



**Auditor of State
Betty Montgomery**

**CITY OF MOUNT VERNON
KNOX COUNTY**

TABLE OF CONTENTS

Independent Accountants' Report on Compliance and on Internal Controls Required by <i>Government Auditing Standards</i>	1
Schedule of Prior Audit Findings.....	3

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**Auditor of State
Betty Montgomery**

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

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

To the Members of City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mount Vernon, Knox County, Ohio, (the City) as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 27, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the City's management dated June 27, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the City's management dated June 27, 2005, we reported a matter related to noncompliance we deemed immaterial.

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City of Mount Vernon
Knox County
Independent Accountants' Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters
Required By *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the audit committee, management, and City Council. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

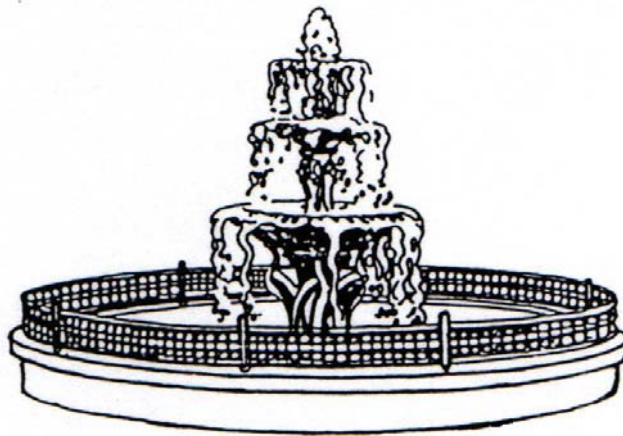
June 27, 2005

CITY OF MOUNT VERNON
KNOX COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2004

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2003-001	Finding for Recovery in favor of the City to recover an overpayment of payroll to a City employee.	No	Not Corrected. The City has entered into an agreement with the City employee to recover the amount in question. The comment will not be reissued.

Knox County, Ohio



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2004

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2004

Prepared by the Auditor's Office

Terry Scott
City Auditor



TABLE OF CONTENTS

CITY OF MOUNT VERNON
KNOX COUNTY, OHIO

I INTRODUCTORY SECTION

A Letter of Transmittal v
B List of Principal Officials xvii
C City Organizational Chart xviii
D Certificate of Achievement for Excellence in Financial Reporting..... xix

II FINANCIAL SECTION

A Independent Accountants' Report 1
B Management's Discussion and Analysis 3
C Basic Financial Statements:
 Government-wide Financial Statements:
 Statement of Net Assets 13
 Statement of Activities 14
 Fund Financial Statements:
 Governmental Funds:
 Balance Sheet 16
 Reconciliation of Total Governmental Fund Balances to Net Assets of
 Governmental Activities 17
 Statement of Revenues, Expenditures and Changes in Fund Balances 18
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances to the Statement of Activities 19
 Statement of Revenues, Expenditures and Changes in Fund Balance
 (Budget and Actual):
 General Fund 20
 Proprietary Funds:
 Statement of Net Assets 21
 Statement of Revenues, Expenses and Changes in Fund Net Assets 22
 Statement of Cash Flows 23
 Fiduciary Funds:
 Statement of Assets and Liabilities 24
Notes to the Basic Financial Statements 25

D Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Financial Statements:

Combining Balance Sheet.....	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	57
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	58
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds	62
Combining Balance Sheet – Nonmajor Capital Projects Funds	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds.....	67

Individual Schedules of Revenues, Expenditures and Changes in Fund Balance (Budget and Actual):

Major Governmental Funds:

<i>General Fund</i>	68
<i>Debt Service Fund:</i>	
General Bond Retirement Fund.....	73
<i>Capital Projects Fund:</i>	
Capital Improvements Fund	74

Nonmajor Governmental Funds:

<i>Special Revenue Funds:</i>	
Street Construction, Maintenance and Repair Fund.....	76
State Highway Improvement Fund.....	77
Permissive Auto License Tax Fund.....	78
Cemetery Fund	79
Park Development Fund.....	80
Community Development Block Grant Fund.....	81
Parking Fund	82
Law Enforcement Trust Fund.....	83
Drug Enforcement Trust Fund.....	84
Permissive License Registration Fund	85
Indigent Drivers Alcohol Treatment Fund	86
DUI - Enforcement and Education Fund.....	87
Court Computerization Fund.....	88
Probation Services Fund.....	89
Police Pension Fund	90
Fire Pension Fund.....	91
Mausoleum Fund.....	92
Veterans Honor Walkway Fund	93

Nonmajor Governmental Funds: (Continued)

Capital Projects Funds:

TIF District-Coshocton Road Fund 94
 B & O Railroad Depot Fund.....95

Permanent Fund:

Perpetual Care Fund96

Fiduciary Funds – Agency Funds:

Combining Statement of Changes in Assets and Liabilities99

Capital Assets Used in the Operation of Governmental Funds:

Schedule by Source.....101
 Schedule by Function and Activity.....102
 Schedule of Changes by Function and Activity.....104

III

STATISTICAL SECTION

General Fund Expenditures by Function - Last Ten Years S 2
 General Fund Revenues By Source - Last Ten Years S 3
 Property Tax Levies and Collections - Last Ten Years S 4
 Assessed Valuations and Estimated True Values of Taxable Property - Last Ten Years S 5
 Property Tax Rates - Direct and Overlapping Governments - Last Ten Years S 6
 Computation of Legal Debt Margin S 7
 Ratio of Net General Obligation Bonded Debt to Assessed Value and Net
 Bonded General Obligation Debt Per Capita - Last Ten Years S 8
 Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total
 General Fund Expenditures - Last Ten Years..... S 9
 Computation of All Direct and Overlapping Governmental Debt..... S 10
 Revenue Bond Coverage - Water and Sewer Mortgage Bonds - Last Ten Years S 11
 Demographic Statistics - Last Ten Years S 12
 Property Value and Construction Permits - Last Ten Years..... S 13
 Principal Taxpayers (Real Property Tax) S 14
 Principal Employers S 15
 Miscellaneous Statistics..... S 16



INTRODUCTORY SECTION





CITY OF MOUNT VERNON

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June 27, 2005

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, 2004. The report has been prepared in conformity with generally accepted accounting principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

Introduction

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

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

THE REPORT:

This Comprehensive Annual Financial Report is designed to assist and guide the reader in understanding its contents. The report is comprised of the following three major sections:

1. *The Introductory Section* includes this letter of transmittal which presents the City's organization, operational structure and accomplishments, an organizational chart, a list of principal elected officials; and the GFOA Certificate of Achievement.
2. *The Financial Section* contains the Independent Accountants' Report, Management's Discussion and Analysis, basic financial statements and notes that provide an overview of the City's financial position and operating results, the combining statements for nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.
3. *The Statistical Section* presents social, economic and historical data in a multi-year format useful in identify financial trends and data relative to the fiscal capacity of the City.

CITY OF MOUNT VERNON, OHIO

Letter of Transmittal

For the Year Ended December 31, 2004

THE REPORTING ENTITY:

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all the organizations, activities, functions and component units for which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide financial benefit to or impose a financial burden on the City. There were no potential component units that met the criteria imposed by GASB 14 to be included in the City's reporting entity. Therefore, the reporting entity of the City includes the following services: police protection, 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.

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 2004.

Mid Ohio Transit Authority (MOTA) is a jointly governed organization whose board is composed of four members; one county commissioner, one township representative, and one representative from the municipal corporation. These three members collectively appoint one non-elected representative from within the county. MOTA was organized to provide public transportation for the entire county. The City did not appoint a majority of the members of the Board, nor is the City accountable for any operating deficits of MOTA. The MOTA Board is responsible for the fiscal operation of MOTA. The City appropriated \$20,000 for an operating grant to MOTA for 2004.

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 \$41,200 for operations of the combined District for 2004.

CITY OF MOUNT VERNON, OHIO

Letter of Transmittal

For the Year Ended December 31, 2004

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.

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 9.2 square mile area serves a residential population of 15,256. State highways 3, 13 and 229 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 twenty-five firefighters, six paramedics and one executive secretary. All Fire Department services including all basic fire protection, emergency medical and rescue services are tax supported. There is no charge levied for any of the services described above.

CITY OF MOUNT VERNON, OHIO

Letter of Transmittal

For the Year Ended December 31, 2004

Engineering Department - This department has a total of seven 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 nine 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, forty-four people are hired to coordinate and administer organized recreational programs in the City's two major parks and to operate the two municipal swimming pools.

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

Cemetery Department - This department is operated with four full-time employees and four 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 6,000 customers and customers located in the Village of Gambier (approximately three miles east of Mount Vernon). All treatment plant employees are required to have a Class I operators license within two years of employment.

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

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

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

CITY OF MOUNT VERNON, OHIO

Letter of Transmittal

For the Year Ended December 31, 2004

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

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

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

Economic Outlook

How does a municipality make transportation improvements without the display of orange barrels and detour signs? During 2004, the City continued its ongoing highway improvements with a new intersection at South Main Street and Mount Vernon Avenue. Along with the new intersection came the widening of South Main Street/Newark Road providing for a center turn lane and two passenger lanes in both directions. With the generous grant contribution of one million dollars from the Ohio Department of Transportation (ODOT) along with additional ODOT funds and City funds, this long awaited project was started and finished within the year.

New asphalt roads are always an improvement for traffic flow throughout the City. During 2004, the Ohio Department of Transportation resurfaced the entire State Route 13 in and through town while adding handicap ramps at all related street crossings. This resurfacing project included over two miles of roadway of which the City contributed twenty percent of the cost.

The City was able to reach a major accomplishment during the end of 2004 with the Clinton Water & Sewer District. Both entities had been working several years on a contract to provide water services to the District. Through a number of revisions to draft documentation, both entities reached an agreement and the final contract was signed in January 2005. This will allow for water services to be provided to certain areas within the District who are in immediate need of a source of water. The City anticipates with this contract, certain development projects will be forth coming in the future years.

In the fall of 2004, the City received notification that Ohio Public Works Commission had awarded a grant in the amount of \$456,144 to make improvements to a three block stretch of East Chestnut Street. This section of roadway is currently a brick street with significant deterioration of curbs, gutters, and sub surface. The improvements will include removing the entire roadway, including the base course, and replace it with a new base and a finished course layer of asphalt. New curbs and gutters will also become a part of the overall improvements. This project is estimated to have a total cost of approximately \$950,000.

CITY OF MOUNT VERNON, OHIO

Letter of Transmittal

For the Year Ended December 31, 2004

During the upcoming year, the Water and Wastewater divisions will have some major improvements either underway or in the design stages. City Council gave approval to begin construction of a new laboratory/administration building in January 2005. The design of this facility has been completed and funding has been provided. The wastewater plant is in need of replacing the influent screening process and replacing the aeration system which is a part of the secondary treatment process. Preliminary design plans are underway and final design should be completed by July 2005. These improvements are estimated to cost approximately \$2.4 million with the estimated completion sometime in late 2006 or early 2007. The overall gain by achieving these improvements would allow for a second influent system into the plant, in the event of future needs for a shutdown to make certain maintenance repairs and to allow for a better aeration system in the secondary treatment units.

The City continued with its historical preservation of the former Baltimore & Ohio Railroad Depot. This multi year project is expected to continue until 2007. Private donations from corporations and foundations help to make this preservation project a success. The City actively continues to seek private donations from varying sources of funding.

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 two hundred twenty-three building permits in 2004 and two hundred thirteen in 2003, an increase of ten permits.

Employee Relations:

The City of Mount Vernon completed the second year of a three year contract with the City's three unions. All union contracts were effective January 1, 2003, through December 31, 2005, with annual raises on January 1st of each year. The first is, the Dan Emmett Chapter of the Ohio Civil Service Employees Association (OCSEA), Local 11/American Federation of State, County and Municipal Employees, AFL-CIO, which consists of fifty-three 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 twenty-four 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-four members of the police department. The remaining departments along with all the department heads are not represented by any union.

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

Unemployment Rates:

The City of Mount Vernon's economic outlook continued to be mixed for 2004. Starting out the year at 6.8 percent, the unemployment rate was on a continuous roller coaster ride, though dropping to 4.3 percent during midyear, but managed to level out by yearend at 4.6 percent. This significant reduction of 2.2 percent was the result of economic improvements to the overall economy. The City's diverse mix of employment opportunities helps to offset such economic fluctuations.

*Letter of Transmittal
For the Year Ended December 31, 2004*

Major Initiatives

Municipal Court:

The Municipal Court was confronted with numerous changes to Ohio's traffic laws beginning January 1, 2004. The new law renamed the offense "Operating a Vehicle Under the Influence" of alcohol and/or drugs (OVI) rather than "Operating A Motor Vehicle Under The Influence" (OMVI).

In addition, the new law enacted higher OVI penalties for test refusal and added new felony OVI provisions for those with 5 or more convictions within 20 years. It also mandates additional prison time for such violations.

Special restricted plates for OVI offenders are now required (prior law, it was optional). Effective September 20, 2004, the requirement is optional for first offenders, low test, but mandatory for first offenders who refuse, or test .17 or higher.

These changes gave perplexity for law enforcement and the courts as many sections of the traffic code were repealed and moved to new sections.

Traffic cases filed numbered 5,257, a decrease of 1,363 from those filed in 2003, while criminal case filings of 1,151 decreased by 184 cases from those filed in 2003. There was an increase in civil case filings, 1,193 in 2004 compared to 1,085 in 2003.

Fire Department:

The Fire Department received various pieces of equipment for the department throughout the year. Training and certification of paramedics continue to be major concentrations for the department. Each paramedic is required to maintain continued education and recertification every two years. Each firefighter holds Emergency Medical Technician certification which requires recertification and continued education also.

Police Department:

Due to conservative fiscal management, the department suspended its capital replacement program of three marked police cruisers. By year-end, resources were secured to acquire the new cruisers in the coming year. Total criminal, traffic and juvenile citations and charges filed by the department for 2004 equals 2,953, a decrease of 513 from 2003. Law enforcement within the City maintains a safe and secure environment for all of its citizens and visitors.

***Letter of Transmittal
For the Year Ended December 31, 2004***

Street Department:

The Street Department was the recipient of continuous equipment replacement in 2004. The department received a new mower that is used to maintain greenspace along certain roadways. With a continuous snow fall during the months of winter, purchasing road salt was a major expense for the department. However, the department managed to maintain a moderate financial base into the next year. December brought about a severe ice and snow storm that blanketed the entire community for several days. Downed power lines and trees caused the county to be declared a federal disaster area. In the new year, a report was filed with the Federal Emergency Management Agency seeking reimbursement for certain clean up costs. Other routine projects completed by the Street Department included street sweeping, traffic line painting, traffic signal repairs, traffic sign replacement and leaf pick-up. The on going street resurfacing program provided for the resurfacing of a total of 11 streets in 2004.

Cemetery Department:

The Cemetery Department continued a restoration project on the chapel located within the cemetery. This structure has been dated back to as early as 1884, and is currently being petitioned for recognition as a historical structure in Ohio. This structure will undergo extensive improvements in the coming years. Section names and numbers on cemetery roadways were repainted. Continued repairs to monuments and foundations were completed throughout the year.

Engineering Department:

The Engineering Department continued to serve the needs of new construction within the City in 2004. Two hundred twenty-three building permits, representing over twenty-four million dollars in increased property values were issued in 2004. The Engineering department provided assistance for all new construction and upgrade projects that were conducted by the City in 2004. The department continues to work with consultants who are developing a GIS (Geographical Information System) system for the entire city. In conjunction with Knox County, the layers of information will include topography of land elevations, property zoning, utility line locations, fire hydrant locations and traffic control devices.

