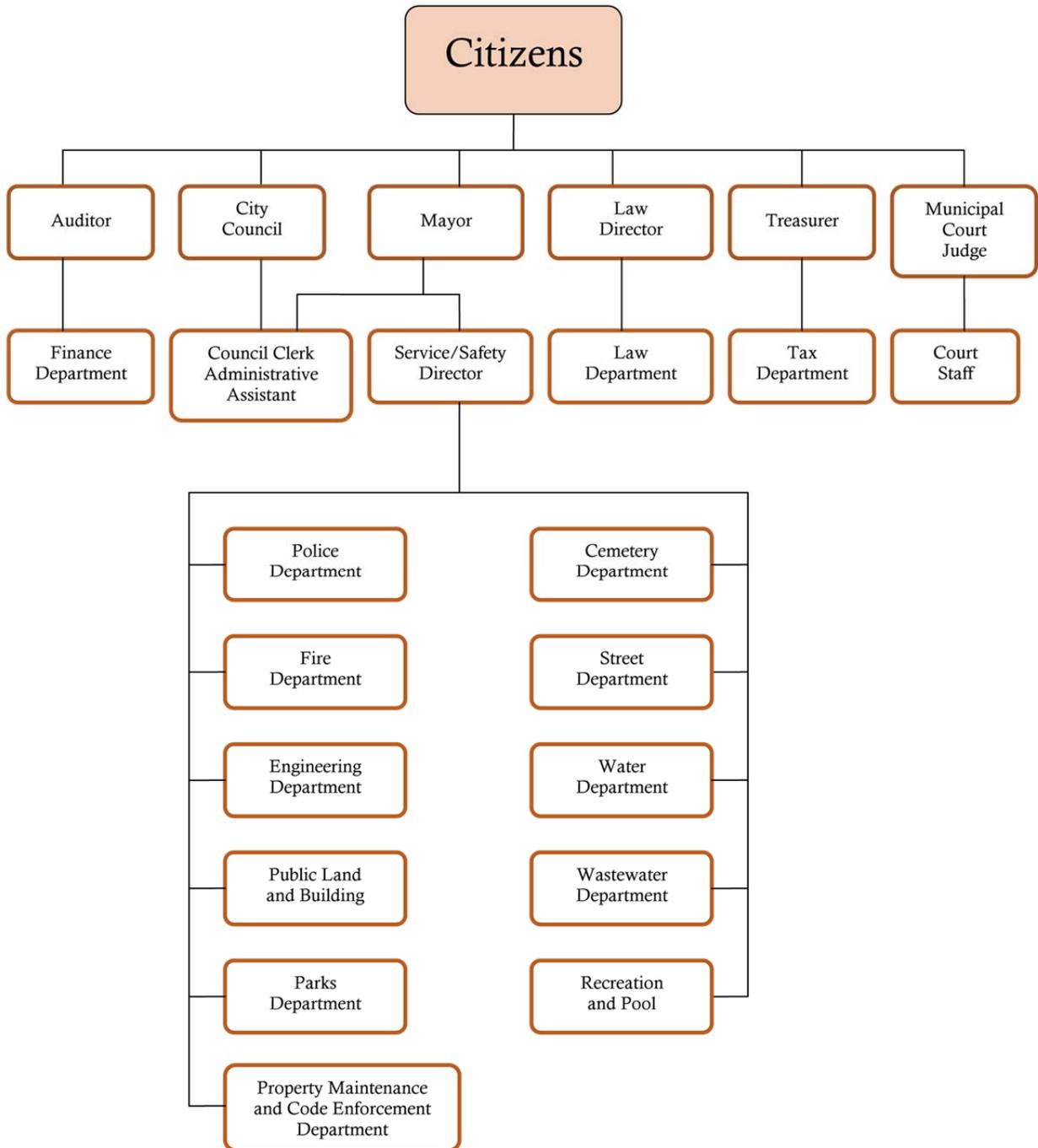
Terry Scott
City Auditor

CITY OF MOUNT VERNON, OHIO

***List of Principal Officials
For the Year Ended December 31, 2016***

<i>NAME</i>	<i>TITLE</i>	<i>YEARS OF SERVICE</i>
<u>City Council</u>		
Bruce Hawkins	President	10
Sam Barone	First Ward Member	5
John Francis	Second Ward Member	5
Nancy Vail	Third Ward Member	7
John Fair	Fourth Ward Member	17
Mike Hillier	Member At-Large	11
Susan Kahrl	Member At-Large	5
Janis Seavolt	Member At-Large	5
<u>City Administration</u>		
Richard K. Mavis	Mayor	21
Terry Scott	Auditor	22
P. Robert Broren	Law Director	3
Anton Krutsch	Treasurer	5
David C. Glass	Safety-Service Director	38
Tanya Newell	Clerk of Council	5
<u>Department Heads</u>		
Lisa Brown	Income Tax Administrator	2
Roger Monroe	Police Chief	27
Chad Christopher	Fire Chief	15
Scott Zimmerman	Parks, Public Buildings and Land Superintendent	18
David Carpenter	Street Superintendent	25
Deborah S. Briscoe	Cemetery Foreman	36
Mathias Orndorf	Public Utility Director	26

**City Organizational Chart
For the Year Ended December 31, 2016**



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



Government Finance Officers Association

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

Presented to

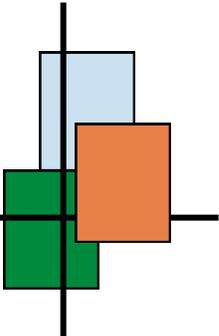
**City of Mount Vernon
Ohio**

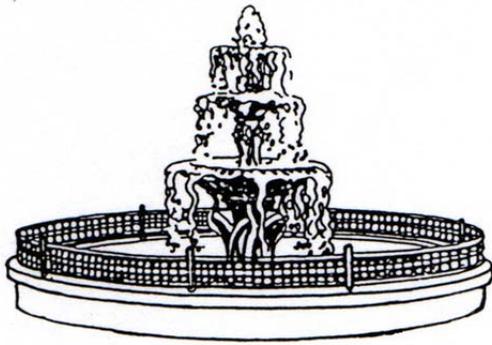
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

Financial Section







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

INDEPENDENT AUDITOR'S REPORT

To the City Council:

Report on the Financial Statements

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, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Wilson, Shannon & Snow, Inc.

CERTIFIED PUBLIC ACCOUNTANTS
Ten West Locust Street
Newark, Ohio 43055
(740) 345-6611
1-800-523-6611
FAX (740) 345-5635

Opinion

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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Municipal Income Tax ½% (Voted) and Community Development Block Grant Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and schedules of net pension liabilities and pension contributions 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on 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 present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling statements and schedules 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, these statements and schedules are 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.

City of Mount Vernon
Knox County
Independent Auditor's Report

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2017 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Wilson, Shuman & Snow, Inc.

Newark, Ohio
June 23, 2017



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, 2016. 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 2016 are as follows:

- ❑ In total, net position decreased \$1,487,890. Net position of governmental activities decreased \$1,806,672 which represents a 4.0% decrease from 2015. Net position of business-type activities increased \$318,782 from 2015.
- ❑ General revenues accounted for \$12,552,768 in revenue or 48.6% of all revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$13,253,775, 51.4% of total revenues of \$25,806,543.
- ❑ The City had \$20,897,203 in expenses related to governmental activities; only \$6,538,399 of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues of \$12,552,132 provided for these programs.
- ❑ Among major funds, the general fund had \$8,853,286 in revenues and other financing sources and \$10,688,648 in expenditures and other financing uses. The general fund's fund balance decreased from \$5,141,746 to \$3,306,062.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis*, the *basic financial statements*, *required supplemental information*, 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 position includes all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. 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 position and how they have changed. Net-position (the difference between the City's assets and deferred outflows of resources and liabilities and deferred inflows of resources) is one way to measure the City's financial health or position.

- Over time, increases or decreases in the City's net position 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 Municipal Income Tax ½% (Voted) Fund, the Community Development Block Grant 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 Position 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, 2016**

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 position for 2016 compared to 2015:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$14,570,951	\$16,836,297	\$3,960,839	\$4,690,665	\$18,531,790	\$21,526,962
Capital assets, Net	51,594,083	50,438,762	34,659,376	35,710,864	86,253,459	86,149,626
Total assets	66,165,034	67,275,059	38,620,215	40,401,529	104,785,249	107,676,588
Deferred outflows of resources	4,519,859	1,824,548	1,072,882	630,500	5,592,741	2,455,048
Long-term liabilities outstanding	7,830,126	8,419,655	15,860,662	17,737,733	23,690,788	26,157,388
Net pension liability	16,129,261	12,408,992	1,942,104	1,725,415	18,071,365	14,134,407
Other liabilities	936,218	780,291	216,632	220,809	1,152,850	1,001,100
Total liabilities	24,895,605	21,608,938	18,019,398	19,683,957	42,915,003	41,292,895
Deferred inflows of resources	2,253,060	2,147,769	37,525	30,680	2,290,585	2,178,449
Net position:						
Net investment in capital assets	45,177,791	43,612,477	19,396,615	18,610,103	64,574,406	62,222,580
Restricted	6,521,108	6,512,955	1,504,036	1,783,244	8,025,144	8,296,199
Unrestricted (Deficit)	(8,162,671)	(4,782,532)	735,523	924,045	(7,427,148)	(3,858,487)
Total net position	\$43,536,228	\$45,342,900	\$21,636,174	\$21,317,392	\$65,172,402	\$66,660,292

The implementation of GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," in 2015, significantly revised accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

CITY OF MOUNT VERNON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2016**

Unaudited

Changes in Net Position – The following table shows the changes in net position for 2016 compared to 2015:

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues						
Program Revenues:						
Charges for Services and Sales	\$2,493,300	\$2,361,436	\$6,715,376	\$6,846,966	\$9,208,676	\$9,208,402
Operating Grants and Contributions	2,763,295	1,114,030	0	0	2,763,295	1,114,030
Capital Grants and Contributions	1,281,804	4,682,427	0	0	1,281,804	4,682,427
Total Program Revenues	<u>6,538,399</u>	<u>8,157,893</u>	<u>6,715,376</u>	<u>6,846,966</u>	<u>13,253,775</u>	<u>15,004,859</u>
General Revenues:						
Property Taxes	2,262,552	2,023,674	0	0	2,262,552	2,023,674
Income Taxes	9,501,005	11,753,826	0	0	9,501,005	11,753,826
Other Local Taxes	121,627	106,100	0	0	121,627	106,100
Intergovernmental Revenues, Unrestricted	322,917	164,502	0	0	322,917	164,502
Investment Earnings	44,327	27,083	636	556	44,963	27,639
Miscellaneous	299,704	301,262	0	0	299,704	301,262
Total General Revenues	<u>12,552,132</u>	<u>14,376,447</u>	<u>636</u>	<u>556</u>	<u>12,552,768</u>	<u>14,377,003</u>
Total Revenues	<u>19,090,531</u>	<u>22,534,340</u>	<u>6,716,012</u>	<u>6,847,522</u>	<u>25,806,543</u>	<u>29,381,862</u>
Program Expenses						
Security of Persons and Property	7,735,685	7,035,151	0	0	7,735,685	7,035,151
Public Health and Welfare Services	783,628	711,222	0	0	783,628	711,222
Leisure Time Activities	1,210,663	870,144	0	0	1,210,663	870,144
Community Environment	1,012,146	763,019	0	0	1,012,146	763,019
Transportation	2,890,767	6,448,854	0	0	2,890,767	6,448,854
General Government	7,057,974	5,154,298	0	0	7,057,974	5,154,298
Interest and Fiscal Charges	206,340	277,043	0	0	206,340	277,043
Water	0	0	3,115,505	3,085,297	3,115,505	3,085,297
Sewer	0	0	3,281,725	3,538,970	3,281,725	3,538,970
Total Expenses	<u>20,897,203</u>	<u>21,259,731</u>	<u>6,397,230</u>	<u>6,624,267</u>	<u>27,294,433</u>	<u>27,883,998</u>
Total Change in Net Position	(1,806,672)	1,274,609	318,782	223,255	(1,487,890)	1,497,864
Beginning Net Position	<u>45,342,900</u>	<u>44,068,291</u>	<u>21,317,392</u>	<u>21,094,137</u>	<u>66,660,292</u>	<u>65,162,428</u>
Ending Net Position	<u>\$43,536,228</u>	<u>\$45,342,900</u>	<u>\$21,636,174</u>	<u>\$21,317,392</u>	<u>\$65,172,402</u>	<u>\$66,660,292</u>

CITY OF MOUNT VERNON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2016**

Unaudited

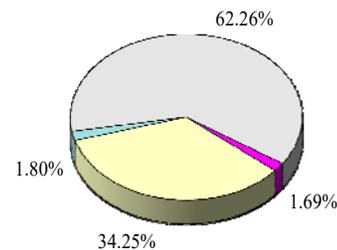
Governmental Activities

Net position of the City's governmental activities decreased by \$1,806,672 compared to 2015. The decrease in Net Position is the result of a decrease of income taxes.

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.

Income taxes and property taxes made up 49.77% and 11.85% respectively of revenues for governmental activities for the City in 2016. The City's reliance upon tax revenues is demonstrated by the following graph indicating 62.26% of total revenues from general tax revenues:

Revenue Sources	2016	Percent of Total
General Tax Revenues	\$11,885,184	62.26%
Intergovernmental Revenues, Unrestricted	322,917	1.69%
Program Revenues	6,538,399	34.25%
General Other	344,031	1.80%
Total Revenue	\$19,090,531	100.00%



Business-Type Activities

Net position of the business type activities increased by \$318,782. This modest increase is the result of strategic managed operating expenditures during the year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$8,986,955, which is a decrease from last year's balance of \$12,312,872. The schedule below indicates the fund balance and the total change in fund balance by fund as of December 31, 2016 and 2015:

	Fund Balance December 31, 2016	Fund Balance December 31, 2015	Increase (Decrease)
General	\$3,306,062	\$5,141,746	(\$1,835,684)
Municipal Income Tax 1/2% (Voted)	404,177	1,129,316	(725,139)
Community Development Block Grant	5,270	171,236	(165,966)
General Bond Retirement	1	2	(1)
Capital Improvement	145,707	1,130,571	(984,864)
TIF District-Coshocton Road	3,465,024	2,829,974	635,050
Other Governmental	1,660,714	1,910,027	(249,313)
Total	\$8,986,955	\$12,312,872	(\$3,325,917)

CITY OF MOUNT VERNON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2016**

Unaudited

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:

	2016 <u>Revenues</u>	2015 <u>Revenues</u>	Increase <u>(Decrease)</u>
Property and Other Taxes	\$5,704,417	\$7,442,532	(\$1,738,115)
Intergovernmental Revenue	696,235	586,512	109,723
Charges for Services	1,579,414	1,499,926	79,488
Licenses and Permits	18,242	38,573	(20,331)
Investment Earnings	44,051	26,553	17,498
Fines and Forfeitures	640,188	577,171	63,017
All Other Revenue	163,504	220,315	(56,811)
Total	<u>\$8,846,051</u>	<u>\$10,391,582</u>	<u>(\$1,545,531)</u>

General Fund revenues in 2016 decreased approximately 14.87% compared to revenues in 2015. The major decrease is in city income tax revenues.

	2016 <u>Expenditures</u>	2015 <u>Expenditures</u>	Increase <u>(Decrease)</u>
Security of Persons and Property	\$1,703,377	\$1,237,863	\$465,514
Public Health and Welfare Services	323,085	343,150	(20,065)
Leisure Time Activities	854,263	756,624	97,639
Community Environment	43,796	43,776	20
Transportation	39,041	132,087	(93,046)
General Government	6,776,681	5,923,820	852,861
Debt Service:			
Principal Retirement	12,430	11,918	512
Interest and Fiscal Charges	15,444	15,956	(512)
Total	<u>\$9,768,117</u>	<u>\$8,465,194</u>	<u>\$1,302,923</u>

General Fund expenditures increased by \$1,302,923 or 15.39% compared to the prior year primarily due to filling open positions and over-time costs during the year.

General Bond Retirement Fund – The General Debt Retirement Fund balance had no significant change.

Municipal Income Tax ½% (Voted) Fund - The Municipal Income Tax ½% (Voted) Fund balance decreased from \$1,129,316 to \$404,177 due to decreased income tax revenues.

Community Development Block Grant Fund - The Community Development Block Grant Fund balance decreased from \$171,236 to \$5,270 due to the finalization of the current grant program.

Capital Improvement Fund - The Capital Improvement Fund balance decreased from \$1,130,571 to \$145,707 due to the outflow of resources associated with a brownfield project from the current property owner.

CITY OF MOUNT VERNON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2016**

Unaudited

TIF District-Coshocton Road Fund - The TIF District-Coshocton Road Fund balance increased from \$2,829,974 to \$3,465,024 due to an increase in taxes as a result of increased reappraisal values of the properties and recent development within the TIF District.

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 2016 the City amended its General Fund budget several times. The increase in the final budget of \$13,364,940 over the original budget of \$12,555,323 primarily was the result of a grant from Crime Victim Assistance for a Victims of Crime Advocate within the law director's department and Ohio Department of Rehabilitation and Correction Grant for a Probation Improvement and Incentive Program within the municipal court system. Actual expenditures and other financing uses were less than the final budget by \$1,879,685 because of conservative fiscal management practices.

For the General Fund, final budget basis revenue of \$9,606,045 did not significantly change compared to the original budget basis revenue.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2016 the City had \$86,253,459 net of accumulated depreciation invested in land, construction in progress, buildings, infrastructure, equipment and vehicles. Of this total, \$51,594,083 was related to governmental activities and \$34,659,376 to the business-type activities. The following table shows 2016 and 2015 balances:

	Governmental Activities		Increase (Decrease)
	2016	2015	
Land	\$13,804,083	\$13,771,208	\$32,875
Construction In Progress	538,352	880,176	(341,824)
Buildings	15,602,241	15,297,080	305,161
Improvements Other than Buildings	2,454,478	1,596,005	858,473
Infrastructure	46,249,984	44,261,520	1,988,464
Machinery and Equipment	9,212,851	8,561,979	650,872
Less: Accumulated Depreciation	(36,267,906)	(33,929,206)	(2,338,700)
Totals	\$51,594,083	\$50,438,762	\$1,155,321

Land increased due to the purchase of property for roadway improvements. Constructions in Progress decreased due to the completion of a bike connector trail being constructed during the year. Improvements Other than Buildings increased due to the completed bike connector trail being put into service. Infrastructures increased due to additional roads being resurfaced in 2016 and the completion of street projects. Machinery and Equipment increased due to acquisition of vehicles for the police department and equipment for the parks and street departments.

CITY OF MOUNT VERNON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2016**

Unaudited

	Business-Type Activities		Increase (Decrease)
	2016	2015	
Land	\$819,311	\$819,311	\$0
Construction in Progress	86,002	86,002	0
Buildings and Improvements	35,351,317	34,887,379	463,938
Utility Structures in Service	27,428,944	27,356,253	72,691
Machinery and Equipment	4,669,681	4,661,514	8,167
Less: Accumulated Depreciation	(33,695,879)	(32,099,595)	(1,596,284)
Totals	<u>\$34,659,376</u>	<u>\$35,710,864</u>	<u>(\$1,051,488)</u>

Business type capital assets decreased as a result primarily of depreciation expense. Some line improvements were made during the year along with some machinery and equipment acquisitions. Additional information on the City's capital assets can be found in Note 8.

Debt

At December 31, 2016, the City had \$11,518,400 in general obligation bonds outstanding, \$1,575,000 due within one year. The following table summarizes the City's liabilities outstanding as of December 31, 2016 and 2015.

	2016	2015
Governmental Activities:		
General Obligation Bonds Payable	\$4,770,450	\$5,205,500
Ohio Public Works Commission Loan	254,375	281,875
Special Obligation Bonds Payable	1,370,000	1,475,000
Net Pension Liability	16,129,261	12,408,992
Police and Firemen's Pension Accrued Liability	354,046	366,476
Compensated Absences	1,081,255	1,090,804
Total Governmental Activities	<u>23,959,387</u>	<u>20,828,647</u>
Business-Type Activities:		
Mortgage Revenue Bonds Payable	1,430,000	1,895,000
General Obligation Bonds Payable	6,747,950	7,828,650
Special Obligation Bonds Payable	1,370,000	1,475,000
Ohio Public Works Commission Loan	126,237	90,888
Ohio Water Development Authority Loan	5,872,440	6,154,888
Net Pension Liability	1,942,104	1,725,415
Compensated Absences	314,035	293,307
Total Business-Type Activities	<u>17,802,766</u>	<u>19,463,148</u>
Totals	<u>\$41,762,153</u>	<u>\$40,291,795</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, 2016, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 11.

ECONOMIC FACTORS

Knox Community Hospital (KCH) began renovations to their leased facility to relocate their billing offices to the downtown central business district. The multi-story building on South Main Street will afford sufficient space for the estimated one hundred employees who will be relocated to this area. Private parking facility has already been completed to provide accommodations for the extra work staff.

To enhance the above relocated workers there are further plans to make available facilities and structures to cater to the newest bike trail that was completed by the Knox County Park District joins to trails within the city and provides access to the Kokosing Gap Trail, an existing trail that will extend riders enjoyment eastward through the county. Further development in the past year caused an auto repair business to be raised along with a former car wash being raised to provide for future developments associated with bike trails and other recreational activities.

With the closing of the former K-Mart department store, a new developer has acquired the facility and is drafting plans to subdivide the current foot print of the building to provide for several smaller business establishments to obtain store fronts. Information has not been released yet as to whom those prospective business types will be. The City looks forward to new retail establishments to support the diverse mix of employment within our community.

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.

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, 2016. 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.



CITY OF MOUNT VERNON, OHIO

**Statement of Net Position
December 31, 2016**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 1,617,015	\$ 106,130	\$ 1,723,145
Investments	6,135,491	1,864,509	8,000,000
Receivables:			
Taxes	3,876,489	0	3,876,489
Accounts	167,379	1,453,086	1,620,465
Intergovernmental	2,055,349	0	2,055,349
Inventory of Supplies	29,227	68,122	97,349
Prepaid Items	222,431	27,549	249,980
Restricted Assets:			
Cash and Cash Equivalents	462,273	0	462,273
Cash and Cash Equivalents with Fiscal Agent	5,297	441,443	446,740
Capital Assets			
Capital Assets not Being Depreciated	14,342,435	905,313	15,247,748
Capital Assets Being Depreciated	37,251,648	33,754,063	71,005,711
Total Assets	66,165,034	38,620,215	104,785,249
Deferred Outflows of Resources:			
Deferred Charge on Refunding	128,546	317,657	446,203
Pension	4,391,313	755,225	5,146,538
Total Deferred Outflows of Resources	4,519,859	1,072,882	5,592,741
Liabilities:			
Accounts Payable	358,220	103,232	461,452
Accrued Wages and Benefits	217,089	51,217	268,306
Contracts Payable	350,365	48,238	398,603
Matured Bonds & Interest Payable	0	650	650
Accrued Interest Payable	10,544	13,295	23,839
Long-term Liabilities:			
Due Within One Year	937,850	2,163,568	3,101,418
Due in More than One Year:			
Net Pension Liability	16,129,261	1,942,104	18,071,365
Other Amounts Due in More than One Year	6,892,276	13,697,094	20,589,370
Total Liabilities	24,895,605	18,019,398	42,915,003
Deferred Inflow of Resources:			
Property Taxes	2,144,900	0	2,144,900
Pension	108,160	37,525	145,685
Total Deferred Inflows of Resources	2,253,060	37,525	2,290,585

CITY OF MOUNT VERNON, OHIO

	Governmental Activities	Business-Type Activities	Total
Net Position:			
Net Investment in Capital Assets	45,177,791	19,396,615	64,574,406
Restricted For:			
Capital Projects	3,551,183	1,062,035	4,613,218
Debt Service	0	442,001	442,001
Perpetual Care, Nonexpendable	465,938	0	465,938
Security of Persons and Property	609,634	0	609,634
Leisure Time Activities	8,546	0	8,546
Community Environment	1,192,270	0	1,192,270
Transportation	570,596	0	570,596
Public Health and Welfare	122,941	0	122,941
Unrestricted (Deficit)	(8,162,671)	735,523	(7,427,148)
Total Net Position	\$ 43,536,228	\$ 21,636,174	\$ 65,172,402

See accompanying notes to the basic financial statements

CITY OF MOUNT VERNON, OHIO

**Statement of Activities
For the Year Ended December 31, 2016**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 7,735,685	\$ 1,333,712	\$ 0	\$ 0
Public Health and Welfare Services	783,628	83,441	0	0
Leisure Time Activities	1,210,663	307,643	0	451,494
Community Environment	1,012,146	2,016	1,213,570	0
Transportation	2,890,767	825	1,172,701	830,310
General Government	7,057,974	765,663	377,024	0
Interest and Fiscal Charges	206,340	0	0	0
Total Governmental Activities	20,897,203	2,493,300	2,763,295	1,281,804
Business-Type Activities:				
Water	3,115,505	3,537,845	0	0
Sewer	3,281,725	3,177,531	0	0
Total Business-Type Activities	6,397,230	6,715,376	0	0
Totals	\$ 27,294,433	\$ 9,208,676	\$ 2,763,295	\$ 1,281,804

General Revenues

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

See accompanying notes to the basic financial statements

CITY OF MOUNT VERNON, OHIO

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (6,401,973)	\$ 0	\$ (6,401,973)
(700,187)	0	(700,187)
(451,526)	0	(451,526)
203,440	0	203,440
(886,931)	0	(886,931)
(5,915,287)	0	(5,915,287)
(206,340)	0	(206,340)
<u>(14,358,804)</u>	<u>0</u>	<u>(14,358,804)</u>
0	422,340	422,340
0	(104,194)	(104,194)
<u>0</u>	<u>318,146</u>	<u>318,146</u>
<u>(14,358,804)</u>	<u>318,146</u>	<u>(14,040,658)</u>
582,788	0	582,788
132,590	0	132,590
143,606	0	143,606
1,403,568	0	1,403,568
9,501,005	0	9,501,005
121,627	0	121,627
322,917	0	322,917
44,327	636	44,963
299,704	0	299,704
<u>12,552,132</u>	<u>636</u>	<u>12,552,768</u>
(1,806,672)	318,782	(1,487,890)
<u>45,342,900</u>	<u>21,317,392</u>	<u>66,660,292</u>
<u>\$ 43,536,228</u>	<u>\$ 21,636,174</u>	<u>\$ 65,172,402</u>

CITY OF MOUNT VERNON, OHIO

**Balance Sheet
Governmental Funds
December 31, 2016**

	General	Municipal Income Tax 1/2% (Voted)	Community Development Block Grant	General Bond Retirement
Assets:				
Cash and Cash Equivalents	\$ 201,879	\$ 33,144	\$ 66,163	\$ 1
Investments	2,628,059	0	0	0
Receivables:				
Taxes	1,574,324	544,313	0	0
Accounts	144,058	15,769	0	0
Intergovernmental	136,653	0	1,225,000	0
Inventory of Supplies	367	0	0	0
Prepaid Items	186,396	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	0	0	0	0
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
Total Assets	\$ 4,871,736	\$ 593,226	\$ 1,291,163	\$ 1
Liabilities:				
Accounts Payable	\$ 229,924	\$ 0	\$ 1,893	\$ 0
Accrued Wages and Benefits Payable	174,775	0	0	0
Contracts Payable	85,943	0	97,000	0
Total Liabilities	490,642	0	98,893	0
Deferred Inflows of Resources:				
Property Tax	639,300	0	0	0
Unavailable Revenue	435,732	189,049	1,187,000	0
Total Deferred Inflows of Resources	1,075,032	189,049	1,187,000	0
Fund Balances:				
Nonspendable	186,763	0	0	0
Restricted	8,080	404,177	5,270	1
Committed	2,405	0	0	0
Assigned	2,459,740	0	0	0
Unassigned	649,074	0	0	0
Total Fund Balances	3,306,062	404,177	5,270	1
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 4,871,736	\$ 593,226	\$ 1,291,163	\$ 1

See accompanying notes to the basic financial statements

CITY OF MOUNT VERNON, OHIO

Capital Improvement	TIF District- Coshocton Road	Other Governmental Funds	Total Governmental Funds
\$ 12,301	\$ 184,619	\$ 1,118,908	\$ 1,617,015
219,095	3,288,337	0	6,135,491
94,278	1,329,253	334,321	3,876,489
0	0	7,552	167,379
364,302	0	329,394	2,055,349
0	0	28,860	29,227
0	0	36,035	222,431
0	0	462,273	462,273
0	0	5,297	5,297
<u>\$ 689,976</u>	<u>\$ 4,802,209</u>	<u>\$ 2,322,640</u>	<u>\$ 14,570,951</u>
\$ 0	\$ 0	\$ 126,403	\$ 358,220
0	0	42,314	217,089
150,081	7,932	9,409	350,365
<u>150,081</u>	<u>7,932</u>	<u>178,126</u>	<u>925,674</u>
0	1,300,000	205,600	2,144,900
394,188	29,253	278,200	2,513,422
<u>394,188</u>	<u>1,329,253</u>	<u>483,800</u>	<u>4,658,322</u>
0	0	530,833	717,596
145,707	3,465,024	1,027,423	5,055,682
0	0	103,467	105,872
0	0	0	2,459,740
0	0	(1,009)	648,065
<u>145,707</u>	<u>3,465,024</u>	<u>1,660,714</u>	<u>8,986,955</u>
<u>\$ 689,976</u>	<u>\$ 4,802,209</u>	<u>\$ 2,322,640</u>	<u>\$ 14,570,951</u>

CITY OF MOUNT VERNON, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2016***

Total Governmental Fund Balances		\$	8,986,955
<i>Amounts reported for governmental activities in the statement of net position are different because</i>			
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.			51,594,083
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.			2,513,422
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:			
Deferred Outflows - Pension	4,391,313		
Deferred Inflows - Pension	(108,160)		
Net Pension Liability	<u>(16,129,261)</u>		(11,846,108)
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	(4,770,450)		
Less: Deferred Charges on Refunding	128,546		
Special Obligation Bonds Payable	(1,370,000)		
Ohio Public Works Commission Loan Payable	(254,375)		
Police and Firemen's Pension Accrued Liability	(354,046)		
Compensated Absences Payable	(1,081,255)		
Accrued Interest Payable	<u>(10,544)</u>		<u>(7,712,124)</u>
<i>Net Position of Governmental Activities</i>		\$	<u>43,536,228</u>

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, 2016**

	General	Municipal Income Tax 1/2% (Voted)	Community Development Block Grant	General Bond Retirement
Revenues:				
Taxes	\$ 5,704,417	\$ 3,192,447	\$ 0	\$ 0
Intergovernmental Revenues	696,235	0	802,384	0
Charges for Services	1,579,414	0	0	0
Licenses and Permits	18,242	0	0	0
Investment Earnings	44,051	0	0	1
Fines and Forfeitures	640,188	0	0	0
All Other Revenue	163,504	29,927	0	0
Total Revenue	8,846,051	3,222,374	802,384	1
Expenditures:				
Current:				
Security of Persons and Property	1,703,377	3,947,513	0	0
Public Health and Welfare Services	323,085	0	0	0
Leisure Time Activities	854,263	0	0	0
Community Environment	43,796	0	968,350	0
Transportation	39,041	0	0	0
General Government	6,776,681	0	0	0
Debt Service:				
Principal Retirement	12,430	0	0	462,550
Interest and Fiscal Charges	15,444	0	0	151,753
Total Expenditures	9,768,117	3,947,513	968,350	614,303
Excess (Deficiency) of Revenues Over Expenditures	(922,066)	(725,139)	(165,966)	(614,302)
Other Financing Sources (Uses):				
Sale of Capital Assets	7,235	0	0	0
Transfers In	0	0	0	614,301
Transfers Out	(920,531)	0	0	0
Total Other Financing Sources (Uses)	(913,296)	0	0	614,301
Net Change in Fund Balances	(1,835,362)	(725,139)	(165,966)	(1)
Fund Balances at Beginning of Year	5,141,746	1,129,316	171,236	2
Increase (Decrease) in Inventory Reserve	(322)	0	0	0
Fund Balances End of Year	\$ 3,306,062	\$ 404,177	\$ 5,270	\$ 1

See accompanying notes to the basic financial statements

CITY OF MOUNT VERNON, OHIO

Capital Improvement	TIF District-Coshocton Road	Other Governmental Funds	Total Governmental Funds
\$ 595,296	\$ 1,301,697	\$ 988,544	\$ 11,782,401
673,443	0	833,527	3,005,589
0	0	66,283	1,645,697
0	0	2,111	20,353
40	0	235	44,327
0	0	165,115	805,303
5,575	0	122,645	321,651
<u>1,274,354</u>	<u>1,301,697</u>	<u>2,178,460</u>	<u>17,625,321</u>
10,000	0	966,442	6,627,332
8,490	0	394,329	725,904
28,238	0	1,374	883,875
0	0	0	1,012,146
2,136,793	462,169	1,049,928	3,687,931
75,697	0	376,319	7,228,697
0	0	105,000	579,980
0	0	38,426	205,623
<u>2,259,218</u>	<u>462,169</u>	<u>2,931,818</u>	<u>20,951,488</u>
(984,864)	839,528	(753,358)	(3,326,167)
0	0	3	7,238
0	0	573,420	1,187,721
0	(204,478)	(62,712)	(1,187,721)
<u>0</u>	<u>(204,478)</u>	<u>510,711</u>	<u>7,238</u>
(984,864)	635,050	(242,647)	(3,318,929)
1,130,571	2,829,974	1,910,027	12,312,872
0	0	(6,666)	(6,988)
<u>\$ 145,707</u>	<u>\$ 3,465,024</u>	<u>\$ 1,660,714</u>	<u>\$ 8,986,955</u>

CITY OF MOUNT VERNON, OHIO

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For the Year Ended December 31, 2016***

Net Change in Fund Balances - Total Governmental Funds \$ (3,318,929)

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	2,988,819	
Depreciation Expense	<u>(2,430,588)</u>	558,231

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

In the statement of activities, only the gain on the sale of capital assets is reported. However, in governmental funds, the proceeds from the sale increase financial resources.	(7,238)	
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Donations of capital assets increase net position in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	608,361	
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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>(4,033)</u>	597,090
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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.		856,849
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Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		1,266,702
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Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(2,348,439)
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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 position.

General Obligation Bond Principal Payment	435,050	
Special Obligation Bond Principal Payment	105,000	
Ohio Public Works Commission Loan Payment	27,500	
Police Firemen's Pension Accrued Liability Principal Payment	<u>12,430</u>	579,980

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		9,995
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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	9,549	
Amortization of Deferred Charge on Refunding	(10,712)	
Change in Inventory	<u>(6,988)</u>	(8,151)

Change in Net Position of Governmental Activities \$ (1,806,672)

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, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 7,058,066	\$ 7,058,066	\$ 6,623,256	\$ (434,810)
Intergovernmental Revenue	348,863	589,449	694,543	105,094
Charges for Services	1,300,130	1,300,130	1,659,987	359,857
Licenses and Permits	9,200	9,200	18,242	9,042
Investment Earnings	8,000	8,000	44,051	36,051
Fines and Forfeitures	525,000	525,000	626,854	101,854
All Other Revenues	109,000	116,200	181,937	65,737
Total Revenues	9,358,259	9,606,045	9,848,870	242,825
Expenditures:				
Current:				
Security of Persons and Property	2,168,257	2,531,008	2,019,709	511,299
Public Health and Welfare Services	327,296	360,169	359,751	418
Leisure Time Activities	864,179	969,342	923,441	45,901
Community Environment	47,155	50,140	43,892	6,248
Transportation	49,700	48,931	40,881	8,050
General Government	7,772,226	8,164,795	7,177,050	987,745
Total Expenditures	11,228,813	12,124,385	10,564,724	1,559,661
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,870,554)	(2,518,340)	(715,854)	1,802,486
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	7,235	7,235
Transfers Out	(1,326,510)	(1,240,555)	(920,531)	320,024
Total Other Financing Sources (Uses):	(1,326,510)	(1,240,555)	(913,296)	327,259
Net Change in Fund Balance	(3,197,064)	(3,758,895)	(1,629,150)	2,129,745
Fund Balance at Beginning of Year	3,197,063	3,197,063	3,197,063	0
Prior Year Encumbrances	563,709	563,709	563,709	0
Fund Balance at End of Year	\$ 563,708	\$ 1,877	\$ 2,131,622	\$ 2,129,745

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)
Special Revenue Fund – Municipal Income Tax ½% (Voted) Fund
For the Year Ended December 31, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 4,059,500	\$ 4,059,500	\$ 3,753,908	\$ (305,592)
All Other Revenues	0	0	14,158	14,158
Total Revenues	<u>4,059,500</u>	<u>4,059,500</u>	<u>3,768,066</u>	<u>(291,434)</u>
Expenditures:				
Current:				
Security of Persons and Property	4,272,091	4,272,091	3,947,513	324,578
Total Expenditures	<u>4,272,091</u>	<u>4,272,091</u>	<u>3,947,513</u>	<u>324,578</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(212,591)	(212,591)	(179,447)	33,144
Fund Balance at Beginning of Year	<u>212,591</u>	<u>212,591</u>	<u>212,591</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 33,144</u>	<u>\$ 33,144</u>

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)
Special Revenue Fund – Community Development Block Grant Fund
For the Year Ended December 31, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 749,903	\$ 855,852	\$ 855,852	\$ 0
Total Revenues	<u>749,903</u>	<u>855,852</u>	<u>855,852</u>	<u>0</u>
Expenditures:				
Current:				
Community Environment	750,071	935,620	931,163	4,457
Total Expenditures	<u>750,071</u>	<u>935,620</u>	<u>931,163</u>	<u>4,457</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(168)	(79,768)	(75,311)	4,457
Fund Balance at Beginning of Year	168	168	168	0
Prior Year Encumbrances	<u>79,600</u>	<u>79,600</u>	<u>79,600</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 79,600</u>	<u>\$ 0</u>	<u>\$ 4,457</u>	<u>\$ 4,457</u>

See accompanying notes to the basic financial statements

CITY OF MOUNT VERNON, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2016**

	Business-Type Activities		
	Enterprise Funds		Total
	Water	Sewer	
ASSETS			
Current assets:			
Cash and Cash Equivalents	\$ 51,194	\$ 54,936	\$ 106,130
Investments	893,589	970,920	1,864,509
Accounts receivable (net of allowance for uncollectibles)	750,411	702,675	1,453,086
Inventory of Supplies	37,619	30,503	68,122
Prepaid Items	18,460	9,089	27,549
Total current assets	<u>1,751,273</u>	<u>1,768,123</u>	<u>3,519,396</u>
Noncurrent assets:			
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	441,443	0	441,443
Capital assets:			
Capital Assets Not Being Depreciated	196,021	709,292	905,313
Capital Assets Being Depreciated	<u>13,438,205</u>	<u>20,315,858</u>	<u>33,754,063</u>
Total capital assets	<u>13,634,226</u>	<u>21,025,150</u>	<u>34,659,376</u>
Total noncurrent assets	<u>14,075,669</u>	<u>21,025,150</u>	<u>35,100,819</u>
Total Assets	<u>15,826,942</u>	<u>22,793,273</u>	<u>38,620,215</u>
Deferred Outflows of Resources:			
Deferred Charges on Refunding	38,668	278,989	317,657
Pension	<u>373,530</u>	<u>381,695</u>	<u>755,225</u>
Total Deferred Outflows of Resources	<u>412,198</u>	<u>660,684</u>	<u>1,072,882</u>
LIABILITIES			
Current liabilities:			
Accounts Payable	43,771	59,461	103,232
Accrued Wages and Benefits	25,179	26,038	51,217
Contracts Payable	29,468	18,770	48,238
Matured Bonds and Interest Payable	650	0	650
Accrued Interest Payable	4,204	9,091	13,295
General Obligation Bonds Payable - Current	649,625	480,625	1,130,250
Revenue Bond Payable - Current	480,000	0	480,000
OWDA Loans Payable - Current	0	336,052	336,052
OPWC Loans Payable - Current	9,351	0	9,351
Compensated Absences Payable - Current	44,852	53,063	97,915
Special Obligation Bonds Payable - Current	<u>55,000</u>	<u>55,000</u>	<u>110,000</u>
Total Current Liabilities	<u>1,342,100</u>	<u>1,038,100</u>	<u>2,380,200</u>

CITY OF MOUNT VERNON, OHIO

	Business-Type Activities		Total
	Enterprise Funds		
	Water	Sewer	
Noncurrent Liabilities:			
General Obligation Bonds Payable	991,475	4,626,225	5,617,700
Revenue Bonds Payable	950,000	0	950,000
OWDA Loans Payable	0	5,536,388	5,536,388
OPWC Loans Payable	116,886	0	116,886
Special Obligation Bonds Payable	630,000	630,000	1,260,000
Compensated Absences Payable	99,222	116,898	216,120
Net Pension Liability	960,560	981,544	1,942,104
Total noncurrent liabilities	<u>3,748,143</u>	<u>11,891,055</u>	<u>15,639,198</u>
Total Liabilities	<u>5,090,243</u>	<u>12,929,155</u>	<u>18,019,398</u>
Deferred Inflows of Resources:			
Pension	<u>18,560</u>	<u>18,965</u>	<u>37,525</u>
NET POSITION:			
Net Investment in Capital Assets	9,772,650	9,623,965	19,396,615
Restricted for Capital Projects	298,120	763,915	1,062,035
Restricted for Debt Service	442,001	0	442,001
Unrestricted	617,566	117,957	735,523
Total Net Position	<u>\$ 11,130,337</u>	<u>\$ 10,505,837</u>	<u>\$ 21,636,174</u>

See accompanying notes to the basic financial statements



CITY OF MOUNT VERNON, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2016**

	Business-Type Activities		
	Enterprise Funds		Total
	Water	Sewer	
Operating Revenues:			
Charges for Services	\$ 3,526,313	\$ 3,068,751	\$ 6,595,064
Other Operating Revenues	11,532	108,780	120,312
Total Operating Revenues	3,537,845	3,177,531	6,715,376
Operating Expenses:			
Personal Services	1,117,492	1,169,237	2,286,729
Contractual Services	75,692	598,980	674,672
Materials and Supplies	542,945	182,948	725,893
Utilities	252,903	285,874	538,777
Depreciation	888,340	798,177	1,686,517
Total Operating Expenses	2,877,372	3,035,216	5,912,588
Operating Income	660,473	142,315	802,788
Non-Operating Revenues (Expenses):			
Interest Income	636	0	636
Interest and Fiscal Charges	(238,133)	(246,509)	(484,642)
Total Non-Operating Revenues (Expenses)	(237,497)	(246,509)	(484,006)
Change in Net Position	422,976	(104,194)	318,782
Net Position Beginning of Year	10,707,361	10,610,031	21,317,392
Net Position End of Year	\$ 11,130,337	\$ 10,505,837	\$ 21,636,174

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, 2016**

	Business-Type Activities		Total
	Enterprise Funds		
	Water	Sewer	
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$3,614,632	\$3,129,782	\$6,744,414
Cash Payments for Goods and Services	(826,229)	(1,044,053)	(1,870,282)
Cash Payments to Employees	(1,236,544)	(1,318,161)	(2,554,705)
Net Cash Provided by Operating Activities	1,551,859	767,568	2,319,427
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(473,049)	(137,013)	(610,062)
Principal Paid on General Obligation Bonds	(619,475)	(461,225)	(1,080,700)
Principal Paid on Ohio Public Works Commission Loan	(6,268)	0	(6,268)
Principal Paid on Revenue Bonds	(465,000)	0	(465,000)
Principal Paid on Special Obligation Bonds	(52,500)	(52,500)	(105,000)
Principal Paid on OWDA Loan	0	(282,448)	(282,448)
Interest Paid on All Debt	(197,900)	(215,565)	(413,465)
Net Cash Used for Capital and Related Financing Activities	(1,814,192)	(1,148,751)	(2,962,943)
<u>Cash Flows from Investing Activities:</u>			
Proceeds from Sale of Investments	110,355	0	110,355
Purchase of Investments	0	(223,477)	(223,477)
Receipt of Interest	636	0	636
Net Cash Provided (Used) by Investing Activities	110,991	(223,477)	(112,486)
Net Decrease in Cash and Cash Equivalents	(151,342)	(604,660)	(756,002)
Cash and Cash Equivalents at Beginning of Year	643,979	659,596	1,303,575
Cash and Cash Equivalents at End of Year	\$492,637	\$54,936	\$547,573
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$51,194	\$54,936	\$106,130
Restricted Cash with Fiscal Agent	441,443	0	441,443
Cash and Cash Equivalents at End of Year	\$492,637	\$54,936	\$547,573

(Continued)

CITY OF MOUNT VERNON, OHIO

	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	\$660,473	\$142,315	\$802,788
Adjustments to Reconcile Operating Income to			
Net Cash Provided by Operating Activities:			
Depreciation Expense	888,340	798,177	1,686,517
Changes in Assets, Deferred Outflows of Resources,			
Liabilities and Deferred Inflows of Resources:			
(Increase) Decrease in Accounts Receivable	76,787	(47,749)	29,038
Decrease in Inventory	40,340	18,196	58,536
Increase in Prepaid Items	(413)	(215)	(628)
Increase Deferred Outflows-Pension	(239,023)	(238,191)	(477,214)
Decrease in Accounts Payable	(11,561)	(3,007)	(14,568)
Decrease in Accrued Wages and Benefits	(2,293)	(453)	(2,746)
Increase (Decrease) in Contracts Payable	2,741	(9,299)	(6,558)
Increase in Compensated Absences	13,963	6,765	20,728
Increase in Net Pension Liability	118,928	97,761	216,689
Increase in Deferred Inflows-Pension	3,577	3,268	6,845
Total Adjustments	891,386	625,253	1,516,639
Net Cash Provided by Operating Activities	<u>\$1,551,859</u>	<u>\$767,568</u>	<u>\$2,319,427</u>

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2016 the Water and Sewer Funds had outstanding liabilities of \$17,907 and \$15,884 respectively for certain capital assets.