Public Buildings and Land and Parks Department:

The Public Buildings and Land Department and Parks Department share employees on an as needed basis. The salary of the superintendent and foreman is paid one half from each department. The Public Buildings and Land Department is responsible for a total of thirteen buildings and property. The Parks Department maintains eight parks with a total acreage of 176.576 acres of land. The department received upgraded lawn care equipment during the year. Foundation Park, a nature trail and fishing park continues to receive improvements.

***Letter of Transmittal
For the Year Ended December 31, 2004***

Water Department:

The Water Distribution Division of the Water Department performed various maintenance activities to the lines in 2004. With the ongoing concerns of terrorism, a vulnerability assessment was performed on our water system in 2004. Future upgrades and improvements will be made based upon the findings reported from the assessment. Wellhead protection continues to be a major concern for the City and in the next year, a well-head protection plan design is anticipated to be completed to deter water contamination into our supply of raw water. Backflow prevention continues to be monitored to prevent contaminates through the water service connection into the public water system. High risk consumers are the major users the City requires to comply with these regulations. Future service connections to be required will be industrial, commercial and residential users. This will include current and new service connections.

New standby generators were acquired during the year to provide alternative power supply to wells located in and around the city. Dehumidifiers were installed in the pipe gallery within the water plant and additional fencing was installed around various water structures to provide additional security.

Wastewater Department:

The Wastewater Treatment Plant Division of the Wastewater Department performed routine maintenance of the facility and equipment throughout 2004. The department acquired a mobile diesel generator to be used at the plant as an alternative power supply. During December, the plant suffered damages to piping and other certain equipment when regular power supply was terminated due to a sever winter ice and snow storm. Repairs were made quickly, causing limited interruption to the treatment process. Submission to the Federal Emergency Management Agency was made to help cover the costs of this disaster.

Financial Information

Internal Control, Budgetary Control and the Accounting System:

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

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2004***

All internal control evaluations occur within this framework. It is the belief of the administration and financial management personnel that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by Mount Vernon City Council. All funds are included in the annual appropriated budget. The level of budgetary control (that is, the levels at which expenditures cannot legally exceed the appropriated amount) is at the object level within each department. Budgetary control is maintained within the personal services, operating expenses, and capital outlay categories with each department though the encumbering of estimated purchase amounts prior to the release of formal purchase orders to vendors. Encumbered appropriations carry forward to the following year(s) until expended or liquidated. Unencumbered amounts lapse at year end. Open encumbrances as of December 31, 2004, that have not been included as an accrued item are reported as reservations of fund balances with this report.

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

Risk Management:

The proactive approach that the Administration employs in addressing its on going operations is reflected in the composition of the City's insurance protection package and its very favorable loss experience.

The City has contracted with Great American Insurance Company of New York and Claredon National Insurance Company for insurance coverages. The provision of underlying bodily injury, personal injury, property damage, and general liability coverage are provided in conjunction with coverage that includes Emergency Medical Technician professional liability, gap police professional liability, and an overlying umbrella liability policy. Evans & Muir Insurance Agency provides protection for honest bonding requirements. Rates during the year remained stable due to the reduced exposure to claim activity.

Primarily attributable to excellent employment standards and on going training, we have been able to maintain police professional liability coverage at a reasonable cost with a financially sound carrier, Claredon National Insurance Company. The reputation of our safety forces, coupled with the training provided, has been a definite plus in maintaining this difficult to place coverage. Claredon National Insurance Company insures the City for firemen's errors and omissions coverage.

Deductible levels for the various policies have been selected so as not to expose the City to excessive "first dollars" loss in the case of a claim. In the property damage area, deductibles are \$500 per loss. In the professional liability areas, no deductible exceeds \$25,000. When a notice of claim does arise, in each and every instance, it is referred to the insurance company and claims monitoring is reviewed both by the administration and by the City's legal counsel to assure that the City's interests are protected.

Through a periodic review of the City's scope of activities and an evaluation of acquisitions and disposals of fixed assets, an up-to-date risk profile is made available to all of our insurance carriers.

CITY OF MOUNT VERNON, OHIO

**Letter of Transmittal
For the Year Ended December 31, 2004**

Cash Management

Cash temporarily idle during the year was invested in certificates of deposit, federal agency securities, money market savings and interest bearing checking accounts. As of December 31, 2004, the City's cash resources were divided between cash and investments as follows:

<u>Cash Resources</u>	<u>Amount</u>	<u>Percentage</u>
Cash	\$423,539	4.70%
Federal Securities	2,772,493	30.77%
Certificate of Deposits	4,000,000	44.39%
STAR Ohio	1,815,064	20.14%
Totals	<u>\$9,011,096</u>	<u>100.00%</u>

The City implemented an investment policy in 1997 and requires all depositories to comply with its deposit and investment ordinance and with state law governing collateralization of deposits. See Note 2 to the financial statements for additional information on deposits and investments.

Other Information

Independent Audit:

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

Awards:

The Government Finance Officers Association of the United State and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mount Vernon, Ohio for its comprehensive annual financial report for the fiscal year ended December 31, 2003. 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 thirteen consecutive years (fiscal years ended 1991-2003). I believe this current report continues to conform to the Certificate of Achievement program requirements, and I am submitting it to GFOA.

CITY OF MOUNT VERNON, OHIO

***Letter of Transmittal
For the Year Ended December 31, 2004***

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 2004 Comprehensive Annual Financial Report and annual independent audit.

Special appreciation is extended to, Stacie Scholl, audit manager of the City's audit by the Auditor of the State of Ohio, for her assistance and review during this project.

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,



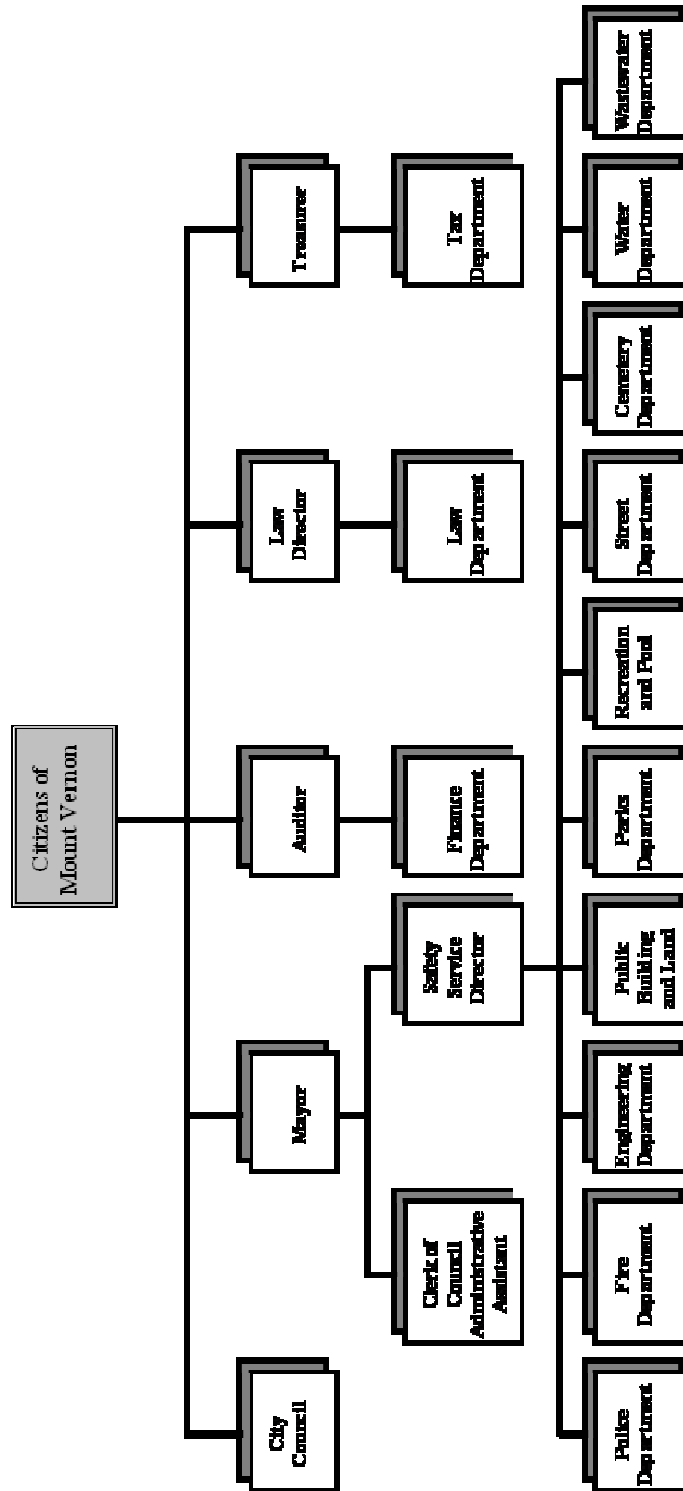
Terry Scott,
City Auditor

CITY OF MOUNT VERNON, OHIO

**List of Principal Officials
For the Year Ended December 31, 2004**

<u>NAME</u>	<u>TITLE</u>	<u>YEARS OF SERVICE</u>
<u>City Council</u>		
John Booth	President	1
Burt Hanson	First Ward Member	4
Charles K. Dice	Second Ward Member	6
Derk Demaree	Third Ward Member	1
John Fair	Fourth Ward Member	5
Anna M. Kinnard	Member At-Large	11
Larry Schafer	Member At-Large	5
Nancy Vail	Member At-Large	1
<u>City Administration</u>		
Richard K. Mavis	Mayor	9
Terry Scott	Auditor	10
William D. Smith	Law Director	24
James Shipley	Treasurer	5
Joel Daniels, II	Safety-Service Director	9
Janet M. Brown	Clerk of Council	12
<u>Department Heads</u>		
Burma Van Winkle	Income Tax Administrator	16
Thomas E. Bartlett	Police Chief	41
James P. Clifford	Fire Chief	25
Paul G. Oliver	Parks, Public Buildings and Land Superintendent	22
David Carpenter	Street Superintendent	13
Deborah S. Briscoe	Cemetery Foreman	24
Pam Muralt	Water and Wastewater Meter and Customer Service Administrator	24
Judith Scott	Water and Wastewater Treatment and Distribution Administrator	22

City Organizational Chart
For the Year Ended December 31, 2004



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, 2003

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

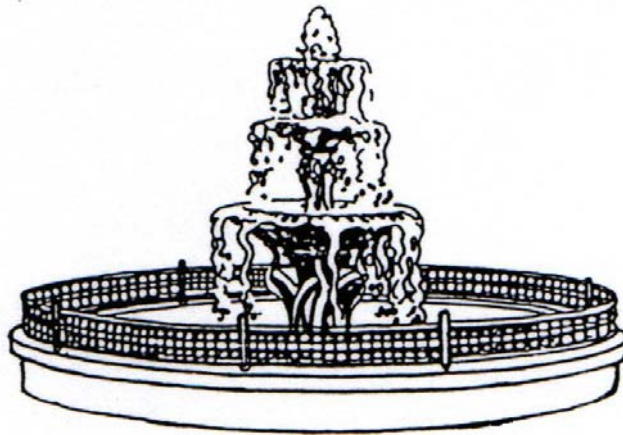


Nancy L. Ziehl

President

Jeffrey R. Emer

Executive Director



FINANCIAL SECTION





Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mount Vernon, Knox County, Ohio (the City), as of and for the year ended December 31, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mount Vernon, Knox County, Ohio, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2005, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

June 27, 2005

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, 2004. 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 2004 are as follows:

- ❑ In total, net assets increased \$3,131,543. Net assets of governmental activities increased \$2,791,464 which represents a 27.0% increase from 2003. Net assets of business-type activities increased \$340,079 or 1.6% from 2003.
- ❑ General revenues accounted for \$9,693,264 in revenue or 50.7% of all revenues. Program specific revenues in the form of charges for services, and grants and contributions accounted for \$9,408,809, 49.3% of total revenues of \$19,102,073.
- ❑ The City had \$10,865,770 in expenses related to governmental activities; only \$3,914,470 of these expenses were offset by program specific charges for services, grants or contributions. General revenues and transfers of \$9,742,764 were also used to provide for these programs.
- ❑ Among major funds, the general fund had \$8,689,600 in revenues and other financing sources and \$8,266,460 in expenditures and other financing uses. The general fund's fund balance increased from \$1,888,488 to \$2,311,852.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

Governmental Funds – Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. The City's major funds are the General Fund, the General Bond Retirement Fund, and the Capital Improvement Fund. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

CITY OF MOUNT VERNON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

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 Fiduciary Assets and Liabilities.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a summary of the City's net assets for 2004 compared to 2003:

	Governmental		Business-type		Total	
	Activities		Activities			
	2004	2003	2004	2003	2004	2003
Current and other assets	\$8,802,368	\$8,240,461	\$8,451,540	\$8,300,577	\$17,253,908	\$16,541,038
Capital assets, Net	11,268,823	9,218,257	30,286,569	30,940,576	41,555,392	40,158,833
Total assets	20,071,191	17,458,718	38,738,109	39,241,153	58,809,300	56,699,871
Long-term liabilities outstanding	4,854,216	5,059,658	17,376,701	18,245,952	22,230,917	23,305,610
Other liabilities	2,359,421	2,332,970	370,256	344,128	2,729,677	2,677,098
Total liabilities	7,213,637	7,392,628	17,746,957	18,590,080	24,960,594	25,982,708
Net assets						
Invested in capital assets, net of related debt	7,615,083	5,354,235	13,240,227	12,939,598	20,855,310	18,293,833
Restricted	2,985,534	3,083,896	694,806	707,033	3,680,340	3,790,929
Unrestricted	2,256,937	1,627,959	7,056,119	7,004,442	9,313,056	8,632,401
Total net assets	\$12,857,554	\$10,066,090	\$20,991,152	\$20,651,073	\$33,848,706	\$30,717,163

CITY OF MOUNT VERNON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for 2004 compared to 2003:

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues						
Program Revenues:						
Charges for Services and Sales	\$1,047,653	\$1,036,350	\$5,494,339	\$5,056,862	\$6,541,992	\$6,093,212
Operating Grants and Contributions	870,878	1,571,916	0	0	870,878	1,571,916
Capital Grants and Contributions	1,995,939	183,870	0	0	1,995,939	183,870
General revenues:						
Property Taxes	1,536,589	1,118,341	0	0	1,536,589	1,118,341
Income Taxes	6,988,358	6,373,436	0	0	6,988,358	6,373,436
Other Local Taxes	2,727	125,688	0	0	2,727	125,688
Shared Revenues	939,630	723,556	0	0	939,630	723,556
Investment Earnings	103,091	93,876	0	0	103,091	93,876
Miscellaneous	122,869	75,013	0	0	122,869	75,013
Total revenues	13,607,734	11,302,046	5,494,339	5,056,862	19,102,073	16,358,908
Program Expenses						
Security of Persons and Property	4,664,297	4,764,413	0	0	4,664,297	4,764,413
Public Health and Welfare Services	556,057	559,211	0	0	556,057	559,211
Leisure Time Activities	314,140	394,372	0	0	314,140	394,372
Community Environment	717,905	668,592	0	0	717,905	668,592
Transportation	1,193,206	1,400,899	0	0	1,193,206	1,400,899
General Government	3,282,747	3,851,104	0	0	3,282,747	3,851,104
Interest and Fiscal Charges	137,418	134,030	0	0	137,418	134,030
Water	0	0	2,863,797	3,256,836	2,863,797	3,256,836
Wastewater	0	0	2,240,963	2,520,031	2,240,963	2,520,031
Total expenses	10,865,770	11,772,621	5,104,760	5,776,867	15,970,530	17,549,488
Change in Net Assets before transfers	2,741,964	(470,575)	389,579	(720,005)	3,131,543	(1,190,580)
Transfers	49,500	49,500	(49,500)	(49,500)	0	0
Total Change in Net Assets	2,791,464	(421,075)	340,079	(769,505)	3,131,543	(1,190,580)
Restated Beginning Net Assets	10,066,090	10,487,165	20,651,073	21,420,578	30,717,163	31,907,743
Ending Net Assets	\$12,857,554	\$10,066,090	\$20,991,152	\$20,651,073	\$33,848,706	\$30,717,163

Governmental Activities

Net assets of the City's governmental activities increased by \$2,791,464 over 2003. The increase in Net Assets is the result of additional capital grants from the Ohio Department of Transportation, income tax revenues, property tax revenues, and shared revenues.