The Ohio Public Loan Commission recalculated the loan which resulted in a \$41,617 increase on the loan in the Sewer Fund.

See accompanying notes to the basic financial statements

CITY OF MOUNT VERNON, OHIO

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2016***

	<u>Agency</u>
Assets:	
Cash and Cash Equivalents	\$ 187,034
Total Assets	<u>\$ 187,034</u>
Liabilities:	
Intergovernmental Payable	\$ 31,610
Due to Others	<u>155,424</u>
Total Liabilities	<u>\$ 187,034</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

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, 2016 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*, as amended by GASB Statement No. 39, *The Financial Reporting Entity* and GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, 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 2016.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

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 \$55,000 for operations of the combined District for 2016.

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, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, net position, 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.

Municipal Income Tax ½% (Voted) – This fund is used to account for income tax levied in 1982, which is dedicated solely for the police, fire, and emergency medical services departments.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Community Development Block Grant Fund – This fund is used to account for state grants designated for community environmental improvements.

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, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net position.

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 cleanup 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, 2016***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

Government-wide Financial Statements – The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The 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, deferred outflows of resources, current liabilities and deferred inflows of resources, 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, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. 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, 2016***

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.

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.

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 resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution 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 a resolution of the City Council.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

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 2016.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

4. 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.

5. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than accounting principles generally accepted in the United States (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 and major special revenue funds:

	<u>General Fund</u>	<u>Income Tax 1/2% (Voted)</u>	<u>Block Grant Fund</u>
GAAP Basis (as reported)	(\$1,835,362)	(\$725,139)	(\$165,966)
Increase (Decrease):			
Accrued Revenues at December 31, 2016 received during 2017	(833,523)	(371,033)	(38,000)
Accrued Revenues at December 31, 2015 received during 2016	1,836,342	916,725	91,468
Accrued Expenditures at December 31, 2016 paid during 2017	490,642	0	98,893
Accrued Expenditures at December 31, 2015 paid during 2016	(615,657)	0	0
2015 Prepays for 2016	158,790	0	0
2016 Prepays for 2017	(186,396)	0	0
Outstanding Encumbrances	(643,986)	0	(61,706)
Budget Basis	<u>(\$1,629,150)</u>	<u>(\$179,447)</u>	<u>(\$75,311)</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

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 4, "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 4, "Cash, Cash Equivalents and Investments."

During 2016, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value. For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

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 position. 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, 2016, 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, 2016***

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 Position, but they are not reported in the Fund Financial Statements.

Donated capital assets are recorded at acquisition 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 acquisition value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Position 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, 2016**

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
Special Obligation Bonds	General Bond Retirement –Income Tax Fund Water Fund Sewer Fund
Mortgage Revenue Bonds	Water Fund
Ohio Public Works Loan	General Bond Retirement Fund, Water Fund
Ohio Water Development Authority	Sewer 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 in the fire department.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

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 Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets 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 position is 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 resources are available.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Pensions

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

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. Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally contractually required to be maintained intact.

Restricted – Restricted fund balance consists of amounts that have constraints placed on them either externally by third parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement (compelled by external parties) that those resources be used only for the specific purposes stipulated in the legislation.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Fund Balances (Continued)

Committed – Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision making authority. For the City, these constraints consist of ordinances and resolutions passed by City Council, which are equally binding. Committed amounts cannot be used for any other purpose unless the City removes or changes the specified use by taking the same type of action it employed previously to commit those amounts.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. The City Auditor may assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year’s appropriated budget. State statute authorizes the City to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned – Unassigned fund balance consists of amounts that have not been restricted, committed or assigned to specific purposes within the General Fund as well as negative fund balances in all other governmental funds.

When both restricted and unrestricted resources are available for use, it is the City’s policy to use unrestricted resources first (committed, assigned and unassigned), then restricted resources as they are needed.

Q. Restricted Assets

Certain assets are classified as restricted cash on the statement of net position 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

Bond issuance costs are recognized in the current period.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows for the deferred charge on debt refunding and for deferred pension amounts. The deferred charge on debt refunding is reported in the government-wide statement of net position and proprietary funds statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources are reported for pension amounts on the government-wide and proprietary funds statement of net position. See Note 9.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows.

In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, *unavailable amounts*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes, income taxes, special assessments, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide and proprietary funds statement of net position. See Note 9.

U. Fair Market Value

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE AND ACCOUNTABILITY

A. Change in Accounting Principle

For 2016, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 72, “Fair Value Measurement and Application”, GASB Statement No. 77 “Tax Abatement Disclosures”, and GASB Statement No. 79, “Certain External Investment Pools and Pool Participants”.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes, for applying fair value to certain investments, and disclosures related to all fair value measurements. These changes were incorporated in the City’s 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 77 requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. These changes were incorporated in the City’s 2016 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements for governments that participate in those pools. The City participates in STAR Ohio which implemented GASB Statement No. 79 for 2016. The City incorporated the corresponding GASB 79 guidance into its 2016 financial statements; however, there was no effect on beginning net position/fund balance

B. Fund Deficit

The fund deficit of \$1,009 in the Fire Pension Fund (special revenue fund) arose from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. A deficit does not exist under the cash basis of accounting. Transfers are provided when cash is required, not when accruals occur.

CITY OF MOUNT VERNON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 3 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General	Municipal	Community	General	Capital	TIF District-	Other	Total
	Fund	Income Tax 1/2% (Voted)	Development Block Grant Fund	Bond Retirement Fund	Improvement Fund	Coshocton Road Fund	Governmental Funds	Governmental Funds
Nonspendable:								
Prepaid Items	\$186,396	\$0	\$0	\$0	\$0	\$0	\$36,035	\$222,431
Supplies Inventory	367	0	0	0	0	0	28,860	29,227
Endowment	0	0	0	0	0	0	465,938	465,938
Total Nonspendable	186,763	0	0	0	0	0	530,833	717,596
Restricted:								
Transportation Projects	0	0	0	0	145,707	3,465,024	358,609	3,969,340
Cemetery	0	0	0	0	0	0	131,204	131,204
Court Projects	0	0	0	0	0	0	330,579	330,579
Public Safety	8,080	404,177	0	0	0	0	84,574	496,831
Community Development	0	0	5,270	0	0	0	104,489	109,759
Debt Retirement	0	0	0	1	0	0	12,135	12,136
Parks and Recreation	0	0	0	0	0	0	5,833	5,833
Total Restricted	8,080	404,177	5,270	1	145,707	3,465,024	1,027,423	5,055,682
Committed:								
Parks and Recreation	0	0	0	0	0	0	71,312	71,312
Public Safety	0	0	0	0	0	0	17,347	17,347
Capital Improvements	2,405	0	0	0	0	0	14,808	17,213
Total Committed	2,405	0	0	0	0	0	103,467	105,872
Assigned:								
Projected Budgetary Deficit	2,131,618	0	0	0	0	0	0	2,131,618
Services and Supplies	328,122	0	0	0	0	0	0	328,122
Total Assigned	2,459,740	0	0	0	0	0	0	2,459,740
Unassigned:	649,074	0	0	0	0	0	(1,009)	648,065
Total Fund Balances	\$3,306,062	\$404,177	\$5,270	\$1	\$145,707	\$3,465,024	\$1,660,714	\$8,986,955

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 4 - 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;
- 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;

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

- 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 \$9,514,621 and the bank balance \$9,670,924. The Federal Deposit Insurance Corporation (FDIC) covered \$8,750,000 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:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$920,924</u>
Total Balance	<u><u>\$920,924</u></u>

Investment earnings of \$44,461 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, 2016**

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The City's investments at December 31, 2016 are summarized below:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years) less than 1</u>
STAR Ohio	<u>\$857,831</u>	AAA ^m ¹	<u>\$857,831</u>
Total Investments	<u><u>\$857,831</u></u>		<u><u>\$857,831</u></u>

¹ 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 \$5,297 being held by Knox County and the City had cash with fiscal agents in the amount of \$441,443 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, 2016**

NOTE 4 - 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	\$2,372,452	8,000,000
Certificates of Deposit (with maturities of more than 3 months)	8,000,000	(8,000,000)
Investments:		
STAR Ohio	(857,831)	857,831
Per GASB Statement No. 3	<u>\$9,514,621</u>	<u>\$857,831</u>

NOTE 5 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property used in business and located in the City. Real property taxes (other than public utility) collected during 2016 were levied after October 1, 2016 on assessed values as of January 1, 2016, 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 2013. Real property taxes are payable annually or semi-annually. The first payment is due January 31; the remainder is payable by June 20.

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, 2016 was \$3.20 per \$1,000 of assessed value. The assessed value upon which the 2016 tax receipts were based was \$252,156,720. This amount constitutes \$239,920,490 in real property assessed value and \$12,236,230 in public utility assessed.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 5 - TAXES (Continued)

A. Property Taxes (Continued)

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 Municipal Income Tax ½% Voted Fund.

C. Tax Abatement

As of December 31, 2016, the City provides tax abatements through two programs—Community Reinvestment Area (CRA) and Enterprise Zone (Ezone). These programs relate to the abatement of property taxes.

CRA - Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 5 - TAXES (Continued)

C. Tax Abatement (Continued)

Ezone - Under the authority of ORC Sections 5709.62 and 5709.63, the Ezone program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. An Ezone is a designated area of land in which businesses can receive tax incentives in the form of tax exemptions on qualifying new investment. An Ezone's geographic area is identified by the local government involved in the creation of the zone. Once the zone is defined, the local legislative authority participating in the creation must petition the OSDA. The OSDA must then certify the area for it to become an active Enterprise Zone. The local legislative authority negotiates the terms of the Enterprise Zone Agreement (the "Agreement") with the business, which may include tax sharing with the Board of Education. Legislation must then be passed to approve the Agreement. All Agreements must be finalized before the project begins and may contain provisions for the recoupment of taxes should the individual or entity fail to perform. The amount of the abatement is deducted from the business's property tax bill.

The City has entered into agreements to abate property taxes through these programs. During 2016, the City's property tax revenues were reduced as a result of these agreements as follows:

<u>Tax Abatement Program</u>		<u>City</u>
<u>CRA</u>	<u>Ezone</u>	<u>Taxes Abated</u>
\$ 1,195	\$ 12,023	\$ 13,218

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 6 - RECEIVABLES

Receivables at December 31, 2016 consisted of taxes, accounts, 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	
Homestead and Rollback Reimbursement	\$38,262
Local Government	90,051
School Resource Officer Grant	6,643
Lodging Tax	1,697
Total General Fund	<u>136,653</u>
Major Special Revenue Fund:	
CDBG Fund - CDBG Grants	1,225,000
Major Capital Improvement Fund:	
State Grants	364,302
Nonmajor Special Revenue Funds:	
Street Construction, Maintenance and Repair Fund	
Cents Per Gallon	26,715
Gasoline Tax	208,335
Motor Vehicle Tax	45,207
Total Street Construction, Maintenance and Repair Fund	<u>280,257</u>
State Highway Improvement Fund	
Gasoline Tax	19,056
Motor Vehicle Tax	3,666
Total State Highway Improvement Fund	<u>22,722</u>
Permissive License Registration Fund - Permissive Tax	17,225
Driver's Interlock and Alcohol Monitoring - Fines and Forfeitures	346
Police Pension Fund - Homestead and Rollback Reimbursement	4,422
Fire Pension Fund - Homestead and Rollback Reimbursement	4,422
Total Nonmajor Special Revenue Funds	<u>329,394</u>
Total Governmental Fund Types	<u><u>\$2,055,349</u></u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 7 - TRANSFERS

Following is a summary of Transfers in and out for all funds for 2016:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$0	\$920,531
General Bond Retirement Fund	614,301	0
TIF District-Coshocton Road Fund	0	204,478
Other Governmental Funds	<u>573,420</u>	<u>62,712</u>
Total Governmental Funds	<u>\$1,187,721</u>	<u>\$1,187,721</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. All transfers are considered allowable in accordance with Ohio Revised Code Sections 5705.14 – 5705.16.

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CITY OF MOUNT VERNON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 8 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets as of December 31, 2016:

Historical Cost:

Class	Balance at December 31, 2015	Additions	Deletions	Balance at December 31, 2016
<i>Capital assets not being depreciated:</i>				
Land	\$13,771,208	\$32,875	\$0	\$13,804,083
Construction in Progress	880,176	470,924	(812,748)	538,352
Subtotal	<u>14,651,384</u>	<u>503,799</u>	<u>(812,748)</u>	<u>14,342,435</u>
<i>Capital assets being depreciated:</i>				
Buildings	15,297,080	305,161	0	15,602,241
Improvements Other than Buildings	1,596,005	858,473	0	2,454,478
Infrastructure	44,261,520	2,005,910	(17,446)	46,249,984
Machinery and Equipment	8,561,979	736,585	(85,713)	9,212,851
Subtotal	<u>69,716,584</u>	<u>3,906,129</u>	<u>(103,159)</u>	<u>73,519,554</u>
Total Cost	<u>\$84,367,968</u>	<u>\$4,409,928</u>	<u>(\$915,907)</u>	<u>\$87,861,989</u>

Accumulated Depreciation:

Class	Balance at December 31, 2015	Additions	Deletions	Balance at December 31, 2016
Buildings	(\$6,550,882)	(\$496,992)	\$0	(\$7,047,874)
Improvements	(635,963)	(62,629)	0	(698,592)
Infrastructure	(20,654,448)	(1,307,662)	17,446	(21,944,664)
Machinery and Equipment	(6,087,913)	(563,305)	74,442	(6,576,776)
Total Depreciation	<u>(\$33,929,206)</u>	<u>(\$2,430,588) *</u>	<u>\$91,888</u>	<u>(\$36,267,906)</u>
<i>Net Value:</i>	<u>\$50,438,762</u>			<u>\$51,594,083</u>

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$399,274
Leisure Time Activities	267,445
Public Health & Welfare	28,072
Transportation	1,447,626
General Government	288,171
Total Depreciation Expense	<u>\$2,430,588</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 8 – CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by category of changes in business-type activities capital assets as of December 31, 2016:

Historical Cost:

Class	December 31, 2015	Additions	Deletions	December 31, 2016
Capital assets not being depreciated:				
Land	\$819,311	\$0	\$0	\$819,311
Construction in Progress	86,002	0	0	86,002
Subtotal	905,313	0	0	905,313
Capital assets being depreciated:				
Buildings	34,887,379	463,938	0	35,351,317
Utility Structures in Service	27,356,253	72,691	0	27,428,944
Machinery and Equipment	4,661,514	98,400	(90,233)	4,669,681
Subtotal	66,905,146	635,029	(90,233)	67,449,942
Total Cost	\$67,810,459	\$635,029	(\$90,233)	\$68,355,255

Accumulated Depreciation:

Class	December 31, 2015	Additions	Deletions	December 31, 2016
Buildings	(\$15,004,745)	(\$1,061,573)	\$0	(\$16,066,318)
Utility Structures in Service	(14,018,430)	(399,301)	0	(14,417,731)
Machinery and Equipment	(3,076,420)	(225,643)	90,233	(3,211,830)
Total Depreciation	(\$32,099,595)	(\$1,686,517)	\$90,233	(\$33,695,879)
Net Value:	\$35,710,864			\$34,659,376

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 9 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

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

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

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

	<u>State and Local</u>
2016 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2016 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	<u>2.0</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City’s contractually required contribution was \$545,775 for 2016. Of this amount, \$59,782 is reported as *accrued wages and benefits payable*.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

Plan Description – Ohio Police & Fire Pension Fund (OPF)

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

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

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

CITY OF MOUNT VERNON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

	<u>Police</u>	<u>Firefighters</u>
2016 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee:		
January 1, 2016 through December 31, 2016	12.25 %	12.25 %
2016 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50</u>	<u>0.50</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee:		
January 1, 2016 through December 31, 2016	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OPF was \$905,295 for 2016. Of this amount, \$103,353 is reported as accrued wages and benefits payable.

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

The net pension liability for OPERS was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OPF's total pension liability was measured as of December 31, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$5,749,100	\$12,322,265	\$18,071,365
Proportion of the Net Pension Liability -2016	0.033191%	0.191546%	
Proportion of the Net Pension Liability -2015	<u>0.033673%</u>	<u>0.194451%</u>	
Percentage Change	<u>(0.000482%)</u>	<u>(0.002905%)</u>	
Pension Expense	\$745,065	\$1,534,062	\$2,279,127

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$1,689,876	\$2,005,592	\$3,695,468
City contributions subsequent to the measurement date	<u>545,775</u>	<u>905,295</u>	<u>1,451,070</u>
Total Deferred Outflows of Resources	<u>\$2,235,651</u>	<u>\$2,910,887</u>	<u>\$5,146,538</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	<u>\$111,084</u>	<u>\$34,601</u>	<u>\$145,685</u>

\$1,451,070 reported as deferred outflows of resources related to pension resulting from City contributions to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2017	\$369,591	\$521,461	\$891,052
2018	396,613	521,461	918,074
2019	430,168	521,461	951,629
2020	382,420	414,543	796,963
2021	0	(6,668)	(6,668)
2022	<u>0</u>	<u>(1,267)</u>	<u>(1,267)</u>
Total	<u>\$1,578,792</u>	<u>\$1,970,991</u>	<u>\$3,549,783</u>

Actuarial Assumptions - OPERS

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4 percent for 2015.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other investments	18.00	4.59
Total	100.00 %	5.27 %

Discount Rate The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the City’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City’s proportionate share of the net pension liability	\$9,159,720	\$5,749,100	\$2,872,349

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial Assumptions – OPF

OPF’s total pension liability as of December 31, 2015 is based on the results of an actuarial valuation date of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OPF’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2015, are presented below:

Valuation Date	January 1, 2015
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.25 percent
Projected Salary Increases	4.25 percent to 11 percent
Payroll Increases	3.75 percent
Inflation Assumptions	3.25 percent
Cost of Living Adjustments	2.60 percent and 3.00 percent

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed January 1, 2012.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF’s target asset allocation as of December 31, 2015 are summarized below:

Asset Class	Target Allocation	10 Year Expected Real Rate of Return**	30 Year Expected Real Rate of Return**
Cash and Cash Equivalents	0.00 %	0.00 %	0.00 %
Domestic Equity	16.00	4.47	7.80
Non-US Equity	16.00	4.47	8.00
Core Fixed Income *	20.00	1.62	5.35
Global Inflation Protected *	20.00	1.33	4.73
High Yield	15.00	3.39	7.21
Real Estate	12.00	3.93	7.43
Private Markets	8.00	6.98	10.73
Timber	5.00	4.92	7.35
Master Limited Partnerships	8.00	7.03	10.75
Total	120.00 %		

* levered 2x

**numbers include inflation

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

Discount Rate The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$16,251,417	\$12,322,265	\$8,993,887

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 10 - 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.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 20 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. Please see the Plan Statement in the OPERS 2015 CAFR for details.

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 visiting <https://www.opers.org/financial/reports.shtml#CAFR>, by making a written request to OPERS, 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 2016, 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

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

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2016. As recommended by OPERS’ actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0% for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the RMA for participants in the Member-Directed Plan for 2016 was 4.0%.

The City's contributions for health care to the OPERS for the years ending December 31, 2016, 2015, and 2014 were \$99,694, \$92,072, and \$90,675, respectively, which were equal to the required contributions for each year.

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. That report is also available on OP&F’s website at www.op-f.org.

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 10 POSTEMPLOYMENT BENEFITS (Continued)

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

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

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 2016, the portion of employer contributions allocated to health care was 0.5% of covered payroll for both police officers and firefighters. 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, 2016, 2015, and 2014 were \$8,751, \$7,635, and \$7,597 for police and \$12,218, \$11,310 and \$11,119 for firefighters, respectively, which were equal to the required contributions for each year.

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CITY OF MOUNT VERNON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 11 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2016 were as follows:

			Balance December 31, 2015	Additions	(Reductions)	Balance December 31, 2016	Amounts Due Within One Year
Business-Type Activities:							
Mortgage Revenue Bonds:							
3.00 - 3.75%	Water Refunding 1999	2009	\$1,895,000	\$0	(\$465,000)	\$1,430,000	\$480,000
General Obligation Bonds:							
4.00 - 5.500%	Waterworks Refunding 1997	2007	1,840,000	0	(585,000)	1,255,000	615,000
3.75 - 4.350%	Waterworks	2007	50,000	0	(25,000)	25,000	25,000
3.75 - 4.350%	W/W Treatment Facility	2007	270,750	0	(130,750)	140,000	140,000
1.86%	Wastewater Refunding 2003	2012	781,570	0	(105,850)	675,720	108,750
1.86%	Wastewater Refunding 2003	2012	567,430	0	(76,650)	490,780	78,750
1.86%	Water Refunding 2003	2012	40,575	0	(5,475)	35,100	5,625
1.86%	Wastewater Refunding 2003	2012	40,575	0	(5,475)	35,100	5,625
2.61%	W/W Refunding 2009B	2015	2,000,000	0	(120,000)	1,880,000	125,000
2.51%	Water Refunding 2007	2015	330,000	0	(4,000)	326,000	4,000
2.51%	W/W Refunding 2007	2015	1,907,750	0	(22,500)	1,885,250	22,500
Total General Obligation Bonds Payable			7,828,650	0	(1,080,700)	6,747,950	1,130,250
Special Obligation Bonds:							
2.60%	Water - Building Project	2012	737,500	0	(52,500)	685,000	55,000
2.60%	Wastewater -Building Project	2012	737,500	0	(52,500)	685,000	55,000
Total Special Obligation Bonds Payable			1,475,000	0	(105,000)	1,370,000	110,000
Ohio Public Works Commission Loan:							
0.000%	Water Improvements	2009	90,888	41,617	(6,268)	126,237	9,351
Ohio Water Development Authority							
1.160%	Wastewater Improvements	2011	6,154,888	0	(282,448)	5,872,440	336,052
Net Pension Liability:							
Ohio Public Employees Retirement System			1,725,415	216,689	0	1,942,104	0
Compensated Absences			293,307	186,393	(165,665)	314,035	97,915
Total Business-Type Activities			\$19,463,148	\$444,699	(\$2,105,081)	\$17,802,766	\$2,163,568

CITY OF MOUNT VERNON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 11 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

			Balance December 31, 2015	Additions	(Reductions)	Balance December 31, 2016	Amounts Due Within One Year
Governmental Activities:							
General Obligation Bond:							
3.75 - 4.350%	Water Park Facility	2007	\$286,500	\$0	(\$141,500)	\$145,000	\$145,000
2.00- 4.250%	Highway Project	2009	1,655,000	0	(100,000)	1,555,000	100,000
1.86%	Building Refunding 2003	2012	81,150	0	(10,950)	70,200	11,250
1.86%	Highway Refunding 2003	2012	1,190,200	0	(160,600)	1,029,600	165,000
2.51%	Water Park Refund 2007	2015	1,992,650	0	(22,000)	1,970,650	23,500
	Total General Obligation Bonds Payable		<u>5,205,500</u>	<u>0</u>	<u>(435,050)</u>	<u>4,770,450</u>	<u>444,750</u>
Special Obligation Bonds:							
2.60%	Building Project	2012	1,475,000	0	(105,000)	1,370,000	110,000
	Total Special Obligation Bonds Payable		<u>1,475,000</u>	<u>0</u>	<u>(105,000)</u>	<u>1,370,000</u>	<u>110,000</u>
Ohio Public Works Commission Loans:							
0.000%	OPWC Loan Payable	2003	191,250	0	(21,250)	170,000	21,250
0.000%	OPWC Loan Payable	2009	90,625	0	(6,250)	84,375	6,250
	Total OPWC Loans Payable		<u>281,875</u>	<u>0</u>	<u>(27,500)</u>	<u>254,375</u>	<u>27,500</u>
Net Pension Liability:							
	Ohio Public Employees Retirement System		2,335,925	1,471,071	0	3,806,996	0
	Ohio Police and Fire Pension Fund		10,073,067	2,249,198	0	12,322,265	0
	Total Net Pension Liability		<u>12,408,992</u>	<u>3,720,269</u>	<u>0</u>	<u>16,129,261</u>	<u>0</u>
	Compensated Absences		1,090,804	957,058	(966,607)	1,081,255	342,636
	Police and Firemen's Pension Accrued Liability		366,476	0	(12,430)	354,046	12,964
	Total Governmental Activities		<u>\$20,828,647</u>	<u>\$4,677,327</u>	<u>(\$1,546,587)</u>	<u>\$23,959,387</u>	<u>\$937,850</u>

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. Wastewater Improvements (2011) was for upgrades to electrical and instrumentation at treatment plant. Wastewater Refunding 2003 (2012) and Water Refunding 2003 (2012) were for the acquisition and renovation of a building for the customer service and billing division. Water and Wastewater building project (2012) was for the construction of a combined maintenance facility building for the Distribution and Collection Departments.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 11 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

A. Long-term Debt Purpose (Continued)

Ohio Water Development Authority, as administrator for the U. S. Environmental Protection Agency (EPA), provided funding for the construct a septage receiving station and electrical and instrumentation upgrades in 2011. In 2015, Advanced Refunding Bonds were issued to pay off the 2007 Various Purpose bonds for Waterworks and Wastewater Treatment Facility. The refunding will occur on December 1, 2017. These bonds were for the construction of a water line and wastewater improvements to the influent screening process. Wastewater Improvement Refunding Bonds were issued to retire Various Purpose Bonds, Series 2012 (B) that provided for relining of two main inceptor lines.

		Original Issue
		<u> </u>
Business-Type Activities		
Mortgage Revenue Bonds:		
Water Refunding 1999	2009	\$4,420,000
General Obligation Bonds:		
Waterworks Refunding 1997	2007	5,785,000
Waterworks	2007	520,000
Wastewater Treatment Facility	2007	2,890,000
Wastewater Improvements	2009	2,595,000
Wastewater Refunding	2012	1,020,800
Wastewater Refunding	2012	739,200
Wastewater Refunding	2012	52,800
Water Refunding	2012	52,800
Water Refunding 2007	2015	330,000
Wastewater Refunding 2007	2015	2,095,000
Total General Obligation Bonds		<u>16,080,600</u>
Special Obligation Bonds:		
Wastewater-Building Project	2012	887,500
Water-Building Project	2012	887,500
Total Special Obligation Bonds		<u>1,775,000</u>
Ohio Public Works Commission Loan:		
Wastewater Improvements	2009	125,362
Ohio Water Development Authority		
Wastewater Improvements	2011	7,178,446
Total Business Type Activities		<u><u>\$29,579,408</u></u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 11 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

A. Long-term Debt Purpose (Continued)

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. Building Refunding 2003 (2012) was for the acquisition and renovation of a building for the City Income Tax Department. Highway Refunding 2003 (2012) was for the widening of a portion of State Route 36 East, including drainage and traffic lights. Building Project (2012) was for the construction of a combined maintenance facility building for the Street Department. Water Park Facility Refunding (2015) was for the construction of a new water park/pool complex.

		Original Issue
Governmental Activities Long-Term Debt:		
General Obligation Bonds:		
Water Park Facility	2007	\$3,035,000
Highway Project	2009	2,165,000
Building Refunding 2003	2012	105,600
Highway Refunding 2003	2012	1,548,800
Water Park Facility Refunding 2007	2015	2,007,500
Total General Obligation Bonds		<u>8,861,900</u>
Special Obligation Bonds:		
Building Project	2012	1,775,000
Total Special Obligation Bonds		<u>1,775,000</u>
Ohio Public Works Commission Loan:		
OPWC Loan Payable	2003	425,000
OPWC Loan Payable	2009	125,000
Total Ohio Public Works Commission Loan Payable		<u>550,000</u>
Total Governmental Activities		<u>\$11,186,900</u>

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, 2016 was \$514,426 in principal and interest payments through the year 2035.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 11 - 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, 2016 are as follows:

Business-type Activities:

Years	General Obligation Bonds		Mortgage Revenue Bonds		Ohio Public Works Commission Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$1,130,250	\$283,113	\$480,000	\$59,625	\$9,351	\$0
2018	1,167,500	146,225	950,000	35,625	9,351	0
2019	532,800	108,492	0	0	9,351	0
2020	553,700	96,275	0	0	9,351	0
2021	559,000	83,494	0	0	9,351	0
2022-2026	2,086,500	243,679	0	0	46,755	0
2027-2032	718,200	18,842	0	0	32,727	0
Totals	<u>\$6,747,950</u>	<u>\$980,120</u>	<u>\$1,430,000</u>	<u>\$95,250</u>	<u>\$126,237</u>	<u>\$0</u>

Years	Ohio Water Development Authority Loan		Special Obligation Bonds	
	Principal	Interest	Principal	Interest
2017	\$336,052	\$67,149	\$110,000	\$35,620
2018	339,962	63,239	112,500	32,760
2019	343,917	59,284	115,000	29,834
2020	347,918	55,283	117,500	26,918
2021	351,965	51,235	120,000	23,790
2022-2026	1,822,208	193,797	655,000	70,174
2027-2032	2,330,418	88,788	140,000	3,640
Totals	<u>\$5,872,440</u>	<u>\$578,775</u>	<u>\$1,370,000</u>	<u>\$222,736</u>

CITY OF MOUNT VERNON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2016**

NOTE 11 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

C. Principal and Interest Requirements (Continued)

Governmental Activities:

Years	General Obligation Bonds		Police/Fire Pension Liability		Ohio Public Works Commission Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
	2017	\$444,750	\$217,940	\$12,964	\$14,911	\$27,500
2018	452,500	125,525	13,521	14,354	27,500	0
2019	457,200	114,274	14,101	13,772	27,500	0
2020	476,300	102,699	14,707	13,167	27,500	0
2021	486,000	90,289	15,339	12,536	27,500	0
2022-2026	1,803,500	277,052	87,162	52,210	95,000	0
2027-2031	650,200	42,767	107,559	31,812	21,875	0
2032-2035	0	0	88,693	7,618	0	0
Totals	<u>\$4,770,450</u>	<u>\$970,546</u>	<u>\$354,046</u>	<u>\$160,380</u>	<u>\$254,375</u>	<u>\$0</u>

Years	Special Obligation Bonds	
	Principal	Interest
2017	\$110,000	\$35,620
2018	112,500	32,760
2019	115,000	29,835
2020	117,500	26,918
2021	120,000	23,790
2022-2026	655,000	70,174
2027-2031	140,000	3,640
Totals	<u>\$1,370,000</u>	<u>\$222,737</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 11 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

D. Defeased Debt

In March 2015, the City defeased \$301,000 of Water General Obligation Bonds dated March, 2007 (the "2007 Bonds") through the issuance of \$330,000 of Water General Obligation Bonds. The net proceeds of the 2015 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$301,000 at December 31, 2016, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

In March 2015, the City defeased \$1,741,750 of Wastewater General Obligation Bonds dated March, 2007 (the "2007 Bonds") through the issuance of \$1,910,250 of Wastewater General Obligation Bonds. The net proceeds of the 2015 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$1,741,750 at December 31, 2016, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

In March 2015, the City defeased \$1,830,000 of General Obligation Bonds dated March, 2007 (the "2007 Bonds") through the issuance of \$1,995,150 of General Obligation Bonds. The net proceeds of the 2015 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$1,830,000 at December 31, 2016, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

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, 2016, the total accumulated unpaid sick, vacation and compensatory time recorded was as follows:

	<u>Hours</u>	<u>Amount</u>
Sick Leave	55,077	\$693,348
Vacation	13,296	310,921
Compensatory Time	<u>3,017</u>	<u>76,986</u>
Total	<u><u>71,390</u></u>	<u><u>\$1,081,255</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.

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. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. 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 and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2016, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does 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, 2016***

NOTE 13 - RISK MANAGEMENT (Continued)

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2015 and 2016, the latest information available:

	<u>2015</u>	<u>2016</u>
Assets	\$ 38,307,677	\$ 38,307,677
Liabilities	<u>12,759,127</u>	<u>12,759,127</u>
Net Assets	<u>\$ 25,548,550</u>	<u>\$ 25,548,550</u>

At December 31, 2015 and 2016, respectively, the liabilities above include approximately \$11.1 million and \$11.5 million of estimated incurred claims payable. The assets above also include approximately \$11.0 million and \$11.5 million of unpaid claims to be billed. The Pool's membership increased from 499 members in 2015 to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the City's share of these unpaid claims collectible in future years is approximately \$103,000.

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>
2015	\$ 163,874
2016	169,380

After one year of membership, members may withdraw on the anniversary of the date of joined PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. 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, 2016**

NOTE 14 - SIGNIFICANT COMMITMENTS

A. Construction Commitments

As of December 31, 2016, the City had the following commitments with respect to capital projects:

<u>Contractual Commitments</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
State Route 13 & Commerce Drive Intersection Improvements	\$13,020	June 2017

B. Encumbrances

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, cash basis commitments for encumbrances in the City's funds were as follows:

Governmental Funds:	
General Fund	\$643,989
Community Development Block Grant Fund	61,706
Capital Improvement Fund	141,773
TIF District - Coshocton Road Fund	15,510
Other Governmental Funds	<u>163,179</u>
Total Governmental Funds	1,026,157
Enterprise Funds:	
Water Fund	128,684
Sewer Fund	<u>176,034</u>
Total Enterprise Funds	304,718
Agency Funds	<u>78,877</u>
Total	<u>\$1,409,752</u>

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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2016***

NOTE 16 - CONDUIT DEBT OBLIGATIONS

The City has issued Economic Development Revenue Bonds to provide financial assistance to private-sector entities for the acquisition, construction, renovation, installation and equipping of a 65,000 square foot expansion to the Prince Student Union, which will include a new arena and other intercollegiate athletic facilities, academic and office space facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

The City has issued Economic Development Revenue Refunding Bonds, Series 2016, in the amount of \$8,933,334 for the above described bonds, on September 1, 2016. All related provisions as described above remain in place and the City has no financial obligation for repayment of the bonds. As December 31, 2016, Economic Development Revenue Refunding Bonds outstanding for the Mount Vernon Nazarene University totaled \$8,852,748.24.

REQUIRED SUPPLEMENTAL INFORMATION

CITY OF MOUNT VERNON, OHIO

***Schedule of City's Proportionate Share of the Net Pension Liability
Last Three Years***

Ohio Public Employees Retirement System

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>
City's proportion of the net pension liability	0.033673%	0.033673%	0.033191%
City's proportionate share of the net pension liability	\$3,969,608	\$4,061,340	\$5,749,100
City's covered-employee payroll	\$4,439,377	\$3,719,758	\$4,089,550
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	89.42%	109.18%	140.58%
Plan fiduciary net position as a percentage of the total pension liability	86.36%	86.45%	81.08%

Source: City Auditor's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>
City's proportion of the net pension liability	0.1944451%	0.1944451%	0.191546%
City's proportionate share of the net pension liability	\$9,470,086	\$10,073,067	\$12,322,265
City's covered-employee payroll	\$3,624,240	\$3,757,673	\$3,788,456
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	261.30%	268.07%	325.26%
Plan fiduciary net position as a percentage of the total pension liability	73.00%	72.20%	66.77%

Source: City Auditor's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.

Information prior to 2013 is not available.

The schedule is reported as of the measurement date of the Net Pension Liability.

CITY OF MOUNT VERNON, OHIO

***Schedule of City Contributions
Last Four Years***

Ohio Public Employees Retirement System

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$577,119	\$446,371	\$490,746	\$545,775
Contributions in relation to the contractually required contribution	<u>577,119</u>	<u>446,371</u>	<u>490,746</u>	<u>545,775</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered-employee payroll	\$4,439,377	\$3,719,758	\$4,089,550	\$4,548,125
Contributions as a percentage of covered-employee payroll	13.00%	12.00%	12.00%	12.00%

Source: City Auditor's Office and the Ohio Public Employees Retirement System

Ohio Police and Fire Pension Fund

Year	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Contractually required contribution	\$672,896	\$814,678	\$821,716	\$905,295
Contributions in relation to the contractually required contribution	<u>672,896</u>	<u>814,678</u>	<u>821,716</u>	<u>905,295</u>
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
City's covered-employee payroll	\$3,624,240	\$3,757,673	\$3,788,456	\$4,187,303
Contributions as a percentage of covered-employee payroll	18.57%	21.68%	21.69%	21.62%

Source: City Auditor's Office and the Ohio Police and Fire Pension Fund

Notes: The City implemented GASB Statement 68 in 2015.
Information prior to 2013 is not available.

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*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

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Nonmajor Governmental Funds

Special Revenue Funds

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.

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.

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.

(Continued)

Special Revenue Funds

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.

Municipal Court Special Projects Fund

To account for revenues from fines to be used for future special projects and programs within the court.

Court Clerk Computer Fund

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

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.

Available Petition Fund

To account for revenues from lodging excise tax to be used for small grant projects related to arts, cultural development, economic development and other related community programs.

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.

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.

(Continued)

Special Revenue Funds

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.

Debt Service Fund

The Debt Service Fund is used to account for retirement of the City's long-term debt obligations.

General Bond Retirement-Income Tax Fund

To account for the accumulation of income tax used for the payment of principal and interest on special obligation bonds for the construction of a maintenance building and appurtenant parking.

Capital Projects Funds

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

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, 2016**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 1,095,605	\$ 12,135	\$ 11,168	\$ 0	\$ 1,118,908
Receivables:					
Taxes	245,205	0	89,116	0	334,321
Accounts	3,887	0	0	3,665	7,552
Intergovernmental	329,394	0	0	0	329,394
Inventory of Supplies	28,860	0	0	0	28,860
Prepaid Items	36,035	0	0	0	36,035
Restricted Assets:					
Cash and Cash Equivalents	0	0	0	462,273	462,273
Cash and Cash Equivalents with Fiscal Agent	5,297	0	0	0	5,297
Total Assets	\$ 1,744,283	\$ 12,135	\$ 100,284	\$ 465,938	\$ 2,322,640
Liabilities:					
Accounts Payable	\$ 126,403	\$ 0	\$ 0	\$ 0	\$ 126,403
Accrued Wages and Benefits Payable	42,314	0	0	0	42,314
Contracts Payable	9,409	0	0	0	9,409
Total Liabilities	178,126	0	0	0	178,126
Deferred Inflows of Resources:					
Deferred Inflow-Property Tax	147,600	0	58,000	0	205,600
Unavailable Revenue	247,084	0	31,116	0	278,200
Total Deferred Inflows of Resources	394,684	0	89,116	0	483,800
Fund Balances:					
Nonspendable	64,895	0	0	465,938	530,833
Restricted	1,012,358	12,135	2,930	0	1,027,423
Committed	95,229	0	8,238	0	103,467
Unassigned	(1,009)	0	0	0	(1,009)
Total Fund Balances	1,171,473	12,135	11,168	465,938	1,660,714
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,744,283	\$ 12,135	\$ 100,284	\$ 465,938	\$ 2,322,640

CITY OF MOUNT VERNON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2016***

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Taxes	\$ 786,776	\$ 143,606	\$ 58,162	\$ 0	\$ 988,544
Intergovernmental Revenues	833,527	0	0	0	833,527
Charges for Services	66,283	0	0	0	66,283
Licenses and Permits	2,111	0	0	0	2,111
Investment Earnings	235	0	0	0	235
Fines and Forfeitures	165,115	0	0	0	165,115
All Other Revenue	103,067	0	0	19,578	122,645
Total Revenue	1,957,114	143,606	58,162	19,578	2,178,460
Expenditures:					
Current:					
Security of Persons and Property	966,442	0	0	0	966,442
Public Health and Welfare Services	394,329	0	0	0	394,329
Leisure Time Activities	1,374	0	0	0	1,374
Transportation	1,048,936	0	992	0	1,049,928
General Government	376,319	0	0	0	376,319
Debt Service:					
Principal Retirement	0	105,000	0	0	105,000
Interest and Fiscal Charges	0	38,426	0	0	38,426
Total Expenditures	2,787,400	143,426	992	0	2,931,818
Excess (Deficiency) of Revenues Over Expenditures	(830,286)	180	57,170	19,578	(753,358)
Other Financing Sources (Uses):					
Sale of Capital Assets	3	0	0	0	3
Transfers In	573,420	0	0	0	573,420
Transfers Out	0	0	(62,712)	0	(62,712)
Total Other Financing Sources (Uses)	573,423	0	(62,712)	0	510,711
Net Change in Fund Balances	(256,863)	180	(5,542)	19,578	(242,647)
Fund Balances at Beginning of Year	1,435,002	11,955	16,710	446,360	1,910,027
Decrease in Inventory	(6,666)	0	0	0	(6,666)
Fund Balances End of Year	\$ 1,171,473	\$ 12,135	\$ 11,168	\$ 465,938	\$ 1,660,714

CITY OF MOUNT VERNON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016**

	Street Construction, Maintenance & Repair	State Highway Improvement	Permissive Auto License Tax	Cemetery
Assets:				
Cash and Cash Equivalents	\$ 103,756	\$ 79,862	\$ 22,489	\$ 108,995
Receivables:				
Taxes	28,284	0	0	37,711
Accounts	0	0	0	3,887
Intergovernmental	280,257	22,722	0	0
Inventory of Supplies	28,282	0	0	578
Prepaid Items	3,282	0	0	747
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	0	0	5,297	0
Total Assets	\$ 443,861	\$ 102,584	\$ 27,786	\$ 151,918
Liabilities:				
Accounts Payable	\$ 13,297	\$ 1,159	\$ 0	\$ 4,928
Accrued Wages and Benefits Payable	13,141	0	0	4,172
Contracts Payable	1,753	521	0	131
Total Liabilities	28,191	1,680	0	9,231
Deferred Inflows of Resources:				
Deferred Inflows-Property Tax	0	0	0	0
Unavailable Revenue	195,853	15,148	5,297	12,020
Total Deferred Inflows of Resources	195,853	15,148	5,297	12,020
Fund Balances:				
Nonspendable	31,564	0	0	1,325
Restricted	188,253	85,756	22,489	129,342
Committed	0	0	0	0
Unassigned	0	0	0	0
Total Fund Balances	219,817	85,756	22,489	130,667
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 443,861	\$ 102,584	\$ 27,786	\$ 151,918

CITY OF MOUNT VERNON, OHIO

Park Development	Parking	Law Enforcement Trust	Drug Enforcement Trust	Permissive License Registration	Indigent Drivers Alcohol Treatment
\$ 5,833	\$ 19,107	\$ 8,868	\$ 24,400	\$ 47,590	\$ 8,625
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	17,225	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>\$ 5,833</u>	<u>\$ 19,107</u>	<u>\$ 8,868</u>	<u>\$ 24,400</u>	<u>\$ 64,815</u>	<u>\$ 8,625</u>
\$ 0	\$ 1,715	\$ 0	\$ 0	\$ 1,279	\$ 0
0	45	0	0	0	0
0	0	0	0	1,425	186
<u>0</u>	<u>1,760</u>	<u>0</u>	<u>0</u>	<u>2,704</u>	<u>186</u>
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>
0	0	0	0	0	0
5,833	0	8,868	24,400	62,111	8,439
0	17,347	0	0	0	0
0	0	0	0	0	0
<u>5,833</u>	<u>17,347</u>	<u>8,868</u>	<u>24,400</u>	<u>62,111</u>	<u>8,439</u>
<u>\$ 5,833</u>	<u>\$ 19,107</u>	<u>\$ 8,868</u>	<u>\$ 24,400</u>	<u>\$ 64,815</u>	<u>\$ 8,625</u>

(Continued)

CITY OF MOUNT VERNON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016**

	DUI Enforcement and Education	Court Computerization	Probation Services	Municipal Court Special Projects
Assets:				
Cash and Cash Equivalents	\$ 44,711	\$ 21,600	\$ 31,157	\$ 22,079
Receivables:				
Taxes	0	0	0	0
Accounts	0	0	0	0
Intergovernmental	0	0	0	0
Inventory of Supplies	0	0	0	0
Prepaid Items	0	2,738	0	0
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
Total Assets	\$ 44,711	\$ 24,338	\$ 31,157	\$ 22,079
Liabilities:				
Accounts Payable	\$ 0	\$ 50	\$ 622	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0
Contracts Payable	0	0	0	0
Total Liabilities	0	50	622	0
Deferred Inflows of Resources:				
Deferred Inflows-Property Tax	0	0	0	0
Unavailable Revenue	0	0	0	0
Total Deferred Inflows of Resources	0	0	0	0
Fund Balances:				
Nonspendable	0	2,738	0	0
Restricted	44,711	21,550	30,535	22,079
Committed	0	0	0	0
Unassigned	0	0	0	0
Total Fund Balances	44,711	24,288	30,535	22,079
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 44,711	\$ 24,338	\$ 31,157	\$ 22,079

CITY OF MOUNT VERNON, OHIO

Court Clerk Computer	Lodging Excise Tax	Driver's Interlock & Alcohol Monitoring	Public Service Street Repair	Hiawatha Water Park Scholarship	Available Petition
\$ 119,610	\$ 0	\$ 128,020	\$ 6,570	\$ 2,713	\$ 100,765
0	5,882	0	0	0	294
0	0	0	0	0	0
0	0	346	0	0	0
0	0	0	0	0	0
29,268	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 148,878</u>	<u>\$ 5,882</u>	<u>\$ 128,366</u>	<u>\$ 6,570</u>	<u>\$ 2,713</u>	<u>\$ 101,059</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	0	0
0	5,382	0	0	0	0
<u>0</u>	<u>5,382</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
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>
29,268	0	0	0	0	0
119,610	500	128,366	0	0	101,059
0	0	0	6,570	2,713	0
0	0	0	0	0	0
<u>148,878</u>	<u>500</u>	<u>128,366</u>	<u>6,570</u>	<u>2,713</u>	<u>101,059</u>
<u>\$ 148,878</u>	<u>\$ 5,882</u>	<u>\$ 128,366</u>	<u>\$ 6,570</u>	<u>\$ 2,713</u>	<u>\$ 101,059</u>