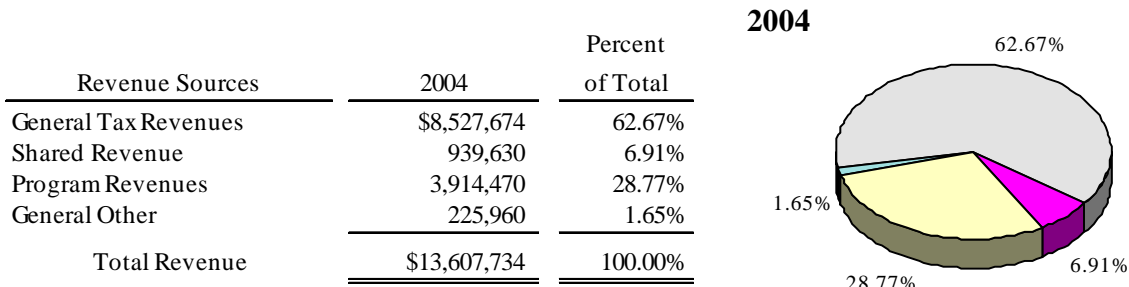
The City receives an income tax, which is based on 1.5% of all salaries, wages, commissions and other compensation and on net profits earned from those working in the City.

CITY OF MOUNT VERNON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

Income taxes and property taxes made up 51% and 11% respectively of revenues for governmental activities for the City in fiscal year 2004. The City's reliance upon tax revenues is demonstrated by the following graph indicating 62.67% of total revenues from general tax revenues:



Business-Type Activities

Net assets of the business type activities increased by \$340,079. This increase was primarily the result of an increase for services due to continuous development in the area and a decrease in expenses.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$4,433,911, which is an increase from last year's balance of \$3,701,490. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2004 and 2003:

	Fund Balance December 31, 2004	Fund Balance December 31, 2003	Increase (Decrease)
General	\$2,311,852	\$1,888,488	\$423,364
General Bond Retirement	2	0	2
Capital Improvement	686,828	604,242	82,586
Other Governmental	1,435,229	1,208,760	226,469
Total	\$4,433,911	\$3,701,490	\$732,421

CITY OF MOUNT VERNON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

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

	2004 Revenues	2003 Revenues	Increase (Decrease)
Property and Other Taxes	\$6,749,545	\$6,351,447	\$398,098
Intergovernmental Revenue	896,728	641,083	255,645
Charges for Services	292,447	243,644	48,803
Licenses and Permits	1,999	17,900	(15,901)
Investment Earnings	98,445	88,001	10,444
Fines and Forfeitures	576,915	556,760	20,155
All Other Revenue	16,054	41,197	(25,143)
Total	\$8,632,133	\$7,940,032	\$692,101

General Fund revenues in 2004 increased approximately 8.7% compared to revenues in fiscal year 2003. The increase is a combination of an increase in city income tax revenues, estate tax revenues, and a substantial increase in fire service contract revenues.

	2004 Expenditures	2003 Expenditures	Increase (Decrease)
Security of Persons and Property	\$3,759,970	\$3,703,136	\$56,834
Public Health and Welfare Services	286,922	286,950	(28)
Leisure Time Activities	269,296	323,467	(54,171)
Community Environment	13,013	21,184	(8,171)
Transportation	30,559	90,479	(59,920)
General Government	3,520,489	3,688,524	(168,035)
Debt Service:			
Principal Retirement	7,504	7,195	309
Interest and Fiscal Charges	20,371	20,680	(309)
Total	\$7,908,124	\$8,141,615	(\$233,491)

General Fund expenditures decreased by \$233,491 or 2.9% compared to the prior year primarily due to spending costs being reduced by management as well a decreased health insurance premiums. With the foresight of potential reductions of intergovernmental revenues from the state, management took an active approach to reducing personal service expenditures by eliminate any unnecessary overtime, revoking the policy of taking City vehicles home, and reduced equipment replacement costs.

General Bond Retirement Fund – The General Debt Retirement Fund balance has not changed because the City transfers money into this fund as debt service payments become due.

CITY OF MOUNT VERNON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

Capital Improvement Fund - The Capital Improvement Fund balance increased from \$604,242 to \$686,828 as a result of decreased expenditures over the prior year. Management took an active approach to reduce equipment replacement during the year because of a potential reduction of resources.

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 fiscal year 2004 the City amended its General Fund budget several times. The major beneficiaries of these amendments were for establishing transfers in the general fund to the police pension fund, salaries, income tax refunds, equipment maintenance and street lighting expenses.

For the General Fund, final budget basis revenue of \$7,919,948 changed over the original budget estimates of \$7,398,895 due to exceeded estimated revenues for local government tax, real property tax, personal property tax, court collections, and income tax.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2004 the City had \$41,555,392 net of accumulated depreciation invested in buildings, infrastructure, equipment and vehicles. Of this total, \$11,268,823 was related to governmental activities and \$30,286,569 to the business-type activities. The following table shows fiscal year 2004 and 2003 balances:

	Governmental Activities		Increase (Decrease)
	2004	2003	
Land	\$2,333,023	\$1,899,323	\$433,700
Construction In Progress	43,731	18,800	24,931
Buildings	6,430,351	6,564,106	(133,755)
Improvements Other than Buildings	544,774	548,274	(3,500)
Infrastructure	4,211,902	1,960,791	2,251,111
Machinery and Equipment	4,858,121	4,954,830	(96,709)
Less: Accumulated Depreciation	(7,153,079)	(6,727,867)	(425,212)
Totals	<u>\$11,268,823</u>	<u>\$9,218,257</u>	<u>\$2,050,566</u>

The primary increase occurred in infrastructure. Infrastructure is currently being reported only prospectively. Retroactive infrastructures will be brought onto the financial statements in 2005. Land increased due to the acquisition of property to develop additional wetlands within the City.

CITY OF MOUNT VERNON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2004**

Unaudited

	Business-Type Activities		Increase (Decrease)
	2004	2003	
Land	\$894,311	\$894,311	\$0
Construction in Progress	155,608	111,528	44,080
Buildings and Improvements	21,344,984	21,321,875	23,109
Utility Structures in Service	22,136,434	22,082,897	53,537
Machinery and Equipment	3,051,214	2,919,684	131,530
Less: Accumulated Depreciation	(17,295,982)	(16,389,719)	(906,263)
Totals	\$30,286,569	\$30,940,576	(\$654,007)

Business type capital assets decreased as a result of depreciation expense. The additions to utility structures in service include the upsizing of water lines. The major addition to machinery and equipment was a generator for water well and a generator for wastewater plant. Additional information on the City's capital assets can be found in Note 7.

Debt

At December 31, 2004, the City had \$20,370,000 in bonds outstanding, \$1,105,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2004 and 2003:

	2004	2003
Governmental Activities:		
General Obligation Bonds Payable	\$3,239,365	\$3,439,022
Ohio Public Works Commission Loan	414,375	425,000
Police and Firemen's Pension Accrued Liability	473,656	481,160
Compensated Absences	726,820	714,476
Total Governmental Activities	4,854,216	5,059,658
Business-Type Activities:		
Mortgage Revenue Bonds Payable	6,505,000	6,845,000
General Obligation Bonds Payable	10,625,635	11,155,978
Compensated Absences	246,066	244,974
Total Business-Type Activities	17,376,701	18,245,952
Totals	\$22,230,917	\$23,305,610

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, 2004, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 9.

ECONOMIC FACTORS

During 2004, the Ohio Department of Transportation resurfaced the entire State Route 13 in and through town while adding handicap ramps at all related street crossings. This resurfacing project included over two miles of roadway of which the City contributed twenty percent of the cost. In addition to this project a new intersection was created at Mount Vernon Avenue and South Main Street. The roadway was widened, providing for a center turn lane and new signalization was installed. The result of these improvements will help traffic coming from and going to the Mount Vernon School facilities as well as to assist with routine traffic on State Route 13/661 and State Route 586.

A new laboratory/administration building near the wastewater plant will be underway in the upcoming year. This long awaited project will provide a very much-needed updated laboratory for the wastewater plant operations in conjunction with providing a facility for administrative purposes. Once completed, the current space within the plant will be used for plant operations.

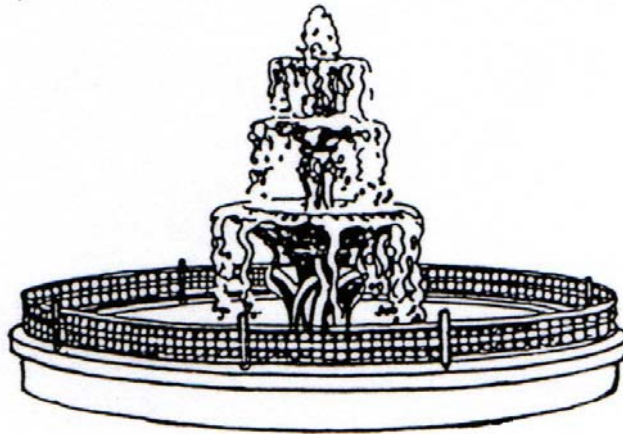
The renovations to the historical 1907 Baltimore & Ohio Railroad Depot continued during the year. With most of the structure having been preserved and improved, design plans were prepared for the heating, ventilation, and air conditioning system. These improvements are slated to begin in the upcoming year. All of the improvements to this facility have been accomplished through the generous donations of private corporate donations and foundation donations. We give sincere thanks to those who have continued to support this historical preservation project.

Development continues to prosper within the community. Commercial development on the city's east side continues to bring small strip mall type retail establishments. Future retail establishments are underway in the upcoming year as design plans continue to be submitted for engineering review and acceptance. This diversification helps to support our tax base and also helps to provide additional employment within the community.

Unemployment for the year was like a roller coaster ride. Starting out the year with 6.8 percent, it managed to drop to 4.3 percent by midyear, and finally leveled out to 4.6 percent by year end. The impact of such increases and decreases throughout the year are minimal due to the diverse mix of employers throughout the city.

REQUESTS FOR INFORMATION

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



CITY OF MOUNT VERNON, OHIO

**Statement of Net Assets
December 31, 2004**

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 1,421,815	\$ 440,063	\$ 1,861,878
Investments	861,841	5,910,652	6,772,493
Receivables:			
Taxes	3,987,007	0	3,987,007
Accounts	31,342	1,215,362	1,246,704
Intergovernmental	1,956,845	0	1,956,845
Interest	23,138	0	23,138
Internal Balances	(4,648)	4,648	0
Inventory of Supplies	10,884	86,572	97,456
Prepaid Items	97,314	15,144	112,458
Deferred Charge	79,398	84,293	163,691
Restricted Assets:			
Cash and Cash Equivalents	316,182	0	316,182
Cash and Cash Equivalents with Fiscal Agent	21,250	694,806	716,056
Capital Assets:			
Capital Assets not Being Depreciated	2,376,754	1,049,919	3,426,673
Capital Assets Being Depreciated	8,892,069	29,236,650	38,128,719
Total Assets	<u>20,071,191</u>	<u>38,738,109</u>	<u>58,809,300</u>
Liabilities:			
Accounts Payable	117,497	134,876	252,373
Accrued Wages and Benefits	453,343	88,757	542,100
Contracts Payable	307,456	126,881	434,337
Retainage Payable	13,116	0	13,116
Matured Bonds and Interest Payable	0	650	650
Unearned Revenue	1,468,009	0	1,468,009
Accrued Interest Payable	0	19,092	19,092
Noncurrent liabilities:			
Due within one year	412,874	994,388	1,407,262
Due in more than one year	4,441,342	16,382,313	20,823,655
Total Liabilities	<u>7,213,637</u>	<u>17,746,957</u>	<u>24,960,594</u>
Net Assets:			
Invested in Capital Assets, Net of Related Debt	7,615,083	13,240,227	20,855,310
Restricted For:			
Capital Projects	929,098	0	929,098
Debt Service	0	694,806	694,806
Perpetual Care, Nonexpendable	308,934	0	308,934
Other Purposes	1,747,502	0	1,747,502
Unrestricted	2,256,937	7,056,119	9,313,056
Total Net Assets	<u>\$ 12,857,554</u>	<u>\$ 20,991,152</u>	<u>\$ 33,848,706</u>

See accompanying notes to the basic financial statements

CITY OF MOUNT VERNON, OHIO

**Statement of Activities
For the Year Ended December 31, 2004**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 4,664,297	\$ 218,347	\$ 0	\$ 0
Public Health and Welfare Services	556,057	68,147	0	0
Leisure Time Activities	314,140	54,464	0	0
Community Environment	717,905	395	0	70,000
Transportation	1,193,206	1,066	793,537	1,925,939
General Government	3,282,747	705,234	77,341	0
Interest and Fiscal Charges	137,418	0	0	0
Total Governmental Activities	10,865,770	1,047,653	870,878	1,995,939
Business-Type Activities:				
Water	2,863,797	3,034,525	0	0
Sewer	2,240,963	2,459,814	0	0
Total Business-Type Activities	5,104,760	5,494,339	0	0
Totals	\$ 15,970,530	\$ 6,541,992	\$ 870,878	\$ 1,995,939

General Revenues

Property Taxes Levied for:

General Purposes

Special Purposes

Capital Outlay

Municipal Income Tax

Other Local Taxes

Shared Revenues

Investment Earnings

Miscellaneous

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets Beginning of Year

Net Assets End of Year

See accompanying notes to the basic financial statements

CITY OF MOUNT VERNON, OHIO

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (4,445,950)	\$ 0	\$ (4,445,950)
(487,910)	0	(487,910)
(259,676)	0	(259,676)
(647,510)	0	(647,510)
1,527,336	0	1,527,336
(2,500,172)	0	(2,500,172)
<u>(137,418)</u>	<u>0</u>	<u>(137,418)</u>
<u>(6,951,300)</u>	<u>0</u>	<u>(6,951,300)</u>
0	170,728	170,728
<u>0</u>	<u>218,851</u>	<u>218,851</u>
<u>0</u>	<u>389,579</u>	<u>389,579</u>
<u>(6,951,300)</u>	<u>389,579</u>	<u>(6,561,721)</u>
832,058	0	832,058
193,664	0	193,664
510,867	0	510,867
6,988,358	0	6,988,358
2,727	0	2,727
939,630	0	939,630
103,091	0	103,091
122,869	0	122,869
<u>49,500</u>	<u>(49,500)</u>	<u>0</u>
<u>9,742,764</u>	<u>(49,500)</u>	<u>9,693,264</u>
2,791,464	340,079	3,131,543
<u>10,066,090</u>	<u>20,651,073</u>	<u>30,717,163</u>
<u>\$ 12,857,554</u>	<u>\$ 20,991,152</u>	<u>\$ 33,848,706</u>

CITY OF MOUNT VERNON, OHIO

**Balance Sheet
Governmental Funds
December 31, 2004**

	General	General Bond Retirement	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 113,699	\$ 2	\$ 206,775	\$ 1,101,339	\$ 1,421,815
Investments	861,841	0	0	0	861,841
Receivables:					
Taxes	2,852,946	0	129,688	1,004,373	3,987,007
Accounts	11,417	0	0	19,925	31,342
Intergovernmental	380,172	0	443,600	1,133,073	1,956,845
Interest	23,138	0	0	0	23,138
Inventory of Supplies	244	0	0	10,640	10,884
Prepaid Items	89,403	0	0	7,911	97,314
Restricted Assets:					
Cash and Cash Equivalents	0	0	0	316,182	316,182
Cash and Cash Equivalents with Fiscal Agent	0	0	0	21,250	21,250
Total Assets	\$ 4,332,860	\$ 2	\$ 780,063	\$ 3,614,693	\$ 8,727,618
Liabilities:					
Accounts Payable	\$ 89,006	\$ 0	\$ 0	\$ 28,491	\$ 117,497
Accrued Wages and Benefits Payable	272,956	0	0	180,387	453,343
Contracts Payable	0	0	61,721	245,735	307,456
Retainage Payable	0	0	0	13,116	13,116
Due to Other Funds	0	0	0	4,648	4,648
Deferred Revenue	1,659,046	0	31,514	1,707,087	3,397,647
Total Liabilities	2,021,008	0	93,235	2,179,464	4,293,707
Fund Balances:					
Reserved for Encumbrances	180,919	0	39,945	228,466	449,330
Reserved for Prepaid Items	89,403	0	0	7,911	97,314
Reserved for Supplies Inventory	244	0	0	10,640	10,884
Reserved for Debt Service	0	2	0	0	2
Reserved for Endowments	0	0	0	308,934	308,934
Undesignated/Unreserved in:					
General Fund	2,041,286	0	0	0	2,041,286
Special Revenue Funds	0	0	0	701,300	701,300
Capital Projects Funds	0	0	646,883	177,978	824,861
Total Fund Balances	2,311,852	2	686,828	1,435,229	4,433,911
Total Liabilities and Fund Balances	\$ 4,332,860	\$ 2	\$ 780,063	\$ 3,614,693	\$ 8,727,618

See accompanying notes to the basic financial statements

CITY OF MOUNT VERNON, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2004***

Total Governmental Fund Balances \$ 4,433,911

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

Capital Assets used in governmental activities are not
resources and therefore are not reported in the funds. 11,268,823

Other long-term assets are not available to pay for current-
period expenditures and therefore are deferred in the funds. 1,929,638

Bond issuance costs, reported as expenditures in governmental
funds are allocated as an expense over the life of the debt on a
full accrual basis. 79,398

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	(3,239,365)
Ohio Public Works Commission Loan Payable	(414,375)
Police and Firemen's Pension Accrued Liability	(473,656)
Compensated Absences Payable	(726,820)

(4,854,216)

Net Assets of Governmental Activities

\$ 12,857,554

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, 2004**

	General	General Bond Retirement	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:					
Taxes	\$ 6,749,545	\$ 0	\$ 441,723	\$ 1,051,924	\$ 8,243,192
Intergovernmental Revenues	896,728	0	1,911,362	1,320,511	4,128,601
Charges for Services	292,447	0	0	93,465	385,912
Licenses and Permits	1,999	0	0	2,835	4,834
Investment Earnings	98,445	2	0	4,644	103,091
Fines and Forfeitures	576,915	0	0	68,712	645,627
All Other Revenue	16,054	0	94,271	80,849	191,174
Total Revenue	8,632,133	2	2,447,356	2,622,940	13,702,431
Expenditures:					
Current:					
Security of Persons and Property	3,759,970	0	6,783	586,549	4,353,302
Public Health and Welfare Services	286,922	0	3,150	251,474	541,546
Leisure Time Activities	269,296	0	0	1,051	270,347
Community Environment	13,013	0	0	607,036	620,049
Transportation	30,559	0	2,319,273	918,560	3,268,392
General Government	3,520,489	0	35,564	70,024	3,626,077
Debt Service:					
Principal Retirement	7,504	210,282	0	0	217,786
Interest and Fiscal Charges	20,371	111,860	0	775	133,006
Total Expenditures	7,908,124	322,142	2,364,770	2,435,469	13,030,505
Excess (Deficiency) of Revenues Over Expenditures	724,009	(322,140)	82,586	187,471	671,926
Other Financing Sources (Uses):					
Sale of Capital Assets	7,967	0	0	3,204	11,171
Transfers In	49,500	322,142	0	337,890	709,532
Transfers Out	(358,336)	0	0	(301,696)	(660,032)
Total Other Financing Sources (Uses)	(300,869)	322,142	0	39,398	60,671
Net Change in Fund Balances	423,140	2	82,586	226,869	732,597
Fund Balances at Beginning of Year	1,888,488	0	604,242	1,208,760	3,701,490
Increase (Decrease) in Inventory Reserve	224	0	0	(400)	(176)
Fund Balances End of Year	\$ 2,311,852	\$ 2	\$ 686,828	\$ 1,435,229	\$ 4,433,911

See accompanying notes to the basic financial statements

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, 2004***

Net Change in Fund Balances - Total Governmental Funds \$ 732,597

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	2,754,130	
Depreciation Expense	<u>(684,958)</u>	2,069,172

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

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.

(11,171)

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.

(7,435) (18,606)

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

(192,553)

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

General Obligation Bond Principal Payment	199,657	
Ohio Public Works Commission Loan Payment	10,625	
Police Firemen's Pension Accrued Liability Principal Payment	<u>7,504</u>	217,786

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	(12,344)	
Amortization of Issuance Costs	(4,412)	
Change in Inventory	<u>(176)</u>	<u>(16,932)</u>

Change in Net Assets of Governmental Activities

\$ 2,791,464

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, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 6,100,400	\$ 6,133,400	\$ 6,505,346	\$ 371,946
Intergovernmental Revenue	559,195	969,375	938,557	(30,818)
Charges for Services	187,700	258,275	292,447	34,172
Licenses and Permits	16,100	16,100	28,753	12,653
Investment Earnings	85,000	90,518	100,356	9,838
Fines and Forfeitures	400,000	400,000	549,203	149,203
All Other Revenues	1,000	2,780	16,491	13,711
Total Revenues	<u>7,349,395</u>	<u>7,870,448</u>	<u>8,431,153</u>	<u>560,705</u>
Expenditures:				
Current:				
Security of Persons and Property	3,405,053	3,916,748	3,895,727	21,021
Public Health and Welfare Services	306,746	306,746	306,746	0
Leisure Time Activities	319,012	298,026	284,003	14,023
Community Environment	20,001	20,001	13,748	6,253
Transportation	33,950	35,559	35,559	0
General Government	3,736,322	3,760,407	3,694,579	65,828
Total Expenditures	<u>7,821,084</u>	<u>8,337,487</u>	<u>8,230,362</u>	<u>107,125</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(471,689)	(467,039)	200,791	667,830
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	7,967	7,967
Transfers In	49,500	49,500	49,500	0
Transfers Out	(366,000)	(370,650)	(358,336)	12,314
Total Other Financing Sources (Uses):	<u>(316,500)</u>	<u>(321,150)</u>	<u>(300,869)</u>	<u>20,281</u>
Net Change in Fund Balance	(788,189)	(788,189)	(100,078)	688,111
Fund Balance at Beginning of Year	431,581	431,581	431,581	0
Prior Year Encumbrances	356,607	356,607	356,607	0
Fund Balance at End of Year	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ 688,110</u>	<u>\$ 688,111</u>

See accompanying notes to the basic financial statements

CITY OF MOUNT VERNON, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2004**

	Business-Type Activities		Total
	Enterprise Funds		
	Water	Sewer	
ASSETS			
Current assets:			
Cash and Cash Equivalents	\$ 122,637	\$ 317,426	\$ 440,063
Investments	1,290,832	4,619,820	5,910,652
Accounts receivable (net of allowance for uncollectibles)	678,704	536,658	1,215,362
Due from Other Funds	0	4,648	4,648
Inventory of Supplies	47,422	39,150	86,572
Prepaid Items	5,589	9,555	15,144
Total current assets	<u>2,145,184</u>	<u>5,527,257</u>	<u>7,672,441</u>
Noncurrent assets:			
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	694,806	0	694,806
Deferred Charges	0	84,293	84,293
Capital assets:			
Capital Assets Not Being Depreciated	480,801	569,118	1,049,919
Capital Assets Being Depreciated	<u>20,009,163</u>	<u>9,227,487</u>	<u>29,236,650</u>
Total capital assets (net of accumulated depreciation)	<u>20,489,964</u>	<u>9,796,605</u>	<u>30,286,569</u>
Total noncurrent assets	<u>21,184,770</u>	<u>9,880,898</u>	<u>31,065,668</u>
Total assets	<u>23,329,954</u>	<u>15,408,155</u>	<u>38,738,109</u>
LIABILITIES			
Current liabilities:			
Accounts Payable	94,064	40,812	134,876
Accrued Wages and Benefits	43,615	45,142	88,757
Contracts Payable	55,146	71,735	126,881
Matured Bonds and Interest Payable	650	0	650
Accrued Interest Payable	14,270	4,822	19,092
General Obligation Bonds Payable - Current	370,850	200,850	571,700
Revenue Bond Payable - Current	350,000	0	350,000
Compensated Absences Payable - Current	32,646	40,042	72,688
Total Current Liabilities	<u>961,241</u>	<u>403,403</u>	<u>1,364,644</u>
Noncurrent Liabilities:			
General Obligation Bonds Payable	6,704,890	3,349,045	10,053,935
Revenue Bonds Payable	6,155,000	0	6,155,000
Compensated Absences Payable	81,464	91,914	173,378
Total noncurrent liabilities	<u>12,941,354</u>	<u>3,440,959</u>	<u>16,382,313</u>
Total Liabilities	<u>13,902,595</u>	<u>3,844,362</u>	<u>17,746,957</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	6,909,224	6,331,003	13,240,227
Restricted for Debt Service	694,806	0	694,806
Unrestricted	<u>1,823,329</u>	<u>5,232,790</u>	<u>7,056,119</u>
Total Net Assets	<u>\$ 9,427,359</u>	<u>\$ 11,563,793</u>	<u>\$ 20,991,152</u>

See accompanying notes to the basic financial statements

CITY OF MOUNT VERNON, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2004**

	Business-Type Activities		
	Enterprise Funds		Total
	Water	Sewer	
Operating Revenues:			
Charges for Services	\$ 3,007,376	\$ 2,426,996	\$ 5,434,372
Other Operating Revenues	1,816	28,126	29,942
Total Operating Revenues	3,009,192	2,455,122	5,464,314
Operating Expenses:			
Personal Services	877,430	977,776	1,855,206
Contractual Services	82,870	243,314	326,184
Materials and Supplies	442,808	265,929	708,737
Utilities	212,809	248,549	461,358
Depreciation	540,404	385,526	925,930
Other Operating Expenses	5,547	3,214	8,761
Total Operating Expenses	2,161,868	2,124,308	4,286,176
Operating Income	847,324	330,814	1,178,138
Non-Operating Revenue (Expenses):			
Interest Income	25,333	4,692	30,025
Interest and Fiscal Charges	(701,929)	(116,514)	(818,443)
Loss on Disposal of Capital Assets	0	(141)	(141)
Total Non-Operating Revenues (Expenses)	(676,596)	(111,963)	(788,559)
Income Before Transfers	170,728	218,851	389,579
Transfers:			
Transfers Out	(24,500)	(25,000)	(49,500)
Total Transfers	24,500	25,000	49,500
Change in Net Assets	146,228	193,851	340,079
Net Assets Beginning of Year	9,281,131	11,369,942	20,651,073
Net Assets End of Year	\$ 9,427,359	\$ 11,563,793	\$ 20,991,152

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, 2004**

	Business-Type Activities		Total
	Enterprise Funds		
	Water	Sewer	
Cash Flows from Operating Activities:			
Cash Received from Customers	\$2,844,206	\$2,444,281	\$5,288,487
Cash Payments for Goods and Services	(691,868)	(771,289)	(1,463,157)
Cash Payments to Employees	(913,943)	(996,851)	(1,910,794)
Net Cash Provided by Operating Activities	1,238,395	676,141	1,914,536
Cash Flows from Noncapital Financing Activities:			
Transfers Out to Other Funds	(24,500)	(25,000)	(49,500)
Net Cash Used by Noncapital Financing Activities	(24,500)	(25,000)	(49,500)
Cash Flows from Capital and Related Financing Activities:			
Proceeds from Sale of Capital Assets	0	238	238
Acquisition and Construction of Assets	(168,010)	(42,550)	(210,560)
Principal Paid on General Obligation Bonds	(350,775)	(179,568)	(530,343)
Principal Paid on Revenue Bonds	(340,000)	0	(340,000)
Interest Paid on All Debt	(714,938)	(117,029)	(831,967)
Net Cash Used for Capital and Related Financing Activities	(1,573,723)	(338,909)	(1,912,632)
Cash Flows from Investing Activities:			
Purchase of Investments	(1,290,832)	(4,619,820)	(5,910,652)
Receipt of Interest	25,333	4,692	30,025
Net Cash Used by Investing Activities	(1,265,499)	(4,615,128)	(5,880,627)
Net Decrease in Cash and Cash Equivalents	(1,625,327)	(4,302,896)	(5,928,223)
Cash and Cash Equivalents at Beginning of Year	2,442,770	4,620,322	7,063,092
Cash and Cash Equivalents at End of Year	\$817,443	\$317,426	\$1,134,869
Reconciliation of Cash and Cash Equivalents per the Balance Sheet:			
Cash and Cash Equivalents	\$122,637	\$317,426	\$440,063
Restricted Cash with Fiscal Agent	694,806	0	694,806
Cash and Cash Equivalents at End of Year	\$817,443	\$317,426	\$1,134,869
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$847,324	\$330,814	\$1,178,138
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	540,404	385,526	925,930
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(165,365)	(10,841)	(176,206)
Decrease in Inventory	3,742	3,211	6,953
(Increase) Decrease in Prepaid Items	(263)	945	682
Increase (Decrease) in Accounts Payable	10,801	(51,676)	(40,875)
Decrease in Accrued Wages and Benefits	(4,035)	(5,140)	(9,175)
Increase in Contracts Payable	7,917	20,080	27,997
Increase (Decrease) in Compensated Absences	(2,130)	3,222	1,092
Total Adjustments	391,071	345,327	736,398
Net Cash Provided by Operating Activities	\$1,238,395	\$676,141	\$1,914,536

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2004 the Water and Sewer Funds had outstanding liabilities of \$47,229 and \$14,892 respectively for certain capital assets.

See accompanying notes to the basic financial statements

CITY OF MOUNT VERNON, OHIO

***Statement of Assets and Liabilities
Fiduciary Funds
December 31, 2004***

	<u>Agency</u>
Assets:	
Cash and Cash Equivalents	\$ 60,543
Total Assets	<u>\$ 60,543</u>
Liabilities:	
Intergovernmental Payable	\$ 22,354
Due to Others	<u>38,189</u>
Total Liabilities	<u>\$ 60,543</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

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, 2004 and for the year then ended and have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

A. Reporting Entity

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

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

The City, in conjunction with Knox County, the six villages and the twenty-two townships within Knox County, have created the Knox County Emergency Management Agency (EMA). The EMA is a jointly governed organization whose board is composed of seven members, one county commissioner, five chief executive officers representing municipal corporations or townships and one non-elected representative. The agency was organized to coordinate all civil defense functions within the county to insure the most effective use of resources during an emergency. The City appropriated \$6,000 for operations of the EMA for 2004.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

The City did not appoint a majority of the members of the Board, nor is the City accountable for any operating deficits of MOTA. The MOTA Board is responsible for the fiscal operation of MOTA. The City appropriated \$20,000 for an operating grant to MOTA for 2004.