(Continued)

CITY OF MOUNT VERNON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2016**

	Police Pension	Fire Pension	Mausoleum	Veterans Honor Walkway	Total Nonmajor Special Revenue Funds
Assets:					
Cash and Cash Equivalents	\$ 45,990	\$ 72,393	\$ 1,862	\$ 68,610	\$ 1,095,605
Receivables:					
Taxes	87,850	85,184	0	0	245,205
Accounts	0	0	0	0	3,887
Intergovernmental	4,422	4,422	0	0	329,394
Inventory of Supplies	0	0	0	0	28,860
Prepaid Items	0	0	0	0	36,035
Restricted Assets:					
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0	5,297
Total Assets	\$ 138,262	\$ 161,999	\$ 1,862	\$ 68,610	\$ 1,744,283
Liabilities:					
Accounts Payable	\$ 38,731	\$ 64,622	\$ 0	\$ 0	\$ 126,403
Accrued Wages and Benefits Payable	9,753	15,203	0	0	42,314
Contracts Payable	0	0	0	11	9,409
Total Liabilities	48,484	79,825	0	11	178,126
Deferred Inflows of Resources:					
Deferred Inflows-Property Tax	73,800	73,800	0	0	147,600
Unavailable Revenue	9,383	9,383	0	0	247,084
Total Deferred Inflows of Resources	83,183	83,183	0	0	394,684
Fund Balances:					
Nonspendable	0	0	0	0	64,895
Restricted	6,595	0	1,862	0	1,012,358
Committed	0	0	0	68,599	95,229
Unassigned	0	(1,009)	0	0	(1,009)
Total Fund Balances	6,595	(1,009)	1,862	68,599	1,171,473
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 138,262	\$ 161,999	\$ 1,862	\$ 68,610	\$ 1,744,283



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, 2016***

	Street Construction, Maintenance & Repair	State Highway Improvement	Permissive Auto License Tax	Cemetery
Revenues:				
Taxes	\$ 178,589	\$ 0	\$ 0	\$ 238,118
Intergovernmental Revenues	593,000	48,081	66,657	0
Charges for Services	0	0	0	63,863
Licenses and Permits	825	0	0	0
Investment Earnings	12	11	0	204
Fines and Forfeitures	0	0	0	0
All Other Revenue	2,443	0	0	4,203
Total Revenue	<u>774,869</u>	<u>48,092</u>	<u>66,657</u>	<u>306,388</u>
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare Services	0	0	0	394,329
Leisure Time Activities	0	0	0	0
Transportation	829,250	46,439	75,000	0
General Government	0	0	0	0
Total Expenditures	<u>829,250</u>	<u>46,439</u>	<u>75,000</u>	<u>394,329</u>
Excess (Deficiency) of Revenues Over Expenditures	(54,381)	1,653	(8,343)	(87,941)
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	3
Transfers In	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>3</u>
Net Change in Fund Balances	(54,381)	1,653	(8,343)	(87,938)
Fund Balances at Beginning of Year	281,161	84,103	30,832	218,308
Increase (Decrease) in Inventory	(6,963)	0	0	297
Fund Balances End of Year	<u>\$ 219,817</u>	<u>\$ 85,756</u>	<u>\$ 22,489</u>	<u>\$ 130,667</u>

CITY OF MOUNT VERNON, OHIO

Park Development	Parking	Law Enforcement Trust	Drug Enforcement Trust	Permissive License Registration	Indigent Drivers Alcohol Treatment
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	107,823	0
1,420	0	0	0	0	0
0	221	0	0	0	0
0	0	0	0	0	0
0	5,945	2,015	398	0	9,333
0	4	0	0	196	0
<u>1,420</u>	<u>6,170</u>	<u>2,015</u>	<u>398</u>	<u>108,019</u>	<u>9,333</u>
0	21,314	2,093	15,478	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	98,247	0
0	0	0	0	0	36,263
<u>0</u>	<u>21,314</u>	<u>2,093</u>	<u>15,478</u>	<u>98,247</u>	<u>36,263</u>
1,420	(15,144)	(78)	(15,080)	9,772	(26,930)
0	0	0	0	0	0
<u>1,420</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>1,420</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
2,840	(15,144)	(78)	(15,080)	9,772	(26,930)
2,993	32,491	8,946	39,480	52,339	35,369
0	0	0	0	0	0
<u>\$ 5,833</u>	<u>\$ 17,347</u>	<u>\$ 8,868</u>	<u>\$ 24,400</u>	<u>\$ 62,111</u>	<u>\$ 8,439</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, 2016***

	DUI Enforcement and Education	Court Computerization	Probation Services	Municipal Court Special Projects
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	0
Licenses and Permits	0	0	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	897	16,534	39,094	23,414
All Other Revenue	0	0	140	0
Total Revenue	<u>897</u>	<u>16,534</u>	<u>39,234</u>	<u>23,414</u>
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare Services	0	0	0	0
Leisure Time Activities	0	0	0	0
Transportation	0	0	0	0
General Government	0	37,212	58,791	1,335
Total Expenditures	<u>0</u>	<u>37,212</u>	<u>58,791</u>	<u>1,335</u>
Excess (Deficiency) of Revenues Over Expenditures	897	(20,678)	(19,557)	22,079
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
Transfers In	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	897	(20,678)	(19,557)	22,079
Fund Balances at Beginning of Year	43,814	44,966	50,092	0
Increase (Decrease) in Inventory	0	0	0	0
Fund Balances End of Year	<u>\$ 44,711</u>	<u>\$ 24,288</u>	<u>\$ 30,535</u>	<u>\$ 22,079</u>

CITY OF MOUNT VERNON, OHIO

Court Clerk Computer	Lodging Excise Tax	Driver's Interlock & Alcohol Monitoring	Public Service Street Repair	Hiawatha Water Park Scholarship	Available Petition
\$ 0	\$ 109,571	\$ 0	\$ 0	\$ 0	\$ 5,478
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	1,065	0	0
0	0	0	0	0	0
56,855	0	10,630	0	0	0
0	0	0	0	500	95,581
<u>56,855</u>	<u>109,571</u>	<u>10,630</u>	<u>1,065</u>	<u>500</u>	<u>101,059</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	290	0
0	0	0	0	0	0
35,089	204,652	0	0	0	0
<u>35,089</u>	<u>204,652</u>	<u>0</u>	<u>0</u>	<u>290</u>	<u>0</u>
21,766	(95,081)	10,630	1,065	210	101,059
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>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
21,766	(95,081)	10,630	1,065	210	101,059
127,112	95,581	117,736	5,505	2,503	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 148,878</u>	<u>\$ 500</u>	<u>\$ 128,366</u>	<u>\$ 6,570</u>	<u>\$ 2,713</u>	<u>\$ 101,059</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, 2016***

	Police Pension	Fire Pension	Mausoleum	Veterans Honor Walkway	Total Nonmajor Special Revenue Funds
Revenues:					
Taxes	\$ 128,843	\$ 126,177	\$ 0	\$ 0	\$ 786,776
Intergovernmental Revenues	8,983	8,983	0	0	833,527
Charges for Services	0	0	0	1,000	66,283
Licenses and Permits	0	0	0	0	2,111
Investment Earnings	0	0	1	7	235
Fines and Forfeitures	0	0	0	0	165,115
All Other Revenue	0	0	0	0	103,067
Total Revenue	137,826	135,160	1	1,007	1,957,114
Expenditures:					
Current:					
Security of Persons and Property	341,349	586,208	0	0	966,442
Public Health and Welfare Services	0	0	0	0	394,329
Leisure Time Activities	0	0	0	1,084	1,374
Transportation	0	0	0	0	1,048,936
General Government	1,489	1,488	0	0	376,319
Total Expenditures	342,838	587,696	0	1,084	2,787,400
Excess (Deficiency) of Revenues Over Expenditures	(205,012)	(452,536)	1	(77)	(830,286)
Other Financing Sources (Uses):					
Sale of Capital Assets	0	0	0	0	3
Transfers In	165,000	407,000	0	0	573,420
Total Other Financing Sources (Uses)	165,000	407,000	0	0	573,423
Net Change in Fund Balances	(40,012)	(45,536)	1	(77)	(256,863)
Fund Balances at Beginning of Year	46,607	44,527	1,861	68,676	1,435,002
Increase (Decrease) in Inventory	0	0	0	0	(6,666)
Fund Balances End of Year	\$ 6,595	\$ (1,009)	\$ 1,862	\$ 68,599	\$ 1,171,473

CITY OF MOUNT VERNON, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2016**

	B&O Railroad Depot	TIF District- Industrial Area	Total Nonmajor Capital Projects Funds
Assets:			
Cash and Cash Equivalents	\$ 8,238	\$ 2,930	\$ 11,168
Receivables:			
Taxes	0	89,116	89,116
Total Assets	<u>\$ 8,238</u>	<u>\$ 92,046</u>	<u>\$ 100,284</u>
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Deferred Inflows of Resources:			
Deferred Inflows-Property Tax	0	58,000	58,000
Unavailable Revenue	0	31,116	31,116
Total Deferred Inflows of Resources	<u>0</u>	<u>89,116</u>	<u>89,116</u>
Fund Balances:			
Restricted	0	2,930	2,930
Committed	8,238	0	8,238
Total Fund Balances	<u>8,238</u>	<u>2,930</u>	<u>11,168</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,238</u>	<u>\$ 92,046</u>	<u>\$ 100,284</u>

CITY OF MOUNT VERNON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2016***

	B&O Railroad Depot	TIF District- Industrial Area	Total Nonmajor Capital Project Funds
Revenues:			
Taxes	\$ 0	\$ 58,162	\$ 58,162
Total Revenue	<u>0</u>	<u>58,162</u>	<u>58,162</u>
Expenditures:			
Current:			
Transportation	0	992	992
Total Expenditures	<u>0</u>	<u>992</u>	<u>992</u>
Excess (Deficiency) of Revenues Over Expenditures	0	57,170	57,170
Other Financing Sources (Uses):			
Transfers Out	0	(62,712)	(62,712)
Total Other Financing Sources (Uses)	<u>0</u>	<u>(62,712)</u>	<u>(62,712)</u>
Net Change in Fund Balances	0	(5,542)	(5,542)
Fund Balances at Beginning of Year	<u>8,238</u>	<u>8,472</u>	<u>16,710</u>
Fund Balances End of Year	<u>\$ 8,238</u>	<u>\$ 2,930</u>	<u>\$ 11,168</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, 2016***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive Negative
Revenues:				
Property Taxes	\$ 550,700	\$ 550,700	\$ 587,614	\$ 36,914
Municipal Income Tax	6,502,366	6,502,366	6,029,064	(473,302)
Other Local Taxes	5,000	5,000	6,578	1,578
Total Tax Revenues	<u>7,058,066</u>	<u>7,058,066</u>	<u>6,623,256</u>	<u>(434,810)</u>
Intergovernmental Revenues:				
State Levied Shared Taxes	322,063	322,063	295,363	(26,700)
Intergovernmental Revenues	26,800	267,386	399,180	131,794
Total Intergovernmental Revenues	<u>348,863</u>	<u>589,449</u>	<u>694,543</u>	<u>105,094</u>
Charges for Services	1,300,130	1,300,130	1,659,987	359,857
Licenses and Permits	9,200	9,200	18,242	9,042
Investment Earnings	8,000	8,000	44,051	36,051
Fines and Forfeitures	525,000	525,000	626,854	101,854
All Other Revenues	109,000	116,200	181,937	65,737
Total Revenues	<u>9,358,259</u>	<u>9,606,045</u>	<u>9,848,870</u>	<u>242,825</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Personal Services	343,500	357,644	347,303	10,341
Travel and Transportation	43,080	50,967	38,809	12,158
Materials and Supplies	49,100	60,094	52,531	7,563
Contractual Services	175,000	210,958	174,069	36,889
Capital Outlay	160,000	272,696	166,293	106,403
Total Police Division	<u>770,680</u>	<u>952,359</u>	<u>779,005</u>	<u>173,354</u>
Fire and E.M.S. Division:				
Personal Services	229,350	319,572	317,068	2,504
Travel and Transportation	32,827	38,847	18,508	20,339
Materials and Supplies	96,500	108,373	96,601	11,772
Contractual Services	132,900	148,861	118,646	30,215
Capital Outlay	583,000	609,119	349,257	259,862
Total Fire and E.M.S. Division	<u>1,074,577</u>	<u>1,224,772</u>	<u>900,080</u>	<u>324,692</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, 2016***

	<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	25,000	23,700	18,050	5,650
Contractual Services	245,000	257,177	249,700	7,477
Public Defender:				
Contractual Services	25,000	45,000	45,000	0
Debt Services:				
Principal Retirement	12,450	12,450	12,430	20
Interest and Fiscal Charges	15,550	15,550	15,444	106
Total Miscellaneous	<u>323,000</u>	<u>353,877</u>	<u>340,624</u>	<u>13,253</u>
Total Security of Persons and Property	<u>2,168,257</u>	<u>2,531,008</u>	<u>2,019,709</u>	<u>511,299</u>
Public Health and Welfare Services:				
Police Division:				
Contractual Services	244,396	264,169	264,169	0
Total Police Division	<u>244,396</u>	<u>264,169</u>	<u>264,169</u>	<u>0</u>
Humane Officer:				
Travel and Transportation	7,900	12,617	12,617	0
Contractual Services	20,000	28,383	27,965	418
Total Humane Officer	<u>27,900</u>	<u>41,000</u>	<u>40,582</u>	<u>418</u>
Health Department:				
Contractual Services	55,000	55,000	55,000	0
Total Health Department	<u>55,000</u>	<u>55,000</u>	<u>55,000</u>	<u>0</u>
Total Public Health and Welfare Services	<u>327,296</u>	<u>360,169</u>	<u>359,751</u>	<u>418</u>
Leisure Time Activities:				
Parks:				
Personal Services	253,000	270,918	265,986	4,932
Travel and Transportation	500	800	495	305
Materials and Supplies	9,000	11,497	10,521	976
Contractual Services	195,500	245,360	227,346	18,014
Capital Outlay	10,000	26,991	18,979	8,012
Total Parks	<u>468,000</u>	<u>555,566</u>	<u>523,327</u>	<u>32,239</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, 2016***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Recreation:				
Personal Services	13,500	13,500	12,203	1,297
Materials and Supplies	5,339	5,428	5,047	381
Contractual Services	9,040	9,040	8,796	244
Total Recreation	<u>27,879</u>	<u>27,968</u>	<u>26,046</u>	<u>1,922</u>
Pool:				
Personal Services	182,400	200,824	200,065	759
Travel and Transportation	4,000	2,915	2,914	1
Materials and Supplies	90,900	95,736	94,630	1,106
Contractual Services	86,000	81,139	72,934	8,205
Capital Outlay	5,000	5,194	3,525	1,669
Total Pool	<u>368,300</u>	<u>385,808</u>	<u>374,068</u>	<u>11,740</u>
Total Leisure Time Activities	<u>864,179</u>	<u>969,342</u>	<u>923,441</u>	<u>45,901</u>
Community Environment:				
Miscellaneous Area Development, Tree Care and Trimming, Planning and Zoning:				
Materials and Supplies	27,750	27,250	26,207	1,043
Contractual Services	19,405	22,890	17,685	5,205
Total Community Environment	<u>47,155</u>	<u>50,140</u>	<u>43,892</u>	<u>6,248</u>
Transportation:				
Miscellaneous:				
Rivers and Harbors, Airport, Yauger Road Project, and Kokosing Gap Trail:				
Materials and Supplies	34,700	33,931	33,731	200
Contractual Services	15,000	15,000	7,150	7,850
Total Transportation	<u>49,700</u>	<u>48,931</u>	<u>40,881</u>	<u>8,050</u>
General Government:				
Council:				
Personal Services	67,024	67,024	67,024	0
Travel and Transportation	1,000	1,000	795	205
Materials and Supplies	1,200	1,200	948	252
Contractual Services	650	650	0	650
Total Council	<u>69,874</u>	<u>69,874</u>	<u>68,767</u>	<u>1,107</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, 2016***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Mayor:				
Personal Services	110,475	110,741	110,740	1
Travel and Transportation	500	500	482	18
Materials and Supplies	5,000	5,238	3,334	1,904
Contractual Services	700	700	0	700
Total Mayor	<u>116,675</u>	<u>117,179</u>	<u>114,556</u>	<u>2,623</u>
Auditor:				
Personal Services	268,128	275,693	264,916	10,777
Travel and Transportation	500	500	100	400
Materials and Supplies	111,500	114,787	88,311	26,476
Contractual Services	26,900	27,400	20,666	6,734
Total Auditor	<u>407,028</u>	<u>418,380</u>	<u>373,993</u>	<u>44,387</u>
Treasurer:				
Personal Services	8,888	8,888	8,888	0
Materials and Supplies	300	300	0	300
Total Treasurer	<u>9,188</u>	<u>9,188</u>	<u>8,888</u>	<u>300</u>
Law Director:				
Personal Services	335,478	344,150	329,989	14,161
Travel and Transportation	9,145	7,145	4,142	3,003
Materials and Supplies	19,465	27,803	16,416	11,387
Contractual Services	39,500	59,250	48,408	10,842
Capital Outlay	3,606	5,191	5,191	0
Total Law Director	<u>407,194</u>	<u>443,539</u>	<u>404,146</u>	<u>39,393</u>
Income Tax:				
Personal Services	142,000	139,100	138,042	1,058
Travel and Transportation	2,500	3,100	2,136	964
Materials and Supplies	19,500	24,588	22,182	2,406
Contractual Services	169,000	330,300	324,473	5,827
Capital Outlay	3,000	3,200	3,077	123
Total Income Tax	<u>336,000</u>	<u>500,288</u>	<u>489,910</u>	<u>10,378</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, 2016***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Municipal Court:				
Personal Services	725,292	731,417	675,775	55,642
Travel and Transportation	13,525	15,996	13,397	2,599
Materials and Supplies	52,590	57,932	43,537	14,395
Contractual Services	86,299	93,674	63,225	30,449
Capital Outlay	764	764	640	124
Total Municipal Court	<u>878,470</u>	<u>899,783</u>	<u>796,574</u>	<u>103,209</u>
Civil Services:				
Personal Services	10,250	10,250	10,187	63
Travel and Transportation	100	100	0	100
Materials and Supplies	13,500	13,300	3,612	9,688
Total Civil Services	<u>23,850</u>	<u>23,650</u>	<u>13,799</u>	<u>9,851</u>
Safety Service:				
Personal Services	165,365	160,739	160,400	339
Travel and Transportation	750	700	50	650
Materials and Supplies	7,500	8,688	6,493	2,195
Contractual Services	61,450	80,700	45,365	35,335
Total Safety Service	<u>235,065</u>	<u>250,827</u>	<u>212,308</u>	<u>38,519</u>
Engineering:				
Personal Services	310,900	277,115	275,431	1,684
Travel and Transportation	2,500	3,305	1,075	2,230
Materials and Supplies	17,600	20,231	18,797	1,434
Contractual Services	833,330	868,943	406,270	462,673
Capital Outlay	52,500	52,500	46,260	6,240
Total Engineering	<u>1,216,830</u>	<u>1,222,094</u>	<u>747,833</u>	<u>474,261</u>
Public Land and Buildings:				
Personal Services	103,700	78,876	77,772	1,104
Travel and Transportation	300	300	110	190
Materials and Supplies	17,600	23,468	21,218	2,250
Contractual Services	463,500	512,276	455,077	57,199
Total Public Land and Buildings	<u>585,100</u>	<u>614,920</u>	<u>554,177</u>	<u>60,743</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, 2016***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Summer Work Program:				
Personal Services	0	66,619	62,998	3,621
Materials and Supplies	0	94,709	92,887	1,822
Total Summer Work Program	0	161,328	155,885	5,443
Miscellaneous:				
Personal Services	2,820,000	2,816,874	2,770,765	46,109
Materials and Supplies	6,000	9,000	6,487	2,513
Contractual Services	660,952	607,871	458,962	148,909
Total Miscellaneous	3,486,952	3,433,745	3,236,214	197,531
Total General Government	7,772,226	8,164,795	7,177,050	987,745
Total Expenditures	11,228,813	12,124,385	10,564,724	1,559,661
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,870,554)	(2,518,340)	(715,854)	1,802,486
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	7,235	7,235
Transfers Out	(1,326,510)	(1,240,555)	(920,531)	320,024
Total Other Financing Sources (Uses)	(1,326,510)	(1,240,555)	(913,296)	327,259
Net Change in Fund Balance	(3,197,064)	(3,758,895)	(1,629,150)	2,129,745
Fund Balance at Beginning of Year	3,197,063	3,197,063	3,197,063	0
Prior Year Encumbrances	563,709	563,709	563,709	0
Fund Balance at End of Year	<u>\$ 563,708</u>	<u>\$ 1,877</u>	<u>\$ 2,131,622</u>	<u>\$ 2,129,745</u>

CITY OF MOUNT VERNON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Special Revenue Fund – Municipal Income Tax ½% (Voted) Fund
For the Year Ended December 31, 2016***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 4,059,500	\$ 4,059,500	\$ 3,753,908	\$ (305,592)
All Other Revenues	0	0	14,158	14,158
Total Revenues	<u>4,059,500</u>	<u>4,059,500</u>	<u>3,768,066</u>	<u>(291,434)</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	4,272,091	4,272,091	3,947,513	324,578
Total Expenditures	<u>4,272,091</u>	<u>4,272,091</u>	<u>3,947,513</u>	<u>324,578</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(212,591)	(212,591)	(179,447)	33,144
Fund Balance at Beginning of Year	<u>212,591</u>	<u>212,591</u>	<u>212,591</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 33,144</u>	<u>\$ 33,144</u>