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

The combined Knox County General Health District Board is responsible for the fiscal operations of the District. Under a contractual arrangement, the District sets the amount the City shall contribute on an annual basis. The remaining funding necessary for the District shall be apportioned by the County Auditor on the basis of taxable valuations among each township and village. Any fees charged for services by the District shall be placed in the District Health Fund. The City appropriated \$41,200 for operations of the combined District for 2004.

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

B. Basis of Presentation - Fund Accounting

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

Governmental Funds

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

General Fund - This fund is used to account for all financial resources except those accounted for in another fund. The general fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

Proprietary Funds

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

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

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

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

Fiduciary Funds

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

C. Basis of Presentation – Financial Statements

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

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

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

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

Property taxes measurable as of December 31, 2004 but which are not intended to finance 2004 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenues.

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

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

1. Tax Budget

By July 15, the Mayor submits an annual 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 2004.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

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

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

4. Encumbrances

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

5. Lapsing of Appropriations

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

6. Budgetary Basis of Accounting

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

	<u>Net Change in Fund Balance</u>
	<u>General Fund</u>
GAAP Basis (as reported)	\$423,140
Increase (Decrease):	
Accrued Revenues at December 31, 2004 received during 2005	(1,646,681)
Accrued Revenues at December 31, 2003 received during 2004	1,411,935
Accrued Expenditures at December 31, 2004 paid during 2005	361,962
Accrued Expenditures at December 31, 2003 paid during 2004	(402,038)
2003 Prepays for 2004	87,358
2004 Prepays for 2005	(89,403)
Adjustment to Fair Value	23,574
Outstanding Encumbrances	<u>(269,925)</u>
Budget Basis	<u><u>(\$100,078)</u></u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

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 as if each fund maintained its own cash and investment account. See Note 2, "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. Federal securities consist of Federal Home Loan Mortgage and Federal Home Loan Bank securities. 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 the fund's cash balance at the date of investment. See Note 2, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2004. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2004.

H. Inventory

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2004, 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, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

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

1. Capital Assets - Governmental Activities

Governmental activities capital assets are those not directly related to the business type funds. These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Assets, but they are not reported in the Fund Financial Statements. The City is currently reporting general infrastructure on a prospective basis only. The City will be required to report general infrastructure on a retroactive basis by 2007.

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

2. Capital Assets - Business Type Activities

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

3. Depreciation

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

<u>Description</u>	<u>Governmental and Business-Type Activities Estimated Lives (in years)</u>
Buildings	15 - 25
Improvements other than Buildings	25-65
Infrastructure	10-100
Machinery and Equipment	5 - 20

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Long-Term Obligations

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

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

L. Compensated Absences

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

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, whereby the liability is recorded on the basis of leave accumulated by employees eligible to receive termination payments as of the balance sheet date and on leave balances accumulated by other employees expected to become eligible to receive such payments in the future.

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

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

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net Assets restricted for Other Purposes include programs for street and highway improvements, federal grants for security of persons and property and mandatory fines for various court programs.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Pensions

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

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. 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.

P. Reservations of Fund Balance

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

Q. Restricted Assets

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

R. Operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water treatment and distribution and wastewater collection and treatment. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

S. Bond Issuance Costs

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments.

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;
- 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).

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

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. Based upon criteria described in GASB Statement No. 3, "*Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements,*" collateral held in single financial institution collateral pools with securities being held by the pledging financial institution's agent in the pool's name are classified as Category 3.

The GASB has established risk categories for deposits and investments as follows:

Deposits:

- Category 1 Insured or collateralized with securities held by the City or by its agent in the City's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent in the City's name.
- Category 3 Collateralized with securities held by the pledging financial institution's trust department or agent but not in the City's name.

Investments:

- Category 1 Insured or registered, with securities held by the City or its agent in the City's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

A. Deposits

At year end the carrying amount of the City's deposits was \$4,423,539 and the bank balance \$4,715,225. The Federal Deposit Insurance Corporation (FDIC) covered \$100,000 of the bank balance. All remaining deposits were classified as Category 3. 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.

CITY OF MOUNT VERNON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

B. Investments

The City's investments at December 31, 2004 are summarized below:

<u>Categorized Investments</u>	<u>Category 1</u>	<u>Fair Value</u>
Federal National Mortgage Association	\$ 297,594	\$ 297,594
Federal Home Loan Mortgage	1,091,879	1,091,879
Federal Home Loan Bank	1,383,020	1,383,020
	<u>2,772,493</u>	<u>2,772,493</u>
 <u>Non-Categorized Investments</u>		
STAR Ohio (Uncollateralized investment pool)	N/A	1,815,064
Total Investments	<u>\$ 2,772,493</u>	<u>\$4,587,557</u>

C. Cash with Fiscal Agents

In addition to deposits and investments, the City has uninsured and uncollateralized cash in the amount of \$21,250 being held by Knox County and the City had cash with fiscal agents in the amount of \$694,806 for bond reserve accounts, of which \$100,000 was insured by the FDIC and the remaining deposits were uninsured and uncollateralized.

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	\$2,238,603	\$6,772,493
Certificates of Deposit (with maturities of more than 3 months)	4,000,000	(4,000,000)
Investments:		
STAR Ohio	(1,815,064)	1,815,064
Per GASB Statement No. 3	<u>\$4,423,539</u>	<u>\$4,587,557</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 3 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2004 were levied after October 1, 2003 on assessed values as of January 1, 2003, 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 2002. Real property taxes are payable annually or semi-annually. The first payment is due January 31; the remainder is payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25% of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually: the first payment is due April 30; the remainder payable by September 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, 2004 was \$3.20 per \$1,000 of assessed value. The 2004 assessed value was \$287,409,437. This amount constitutes \$210,085,080 in real property assessed value, \$7,399,690 in public utility assessed value and \$69,924,667 in tangible personal property assessed value.

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.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 3 - TAXES (Continued)

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 100% of the tax paid to another municipality to a maximum of the total amount assessed.

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.

NOTE 4 - RECEIVABLES

Receivables at December 31, 2004 consisted of taxes, accounts, interest, and intergovernmental receivables. All receivables are collectible in full and within one year except for allowance for doubtful accounts related to billings for proprietary funds.

NOTE 5 – INTERFUND ACCOUNTS

Interfund balances at December 31, 2004 consist of the following individual fund receivables and payables:

	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
Capital Projects Fund:		
TIF Distict-Coshocton Road	\$0	\$4,648
Enterprise Fund:		
Sewer	<u>4,648</u>	<u>0</u>
Totals	<u><u>\$4,648</u></u>	<u><u>\$4,648</u></u>

On the Statement of Net Assets, the Business-Type Activities reported an internal balance at December 31, 2004 of \$4,648 which was offset in the Governmental Activities by the same amount. The Due to Other Funds is a reimbursement of debt service payments made by the Sewer Fund.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 6 - TRANSFERS

Following is a summary of Transfers in and out for all funds for 2004:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$49,500	\$358,336
General Bond Retirement Fund	322,142	0
Other Governmental Funds	<u>337,890</u>	<u>301,696</u>
Total Governmental Funds	709,532	660,032
Enterprise Funds:		
Water Fund	0	24,500
Sewer Fund	<u>0</u>	<u>25,000</u>
Total Enterprise Funds	<u>0</u>	<u>49,500</u>
Totals	<u><u>\$709,532</u></u>	<u><u>\$709,532</u></u>

Transfers are used to move revenues from the funds that statute or budget requires to collect them to the funds that statute or budget requires to expend them; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed.

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CITY OF MOUNT VERNON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 7 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets as of December 31, 2004:

Historical Cost:

Class	December 31, 2003	Additions	Deletions	December 31, 2004
Capital assets not being depreciated:				
Land	\$1,899,323	\$443,600	(\$9,900)	\$2,333,023
Construction in Progress	18,800	24,931	-	43,731
Subtotal	1,918,123	468,531	(9,900)	2,376,754
Capital assets being depreciated:				
Buildings	6,564,106	9,374	(143,129)	6,430,351
Improvements Other than Buildings	548,274	0	(3,500)	544,774
Infrastructure	1,960,791	2,251,111	0	4,211,902
Machinery and Equipment	4,954,830	25,114	(121,823)	4,858,121
Subtotal	14,028,001	2,285,599	(268,452)	16,045,148
Total Cost	\$15,946,124	\$2,754,130	(\$278,352)	\$18,421,902

Accumulated Depreciation:

Class	Restated December 31, 2003	Additions	Deletions	December 31, 2004
Buildings	(\$2,922,274)	(\$178,732)	\$141,123	(\$2,959,883)
Improvements	(453,223)	(7,163)	980	(459,406)
Infrastructure	(23,146)	(95,423)	0	(118,569)
Machinery and Equipment	(3,329,224)	(403,640)	117,643	(3,615,221)
Total Depreciation	(\$6,727,867)	(\$684,958) *	\$259,746	(\$7,153,079)
Net Value:	\$9,218,257			\$11,268,823

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$291,248
Leisure Time Activities	44,617
Public Health & Welfare	18,651
Transportation	178,130
General Government	152,312
Total Depreciation Expense	\$684,958

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 7 – CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by category of changes in business-type activities capital assets as of December 31, 2004:

Historical Cost:

Class	December 31, 2003	Additions	Deletions	December 31, 2004
<i>Capital assets not being depreciated:</i>				
Land	\$894,311	\$0	\$0	\$894,311
Construction in Progress	111,528	44,080	0	155,608
Subtotal	1,005,839	44,080	0	1,049,919
<i>Capital assets being depreciated:</i>				
Buildings	21,321,875	23,109	0	21,344,984
Utility Structures in Service	22,082,897	53,537	0	22,136,434
Machinery and Equipment	2,919,684	151,955	(20,425)	3,051,214
Subtotal	46,324,456	228,601	(20,425)	46,532,632
Total Cost	\$47,330,295	\$272,681	(\$20,425)	\$47,582,551

Accumulated Depreciation:

Class	December 31, 2003	Additions	Deletions	December 31, 2004
Buildings	(\$4,297,452)	(\$463,381)	\$0	(\$4,760,833)
Utility Structures in Service	(9,688,812)	(334,839)	0	(10,023,651)
Machinery and Equipment	(2,403,455)	(127,710)	19,667	(2,511,498)
Total Depreciation	(\$16,389,719)	(\$925,930)	\$19,667	(\$17,295,982)
<i>Net Value:</i>	\$30,940,576			\$30,286,569

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 8 - DEFINED BENEFIT PENSION PLANS

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

A. Ohio Public Employees Retirement System (the "Ohio PERS")

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

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

The Ohio PERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the Ohio PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2004, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 8.5%. The 2004 employer contribution rate for local government employer units was 13.55%, of covered payroll, 9.55% to fund the pension and 4.0% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the Ohio PERS for the years ending December 31, 2004, 2003 and 2002 were \$511,221, \$527,405 and \$500,022, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The Ohio PERS provides postemployment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2004 employer contribution rate (identified above) that was used to fund health care for the year 2004 was 4.0% of covered payroll which amounted to \$150,914.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System's latest actuarial review performed as of December 31, 2003. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2003 was 8.0%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 369,885. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2003 is \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures Ohio PERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2004***

NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 2004, 2003 and 2002 were \$213,822, \$206,850 and \$205,678 for police and \$326,342, \$325,848 and \$285,781 for firefighters, respectively, which were equal to the required contributions for each year.

The OP&F Fund provides postemployment health care coverage to any person who received or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school on a full-time or two-thirds basis. The health care coverage provided by the OP&F Fund is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides that health care costs paid from the funds of the OP&F Fund shall be included in the employer's contribution rate. The Ohio Revised Code also provides statutory authority allowing the Fund's Board of Trustees to provide postemployment health care coverage to all eligible individuals from the employer's contributions to the OP&F Fund.

The portion of the 2004 covered payroll that was used to fund postemployment health care benefits was \$84,981 representing 7.75% of covered payroll for police and \$105,381 representing 7.75% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions. As of December 31, 2003, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,662 for police and 10,474 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 2003 were \$150,853,148, which was net of member contributions of \$17,207,506.

CITY OF MOUNT VERNON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 9 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2004 were as follows:

		Balance December 31, 2003	Additions	(Reductions)	Balance December 31, 2004	Amounts Due Within One Year	
Business-Type Activities:							
Mortgage Revenue Bonds:							
3.00 - 4.75%	Water	1999	\$6,845,000	\$0	(\$340,000)	\$6,505,000	\$350,000
General Obligation Bonds:							
6.525%	Waterworks	1997	7,305,000	0	(345,000)	6,960,000	365,000
2.00 - 4.200%	Wastewater Improvements	2003	2,100,103	0	(90,106)	2,009,997	113,100
2.00 - 4.200%	Wastewater-Refunding 1992	2003	1,507,845	0	(83,687)	1,424,158	81,900
2.00 - 4.200%	Water-Building Project	2003	121,515	0	(5,775)	115,740	5,850
2.00 - 4.200%	Wastewater-Building Project	2003	121,515	0	(5,775)	115,740	5,850
Total General Obligation Bonds Payable			11,155,978	0	(530,343)	10,625,635	571,700
Compensated Absences			244,974	205,716	(204,624)	246,066	72,688
Total Business-Type Activities			\$18,245,952	\$205,716	(\$1,074,967)	\$17,376,701	\$994,388
Governmental Activities:							
General Obligation Bond:							
2.00 - 4.200%	Building Project	2003	\$243,030	\$0	(\$12,935)	\$230,095	\$11,700
2.00 - 4.200%	Highway Project	2003	3,195,992	0	(186,722)	3,009,270	171,600
Total General Obligation Bonds Payable			3,439,022	0	(199,657)	3,239,365	183,300
Ohio Public Works Commission Loan Payable		2003	425,000	0	(10,625)	414,375	21,250
Compensated Absences			714,476	1,095,465	(1,083,121)	726,820	200,497
Police and Firemen's Pension Accrued Liability			481,160	0	(7,504)	473,656	7,827
Total Governmental Activities			\$5,059,658	\$1,095,465	(\$1,300,907)	\$4,854,216	\$412,874

A. 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, 2004 was \$849,012 in principal and interest payments through the year 2035.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 9 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

B. Principal and Interest Requirements

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2004 are as follows:

Business-type Activities:

Years	General Obligation Bonds		Mortgage Revenue Bonds	
	Principal	Interest	Principal	Interest
2005	\$571,700	\$458,207	\$350,000	\$284,157
2006	592,000	437,830	365,000	270,857
2007	607,000	416,490	380,000	256,622
2008	634,950	394,171	395,000	241,612
2009	660,250	370,010	410,000	225,615
2010-2014	3,526,150	1,417,042	2,330,000	849,992
2015-2019	3,397,585	564,046	2,275,000	273,674
2020-2024	636,000	53,260	0	0
Totals	<u>\$10,625,635</u>	<u>\$4,111,056</u>	<u>\$6,505,000</u>	<u>\$2,402,529</u>

Governmental Activities:

Years	General Obligation Bonds		Police/Fire Pension Liability		Ohio Public Works Commission Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2005	\$183,300	\$105,597	\$7,827	\$20,148	\$21,250	\$0
2006	188,000	101,931	8,163	19,712	21,250	0
2007	188,000	98,171	8,513	19,362	21,250	0
2008	195,050	94,317	8,879	18,996	21,250	0
2009	199,750	89,636	9,261	18,614	21,250	0
2010-2014	918,850	355,567	52,620	86,752	106,250	0
2015-2019	802,415	211,596	64,935	74,436	106,250	0
2020-2024	564,000	47,230	80,131	59,242	95,625	0
2025-2029	0	0	98,883	40,489	0	0
2030-2034	0	0	122,024	17,348	0	0
2034-2035	0	0	12,420	264	0	0
Totals	<u>\$3,239,365</u>	<u>\$1,104,045</u>	<u>\$473,656</u>	<u>\$375,363</u>	<u>\$414,375</u>	<u>\$0</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2004**

NOTE 10 – 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 year end are recorded as Long-Term Obligations in the government-wide statements. At December 31, 2004, the total accumulated unpaid sick, vacation and compensatory time recorded was as follows:

	<u>Hours</u>	<u>Amount</u>
Sick Leave	56,006	\$510,622
Vacation	11,396	193,603
Compensatory Time	<u>1,297</u>	<u>22,595</u>
Total	<u>68,699</u>	<u>\$726,820</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 11 - 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. During 2004 the City contracted with two insurance providers for various insurance coverages as follows:

<u>Insurance Provider</u>	<u>Coverage</u>	<u>Deductible</u>
Great American Insurance Company of New York	General Liability	\$0
Great American Insurance Company of New York	Valuable Paper, Equipment Floater, EDP, Boiler and Machinery	\$1,000
Claredon National Insurance Company	Automobile	\$500 Comprehensive, \$500-Collision
Claredon National Insurance Company	Law Enforcement Liability	\$25,000
Claredon National Insurance Company	Employee Blanket Coverage	\$250
Claredon National Insurance Company	Public Officials Liability	\$25,000

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

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, 2004***

NOTE 12 - CONSTRUCTION COMMITMENTS

As of December 31, 2004, the City had the following commitments with respect to capital projects:

<u>Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Wooster, McGibney, Sychar Roads – Sidewalk and Drainage	\$42,411	March 1, 2005

NOTE 13 - 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.