CITY OF MOUNT VERNON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Special Revenue Fund – Community Development Block Grant Fund
For the Year Ended December 31, 2016**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 749,903	\$ 855,852	\$ 855,852	\$ 0
Total Revenues	<u>749,903</u>	<u>855,852</u>	<u>855,852</u>	<u>0</u>
Expenditures:				
Community Environment:				
Contractual Services	750,071	935,620	931,163	4,457
Total Expenditures	<u>750,071</u>	<u>935,620</u>	<u>931,163</u>	<u>4,457</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(168)	(79,768)	(75,311)	4,457
Fund Balance at Beginning of Year	168	168	168	0
Prior Year Encumbrances	79,600	79,600	79,600	0
Fund Balance at End of Year	<u>\$ 79,600</u>	<u>\$ 0</u>	<u>\$ 4,457</u>	<u>\$ 4,457</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, 2016***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 0	\$ 0	\$ 1	\$ 1
Total Revenues	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>
Expenditures:				
Debt Service:				
Principal Retirement	571,850	571,850	462,550	109,300
Interest and Fiscal Charges	269,666	269,666	151,753	117,913
Total Expenditures	<u>841,516</u>	<u>841,516</u>	<u>614,303</u>	<u>227,213</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(841,516)	(841,516)	(614,302)	227,214
Other Financing Sources (Uses):				
Transfers In	841,520	841,520	614,301	(227,219)
Total Other Financing Sources (Uses)	<u>841,520</u>	<u>841,520</u>	<u>614,301</u>	<u>(227,219)</u>
Net Change in Fund Balance	4	4	(1)	(5)
Fund Balance at Beginning of Year	<u>2</u>	<u>2</u>	<u>2</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 6</u>	<u>\$ 6</u>	<u>\$ 1</u>	<u>\$ (5)</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 Projects Fund – Capital Improvement Fund
For the Year Ended December 31, 2016***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Municipal Income Taxes	\$ 776,899	\$ 776,899	\$ 702,708	\$ (74,191)
Intergovernmental Revenues	533,262	1,090,756	675,813	(414,943)
Investment Earnings	0	0	40	40
All Other Revenues	0	0	5,575	5,575
Total Revenues	1,310,161	1,867,655	1,384,136	(483,519)
Expenditures:				
Security of Persons and Property:				
Police:				
Capital Outlay	0	10,000	10,000	0
Total Security of Persons and Property	0	10,000	10,000	0
Public Health and Welfare:				
Capital Outlay	8,500	8,500	8,490	10
Total Public Health and Welfare	8,500	8,500	8,490	10
Leisure Time Activities:				
Parks:				
Capital Outlay	32,000	32,000	28,238	3,762
Total Leisure Time Activities	32,000	32,000	28,238	3,762
Transportation:				
Street:				
Capital Outlay	2,051,080	2,694,820	2,131,653	563,167
Total Transportation	2,051,080	2,694,820	2,131,653	563,167
General Government:				
Mayor:				
Capital Outlay	1,702	1,702	1,126	576
Safety - Service:				
Capital Outlay	1,702	1,702	1,127	575
Public Lands and Buildings:				
Capital Outlay	5,000	78,494	73,444	5,050
Total General Government	8,404	81,898	75,697	6,201
Total Expenditures	2,099,984	2,827,218	2,254,078	573,140
Excess (Deficiency) of Revenues Over (Under) Expenditures	(789,823)	(959,563)	(869,942)	89,621
Fund Balance at Beginning of Year	768,619	768,619	768,619	0
Prior Year Encumbrances	190,946	190,946	190,946	0
Fund Balance at End of Year	\$ 169,742	\$ 2	\$ 89,623	\$ 89,621

CITY OF MOUNT VERNON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Projects Fund – TIF District-Coshocton Road Fund
For the Year Ended December 31, 2016***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 1,280,000	\$ 1,280,000	\$ 1,301,697	\$ 21,697
Total Revenues	1,280,000	1,280,000	1,301,697	21,697
Expenditures:				
Transportation:				
Street:				
Contractual Services	400,000	400,000	374,748	25,252
Capital Outlay	3,501,974	3,504,474	94,999	3,409,475
Total Expenditures	3,901,974	3,904,474	469,747	3,434,727
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,621,974)	(2,624,474)	831,950	3,456,424
Other Financing Sources (Uses):				
Transfers Out	(205,500)	(205,500)	(204,478)	1,022
Total Other Financing Sources (Uses)	(205,500)	(205,500)	(204,478)	1,022
Net Change in Fund Balance	(2,827,474)	(2,829,974)	627,472	3,457,446
Fund Balance at Beginning of Year	2,827,474	2,827,474	2,827,474	0
Prior Year Encumbrances	2,500	2,500	2,500	0
Fund Balance at End of Year	\$ 2,500	\$ 0	\$ 3,457,446	\$ 3,457,446

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, 2016***

STREET CONSTRUCTION, MAINTENANCE AND REPAIR

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Municipal Income Taxes	\$ 230,070	\$ 230,070	\$ 210,812	\$ (19,258)
Intergovernmental Revenues	583,500	583,500	588,616	5,116
Licenses and Permits	500	500	825	325
Investment Earnings	0	0	12	12
All Other Revenues	0	0	2,443	2,443
Total Revenues	<u>814,070</u>	<u>814,070</u>	<u>802,708</u>	<u>(11,362)</u>
Expenditures:				
Transportation:				
Personal Services	791,500	796,990	744,509	52,481
Travel and Transportation	1,000	2,000	1,899	101
Materials and Supplies	79,404	83,858	64,227	19,631
Contractual Services	52,400	65,305	49,986	15,319
Capital Outlay	600	600	570	30
Total Expenditures	<u>924,904</u>	<u>948,753</u>	<u>861,191</u>	<u>87,562</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(110,834)	(134,683)	(58,483)	76,200
Fund Balance at Beginning of Year	110,833	110,833	110,833	0
Prior Year Encumbrances	23,850	23,850	23,850	0
Fund Balance at End of Year	<u>\$ 23,849</u>	<u>\$ 0</u>	<u>\$ 76,200</u>	<u>\$ 76,200</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, 2016***

STATE HIGHWAY IMPROVEMENT				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 47,000	\$ 47,000	\$ 47,726	\$ 726
Investment Earnings	5	5	11	6
Total Revenues	<u>47,005</u>	<u>47,005</u>	<u>47,737</u>	<u>732</u>
Expenditures:				
Transportation:				
Capital Outlay	123,023	123,989	49,323	74,666
Total Expenditures	<u>123,023</u>	<u>123,989</u>	<u>49,323</u>	<u>74,666</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(76,018)	(76,984)	(1,586)	75,398
Fund Balance at Beginning of Year	76,018	76,018	76,018	0
Prior Year Encumbrances	966	966	966	0
Fund Balance at End of Year	<u>\$ 966</u>	<u>\$ 0</u>	<u>\$ 75,398</u>	<u>\$ 75,398</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, 2016***

PERMISSIVE AUTO LICENSE TAX				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 92,327	\$ 92,327	\$ 88,984	\$ (3,343)
Total Revenues	<u>92,327</u>	<u>92,327</u>	<u>88,984</u>	<u>(3,343)</u>
Expenditures:				
Transportation:				
Capital Outlay	100,832	100,832	75,000	25,832
Total Expenditures	<u>100,832</u>	<u>100,832</u>	<u>75,000</u>	<u>25,832</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,505)	(8,505)	13,984	22,489
Fund Balance at Beginning of Year	8,505	8,505	8,505	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 22,489</u>	<u>\$ 22,489</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, 2016***

CEMETERY FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Municipal Income Taxes	\$ 310,760	\$ 310,760	\$ 281,083	\$ (29,677)
Charges for Services	52,000	52,000	65,905	13,905
Investment Earnings	200	200	204	4
All Other Revenues	0	0	1,578	1,578
Total Revenues	<u>362,960</u>	<u>362,960</u>	<u>348,770</u>	<u>(14,190)</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	370,205	376,315	351,467	24,848
Travel and Transportation	500	585	53	532
Materials and Supplies	8,850	13,585	10,908	2,677
Contractual Services	37,500	55,451	45,952	9,499
Capital Outlay	94,078	76,878	1,298	75,580
Total Expenditures	<u>511,133</u>	<u>522,814</u>	<u>409,678</u>	<u>113,136</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(148,173)	(159,854)	(60,908)	98,946
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	3	3
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>3</u>	<u>3</u>
Net Change in Fund Balance	(148,173)	(159,854)	(60,905)	98,949
Fund Balance at Beginning of Year	148,173	148,173	148,173	0
Prior Year Encumbrances	11,681	11,681	11,681	0
Fund Balance at End of Year	<u>\$ 11,681</u>	<u>\$ 0</u>	<u>\$ 98,949</u>	<u>\$ 98,949</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, 2016**

	PARK DEVELOPMENT			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Charges for Services	\$ 1,000	\$ 1,000	\$ 1,420	\$ 420
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>1,420</u>	<u>420</u>
Expenditures:				
Leisure Time Activities:				
Capital Outlay	4,993	4,993	0	4,993
Total Expenditures	<u>4,993</u>	<u>4,993</u>	<u>0</u>	<u>4,993</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,993)	(3,993)	1,420	5,413
Other Financing Sources (Uses):				
Transfers In	1,000	1,000	1,420	420
Total Other Financing Sources (Uses)	<u>1,000</u>	<u>1,000</u>	<u>1,420</u>	<u>420</u>
Net Change in Fund Balance	(2,993)	(2,993)	2,840	5,833
Fund Balance at Beginning of Year	<u>2,993</u>	<u>2,993</u>	<u>2,993</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,833</u>	<u>\$ 5,833</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, 2016***

	PARKING			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Licenses and Permits	\$ 0	\$ 0	\$ 221	\$ 221
Fines and Forfeitures	1,000	1,000	5,945	4,945
All Other Revenues	0	0	4	4
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>6,170</u>	<u>5,170</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	17,120	17,700	11,535	6,165
Materials and Supplies	800	800	0	800
Contractual Services	12,550	14,950	10,623	4,327
Total Expenditures	<u>30,470</u>	<u>33,450</u>	<u>22,158</u>	<u>11,292</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(29,470)	(32,450)	(15,988)	16,462
Fund Balance at Beginning of Year	30,399	30,399	30,399	0
Prior Year Encumbrances	2,980	2,980	2,980	0
Fund Balance at End of Year	<u>\$ 3,909</u>	<u>\$ 929</u>	<u>\$ 17,391</u>	<u>\$ 16,462</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, 2016**

LAW ENFORCEMENT TRUST				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Fines and Forfeitures	\$ 2,013	\$ 2,013	\$ 2,013	\$ 0
Total Revenues	<u>2,013</u>	<u>2,013</u>	<u>2,013</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	2,093	2,093	2,093	0
Total Expenditures	<u>2,093</u>	<u>2,093</u>	<u>2,093</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(80)	(80)	(80)	0
Fund Balance at Beginning of Year	<u>8,946</u>	<u>8,946</u>	<u>8,946</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 8,866</u></u>	<u><u>\$ 8,866</u></u>	<u><u>\$ 8,866</u></u>	<u><u>\$ 0</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, 2016***

DRUG ENFORCEMENT TRUST				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Fines and Forfeitures	\$ 397	\$ 397	\$ 397	\$ 0
Total Revenues	<u>397</u>	<u>397</u>	<u>397</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	15,478	15,478	15,478	0
Total Expenditures	<u>15,478</u>	<u>15,478</u>	<u>15,478</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,081)	(15,081)	(15,081)	0
Fund Balance at Beginning of Year	<u>39,480</u>	<u>39,480</u>	<u>39,480</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 24,399</u>	<u>\$ 24,399</u>	<u>\$ 24,399</u>	<u>\$ 0</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, 2016**

PERMISSIVE LICENSE REGISTRATION				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 105,000	\$ 105,000	\$ 107,419	\$ 2,419
All Other Revenues	0	0	196	196
Total Revenues	<u>105,000</u>	<u>105,000</u>	<u>107,615</u>	<u>2,615</u>
Expenditures:				
Transportation:				
Materials and Supplies	107,606	116,329	97,625	18,704
Contractual Services	<u>25,000</u>	<u>26,900</u>	<u>10,850</u>	<u>16,050</u>
Total Expenditures	<u>132,606</u>	<u>143,229</u>	<u>108,475</u>	<u>34,754</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(27,606)	(38,229)	(860)	37,369
Fund Balance at Beginning of Year	27,606	27,606	27,606	0
Prior Year Encumbrances	<u>10,623</u>	<u>10,623</u>	<u>10,623</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 10,623</u>	<u>\$ 0</u>	<u>\$ 37,369</u>	<u>\$ 37,369</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, 2016***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 25,000	\$ 25,000	\$ 9,270	\$ (15,730)
Total Revenues	<u>25,000</u>	<u>25,000</u>	<u>9,270</u>	<u>(15,730)</u>
Expenditures:				
General Government:				
Contractual Services	<u>59,186</u>	<u>59,686</u>	<u>36,077</u>	<u>23,609</u>
Total Expenditures	<u>59,186</u>	<u>59,686</u>	<u>36,077</u>	<u>23,609</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,186)	(34,686)	(26,807)	7,879
Fund Balance at Beginning of Year	34,186	34,186	34,186	0
Prior Year Encumbrances	<u>500</u>	<u>500</u>	<u>500</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 500</u>	<u>\$ 0</u>	<u>\$ 7,879</u>	<u>\$ 7,879</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, 2016***

DUI - ENFORCEMENT AND EDUCATION				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Fines and Forfeitures	\$ 1,000	\$ 1,000	\$ 785	\$ (215)
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>785</u>	<u>(215)</u>
Expenditures:				
General Government:				
Contractual Services	44,791	44,791	0	44,791
Total Expenditures	<u>44,791</u>	<u>44,791</u>	<u>0</u>	<u>44,791</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(43,791)	(43,791)	785	44,576
Fund Balance at Beginning of Year	<u>43,791</u>	<u>43,791</u>	<u>43,791</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 44,576</u>	<u>\$ 44,576</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, 2016**

COURT COMPUTERIZATION				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Fines and Forfeitures	\$ 18,000	\$ 18,000	\$ 16,321	\$ (1,679)
Total Revenues	<u>18,000</u>	<u>18,000</u>	<u>16,321</u>	<u>(1,679)</u>
Expenditures:				
General Government:				
Contractual Services	60,893	60,893	39,017	21,876
Total Expenditures	<u>60,893</u>	<u>60,893</u>	<u>39,017</u>	<u>21,876</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(42,893)	(42,893)	(22,696)	20,197
Fund Balance at Beginning of Year	42,893	42,893	42,893	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,197</u>	<u>\$ 20,197</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, 2016***

PROBATION SERVICES				
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 28,000	\$ 28,000	\$ 39,464	\$ 11,464
All Other Revenues	0	0	140	140
Total Revenues	<u>28,000</u>	<u>28,000</u>	<u>39,604</u>	<u>11,604</u>
Expenditures:				
General Government:				
Personal Services	53,105	55,800	55,435	365
Materials and Supplies	22,025	19,710	5,035	14,675
Total Expenditures	<u>75,130</u>	<u>75,510</u>	<u>60,470</u>	<u>15,040</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(47,130)	(47,510)	(20,866)	26,644
Fund Balance at Beginning of Year	47,129	47,129	47,129	0
Prior Year Encumbrances	381	381	381	0
Fund Balance at End of Year	<u>\$ 380</u>	<u>\$ 0</u>	<u>\$ 26,644</u>	<u>\$ 26,644</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, 2016***

MUNICIPAL COURT SPECIAL PROJECTS				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	(Negative)
Revenues:				
Fines and Forfeitures	\$ 0	\$ 11,000	\$ 21,275	\$ 10,275
Total Revenues	<u>0</u>	<u>11,000</u>	<u>21,275</u>	<u>10,275</u>
Expenditures:				
General Government:				
Materials and Supplies	0	11,000	1,335	9,665
Total Expenditures	<u>0</u>	<u>11,000</u>	<u>1,335</u>	<u>9,665</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	19,940	19,940
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>\$ 19,940</u>	<u>\$ 19,940</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, 2016**

	COURT CLERK COMPUTER			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Fines and Forfeitures	\$ 55,000	\$ 55,000	\$ 56,114	\$ 1,114
Total Revenues	<u>55,000</u>	<u>55,000</u>	<u>56,114</u>	<u>1,114</u>
Expenditures:				
General Government:				
Personal Services	2,000	2,000	2,000	0
Contractual Services	<u>165,639</u>	<u>169,639</u>	<u>55,736</u>	<u>113,903</u>
Total Expenditures	<u>167,639</u>	<u>171,639</u>	<u>57,736</u>	<u>113,903</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(112,639)	(116,639)	(1,622)	115,017
Fund Balance at Beginning of Year	112,639	112,639	112,639	0
Prior Year Encumbrances	<u>4,000</u>	<u>4,000</u>	<u>4,000</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 4,000</u>	<u>\$ 0</u>	<u>\$ 115,017</u>	<u>\$ 115,017</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, 2016**

	LODGING EXCISE TAX			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Other Local Taxes	\$ 120,000	\$ 120,000	\$ 109,039	\$ (10,961)
Total Revenues	<u>120,000</u>	<u>120,000</u>	<u>109,039</u>	<u>(10,961)</u>
Expenditures:				
General Government:				
Contractual Services	211,943	211,943	200,982	10,961
Total Expenditures	<u>211,943</u>	<u>211,943</u>	<u>200,982</u>	<u>10,961</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(91,943)	(91,943)	(91,943)	0
Fund Balance at Beginning of Year	<u>91,943</u>	<u>91,943</u>	<u>91,943</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

***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, 2016***

DRIVERS INTERLOCK & ALCOHOL MONITORING				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Fines and Forfeitures	\$ 12,000	\$ 12,000	\$ 10,919	\$ (1,081)
Total Revenues	<u>12,000</u>	<u>12,000</u>	<u>10,919</u>	<u>(1,081)</u>
Expenditures:				
General Government:				
Contractual Services	128,850	128,850	0	128,850
Total Expenditures	<u>128,850</u>	<u>128,850</u>	<u>0</u>	<u>128,850</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(116,850)	(116,850)	10,919	127,769
Fund Balance at Beginning of Year	116,850	116,850	116,850	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 127,769</u>	<u>\$ 127,769</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, 2016***

	PUBLIC SERVICE STREET REPAIR			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Licenses and Permits	\$ 1,300	\$ 1,300	\$ 1,065	\$ (235)
Total Revenues	<u>1,300</u>	<u>1,300</u>	<u>1,065</u>	<u>(235)</u>
Expenditures:				
General Government:				
Capital Outlay	6,805	6,805	0	6,805
Total Expenditures	<u>6,805</u>	<u>6,805</u>	<u>0</u>	<u>6,805</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,505)	(5,505)	1,065	6,570
Fund Balance at Beginning of Year	<u>5,505</u>	<u>5,505</u>	<u>5,505</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 6,570</u></u>	<u><u>\$ 6,570</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, 2016***

HIAWATHA WATER PARK SCHOLARSHIP				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
All Other Revenues	\$ 0	\$ 0	\$ 500	\$ 500
Total Revenues	<u>0</u>	<u>0</u>	<u>500</u>	<u>500</u>
Expenditures:				
General Government:				
Materials and Supplies	2,503	2,503	290	2,213
Total Expenditures	<u>2,503</u>	<u>2,503</u>	<u>290</u>	<u>2,213</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,503)	(2,503)	210	2,713
Fund Balance at Beginning of Year	<u>2,503</u>	<u>2,503</u>	<u>2,503</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,713</u>	<u>\$ 2,713</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, 2016***

	AVAILABLE PETITION			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Other Local Taxes	\$ 0	\$ 0	\$ 5,184	\$ 5,184
All Other Revenues	0	0	95,581	95,581
Total Revenues	0	0	100,765	100,765
Expenditures:				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	100,765	100,765
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 100,765</u>	<u>\$ 100,765</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, 2016***

	POLICE PENSION			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property Taxes	\$ 63,200	\$ 63,200	\$ 66,647	\$ 3,447
Municipal Income Taxes	77,690	77,690	70,271	(7,419)
Intergovernmental Revenues	9,100	9,100	8,983	(117)
Total Revenues	<u>149,990</u>	<u>149,990</u>	<u>145,901</u>	<u>(4,089)</u>
Expenditures:				
Security of Persons and Property				
Personal Services	375,090	396,590	363,522	33,068
General Government:				
Contractual Services	2,500	2,500	1,489	1,011
Total Expenditures	<u>377,590</u>	<u>399,090</u>	<u>365,011</u>	<u>34,079</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(227,600)	(249,100)	(219,110)	29,990
Other Financing Sources (Uses):				
Transfers In	190,000	190,000	165,000	(25,000)
Total Other Financing Sources (Uses)	<u>190,000</u>	<u>190,000</u>	<u>165,000</u>	<u>(25,000)</u>
Net Change in Fund Balance	(37,600)	(59,100)	(54,110)	4,990
Fund Balance at Beginning of Year	37,600	37,600	37,600	0
Prior Year Encumbrances	21,500	21,500	21,500	0
Fund Balance at End of Year	<u>\$ 21,500</u>	<u>\$ 0</u>	<u>\$ 4,990</u>	<u>\$ 4,990</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, 2016***

	FIRE PENSION			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property Taxes	\$ 63,200	\$ 63,200	\$ 66,647	\$ 3,447
Municipal Income Taxes	77,690	77,690	70,271	(7,419)
Intergovernmental Revenues	9,100	9,100	8,983	(117)
Total Revenues	<u>149,990</u>	<u>149,990</u>	<u>145,901</u>	<u>(4,089)</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	730,264	772,264	630,794	141,470
General Government:				
Contractual Services	2,500	2,500	1,488	1,012
Total Expenditures	<u>732,764</u>	<u>774,764</u>	<u>632,282</u>	<u>142,482</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(582,774)	(624,774)	(486,381)	138,393
Other Financing Sources (Uses):				
Transfers In	540,000	540,000	407,000	(133,000)
Total Other Financing Sources (Uses)	<u>540,000</u>	<u>540,000</u>	<u>407,000</u>	<u>(133,000)</u>
Net Change in Fund Balance	(42,774)	(84,774)	(79,381)	5,393
Fund Balance at Beginning of Year	42,774	42,774	42,774	0
Prior Year Encumbrances	42,000	42,000	42,000	0
Fund Balance at End of Year	<u>\$ 42,000</u>	<u>\$ 0</u>	<u>\$ 5,393</u>	<u>\$ 5,393</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, 2016***

	MAUSOLEUM			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Investment Earnings	\$ 0	\$ 0	\$ 1	\$ 1
Total Revenues	<u>0</u>	<u>0</u>	<u>1</u>	<u>1</u>
Expenditures:				
Public Health and Welfare Services:				
Contractual Services	<u>1,861</u>	<u>1,861</u>	<u>0</u>	<u>1,861</u>
Total Expenditures	<u>1,861</u>	<u>1,861</u>	<u>0</u>	<u>1,861</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,861)	(1,861)	1	1,862
Fund Balance at Beginning of Year	<u>1,861</u>	<u>1,861</u>	<u>1,861</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1,862</u></u>	<u><u>\$ 1,862</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, 2016**

VETERANS HONOR WALKWAY				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Charges for Services	\$ 1,200	\$ 1,200	\$ 1,000	\$ (200)
Investment Earnings	5	5	7	2
Total Revenues	<u>1,205</u>	<u>1,205</u>	<u>1,007</u>	<u>(198)</u>
Expenditures:				
Leisure Time Activities				
Materials and Supplies	8,000	8,011	535	7,476
Contractual Services	<u>61,870</u>	<u>61,870</u>	<u>634</u>	<u>61,236</u>
Total Expenditures	<u>69,870</u>	<u>69,881</u>	<u>1,169</u>	<u>68,712</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(68,665)	(68,676)	(162)	68,514
Fund Balance at Beginning of Year	68,665	68,665	68,665	0
Prior Year Encumbrances	<u>11</u>	<u>11</u>	<u>11</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 11</u>	<u>\$ 0</u>	<u>\$ 68,514</u>	<u>\$ 68,514</u>

CITY OF MOUNT VERNON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Fund
For the Year Ended December 31, 2016***

GENERAL BOND RETIREMENT - INCOME TAX				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Municipal Income Tax	\$ 143,515	\$ 143,515	\$ 143,606	\$ 91
Total Revenues	<u>143,515</u>	<u>143,515</u>	<u>143,606</u>	<u>91</u>
Expenditures:				
Debt Service:				
Principal Retirement	110,000	110,000	105,000	5,000
Interest and Fiscal Charges	<u>45,470</u>	<u>45,470</u>	<u>38,426</u>	<u>7,044</u>
Total Expenditures	<u>155,470</u>	<u>155,470</u>	<u>143,426</u>	<u>12,044</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(11,955)	(11,955)	180	12,135
Fund Balance at Beginning of Year	<u>11,955</u>	<u>11,955</u>	<u>11,955</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12,135</u>	<u>\$ 12,135</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, 2016***

B & O RAILROAD DEPOT				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	(Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
General Government:				
Materials and Supplies	8,238	8,238	0	8,238
Total Expenditures	8,238	8,238	0	8,238
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,238)	(8,238)	0	8,238
Fund Balance at Beginning of Year	8,238	8,238	8,238	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 8,238	\$ 8,238

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, 2016**

TIF DISTRICT-INDUSTRIAL AREA				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property Taxes	\$ 55,500	\$ 55,500	\$ 58,162	\$ 2,662
Total Revenues	<u>55,500</u>	<u>55,500</u>	<u>58,162</u>	<u>2,662</u>
Expenditures:				
Transportation:				
Street:				
Contractual Services	1,000	1,000	992	8
Total Expenditures	<u>1,000</u>	<u>1,000</u>	<u>992</u>	<u>8</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	54,500	54,500	57,170	2,670
Other Financing Sources (Uses):				
Transfers Out	(62,972)	(62,972)	(62,712)	260
Total Other Financing Sources (Uses)	<u>(62,972)</u>	<u>(62,972)</u>	<u>(62,712)</u>	<u>260</u>
Fund Balance at Beginning of Year	8,472	8,472	8,472	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,930</u>	<u>\$ 2,930</u>

CITY OF MOUNT VERNON, OHIO

***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, 2016***

	PERPETUAL CARE			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u></u>
Revenues:				
All Other Revenues	\$ 15,000	\$ 15,000	\$ 24,782	\$ 9,782
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>24,782</u>	<u>9,782</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	15,000	15,000	24,782	9,782
Fund Balance at Beginning of Year	<u>437,491</u>	<u>437,491</u>	<u>437,491</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 452,491</u>	<u>\$ 452,491</u>	<u>\$ 462,273</u>	<u>\$ 9,782</u>

Fiduciary Funds

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

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.