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

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.

Community Development Block Grant Fund

To account for federal grants designated for community environment improvements.

Parking Fund

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

Law Enforcement Trust Fund

To account for the proceeds from the confiscation of contraband.

Drug Enforcement Trust Fund

To account for mandatory fines collected for drug offenses.

Permissive License Registration Fund

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

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.

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.

Mausoleum Fund

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

Veterans Honor Walkway Fund

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

Capital Projects Funds

The Capital Projects Fund is 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.

TIF District-Coshocton Road Fund

To account for financial resources used for the improvements within the described boundaries of the Coshocton Road area. The TIF (tax increment financing) district will expire in January 2024 due to the twenty-five year maximum lifetime.

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.

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, 2004**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 928,412	\$ 172,927	\$ 0	\$ 1,101,339
Receivables:				
Taxes	353,325	651,048	0	1,004,373
Accounts	4,057	10,000	5,868	19,925
Intergovernmental	1,101,463	31,610	0	1,133,073
Inventory of Supplies	10,640	0	0	10,640
Prepaid Items	7,911	0	0	7,911
Restricted Assets:				
Cash and Cash Equivalents	13,116	0	303,066	316,182
Cash and Cash Equivalents with Fiscal Agent	21,250	0	0	21,250
Total Assets	\$ 2,440,174	\$ 865,585	\$ 308,934	\$ 3,614,693
Liabilities:				
Accounts Payable	\$ 28,491	\$ 0	\$ 0	\$ 28,491
Accrued Wages and Benefits Payable	180,387	0	0	180,387
Contracts Payable	245,735	0	0	245,735
Retainage Payable	13,116	0	0	13,116
Due to Other Funds	0	4,648	0	4,648
Deferred Revenue	1,024,429	682,658	0	1,707,087
Total Liabilities	1,492,158	687,306	0	2,179,464
Fund Balances:				
Reserved for Encumbrances	228,165	301	0	228,466
Reserved for Prepaid Items	7,911	0	0	7,911
Reserved for Supplies Inventory	10,640	0	0	10,640
Reserved for Endowments	0	0	308,934	308,934
Undesignated/Unreserved				
Special Revenue Funds	701,300	0	0	701,300
Capital Projects Funds	0	177,978	0	177,978
Total Fund Balances	948,016	178,279	308,934	1,435,229
Total Liabilities and Fund Balances	\$ 2,440,174	\$ 865,585	\$ 308,934	\$ 3,614,693

CITY OF MOUNT VERNON, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2004**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 541,057	\$ 510,867	\$ 0	\$ 1,051,924
Intergovernmental Revenues	1,229,202	91,309	0	1,320,511
Charges for Services	93,465	0	0	93,465
Licenses and Permits	2,835	0	0	2,835
Investment Earnings	4,492	152	0	4,644
Fines and Forfeitures	68,712	0	0	68,712
All Other Revenue	3,654	67,025	10,170	80,849
Total Revenue	1,943,417	669,353	10,170	2,622,940
Expenditures:				
Current:				
Security of Persons and Property	586,549	0	0	586,549
Public Health and Welfare Services	251,474	0	0	251,474
Leisure Time Activities	1,051	0	0	1,051
Community Environment	607,036	0	0	607,036
Transportation	726,452	192,108	0	918,560
General Government	44,092	25,932	0	70,024
Debt Service:				
Interest and Fiscal Charges	0	775	0	775
Total Expenditures	2,216,654	218,815	0	2,435,469
Excess (Deficiency) of Revenues Over Expenditures	(273,237)	450,538	10,170	187,471
Other Financing Sources (Uses):				
Sale of Capital Assets	3,204	0	0	3,204
Transfers In	337,890	0	0	337,890
Transfers Out	0	(301,696)	0	(301,696)
Total Other Financing Sources (Uses)	341,094	(301,696)	0	39,398
Net Change in Fund Balances	67,857	148,842	10,170	226,869
Fund Balances at Beginning of Year	880,559	29,437	298,764	1,208,760
Decrease in Inventory Reserve	(400)	0	0	(400)
Fund Balances End of Year	\$ 948,016	\$ 178,279	\$ 308,934	\$ 1,435,229

CITY OF MOUNT VERNON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2004**

	Street Construction, Maintenance and Repair	State Highway Improvement	Permissive Auto License Tax	Cemetery
Assets:				
Cash and Cash Equivalents	\$ 127,273	\$ 81,645	\$ 89,473	\$ 76,515
Receivables:				
Taxes	38,907	0	0	51,876
Accounts	28	0	0	4,029
Intergovernmental	260,726	16,953	0	0
Inventory of Supplies	10,308	0	0	332
Prepaid Items	6,701	0	0	1,210
Restricted Assets:				
Cash and Cash Equivalents	0	0	0	0
Cash and Cash Equivalents with Fiscal Agent	0	0	21,250	0
Total Assets	\$ 443,943	\$ 98,598	\$ 110,723	\$ 133,962
Liabilities:				
Accounts Payable	\$ 3,620	\$ 2,967	\$ 0	\$ 2,771
Accrued Wages and Benefits Payable	23,819	0	0	10,203
Contracts Payable	0	0	0	0
Retainage Payable	0	0	0	0
Deferred Revenue	183,272	11,302	21,250	12,606
Total Liabilities	210,711	14,269	21,250	25,580
Fund Balances:				
Reserved for Encumbrances	9,170	1,000	51,703	5,132
Reserved for Prepaid Items	6,701	0	0	1,210
Reserved for Supplies Inventory	10,308	0	0	332
Unreserved, Undesignated in:				
Special Revenue Funds	207,053	83,329	37,770	101,708
Total Fund Balances	233,232	84,329	89,473	108,382
Total Liabilities and Fund Balances	\$ 443,943	\$ 98,598	\$ 110,723	\$ 133,962

CITY OF MOUNT VERNON, OHIO

<u>Park Development</u>	<u>Community Development Block Grant</u>	<u>Parking</u>	<u>Law Enforcement Trust</u>	<u>Drug Enforcement Trust</u>
\$ 78,375	\$ 9,604	\$ 4,577	\$ 4,944	\$ 244
0	0	0	0	0
0	0	0	0	0
0	800,023	0	0	0
0	0	0	0	0
0	0	0	0	0
0	13,116	0	0	0
0	0	0	0	0
<u>\$ 78,375</u>	<u>\$ 822,743</u>	<u>\$ 4,577</u>	<u>\$ 4,944</u>	<u>\$ 244</u>
\$ 0	\$ 0	\$ 679	\$ 0	\$ 0
0	0	322	0	0
0	245,735	0	0	0
0	13,116	0	0	0
0	545,497	0	0	0
<u>0</u>	<u>804,348</u>	<u>1,001</u>	<u>0</u>	<u>0</u>
0	12,275	96	0	0
0	0	0	0	0
0	0	0	0	0
<u>78,375</u>	<u>6,120</u>	<u>3,480</u>	<u>4,944</u>	<u>244</u>
<u>78,375</u>	<u>18,395</u>	<u>3,576</u>	<u>4,944</u>	<u>244</u>
<u>\$ 78,375</u>	<u>\$ 822,743</u>	<u>\$ 4,577</u>	<u>\$ 4,944</u>	<u>\$ 244</u>

(Continued)

CITY OF MOUNT VERNON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2004**

	Permissive License Registration	Indigent Drivers Alcohol Treatment	DUI Enforcement and Education	Court Computerization
Assets:				
Cash and Cash Equivalents	\$ 87,880	\$ 646	\$ 29,429	\$ 59,195
Receivables:				
Taxes	0	0	0	0
Accounts	0	0	0	0
Intergovernmental	16,167	0	0	0
Inventory of Supplies	0	0	0	0
Prepaid Items	0	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	\$ 104,047	\$ 646	\$ 29,429	\$ 59,195
Liabilities:				
Accounts Payable	\$ 17,548	\$ 0	\$ 0	\$ 906
Accrued Wages and Benefits Payable	0	0	0	0
Contracts Payable	0	0	0	0
Retainage Payable	0	0	0	0
Deferred Revenue	0	0	0	0
Total Liabilities	17,548	0	0	906
Fund Balances:				
Reserved for Encumbrances	13,210	0	0	8,879
Reserved for Prepaid Items	0	0	0	0
Reserved for Supplies Inventory	0	0	0	0
Unreserved, Undesignated in:				
Special Revenue Funds	73,289	646	29,429	49,410
Total Fund Balances	86,499	646	29,429	58,289
Total Liabilities and Fund Balances	\$ 104,047	\$ 646	\$ 29,429	\$ 59,195

CITY OF MOUNT VERNON, OHIO

Probation Services	Police Pension	Fire Pension	Mausoleum	Veterans Honor Walkway	Total Nonmajor Special Revenue Funds
\$ 5,865	\$ 82,824	\$ 121,479	\$ 4,072	\$ 64,372	\$ 928,412
0	131,271	131,271	0	0	353,325
0	0	0	0	0	4,057
0	3,797	3,797	0	0	1,101,463
0	0	0	0	0	10,640
0	0	0	0	0	7,911
0	0	0	0	0	13,116
0	0	0	0	0	21,250
<u>\$ 5,865</u>	<u>\$ 217,892</u>	<u>\$ 256,547</u>	<u>\$ 4,072</u>	<u>\$ 64,372</u>	<u>\$ 2,440,174</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 28,491
0	56,504	89,539	0	0	180,387
0	0	0	0	0	245,735
0	0	0	0	0	13,116
0	125,251	125,251	0	0	1,024,429
0	181,755	214,790	0	0	1,492,158
1,000	49,500	76,200	0	0	228,165
0	0	0	0	0	7,911
0	0	0	0	0	10,640
4,865	(13,363)	(34,443)	4,072	64,372	701,300
5,865	36,137	41,757	4,072	64,372	948,016
<u>\$ 5,865</u>	<u>\$ 217,892</u>	<u>\$ 256,547</u>	<u>\$ 4,072</u>	<u>\$ 64,372</u>	<u>\$ 2,440,174</u>

CITY OF MOUNT VERNON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004***

	Street Construction, Maintenance and Repair	State Highway Improvement	Permissive Auto License Tax	Cemetery
Revenues:				
Taxes	\$ 132,517	\$ 0	\$ 0	\$ 176,690
Intergovernmental Revenues	519,631	40,744	48,656	0
Charges for Services	0	0	0	54,770
Licenses and Permits	1,066	0	0	0
Investment Earnings	305	305	0	3,736
Fines and Forfeitures	0	0	0	0
All Other Revenue	3,654	0	0	0
Total Revenue	657,173	41,049	48,656	235,196
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare Services	0	0	0	251,474
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	571,861	22,274	12,634	0
General Government	0	0	0	0
Total Expenditures	571,861	22,274	12,634	251,474
Excess (Deficiency) of Revenues Over Expenditures	85,312	18,775	36,022	(16,278)
Other Financing Sources (Uses):				
Sale of Capital Assets	150	0	0	3,054
Transfers In	0	0	0	0
Total Other Financing Sources (Uses)	150	0	0	3,054
Net Change in Fund Balances	85,462	18,775	36,022	(13,224)
Fund Balances at Beginning of Year	148,249	65,554	53,451	121,527
Increase (Decrease) in Inventory Reserve	(479)	0	0	79
Fund Balances End of Year	\$ 233,232	\$ 84,329	\$ 89,473	\$ 108,382

CITY OF MOUNT VERNON, OHIO

<u>Park Development</u>	<u>Community Development Block Grant</u>	<u>Parking</u>	<u>Law Enforcement Trust</u>	<u>Drug Enforcement Trust</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	499,415	0	0	0
4,890	0	21,773	0	0
0	0	1,769	0	0
0	18	0	0	0
0	0	4,669	1,514	0
0	0	0	0	0
<u>4,890</u>	<u>499,433</u>	<u>28,211</u>	<u>1,514</u>	<u>0</u>
0	0	35,220	2,512	1,500
0	0	0	0	0
0	0	0	0	0
0	607,036	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>0</u>	<u>607,036</u>	<u>35,220</u>	<u>2,512</u>	<u>1,500</u>
4,890	(107,603)	(7,009)	(998)	(1,500)
0	0	0	0	0
<u>4,890</u>	<u>0</u>	<u>10,000</u>	<u>0</u>	<u>0</u>
<u>4,890</u>	<u>0</u>	<u>10,000</u>	<u>0</u>	<u>0</u>
9,780	(107,603)	2,991	(998)	(1,500)
68,595	125,998	585	5,942	1,744
0	0	0	0	0
<u>\$ 78,375</u>	<u>\$ 18,395</u>	<u>\$ 3,576</u>	<u>\$ 4,944</u>	<u>\$ 244</u>

(Continued)

CITY OF MOUNT VERNON, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2004**

	Permissive License Registration	Indigent Drivers Alcohol Treatment	DUI Enforcement and Education	Court Computerization
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	105,764	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	0	14,866	2,350	45,313
All Other Revenue	0	0	0	0
Total Revenue	105,764	14,866	2,350	45,313
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
Community Environment	0	0	0	0
Transportation	119,683	0	0	0
General Government	0	14,677	0	21,086
Total Expenditures	119,683	14,677	0	21,086
Excess (Deficiency) of Revenues Over Expenditures	(13,919)	189	2,350	24,227
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
Transfers In	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	(13,919)	189	2,350	24,227
Fund Balances at Beginning of Year	100,418	457	27,079	34,062
Increase (Decrease) in Inventory Reserve	0	0	0	0
Fund Balances End of Year	\$ 86,499	\$ 646	\$ 29,429	\$ 58,289