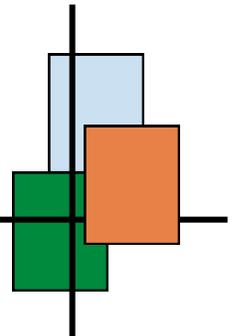
CITY OF MOUNT VERNON, OHIO

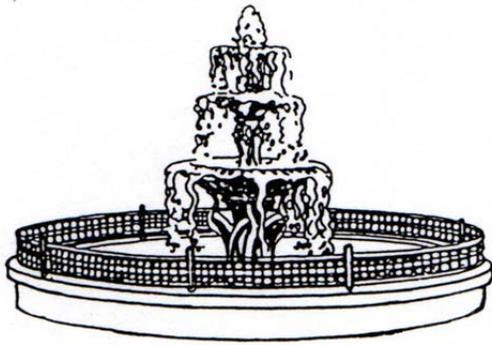
**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2016**

	Balance December 31, 2015	Additions	Deductions	Balance December 31, 2016
<u>Insurance Trust Fund</u>				
Assets:				
Cash and Cash Equivalents	\$27,220	\$78,672	(\$44,015)	\$61,877
Total Assets	<u>\$27,220</u>	<u>\$78,672</u>	<u>(\$44,015)</u>	<u>\$61,877</u>
Liabilities:				
Due to Others	\$27,220	\$78,672	(\$44,015)	\$61,877
Total Liabilities	<u>\$27,220</u>	<u>\$78,672</u>	<u>(\$44,015)</u>	<u>\$61,877</u>
<u>Bonds and Inspection Fee Trust Fund</u>				
Assets:				
Cash	\$31,651	\$19,000	(\$32,000)	\$18,651
Total Assets	<u>\$31,651</u>	<u>\$19,000</u>	<u>(\$32,000)</u>	<u>\$18,651</u>
Liabilities:				
Due to Others	\$31,651	\$19,000	(\$32,000)	\$18,651
Total Liabilities	<u>\$31,651</u>	<u>\$19,000</u>	<u>(\$32,000)</u>	<u>\$18,651</u>
<u>Municipal Court Fund</u>				
Assets:				
Cash and Cash Equivalents	\$82,018	\$1,058,978	(\$1,034,490)	\$106,506
Total Assets	<u>\$82,018</u>	<u>\$1,058,978</u>	<u>(\$1,034,490)</u>	<u>\$106,506</u>
Liabilities:				
Intergovernmental Payable	\$24,131	\$469,365	(\$461,886)	\$31,610
Due to Others	57,887	589,613	(572,604)	74,896
Total Liabilities	<u>\$82,018</u>	<u>\$1,058,978</u>	<u>(\$1,034,490)</u>	<u>\$106,506</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$140,889	\$1,156,650	(\$1,110,505)	\$187,034
Total Assets	<u>\$140,889</u>	<u>\$1,156,650</u>	<u>(\$1,110,505)</u>	<u>\$187,034</u>
Liabilities:				
Intergovernmental Payables	\$24,131	\$469,365	(\$461,886)	\$31,610
Due to Others	116,758	687,285	(648,619)	155,424
Total Liabilities	<u>\$140,889</u>	<u>\$1,156,650</u>	<u>(\$1,110,505)</u>	<u>\$187,034</u>



Statistical Section





STATISTICAL TABLES

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

Financial Trends	S 2 – S 13
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.	
Revenue Capacity	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.	
Debt Capacity	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.	
Economic and Demographic Information	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.	
Operating Information	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.	
Sources Note:	
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.	

City of Mount Vernon, Ohio

*Net Position by Component
Last Ten Years
(accrual basis of accounting)*

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

(1) Net Position was restated in 2009 as a result of a prior period adjustment.

(2) Net Position was restated in 2014 as a result of implementing GASB 68.

Source: City Auditor's Office

City of Mount Vernon, Ohio

2011	2012	2013	2014	2015	2016
			(2)		
\$39,308,561	\$39,426,306	\$41,446,062	\$40,927,848	\$43,612,477	\$45,177,791
3,034,793	3,094,466	4,315,346	6,576,302	6,512,955	6,521,108
5,784,699	8,349,905	6,347,089	(3,435,859)	(4,782,532)	(8,162,671)
<u>\$48,128,053</u>	<u>\$50,870,677</u>	<u>\$52,108,497</u>	<u>\$44,068,291</u>	<u>\$45,342,900</u>	<u>\$43,536,228</u>
\$16,312,403	\$15,012,084	\$16,711,092	\$18,252,176	\$18,610,103	\$19,396,615
1,847,384	1,008,353	1,646,248	1,758,460	1,783,244	1,504,036
2,603,447	5,388,497	3,616,486	1,083,501	924,045	735,523
<u>\$20,763,234</u>	<u>\$21,408,934</u>	<u>\$21,973,826</u>	<u>\$21,094,137</u>	<u>\$21,317,392</u>	<u>\$21,636,174</u>
\$55,620,964	\$54,438,390	\$58,157,154	\$59,180,024	\$62,222,580	\$64,574,406
4,882,177	4,102,819	5,961,594	8,334,762	8,296,199	8,025,144
8,388,146	13,738,402	9,963,575	(2,352,358)	(3,858,487)	(7,427,148)
<u>\$68,891,287</u>	<u>\$72,279,611</u>	<u>\$74,082,323</u>	<u>\$65,162,428</u>	<u>\$66,660,292</u>	<u>\$65,172,402</u>

City of Mount Vernon, Ohio

Changes in Net Position Last Ten Years (accrual basis of accounting)

	2007	2008	2009
Expenses			
Governmental Activities:			
Security of Persons and Property	\$5,599,365	\$5,728,419	\$6,257,913
Public Health and Welfare Services	666,167	644,241	769,637
Leisure Time Activities	777,880	952,192	881,252
Community Environment	745,733	211,150	293,474
Transportation	2,097,746	2,433,003	2,898,557
General Government	4,627,294	4,627,134	4,685,914
Interest and Fiscal Charges	355,174	263,523	321,941
<i>Total Governmental Activities Expenses</i>	<u>14,869,359</u>	<u>14,859,662</u>	<u>16,108,688</u>
Business-type Activities:			
Water	3,216,980	3,379,191	3,388,734
Sewer	2,873,468	2,858,183	2,885,616
<i>Total Business-type Activities Expenses</i>	<u>6,090,448</u>	<u>6,237,374</u>	<u>6,274,350</u>
<i>Total Primary Government Expenses</i>	<u>\$20,959,807</u>	<u>\$21,097,036</u>	<u>\$22,383,038</u>
Program Revenues			
Governmental Activities:			
Charges for Services and Sales			
Security of Persons and Property	\$939,779	\$1,016,173	\$1,141,818
Public Health and Welfare Services	54,678	56,052	68,352
Leisure Time Activities	294,296	309,238	256,078
Community Environment	953	3,989	6,621
Transportation	1,400	500	3,070
General Government	897,668	863,175	819,170
Operating Grants and Contributions	871,919	1,761,824	2,336,173
Capital Grants and Contributions	1,508,148	447,392	854,233
<i>Total Governmental Activities Program Revenues</i>	<u>4,568,841</u>	<u>4,458,343</u>	<u>5,485,515</u>

City of Mount Vernon, Ohio

2010	2011	2012	2013	2014	2015	2016
\$5,950,098	\$6,372,507	\$6,188,789	\$6,492,718	\$6,370,982	\$7,035,151	\$7,735,685
693,029	709,622	723,360	709,251	757,435	711,222	783,628
963,163	1,143,295	719,024	980,442	1,279,240	870,144	1,210,663
1,560,761	591,187	528,995	648,532	323,093	763,019	1,012,146
2,586,915	4,440,371	4,228,585	3,367,249	5,070,430	6,448,854	2,890,767
4,711,970	4,188,865	4,852,231	5,316,607	6,294,609	5,154,298	7,057,974
350,672	287,411	510,896	276,071	263,497	277,043	206,340
<u>16,816,608</u>	<u>17,733,258</u>	<u>17,751,880</u>	<u>17,790,870</u>	<u>20,359,286</u>	<u>21,259,731</u>	<u>20,897,203</u>
3,347,380	3,180,709	3,019,406	3,049,583	3,028,624	3,085,297	3,115,505
3,103,781	3,035,080	3,194,971	3,118,011	3,256,742	3,538,970	3,281,725
<u>6,451,161</u>	<u>6,215,789</u>	<u>6,214,377</u>	<u>6,167,594</u>	<u>6,285,366</u>	<u>6,624,267</u>	<u>6,397,230</u>
<u>\$23,267,769</u>	<u>\$23,949,047</u>	<u>\$23,966,257</u>	<u>\$23,958,464</u>	<u>\$26,644,652</u>	<u>\$27,883,998</u>	<u>\$27,294,433</u>
\$1,200,644	\$1,172,890	\$1,175,624	\$1,119,039	\$1,252,995	\$1,098,742	\$1,333,712
83,842	82,027	80,494	82,513	48,631	90,889	83,441
296,300	296,650	291,563	255,558	246,341	261,876	307,643
20,387	14,411	16,471	18,872	9,423	21,127	2,016
2,702	200	313	750	1,094	6,527	825
898,161	910,868	866,410	768,254	698,554	882,275	765,663
1,807,522	888,663	2,024,553	1,937,129	1,470,114	1,114,030	2,763,295
880,033	173,557	2,169,916	1,590,955	2,781,681	4,682,427	1,281,804
<u>5,189,591</u>	<u>3,539,266</u>	<u>6,625,344</u>	<u>5,773,070</u>	<u>6,508,833</u>	<u>8,157,893</u>	<u>6,538,399</u>

(continued)

City of Mount Vernon, Ohio

*Changes in Net Position
Last Ten Years
(accrual basis of accounting)*

	2007	2008	2009
Business-type Activities:			
Charges for Services and Sales			
Water	3,197,165	3,308,139	3,287,232
Sewer	2,675,408	2,515,147	2,718,245
Operating Grants and Contributions	0	0	41,618
<i>Total Business-type Activities Program Revenues</i>	<u>5,872,573</u>	<u>5,823,286</u>	<u>6,047,095</u>
<i>Total Primary Government Program Revenues</i>	<u>10,441,414</u>	<u>10,281,629</u>	<u>11,532,610</u>
Net (Expense)/Revenue			
Governmental Activities	(10,300,518)	(10,401,319)	(10,623,173)
Business-type Activities	(217,875)	(414,088)	(227,255)
<i>Total Primary Government Net (Expense)/Revenue</i>	<u>(\$10,518,393)</u>	<u>(\$10,815,407)</u>	<u>(\$10,850,428)</u>
General Revenues and Other Changes in Net Position			
Governmental Activities:			
Property Taxes Levied for:			
General Purposes	\$736,982	\$632,956	\$682,820
Special Purposes	0	0	0
Debt Service	181,624	158,796	175,254
Capital Outlay	1,058,750	1,176,352	1,263,314
Income Taxes	9,260,355	10,359,164	9,383,772
Other Local Taxes	106,968	99,236	94,493
Grants and Entitlements not Restricted to Specific Programs	1,057,943	842,850	992,167
Investment Earnings	675,429	421,642	190,437
Miscellaneous	177,197	243,948	152,110
<i>Total Governmental Activities</i>	<u>13,255,248</u>	<u>13,934,944</u>	<u>12,934,367</u>
Business-type Activities:			
Investment Earnings	187,399	40,907	6,394
<i>Total Business-type Activities</i>	<u>187,399</u>	<u>40,907</u>	<u>6,394</u>
<i>Total Primary Government</i>	<u>\$13,442,647</u>	<u>\$13,975,851</u>	<u>\$12,940,761</u>
Change in Net Position			
Governmental Activities	\$2,954,730	\$3,533,625	\$2,311,194
Business-type Activities	(30,476)	(373,181)	(220,861)
<i>Total Primary Government Change in Net Position</i>	<u>\$2,924,254</u>	<u>\$3,160,444</u>	<u>\$2,090,333</u>

Source: City Auditor's Office

City of Mount Vernon, Ohio

2010	2011	2012	2013	2014	2015	2016
3,392,757	3,371,924	3,559,198	3,450,880	3,684,807	3,562,765	3,537,845
3,105,361	3,290,355	3,257,271	3,243,715	3,197,847	3,284,201	3,177,531
40,709	42,936	42,069	37,266	37,591	0	0
<u>6,538,827</u>	<u>6,853,950</u>	<u>6,858,538</u>	<u>6,731,861</u>	<u>6,920,245</u>	<u>6,846,966</u>	<u>6,715,376</u>
<u>11,728,418</u>	<u>10,393,216</u>	<u>13,483,882</u>	<u>12,504,931</u>	<u>13,429,078</u>	<u>15,004,859</u>	<u>13,253,775</u>
(11,627,017)	(14,193,992)	(11,126,536)	(12,017,800)	(13,850,453)	(13,101,838)	(14,358,804)
87,666	638,161	644,161	564,267	634,879	222,699	318,146
<u>(\$11,539,351)</u>	<u>(\$13,555,831)</u>	<u>(\$10,482,375)</u>	<u>(\$11,453,533)</u>	<u>(\$13,215,574)</u>	<u>(\$12,879,139)</u>	<u>(\$14,040,658)</u>
\$589,285	\$556,875	\$571,710	\$552,305	\$536,836	\$434,944	\$582,788
0	0	134,352	130,272	131,724	105,810	132,590
167,876	152,820	32,707	143,647	143,215	143,874	143,606
1,381,766	1,521,575	1,441,186	720,963	1,249,984	1,339,046	1,403,568
8,688,085	9,262,187	10,566,350	10,805,563	12,503,753	11,753,826	9,501,005
87,796	84,821	98,030	94,973	103,876	106,100	121,627
1,087,350	963,370	725,574	451,426	890,797	164,502	322,917
60,858	21,582	37,698	29,448	11,260	27,083	44,327
180,599	243,707	261,553	327,023	902,455	301,262	299,704
<u>12,243,615</u>	<u>12,806,937</u>	<u>13,869,160</u>	<u>13,255,620</u>	<u>16,473,900</u>	<u>14,376,447</u>	<u>12,552,132</u>
4,973	3,400	1,539	625	424	556	636
<u>4,973</u>	<u>3,400</u>	<u>1,539</u>	<u>625</u>	<u>424</u>	<u>556</u>	<u>636</u>
<u>\$12,248,588</u>	<u>\$12,810,337</u>	<u>\$13,870,699</u>	<u>\$13,256,245</u>	<u>\$16,474,324</u>	<u>\$14,377,003</u>	<u>\$12,552,768</u>
\$616,598	(\$1,387,055)	\$2,742,624	\$1,237,820	\$2,623,447	\$1,274,609	(\$1,806,672)
92,639	641,561	645,700	564,892	635,303	223,255	318,782
<u>\$709,237</u>	<u>(\$745,494)</u>	<u>\$3,388,324</u>	<u>\$1,802,712</u>	<u>\$3,258,750</u>	<u>\$1,497,864</u>	<u>(\$1,487,890)</u>

City of Mount Vernon, Ohio

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

	2007	2008	2009	2010
General Fund				
Nonspendable	\$0	\$0	\$0	\$0
Restricted	0	0	0	0
Committed	0	0	0	0
Assigned	0	0	0	0
Unassigned	0	0	0	0
Reserved	607,319	395,128	442,209	416,367
Unreserved	4,212,879	4,458,073	4,216,231	4,593,098
<i>Total General Fund</i>	<u>4,820,198</u>	<u>4,853,201</u>	<u>4,658,440</u>	<u>5,009,465</u>
All Other Governmental Funds				
Nonspendable	0	0	0	0
Restricted	0	0	0	0
Committed	0	0	0	0
Reserved	322,041	271,232	156,330	403,850
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	1,189,268	1,479,376	1,894,352	1,182,665
Debt Service Funds	0	0	10,568	0
Capital Projects Funds	2,655,574	4,463,434	3,529,741	3,071,740
Permanent Fund	334,058	343,534	350,823	369,072
Total All Other Governmental Funds	<u>4,500,941</u>	<u>6,557,576</u>	<u>5,941,814</u>	<u>5,027,327</u>
<i>Total Governmental Funds</i>	<u><u>\$9,321,139</u></u>	<u><u>\$11,410,777</u></u>	<u><u>\$10,600,254</u></u>	<u><u>\$10,036,792</u></u>

Source: City Auditor's Office

Note: The City implemented GASB 54 in 2011 which established new fund balance classifications for governmental funds.

City of Mount Vernon, Ohio

2011	2012	2013	2014	2015	2016
\$130,262	\$127,232	\$135,855	\$147,536	\$159,479	\$186,763
8,080	8,080	8,080	8,080	8,080	8,080
16,480	16,480	16,480	4,741	426	2,405
374,348	3,152,283	2,680,908	2,754,129	3,576,344	2,459,740
4,175,053	1,787,773	970,240	1,254,772	1,397,417	649,074
0	0	0	0	0	0
0	0	0	0	0	0
<u>4,704,223</u>	<u>5,091,848</u>	<u>3,811,563</u>	<u>4,169,258</u>	<u>5,141,746</u>	<u>3,306,062</u>
408,506	420,915	454,286	443,738	493,536	530,833
3,116,931	4,653,008	4,653,741	6,299,667	6,560,177	5,047,602
84,729	138,982	134,995	124,561	117,413	103,467
0	0	0	0	0	0
0	0	0	0	0	(1,009)
0	0	0	0	0	0
0	0	0	0	0	0
<u>3,610,166</u>	<u>5,212,905</u>	<u>5,243,022</u>	<u>6,867,966</u>	<u>7,171,126</u>	<u>5,680,893</u>
<u>\$8,314,389</u>	<u>\$10,304,753</u>	<u>\$9,054,585</u>	<u>\$11,037,224</u>	<u>\$12,312,872</u>	<u>\$8,986,955</u>

City of Mount Vernon, Ohio

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

	2007	2008	2009	2010
Revenues:				
Taxes	\$11,440,727	\$12,456,495	\$11,494,371	\$10,836,690
Intergovernmental Revenues	3,138,477	1,910,413	3,395,984	4,269,553
Charges for Services	1,422,430	1,464,750	1,529,878	1,632,849
Licenses and Permits	21,786	15,661	15,471	16,952
Investment Earnings	675,429	421,642	190,437	60,858
Fines and Forfeitures	761,462	759,240	746,363	845,195
All Other Revenue	782,894	301,400	157,238	191,701
Total Revenue	<u>18,243,205</u>	<u>17,329,601</u>	<u>17,529,742</u>	<u>17,853,798</u>
Expenditures:				
Current:				
Security of Persons and Property	5,274,270	5,517,450	5,828,902	5,584,614
Public Health and Welfare Services	654,455	631,418	754,709	677,715
Leisure Time Activities	655,489	683,733	706,685	728,146
Community Environment	745,733	211,150	293,474	1,560,761
Transportation	2,393,098	4,177,685	3,940,483	3,675,011
General Government	7,721,022	5,567,468	6,369,728	5,443,844
Debt Service:				
Principal Retirement	217,763	325,179	2,434,814	422,401
Interest and Fiscal Charges	350,762	250,142	329,738	339,425
Total Expenditures	<u>18,012,592</u>	<u>17,364,225</u>	<u>20,658,533</u>	<u>18,431,917</u>
Excess (Deficiency) of Revenues Over Expenditures	230,613	(34,624)	(3,128,791)	(578,119)

City of Mount Vernon, Ohio

2011	2012	2013	2014	2015	2016
\$11,205,072	\$12,728,720	\$12,820,372	\$14,018,827	\$14,994,697	\$11,782,401
2,710,045	2,736,097	2,243,029	2,727,769	4,464,177	3,005,589
1,642,971	1,628,400	1,538,771	1,565,290	1,592,629	1,645,697
11,545	20,135	10,252	18,747	46,275	20,353
21,582	37,698	29,448	11,260	27,083	44,327
812,749	785,523	696,006	675,007	687,259	805,303
232,273	1,224,294	1,004,302	1,549,515	442,234	321,651
<u>16,636,237</u>	<u>19,160,867</u>	<u>18,342,180</u>	<u>20,566,415</u>	<u>22,254,354</u>	<u>17,625,321</u>
6,166,170	5,548,197	6,201,515	6,173,136	6,277,707	6,627,332
694,326	707,922	696,102	747,707	693,979	725,904
718,703	700,979	762,156	848,879	825,430	883,875
591,187	528,995	648,532	323,093	763,019	1,012,146
3,901,070	4,047,663	2,868,350	3,526,598	5,509,975	3,687,931
5,590,698	6,627,844	7,660,676	6,202,716	6,176,909	7,228,697
436,723	484,756	500,756	515,327	537,568	579,980
287,960	359,602	279,021	264,038	275,624	205,623
<u>18,386,837</u>	<u>19,005,958</u>	<u>19,617,108</u>	<u>18,601,494</u>	<u>21,060,211</u>	<u>20,951,488</u>
(1,750,600)	154,909	(1,274,928)	1,964,921	1,194,143	(3,326,167)

(Continued)

City of Mount Vernon, Ohio

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

	2007	2008	2009	2010
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	23,688	12,298	17,865	3,259
Ohio Public Works Commission Loan	0	0	125,000	0
General Obligation Bonds Issued	3,035,000	0	2,165,000	0
General Obligation Notes Issued	0	2,100,000	0	0
General Obligation Refunding Bonds Issued	0	0	0	0
Special Obligation Bonds Issued	0	0	0	0
Premium on General Obligation Notes	0	7,245	8,232	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
Transfers In	1,712,982	2,785,286	1,286,170	827,126
Transfers Out	(1,712,982)	(2,785,286)	(1,286,170)	(827,126)
Total Other Financing Sources (Uses)	3,058,688	2,119,543	2,316,097	3,259
Net Change in Fund Balance	\$3,289,301	\$2,084,919	(\$812,694)	(\$574,860)
 Debt Service as a Percentage of Noncapital Expenditures	 4.29%	 4.41%	 16.75%	 5.10%

Source: City Auditor's Office

City of Mount Vernon, Ohio

2011	2012	2013	2014	2015	2016
38,177	11,342	31,689	3,148	42,156	7,238
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	1,654,000	0	0	1,995,150	0
0	1,775,000	0	0	0	0
0	0	0	0	0	0
0	(1,600,053)	0	0	(1,969,258)	0
1,028,456	1,275,651	1,656,139	1,252,978	1,242,974	1,187,721
(1,028,456)	(1,275,651)	(1,656,139)	(1,252,978)	(1,242,974)	(1,187,721)
38,177	1,840,289	31,689	3,148	68,048	7,238
(\$1,712,423)	\$1,995,198	(\$1,243,239)	\$1,968,069	\$1,262,191	(\$3,318,929)
4.72%	5.51%	5.03%	4.53%	4.21%	4.37%

City of Mount Vernon, Ohio

Income Tax Revenues by Source, Governmental Funds Last Ten Years

Tax year	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Income Tax Rate	1.50%	1.50%	1.50%	1.50%
Estimated Personal Income (in thousands) (1)	\$434,109	\$451,730	\$462,638	\$513,183
Total Tax Collected	\$9,448,716	\$10,273,944	\$9,446,804	\$8,556,302
Income Tax Receipts				
Withholding	7,098,813	7,083,885	7,159,863	6,967,691
Percentage	75.13%	68.95%	75.79%	81.43%
Corporate	1,696,194	2,486,687	1,673,288	926,225
Percentage	17.95%	24.20%	17.71%	10.83%
Individuals	653,709	703,372	613,653	662,386
Percentage	6.92%	6.85%	6.50%	7.74%

Source: City Income Tax Department

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

City of Mount Vernon, Ohio

2011	2012	2013	2014	2015	2016
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
\$542,270	\$580,616	\$606,203	\$641,916	\$668,472	\$668,472
\$9,017,691	\$10,128,973	\$11,210,717	\$11,725,532	\$12,409,133	\$11,261,723
7,408,369	7,854,868	8,088,514	8,450,570	8,673,622	9,042,251
82.15%	77.55%	72.15%	72.07%	69.90%	80.29%
961,045	1,578,706	2,396,265	2,522,261	2,889,193	1,373,619
10.66%	15.59%	21.37%	21.51%	23.28%	12.20%
648,277	695,399	725,938	752,701	846,318	845,853
7.19%	6.86%	6.48%	6.42%	6.82%	7.51%



City of Mount Vernon, Ohio

*Income Tax Collections
Current Year and Nine Years Ago*

Calendar Year 2016				
<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	\$282,584,467	37.64%	\$4,238,767	37.64%
All Others	468,197,067	62.36%	7,022,956	62.36%
Total	<u>\$750,781,534</u>	<u>100.00%</u>	<u>\$11,261,723</u>	<u>100.00%</u>

Calendar Year 2007				
<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	\$319,427,933	50.71%	\$4,791,419	50.71%
All Others	310,486,467	49.29%	4,657,297	49.29%
Total	<u>\$629,914,400</u>	<u>100.00%</u>	<u>\$9,448,716</u>	<u>100.00%</u>

Source: City Income Tax Department

City of Mount Vernon, Ohio

Ratio of Outstanding Debt By Type Last Ten Years

	2007	2008	2009	2010
Governmental Activities ⁽¹⁾				
Long-Term Notes Payable	\$0	\$2,100,000	\$0	\$0
General Obligation Bonds Payable	5,715,065	5,420,015	7,280,711	6,881,718
Special Obligation Bonds Payable	0	0	0	0
Ohio Public Works Commission Loan Payable	350,625	329,375	433,125	419,375
Business-type Activities ⁽¹⁾				
Ohio Public Works Commission Loan Payable	\$0	\$0	\$125,362	\$122,228
Ohio Water Development Authority	0	0	0	0
General Obligation Bonds Payable	12,229,935	11,469,985	13,274,289	12,348,282
Special Obligation Bonds Payable	0	0	0	0
Mortgage Revenue Bonds Payable	5,410,000	5,015,000	4,420,000	4,020,000
Total Primary Government	<u>\$23,705,625</u>	<u>\$24,334,375</u>	<u>\$25,533,487</u>	<u>\$23,791,603</u>
Population ⁽²⁾				
City of Mount Vernon	15,256	15,256	15,256	16,990
Outstanding Debt Per Capita	\$1,554	\$1,595	\$1,674	\$1,400.33
Income ⁽³⁾				
Personal (in thousands)	434,109	451,730	462,638	513,183
Percentage of Personal Income	5.46%	5.39%	5.52%	4.64%

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

2011	2012	2013	2014	2015	2016
\$0	\$0	\$0	\$0	\$0	\$0
6,482,568	6,177,200	5,812,400	5,436,000	5,205,500	4,770,450
0	1,775,000	1,677,500	1,577,500	1,475,000	1,370,000
391,875	364,375	336,875	309,375	281,875	254,375
\$115,960	\$109,692	\$103,424	\$97,156	\$90,888	\$126,237
2,303,347	6,289,243	6,476,726	6,500,028	6,154,888	5,872,440
11,392,432	10,522,800	9,582,600	8,604,000	7,828,650	6,747,950
0	1,775,000	1,677,500	1,577,500	1,475,000	1,370,000
3,620,000	3,205,000	2,780,000	2,345,000	1,895,000	1,430,000
<u>\$24,306,182</u>	<u>\$30,218,310</u>	<u>\$28,447,025</u>	<u>\$26,446,559</u>	<u>\$24,406,801</u>	<u>\$21,941,452</u>
16,990	16,990	16,990	16,990	16,990	16,990
\$1,430.62	\$1,778.59	\$1,674.34	\$1,556.60	\$1,436.54	\$1,291.43
542,270	580,616	606,203	641,916	668,472	668,472
4.48%	5.20%	4.69%	4.12%	3.65%	3.28%

City of Mount Vernon, Ohio

*Ratios of General Bonded Debt Outstanding
Last Ten Years*

Year	2007	2008	2009	2010
Population ⁽¹⁾	15,256	15,256	15,256	16,990
Assessed Value ⁽²⁾	\$285,828,244	\$258,440,860	\$261,803,090	\$259,179,980
General Bonded Debt ⁽³⁾				
General Obligation Bonds	\$17,945,000	\$16,890,000	\$20,555,000	\$19,230,000
Resources Available to Pay Principal ⁽⁴⁾	\$0	\$0	\$10,568	\$0
Net General Bonded Debt	\$17,945,000	\$16,890,000	\$20,544,432	\$19,230,000
Ratio of Net Bonded Debt to Assessed Value	6.28%	6.54%	7.85%	7.42%
Net Bonded Debt per Capita	\$1,176.26	\$1,107.11	\$1,346.65	\$1,131.84

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

2011	2012	2013	2014	2015	2016
16,990	16,990	16,990	16,990	16,990	16,990
\$247,090,750	\$247,754,300	\$249,053,880	\$249,125,840	\$252,156,720	\$254,007,140
\$17,875,000	\$16,700,000	\$15,395,000	\$14,040,000	\$13,034,150	\$11,518,400
\$0	\$966	\$0	\$0	\$0	\$0
\$17,875,000	\$16,699,034	\$15,395,000	\$14,040,000	\$13,034,150	\$11,518,400
7.23%	6.74%	6.18%	5.64%	5.17%	4.53%
\$1,052.09	\$982.87	\$906.12	\$826.37	\$767.17	\$677.95



City of Mount Vernon, Ohio

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2016*

<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>
Direct:			
City of Mount Vernon	\$6,394,825	100.00%	\$6,394,825
Overlapping:			
Knox County	10,111,000	21.07%	2,130,388
Mount Vernon School District	2,445,432	46.36%	1,133,702
Knox County Career Center	6,213,000	23.41%	1,454,463
		Subtotal	<u>4,718,553</u>
		Total	<u><u>\$11,113,378</u></u>

Source: Knox County Auditor and Fiscal Officers of Subdivision

(1) Percentages determined by dividing each overlapping subdivisions' assessed valuation within the City by the subdivisions' total assessed valuation.

City of Mount Vernon, Ohio

*Debt Limitations
Last Ten Years*

Collection Year	2007	2008	2009	2010
Total Debt				
Net Assessed Valuation	\$285,828,244	\$258,440,860	\$261,803,090	\$259,179,980
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	30,011,966	27,136,290	27,489,324	27,213,898
City Debt Outstanding (2)	3,229,395	3,116,945	2,999,195	2,876,145
Less: Applicable Debt Service Fund Amounts	0	0	(10,568)	0
Net Indebtedness Subject to Limitation	<u>3,229,395</u>	<u>3,116,945</u>	<u>2,988,627</u>	<u>2,876,145</u>
Overall Legal Debt Margin	<u>\$26,782,571</u>	<u>\$24,019,345</u>	<u>\$24,500,697</u>	<u>\$24,337,753</u>
Unvoted Debt				
Net Assessed Valuation	\$285,828,244	\$258,440,860	\$261,803,090	\$259,179,980
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	15,720,553	14,214,247	14,399,170	14,254,899
City Debt Outstanding (2)	3,229,395	3,116,945	2,999,195	2,876,145
Less: Applicable Debt Service Fund Amounts	0	0	(10,568)	0
Net Indebtedness Subject to Limitation	<u>3,229,395</u>	<u>3,116,945</u>	<u>2,988,627</u>	<u>2,876,145</u>
Overall Legal Debt Margin	<u>\$12,491,158</u>	<u>\$11,097,302</u>	<u>\$11,410,543</u>	<u>\$11,378,754</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

2011	2012	2013	2014	2015	2016
\$247,090,750	\$247,754,300	\$249,053,880	\$249,125,840	\$252,156,720	\$254,007,140
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
25,944,529	26,014,202	26,150,657	26,158,213	26,476,456	26,670,750
2,752,795	2,607,800	2,477,600	2,342,400	2,360,300	2,185,850
0	(966)	0	0	0	0
2,752,795	2,606,834	2,477,600	2,342,400	2,360,300	2,185,850
\$23,191,734	\$23,407,368	\$23,673,057	\$23,815,813	\$24,116,156	\$24,484,900
\$247,090,750	\$247,754,300	\$249,053,880	\$249,125,840	\$252,156,720	\$254,007,140
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
13,589,991	13,626,487	13,697,963	13,701,921	13,868,620	13,970,393
2,752,795	2,607,800	2,477,600	2,342,400	2,360,300	2,185,850
0	(966)	0	0	0	0
2,752,795	2,606,834	2,477,600	2,342,400	2,360,300	2,185,850
\$10,837,196	\$11,019,653	\$11,220,363	\$11,359,521	\$11,508,320	\$11,784,543

City of Mount Vernon, Ohio

Pledged Revenue Coverage Last Ten Years

	2007	2008	2009	2010
Water System Bonds 1999 Series (1)				
Gross Revenues (2)	\$3,348,689	\$3,344,136	\$3,292,955	\$3,394,458
Direct Operating Expenses (3)	(1,784,855)	(1,956,474)	(1,991,293)	(2,026,472)
Net Revenue Available for Debt Service	1,563,834	1,387,662	1,301,662	1,367,986
Annual Debt Service Requirement	636,623	636,612	638,600	542,383
Coverage	2.46	2.18	2.04	2.52
Tax Increment Financing (TIF) Bonds (4)				
Payment In Lieu of Taxes (PILOT) Collections	\$1,060,626	\$1,155,370	\$1,232,200	\$1,320,086
Debt Service				
Principal	176,000	182,600	186,554	190,943
Interest	91,905	88,297	84,361	79,136
Coverage	3.96	4.26	4.55	4.89

(1) 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

2011	2012	2013	2014	2015	2016
\$3,373,589	\$3,560,407	\$3,451,448	\$3,685,199	\$3,563,294	\$3,538,481
(1,933,228)	(1,805,985)	(1,853,530)	(1,874,612)	(1,982,573)	(1,989,032)
1,440,361	1,754,422	1,597,918	1,810,587	1,580,721	1,549,449
539,650	542,650	540,200	537,450	539,400	540,900
2.67	3.23	2.96	3.37	2.93	2.86
\$1,262,210	\$1,572,036	\$748,799	\$1,214,761	\$1,278,656	\$1,301,697
195,800	231,000	149,600	156,200	158,400	160,600
72,745	87,076	74,120	28,627	25,569	22,628
4.70	4.94	3.35	6.57	6.95	7.10

City of Mount Vernon, Ohio

Demographic and Economic Statistics Last Ten Years

Calendar Year	2007	2008	2009	2010
Population ⁽¹⁾				
City of Mount Vernon	15,256	15,256	15,256	16,990
Knox County	54,500	54,500	54,500	60,921
Income ^{(2) (a)}				
Total Personal (in thousands)	434,109	451,730	462,638	513,183
Per Capita	28,455	29,610	30,325	30,205
Unemployment Rate ⁽³⁾				
Federal	4.6%	5.8%	5.8%	9.1%
State	5.6%	6.6%	6.6%	9.3%
Knox County	5.4%	6.3%	6.3%	9.1%
Civilian Work Force Estimates ⁽³⁾				
State	5,976,500	5,986,400	5,986,400	5,986,400
Knox County	31,000	30,800	30,800	30,800

Sources:

(1) US Bureau of Census of Population

(2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2015 for the presentation of 2016 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. Information is not available at the City level.

City of Mount Vernon, Ohio

2011	2012	2013	2014	2015	2016
16,990	16,990	16,990	16,990	16,990	16,990
60,921	60,921	60,705	61,167	61,061	61,061
542,270	580,616	606,203	641,916	668,472	668,472
31,917	34,174	35,680	37,782	39,345	39,345
8.3%	7.6%	7.4%	6.2%	5.3%	4.9%
7.6%	6.6%	7.4%	5.7%	4.9%	4.9%
7.6%	6.2%	6.7%	5.2%	4.7%	4.5%
5,806,000	5,701,000	5,726,000	5,719,000	5,700,300	5,713,100
29,600	29,400	30,500	31,100	31,000	31,300



City of Mount Vernon, Ohio

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2016	
		Number of Employees	Rank
Ariel Corporation	Manufacturing	1,200	1
Knox Community Hospital	Medical Care	900	2
Siemens	Manufacturing	600	3
Jeld-Wen Windows & Doors	Manufacturing	470	4
Knox County	Government	425	5
Mount Vernon City Schools	Education	400	6
Mount Vernon Nazarene University	Education	370	7
Wal-Mart	Retail	325	8
Sanoh America, Inc.	Manufacturing	300	9
First Knox National Bank	Financial	200	10
Total		5,190	

Employer	Nature of Business	2007	
		Number of Employees	Rank
Rolls-Royce Energy Systems, Inc.	Manufacturing	855	1
Ariel Corporation	Manufacturing	835	2
Knox Community Hospital	Medical Care	573	3
Knox County	Government	452	4
Board of Education (City)	Education	448	5
Mount Vernon Nazarene University	Education	427	6
Wal-Mart	Retail	327	7
Jeld-Wen Windows & Doors	Manufacturing	284	8
Sanoh America, Inc.	Manufacturing	200	9
Weyerhaeuser Paper Company	Manufacturing	180	10
Total		4,581	

Source:

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

	2007	2008	2009	2010	2011
Governmental Activities					
General Government					
Administration	1.00	1.00	1.00	1.00	1.00
Finance	2.00	2.00	2.00	2.00	2.00
Law Director	4.00	4.00	4.00	4.00	4.00
Income Tax	3.00	3.00	3.00	3.00	3.00
Legal/Court	10.50	11.00	11.00	11.00	11.00
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	6.00	6.50	6.50	6.50	6.50
Public Buildings/Lands	1.75	1.75	1.75	1.75	1.75
Security of Persons and Property					
Police	32.00	31.00	32.00	32.00	32.00
Fire	40.00	40.00	40.00	40.00	40.00
Transportation					
Street	12.50	12.50	12.50	12.50	12.50
Leisure Time Activities					
Parks/Recreation	58.25	53.75	53.75	53.75	55.25
Public Health and Welfare					
Cemetery	6.00	6.00	6.00	5.25	5.25
Business-Type Activities					
Utilities					
Water	17.50	17.50	17.50	17.50	17.50
Sewer	19.50	19.50	19.50	19.50	19.50
<i>Total Employees</i>	<u>216.50</u>	<u>212.00</u>	<u>213.00</u>	<u>212.25</u>	<u>213.75</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

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</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
11.00	11.00	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
6.50	6.50	6.00	6.00	6.00
1.75	1.75	1.75	1.75	1.75
32.00	32.00	32.00	32.00	32.00
40.00	40.00	40.00	40.00	40.00
12.50	12.50	12.50	12.50	12.50
56.50	56.50	56.50	56.50	56.50
5.25	5.25	5.25	5.25	5.25
17.50	17.50	17.50	17.50	17.50
19.50	19.50	19.50	19.50	19.50
<u>215.00</u>	<u>215.00</u>	<u>214.50</u>	<u>214.50</u>	<u>214.50</u>

City of Mount Vernon, Ohio

Operating Indicators by Function Last Ten Years

	2007	2008	2009
Governmental Activities			
General Government			
Court			
Number of Civil Cases	1,252	1,484	1,425
Number of Criminal Cases	1,088	1,335	1,246
Number of Traffic Cases	5,491	5,811	5,867
Number of Open Cases	1,020	1,003	1,038
Licenses and Permits			
Number of Building Permits	119	160	162
Security of Persons and Property			
Police			
Number of Citations Issued	3,081	3,857	3,295
Fire			
Number of Fire Calls	752	871	1,032
Number of EMS Runs	2,911	3,259	3,282
Number of Inspections	375	1,250	1,009
Business-Type Activities			
Water			
Number of Service Connections	6,421	6,449	6,469
Daily Average Consumption (thousands of gallons)	2,508,356	2,704,110	3,026,000
Sewer			
Number of Service Connections	6,637	6,655	6,682
Daily Average Sewage Treatment (thousands of gallons)	3,145,699	3,282,192	2,979,515

Source: City Auditor's Office

City of Mount Vernon, Ohio

2010	2011	2012	2013	2014	2015	2016
1,259	1,394	1,258	780	823	932	1,443
1,378	1,551	1,365	1,280	1,272	1,163	967
6,234	5,825	5,500	4,978	4,573	4,664	4,603
884	514	547	440	322	678	829
159	157	150	122	140	132	137
3,640	3,117	2,557	3,117	1,971	1,832	2,274
1,067	1,032	1,185	918	1,049	1,108	1,055
3,386	3,649	3,817	3,583	3,581	3,850	3,777
685	820	750	740	580	420	641
6,484	6,495	6,507	6,514	6,527	6,540	6,559
2,565,381	2,409,501	2,530,735	2,748,137	2,542,049	2,728,019	2,761,211
6,704	6,717	6,726	6,734	6,745	6,764	6,783
2,881,773	3,524,871	2,676,145	2,779,449	2,794,266	2,783,184	2,567,540

City of Mount Vernon, Ohio

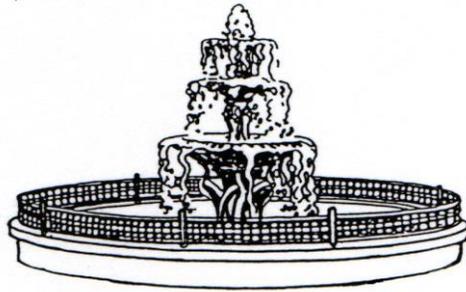
Capital Asset Statistics by Function Last Ten Years

	2007	2008	2009	2010
Governmental Activities				
General Government				
Public Land and Buildings				
Land (acres)	9.2	9.8	9.8	12.4
Buildings	9	9	9	9
Security of Persons and Property				
Police				
Stations	1	1	1	1
Vehicles	13	13	13	13
Fire				
Stations	2	2	2	2
Vehicles	11	11	11	11
Transportation				
Street				
Streets (center line miles)	82	82	82	82
Street Lights	1,470	1,470	1,470	1,470
Traffic Signals	51	52	53	53
Vehicles	13	13	13	13
Leisure Time Activities				
Parks/Recreation				
Land (acres)	241.86	241.86	241.86	244.98
Buildings	14	14	14	14
Parks	8	8	8	8
Playgrounds	4	4	4	4
Swimming Pools	4	4	4	4
Tennis Courts	10	10	10	10
Baseball/Softball Diamonds	11	11	11	11
Soccer Fields	2	2	2	2
Business-Type Activities				
Utilities				
Water				
Waterlines (Miles)	63	63	63	63
Number of Hydrants	484	484	484	484
Average Daily Consumption	2,508,356	2,704,110	3,026,000	2,565,381
Storage Capacity (thousands of gallons)	7,000	7,000	7,000	7,000
Sewer				
Sewerlines (Miles)	62	62	62	62
Average Daily Treatment	3,145,699	3,282,192	2,979,515	2,881,773
Treatment Capacity (thousands of gallons)	5,000	5,000	5,000	5,000

Source: City Auditor's Office

City of Mount Vernon, Ohio

2011	2012	2013	2014	2015	2016
12.4 9	12.4 9	12.7 9	12.7 9	12.7 9	12.7 9
1 13	1 13	1 13	1 13	1 13	1 13
2 11	2 11	2 11	2 11	2 11	2 11
82 1,470 53 13	82 1,470 54 13	82 1,470 54 13	92 1,470 54 13	92 1,470 54 13	92 1,470 54 13
244.98 14 8 4 4 10 11 2	244.98 14 8 4 4 10 11 2	244.98 14 8 4 4 10 11 2	269.98 14 8 4 4 10 11 2	337.56 14 8 4 4 10 11 2	337.56 14 8 4 4 10 11 2
63 484 2,409,501 7,000	63 484 2,530,735 7,000	63 484 2,748,137 7,000	63 484 2,542,049 7,000	63 484 2,728,019 7,000	63 484 2,761,211 7,000
62 3,524,871 5,000	62 2,676,145 5,000	62 2,779,449 5,000	62 2,794,266 5,000	62 2,783,184 5,000	62 2,567,540 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
AUGUST 29, 2017**