CITY OF MOUNT VERNON, OHIO

Probation Services	Police Pension	Fire Pension	Mausoleum	Veterans Honor Walkway	Total Nonmajor Special Revenue Funds
\$ 0	\$ 115,925	\$ 115,925	\$ 0	\$ 0	\$ 541,057
0	7,496	7,496	0	0	1,229,202
5,800	0	0	3,207	3,025	93,465
0	0	0	0	0	2,835
0	0	0	25	103	4,492
0	0	0	0	0	68,712
0	0	0	0	0	3,654
<u>5,800</u>	<u>123,421</u>	<u>123,421</u>	<u>3,232</u>	<u>3,128</u>	<u>1,943,417</u>
0	214,987	332,330	0	0	586,549
0	0	0	0	0	251,474
0	0	0	0	1,051	1,051
0	0	0	0	0	607,036
0	0	0	0	0	726,452
<u>4,881</u>	<u>1,724</u>	<u>1,724</u>	<u>0</u>	<u>0</u>	<u>44,092</u>
<u>4,881</u>	<u>216,711</u>	<u>334,054</u>	<u>0</u>	<u>1,051</u>	<u>2,216,654</u>
919	(93,290)	(210,633)	3,232	2,077	(273,237)
0	0	0	0	0	3,204
<u>0</u>	<u>85,000</u>	<u>238,000</u>	<u>0</u>	<u>0</u>	<u>337,890</u>
<u>0</u>	<u>85,000</u>	<u>238,000</u>	<u>0</u>	<u>0</u>	<u>341,094</u>
919	(8,290)	27,367	3,232	2,077	67,857
4,946	44,427	14,390	840	62,295	880,559
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(400)</u>
<u>\$ 5,865</u>	<u>\$ 36,137</u>	<u>\$ 41,757</u>	<u>\$ 4,072</u>	<u>\$ 64,372</u>	<u>\$ 948,016</u>

CITY OF MOUNT VERNON, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2004**

	<u>TIF District- Coshocton Road</u>	<u>B&O Railroad Depot</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets:			
Cash and Cash Equivalents	\$ 131,215	\$ 41,712	\$ 172,927
Receivables:			
Taxes	651,048	0	651,048
Accounts	10,000	0	10,000
Intergovernmental	31,610	0	31,610
Total Assets	<u>\$ 823,873</u>	<u>\$ 41,712</u>	<u>\$ 865,585</u>
Liabilities:			
Due to Other Funds	\$ 4,648	\$ 0	\$ 4,648
Deferred Revenue	682,658	0	682,658
Total Liabilities	<u>687,306</u>	<u>0</u>	<u>687,306</u>
Fund Balances:			
Reserved for Encumbrances	0	301	301
Unreserved, Undesignated in:			
Capital Projects Funds	136,567	41,411	177,978
Total Fund Balances	<u>136,567</u>	<u>41,712</u>	<u>178,279</u>
Total Liabilities and Fund Balances	<u>\$ 823,873</u>	<u>\$ 41,712</u>	<u>\$ 865,585</u>

CITY OF MOUNT VERNON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2004***

	<u>TIF District- Coshocton Road</u>	<u>B&O Railroad Depot</u>	<u>Total Nonmajor Capital Project Funds</u>
Revenues:			
Taxes	\$ 510,867	\$ 0	\$ 510,867
Intergovernmental Revenues	91,309	0	91,309
Investment Earnings	152	0	152
All Other Revenue	10,000	57,025	67,025
Total Revenue	<u>612,328</u>	<u>57,025</u>	<u>669,353</u>
Expenditures:			
Current:			
Transportation	192,108	0	192,108
General Government	0	25,932	25,932
Debt Service:			
Interest and Fiscal Charges	775	0	775
Total Expenditures	<u>192,883</u>	<u>25,932</u>	<u>218,815</u>
Excess (Deficiency) of Revenues Over Expenditures	419,445	31,093	450,538
Other Financing Sources (Uses):			
Transfers Out	(301,696)	0	(301,696)
Total Other Financing Sources (Uses)	<u>(301,696)</u>	<u>0</u>	<u>(301,696)</u>
Net Change in Fund Balances	117,749	31,093	148,842
Fund Balances at Beginning of Year	<u>18,818</u>	<u>10,619</u>	<u>29,437</u>
Fund Balances End of Year	<u>\$ 136,567</u>	<u>\$ 41,712</u>	<u>\$ 178,279</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, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 657,400	\$ 690,400	\$ 617,436	\$ (72,964)
Municipal Income Tax	5,443,000	5,443,000	5,887,910	444,910
Total Tax Revenues	6,100,400	6,133,400	6,505,346	371,946
Intergovernmental Revenues:				
State Levied Shared Taxes	539,395	847,395	889,930	42,535
Intergovernmental Revenues	19,800	121,980	48,627	(73,353)
Total Intergovernmental Revenues	559,195	969,375	938,557	(30,818)
Charges for Services	187,700	258,275	292,447	34,172
Licenses and Permits	16,100	16,100	28,753	12,653
Investment Earnings	85,000	90,518	100,356	9,838
Fines and Forfeitures	400,000	400,000	549,203	149,203
All Other Revenues	1,000	2,780	16,491	13,711
Total Revenues	7,349,395	7,870,448	8,431,153	560,705
Expenditures:				
Security of Persons and Property:				
Police Division:				
Personal Services	1,246,506	1,247,656	1,245,003	2,653
Travel and Transportation	8,040	8,040	7,920	120
Materials and Supplies	38,550	36,843	34,660	2,183
Contractual Services	96,460	131,507	130,671	836
Capital Outlay	4,710	5,363	5,341	22
Total Police Division	1,394,266	1,429,409	1,423,595	5,814
Fire and E.M.S. Division:				
Personal Services	1,625,468	1,927,533	1,921,927	5,606
Travel and Transportation	14,620	21,936	20,847	1,089
Materials and Supplies	48,559	53,994	52,278	1,716
Contractual Services	91,090	133,090	128,261	4,829
Capital Outlay	36,050	120,614	119,793	821
Total Fire and E.M.S. Division	1,815,787	2,257,167	2,243,106	14,061

(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, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Miscellaneous:				
Street Lighting/Radio Repair/Sirens:				
Materials and Supplies	19,000	20,500	19,467	1,033
Contractual Services	135,000	168,702	168,684	18
Public Defender:				
Contractual Services	13,000	13,000	13,000	0
Debt Services:				
Principal Retirement	7,505	7,505	7,504	1
Interest and Fiscal Charges	20,495	20,465	20,371	94
Total Miscellaneous	<u>195,000</u>	<u>230,172</u>	<u>229,026</u>	<u>1,146</u>
Total Security of Persons and Property	<u>3,405,053</u>	<u>3,916,748</u>	<u>3,895,727</u>	<u>21,021</u>
Public Health and Welfare Services:				
Police Division:				
Contractual Services	<u>237,000</u>	<u>237,000</u>	<u>237,000</u>	<u>0</u>
Total Police Division	<u>237,000</u>	<u>237,000</u>	<u>237,000</u>	<u>0</u>
Humane Officer:				
Travel and Transportation	5,352	5,352	5,352	0
Contractual Services	23,194	23,194	23,194	0
Total Humane Officer	<u>28,546</u>	<u>28,546</u>	<u>28,546</u>	<u>0</u>
Health Department:				
Contractual Services	<u>41,200</u>	<u>41,200</u>	<u>41,200</u>	<u>0</u>
Total Health Department	<u>41,200</u>	<u>41,200</u>	<u>41,200</u>	<u>0</u>
Total Public Health and Welfare Services	<u>306,746</u>	<u>306,746</u>	<u>306,746</u>	<u>0</u>
Leisure Time Activities:				
Parks:				
Personal Services	147,340	142,077	141,924	153
Travel and Transportation	492	142	121	21
Materials and Supplies	4,882	4,712	4,519	193
Contractual Services	66,106	68,626	57,150	11,476
Total Parks	<u>218,820</u>	<u>215,557</u>	<u>203,714</u>	<u>11,843</u>
Recreation:				
Personal Services	10,000	8,628	8,628	0
Materials and Supplies	6,870	3,670	2,990	680
Contractual Services	8,112	8,112	7,800	312
Total Recreation	<u>24,982</u>	<u>20,410</u>	<u>19,418</u>	<u>992</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, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Pool:				
Personal Services	40,000	33,129	33,128	1
Materials and Supplies	9,560	10,760	9,901	859
Contractual Services	22,650	18,170	17,842	328
Capital Outlay	3,000	0	0	0
Total Pool	<u>75,210</u>	<u>62,059</u>	<u>60,871</u>	<u>1,188</u>
Total Leisure Time Activities	<u>319,012</u>	<u>298,026</u>	<u>284,003</u>	<u>14,023</u>
Community Environment:				
Miscellaneous Area Development, Tree Care and Trimming, Planning and Zoning:				
Materials and Supplies	12,648	12,648	11,962	686
Contractual Services	7,353	7,353	1,786	5,567
Total Community Environment	<u>20,001</u>	<u>20,001</u>	<u>13,748</u>	<u>6,253</u>
Transportation:				
Miscellaneous:				
Rivers and Harbors, Airport, Yauger Road Project, and Kokosing Gap Trail:				
Materials and Supplies	29,500	32,164	32,164	0
Contractual Services	4,450	3,395	3,395	0
Total Transportation	<u>33,950</u>	<u>35,559</u>	<u>35,559</u>	<u>0</u>
General Government:				
Council:				
Personal Services	55,040	55,040	55,040	0
Travel and Transportation	12	279	279	0
Materials and Supplies	5,882	6,002	5,971	31
Contractual Services	450	150	50	100
Total Council	<u>61,384</u>	<u>61,471</u>	<u>61,340</u>	<u>131</u>
Mayor:				
Personal Services	84,474	84,387	83,551	836
Travel and Transportation	150	150	0	150
Materials and Supplies	5,909	5,769	4,982	787
Contractual Services	0	50	50	0
Total Mayor	<u>90,533</u>	<u>90,356</u>	<u>88,583</u>	<u>1,773</u>
Auditor:				
Personal Services	179,065	203,259	198,489	4,770
Travel and Transportation	2,340	2,340	2,085	255
Materials and Supplies	17,264	16,226	13,854	2,372
Contractual Services	47,109	48,509	48,071	438
Total Auditor	<u>245,778</u>	<u>270,334</u>	<u>262,499</u>	<u>7,835</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, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Treasurer:				
Personal Services	6,847	6,847	6,847	0
Materials and Supplies	150	150	139	11
Total Treasurer	6,997	6,997	6,986	11
Law Director:				
Personal Services	197,028	200,978	200,900	78
Travel and Transportation	0	470	470	0
Materials and Supplies	17,268	21,578	21,019	559
Contractual Services	1,000	546	0	546
Total Law Director	215,296	223,572	222,389	1,183
Income Tax:				
Personal Services	107,000	103,100	102,617	483
Travel and Transportation	0	680	527	153
Materials and Supplies	13,783	15,312	14,035	1,277
Contractual Services	63,125	104,125	104,124	1
Capital Outlay	1,000	2,840	2,716	124
Total Income Tax	184,908	226,057	224,019	2,038
Municipal Court:				
Personal Services	384,800	404,142	403,223	919
Travel and Transportation	4,975	5,721	5,558	163
Materials and Supplies	43,224	41,009	40,099	910
Contractual Services	1,500	1,854	1,775	79
Total Municipal Court	434,499	452,726	450,655	2,071
Civil Services:				
Personal Services	6,700	6,700	6,643	57
Materials and Supplies	3,707	6,607	4,930	1,677
Total Civil Services	10,407	13,307	11,573	1,734
Safety Service:				
Personal Services	94,000	91,806	91,626	180
Travel and Transportation	160	160	0	160
Materials and Supplies	8,125	8,145	6,939	1,206
Contractual Services	28,290	44,320	41,722	2,598
Total Safety Service	130,575	144,431	140,287	4,144

(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, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Engineering:				
Personal Services	240,364	273,918	273,690	228
Travel and Transportation	500	439	0	439
Materials and Supplies	11,175	10,416	8,747	1,669
Contractual Services	65,831	47,831	45,739	2,092
Capital Outlay	6,022	7,872	6,827	1,045
Total Engineering	323,892	340,476	335,003	5,473
Public Land and Buildings:				
Personal Services	73,115	73,670	73,441	229
Travel and Transportation	100	100	0	100
Materials and Supplies	9,683	18,183	15,424	2,759
Contractual Services	242,641	247,299	224,307	22,992
Total Public Land and Buildings	325,539	339,252	313,172	26,080
Miscellaneous:				
Personal Services	1,441,336	1,336,401	1,333,268	3,133
Materials and Supplies	11,000	22,325	15,150	7,175
Contractual Services	254,178	232,702	229,655	3,047
Total Miscellaneous	1,706,514	1,591,428	1,578,073	13,355
Total General Government	3,736,322	3,760,407	3,694,579	65,828
Total Expenditures	7,821,084	8,337,487	8,230,362	107,125
Excess (Deficiency) of Revenues Over (Under) Expenditures	(471,689)	(467,039)	200,791	667,830
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	7,967	7,967
Transfers In	49,500	49,500	49,500	0
Transfers Out	(366,000)	(370,650)	(358,336)	12,314
Total Other Financing Sources (Uses)	(316,500)	(321,150)	(300,869)	20,281
Net Change in Fund Balance	(788,189)	(788,189)	(100,078)	688,111
Fund Balance at Beginning of Year	431,581	431,581	431,581	0
Prior Year Encumbrances	356,607	356,607	356,607	0
Fund Balance at End of Year	\$ (1)	\$ (1)	\$ 688,110	\$ 688,111

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, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 15,000	\$ 38,000	\$ 35,287	\$ (2,713)
Investment Earnings	0	0	2	2
Total Revenues	<u>15,000</u>	<u>38,000</u>	<u>35,289</u>	<u>(2,711)</u>
Expenditures:				
Basic Utility Service:				
Supplies and Materials	13,111	35,111	33,676	1,435
General Government:				
Contractual Services	1,000	2,000	1,611	389
Debt Service:				
Principal Retirement	1,075,000	1,069,963	1,069,409	554
Interest and Fiscal Charges	875,889	939,583	939,583	0
Total Expenditures	<u>1,965,000</u>	<u>2,046,657</u>	<u>2,044,279</u>	<u>2,378</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,950,000)	(2,008,657)	(2,008,990)	(333)
Other Financing Sources (Uses):				
Transfers In	1,950,000	2,008,657	2,008,992	335
Total Other Financing Sources (Uses)	<u>1,950,000</u>	<u>2,008,657</u>	<u>2,008,992</u>	<u>335</u>
Net Change in Fund Balance	0	0	2	2
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2</u>	<u>\$ 2</u>

CITY OF MOUNT VERNON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Project Funds – Capital Improvements Fund
For the Year Ended December 31, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Municipal Income Taxes	\$ 395,600	\$ 395,600	\$ 424,092	\$ 28,492
Intergovernmental Revenues	0	0	85,709	85,709
All Other Revenues	0	141,145	94,271	(46,874)
Total Revenues	395,600	536,745	604,072	67,327
Expenditures:				
Security of Persons and Property:				
Police:				
Capital Outlay	7,400	7,300	7,183	117
Total Security of Persons and Property	7,400	7,300	7,183	117
Public Health and Welfare:				
Capital Outlay	3,150	3,150	3,150	0
Total Public Health and Welfare	3,150	3,150	3,150	0
Leisure Time Activities:				
Parks:				
Capital Outlay	0	20,000	20,000	0
Total Leisure Time Activities	0	20,000	20,000	0
Transportation:				
Street:				
Capital Outlay	788,428	1,239,573	1,208,646	30,927
Total Transportation	788,428	1,239,573	1,208,646	30,927
General Government:				
Engineering:				
Capital Outlay	9,875	9,875	9,875	0
Public Lands and Buildings:				
Capital Outlay	30,000	30,000	29,589	411
Law Director:				
Capital Outlay	0	1,800	1,800	0
Total General Government	39,875	41,675	41,264	411
Total Expenditures	838,853	1,311,698	1,280,243	31,455

(Continued)

CITY OF MOUNT VERNON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Project Funds – Capital Improvements Fund
For the Year Ended December 31, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(443,253)	(774,953)	(676,171)	98,782
Other Financing Sources (Uses):				
Advances In	0	320,000	0	(320,000)
Advances Out	(317,287)	(317,287)	0	317,287
Total Other Financing Sources (Uses)	(317,287)	2,713	0	(2,713)
Net Change in Fund Balance	(760,540)	(772,240)	(676,171)	96,069
Fund Balance at Beginning of Year	479,653	479,653	479,653	0
Prior Year Encumbrances	301,627	301,627	301,627	0
Fund Balance at End of Year	<u>\$ 20,740</u>	<u>\$ 9,040</u>	<u>\$ 105,109</u>	<u>\$ 96,069</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, 2004**

STREET CONSTRUCTION, MAINTENANCE AND REPAIR

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Municipal Income Taxes	\$ 120,000	\$ 120,000	\$ 127,228	\$ 7,228
Intergovernmental Revenues	407,700	527,700	501,636	(26,064)
Licenses and Permits	0	0	1,066	1,066
Investment Earnings	300	300	305	5
All Other Revenues	0	3,000	3,626	626
Total Revenues	<u>528,000</u>	<u>651,000</u>	<u>633,861</u>	<u>(17,139)</u>
Expenditures:				
Transportation:				
Personal Services	532,543	609,494	522,520	86,974
Travel and Transportation	2,155	2,115	329	1,786
Materials and Supplies	6,026	49,566	11,329	38,237
Contractual Services	52,025	54,574	50,098	4,476
Total Expenditures	<u>592,749</u>	<u>715,749</u>	<u>584,276</u>	<u>131,473</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(64,749)	(64,749)	49,585	114,334
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	150	150
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>150</u>	<u>150</u>
Net Change in Fund Balance	(64,749)	(64,749)	49,735	114,484
Fund Balance at Beginning of Year	45,477	45,477	45,477	0
Prior Year Encumbrances	19,271	19,271	19,271	0
Fund Balance at End of Year	<u>\$ (1)</u>	<u>\$ (1)</u>	<u>\$ 114,483</u>	<u>\$ 114,484</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, 2004***

	STATE HIGHWAY IMPROVEMENT			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 31,900	\$ 31,900	\$ 40,673	\$ 8,773
Investment Earnings	100	100	305	205
Total Revenues	<u>32,000</u>	<u>32,000</u>	<u>40,978</u>	<u>8,978</u>
Expenditures:				
Transportation:				
Capital Outlay	97,920	97,920	29,221	68,699
Total Expenditures	<u>97,920</u>	<u>97,920</u>	<u>29,221</u>	<u>68,699</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(65,920)	(65,920)	11,757	77,677
Fund Balance at Beginning of Year	60,560	60,560	60,560	0
Prior Year Encumbrances	5,360	5,360	5,360	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 77,677</u>	<u>\$ 77,677</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, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 100,000	\$ 100,000	\$ 48,656	\$ (51,344)
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>48,656</u>	<u>(51,344)</u>
Expenditures:				
Transportation:				
Capital Outlay	153,451	153,451	64,337	89,114
Total Expenditures	<u>153,451</u>	<u>153,451</u>	<u>64,337</u>	<u>89,114</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(53,451)	(53,451)	(15,681)	37,770
Fund Balance at Beginning of Year	42,468	42,468	42,468	0
Prior Year Encumbrances	10,983	10,983	10,983	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 37,770</u>	<u>\$ 37,770</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, 2004***

	CEMETERY			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Municipal Income Taxes	\$ 165,000	\$ 165,000	\$ 169,637	\$ 4,637
Charges for Services	50,000	50,000	54,890	4,890
Investment Earnings	5,000	5,000	3,736	(1,264)
All Other Revenues	0	0	39	39
Total Revenues	<u>220,000</u>	<u>220,000</u>	<u>228,302</u>	<u>8,302</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	236,544	250,920	216,598	34,322
Travel and Transportation	1,250	1,250	289	961
Materials and Supplies	12,177	12,177	7,582	4,595
Contractual Services	32,585	35,110	24,273	10,837
Capital Outlay	24,052	7,151	610	6,541
Total Expenditures	<u>306,608</u>	<u>306,608</u>	<u>249,352</u>	<u>57,256</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(86,608)	(86,608)	(21,050)	65,558
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	3,054	3,054
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>3,054</u>	<u>3,054</u>
Net Change in Fund Balance	(86,608)	(86,608)	(17,996)	68,612
Fund Balance at Beginning of Year	76,602	76,602	76,602	0
Prior Year Encumbrances	10,006	10,006	10,006	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 68,612</u>	<u>\$ 68,612</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, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 5,000	\$ 5,000	\$ 4,890	\$ (110)
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>4,890</u>	<u>(110)</u>
Expenditures:				
Leisure Time Activities:				
Capital Outlay	78,595	78,595	0	78,595
Total Expenditures	<u>78,595</u>	<u>78,595</u>	<u>0</u>	<u>78,595</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(73,595)	(73,595)	4,890	78,485
Other Financing Sources (Uses):				
Transfers In	5,000	5,000	4,890	(110)
Total Other Financing Sources (Uses)	<u>5,000</u>	<u>5,000</u>	<u>4,890</u>	<u>(110)</u>
Net Change in Fund Balance	(68,595)	(68,595)	9,780	78,375
Fund Balance at Beginning of Year	68,595	68,595	68,595	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 78,375</u>	<u>\$ 78,375</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, 2004**

COMMUNITY DEVELOPMENT BLOCK GRANT

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 490,000	\$ 1,152,828	\$ 274,009	\$ (878,819)
Investment Earnings	0	0	18	18
Total Revenues	<u>490,000</u>	<u>1,152,828</u>	<u>274,027</u>	<u>(878,801)</u>
Expenditures:				
Community Environment:				
Contractual Services	613,218	1,276,046	386,800	889,246
Total Expenditures	<u>613,218</u>	<u>1,276,046</u>	<u>386,800</u>	<u>889,246</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(123,218)	(123,218)	(112,773)	10,445
Fund Balance at Beginning of Year	7,548	7,548	7,548	0
Prior Year Encumbrances	115,670	115,670	115,670	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 10,445</u>	<u>\$ 10,445</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, 2004**

	PARKING			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Charges for Services	\$ 52,500	\$ 52,500	\$ 21,773	\$ (30,727)
Licenses and Permits	3,000	3,000	1,769	(1,231)
Fines and Forfeitures	18,000	18,000	4,669	(13,331)
All Other Revenues	0	0	15	15
Total Revenues	<u>73,500</u>	<u>73,500</u>	<u>28,226</u>	<u>(45,274)</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	51,914	51,914	20,208	31,706
Materials and Supplies	3,725	3,725	201	3,524
Contractual Services	23,245	23,245	17,051	6,194
Total Expenditures	<u>78,884</u>	<u>78,884</u>	<u>37,460</u>	<u>41,424</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,384)	(5,384)	(9,234)	(3,850)
Other Financing Sources (Uses):				
Transfers In	21,500	21,500	10,000	(11,500)
Total Other Financing Sources (Uses)	<u>21,500</u>	<u>21,500</u>	<u>10,000</u>	<u>(11,500)</u>
Net Change in Fund Balance	16,116	16,116	766	(15,350)
Fund Balance at Beginning of Year	1,102	1,102	1,102	0
Prior Year Encumbrances	1,934	1,934	1,934	0
Fund Balance at End of Year	<u>\$ 19,152</u>	<u>\$ 19,152</u>	<u>\$ 3,802</u>	<u>\$ (15,350)</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, 2004**

	LAW ENFORCEMENT TRUST			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Fines and Forfeitures	\$ 0	\$ 1,514	\$ 1,514	\$ 0
Total Revenues	<u>0</u>	<u>1,514</u>	<u>1,514</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	0	2,512	2,512	0
Total Expenditures	<u>0</u>	<u>2,512</u>	<u>2,512</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(998)	(998)	0
Fund Balance at Beginning of Year	<u>5,942</u>	<u>5,942</u>	<u>5,942</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 5,942</u></u>	<u><u>\$ 4,944</u></u>	<u><u>\$ 4,944</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, 2004**

DRUG ENFORCEMENT TRUST				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
Security of Persons and Property:				
Contractual Services	0	1,500	1,500	0
Total Expenditures	0	1,500	1,500	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(1,500)	(1,500)	0
Fund Balance at Beginning of Year	1,744	1,744	1,744	0
Fund Balance at End of Year	<u>\$ 1,744</u>	<u>\$ 244</u>	<u>\$ 244</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, 2004**

	PERMISSIVE LICENSE REGISTRATION			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 100,000	\$ 100,000	\$ 104,698	\$ 4,698
Total Revenues	100,000	100,000	104,698	4,698
Expenditures:				
Transportation:				
Materials and Supplies	149,545	149,545	119,320	30,225
Contractual Services	49,546	49,546	27,346	22,200
Total Expenditures	199,091	199,091	146,666	52,425
Excess (Deficiency) of Revenues Over (Under) Expenditures	(99,091)	(99,091)	(41,968)	57,123
Fund Balance at Beginning of Year	74,556	74,556	74,556	0
Prior Year Encumbrances	24,535	24,535	24,535	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 57,123	\$ 57,123

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, 2004***

	INDIGENT DRIVERS ALCOHOL TREATMENT			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Fines and Forfeitures	\$ 15,000	\$ 15,000	\$ 14,677	\$ (323)
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>14,677</u>	<u>(323)</u>
Expenditures:				
General Government:				
Contractual Services	15,000	15,000	14,677	323
Total Expenditures	<u>15,000</u>	<u>15,000</u>	<u>14,677</u>	<u>323</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 0</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, 2004***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 2,000	\$ 2,000	\$ 2,463	\$ 463
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>2,463</u>	<u>463</u>
Expenditures:				
General Government:				
Contractual Services	28,822	28,822	0	28,822
Total Expenditures	<u>28,822</u>	<u>28,822</u>	<u>0</u>	<u>28,822</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,822)	(26,822)	2,463	29,285
Fund Balance at Beginning of Year	26,822	26,822	26,822	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 29,285</u>	<u>\$ 29,285</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, 2004**

	COURT COMPUTERIZATION			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Fines and Forfeitures	\$ 45,000	\$ 45,000	\$ 45,276	\$ 276
Total Revenues	<u>45,000</u>	<u>45,000</u>	<u>45,276</u>	<u>276</u>
Expenditures:				
General Government:				
Contractual Services	75,927	75,927	29,965	45,962
Total Expenditures	<u>75,927</u>	<u>75,927</u>	<u>29,965</u>	<u>45,962</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(30,927)	(30,927)	15,311	46,238
Fund Balance at Beginning of Year	22,642	22,642	22,642	0
Prior Year Encumbrances	8,285	8,285	8,285	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 46,238</u>	<u>\$ 46,238</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, 2004***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 5,000	\$ 5,000	\$ 5,800	\$ 800
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>5,800</u>	<u>800</u>
Expenditures:				
General Government:				
Materials and Supplies	9,946	9,946	5,881	4,065
Total Expenditures	<u>9,946</u>	<u>9,946</u>	<u>5,881</u>	<u>4,065</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,946)	(4,946)	(81)	4,865
Fund Balance at Beginning of Year	4,946	4,946	4,946	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,865</u>	<u>\$ 4,865</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, 2004**

	POLICE PENSION			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property Taxes	\$ 75,300	\$ 75,300	\$ 71,753	\$ (3,547)
Municipal Income Taxes	43,000	43,000	42,409	(591)
Intergovernmental Revenues	7,300	7,300	7,496	196
Total Revenues	<u>125,600</u>	<u>125,600</u>	<u>121,658</u>	<u>(3,942)</u>
Expenditures:				
Security of Persons and Property				
Personal Services	332,844	332,844	263,754	69,090
General Government:				
Contractual Services	2,000	2,000	1,724	276
Total Expenditures	<u>334,844</u>	<u>334,844</u>	<u>265,478</u>	<u>69,366</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(209,244)	(209,244)	(143,820)	65,424
Other Financing Sources (Uses):				
Transfers In	117,100	117,100	85,000	(32,100)
Total Other Financing Sources (Uses)	<u>117,100</u>	<u>117,100</u>	<u>85,000</u>	<u>(32,100)</u>
Net Change in Fund Balance	(92,144)	(92,144)	(58,820)	33,324
Fund Balance at Beginning of Year	42,594	42,594	42,594	0
Prior Year Encumbrances	49,550	49,550	49,550	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 33,324</u>	<u>\$ 33,324</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, 2004**

	FIRE PENSION			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property Taxes	\$ 75,300	\$ 75,300	\$ 71,753	\$ (3,547)
Municipal Income Taxes	43,000	43,000	42,409	(591)
Intergovernmental Revenues	7,300	7,300	7,496	196
Total Revenues	<u>125,600</u>	<u>125,600</u>	<u>121,658</u>	<u>(3,942)</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	354,445	412,445	406,400	6,045
Contractual Services	2,000	2,000	1,724	276
Total Expenditures	<u>356,445</u>	<u>414,445</u>	<u>408,124</u>	<u>6,321</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(230,845)	(288,845)	(286,466)	2,379
Other Financing Sources (Uses):				
Transfers In	137,100	195,100	238,000	42,900
Total Other Financing Sources (Uses)	<u>137,100</u>	<u>195,100</u>	<u>238,000</u>	<u>42,900</u>
Net Change in Fund Balance	(93,745)	(93,745)	(48,466)	45,279
Fund Balance at Beginning of Year	18,495	18,495	18,495	0
Prior Year Encumbrances	75,250	75,250	75,250	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 45,279</u>	<u>\$ 45,279</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, 2004**

	MAUSOLEUM			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Charges for Services	\$ 0	\$ 0	\$ 3,207	\$ 3,207
Investment Earnings	50	50	25	(25)
Total Revenues	<u>50</u>	<u>50</u>	<u>3,232</u>	<u>3,182</u>
Expenditures:				
Public Health and Welfare Services:				
Contractual Services	890	890	0	890
Total Expenditures	<u>890</u>	<u>890</u>	<u>0</u>	<u>890</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(840)	(840)	3,232	4,072
Fund Balance at Beginning of Year	840	840	840	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,072</u>	<u>\$ 4,072</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, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
VETERANS HONOR WALKWAY				
Revenues:				
Charges for Services	\$ 2,300	\$ 2,300	\$ 3,025	\$ 725
Investment Earnings	200	200	103	(97)
Total Revenues	<u>2,500</u>	<u>2,500</u>	<u>3,128</u>	<u>628</u>
Expenditures:				
Leisure Time Activities				
Materials and Supplies	62,877	62,877	203	62,674
Contractual Services	2,000	2,000	930	1,070
Total Expenditures	<u>64,877</u>	<u>64,877</u>	<u>1,133</u>	<u>63,744</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(62,377)	(62,377)	1,995	64,372
Fund Balance at Beginning of Year	62,295	62,295	62,295	0
Prior Year Encumbrances	82	82	82	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 64,372</u>	<u>\$ 64,372</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, 2004**

	TIF DISTRICT-COSHOCTON ROAD			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property Taxes	\$ 90,000	\$ 559,000	\$ 510,867	\$ (48,133)
Intergovernmental Revenues	0	0	133,255	133,255
Investment Earnings	0	0	152	152
Total Revenues	<u>90,000</u>	<u>559,000</u>	<u>644,274</u>	<u>85,274</u>
Expenditures:				
Transportation:				
Street:				
Contractual Services	88,799	160,799	154,811	5,988
Capital Outlay	112,482	206,857	167,833	39,024
Total Expenditures	<u>201,281</u>	<u>367,656</u>	<u>322,644</u>	<u>45,012</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(111,281)	191,344	321,630	130,286
Other Financing Sources (Uses):				
Transfers Out	0	(302,625)	(301,696)	929
Total Other Financing Sources (Uses)	<u>0</u>	<u>(302,625)</u>	<u>(301,696)</u>	<u>929</u>
Net Change in Fund Balance	(111,281)	(111,281)	19,934	131,215
Fund Balance at Beginning of Year	799	799	799	0
Prior Year Encumbrances	110,482	110,482	110,482	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 131,215</u>	<u>\$ 131,215</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, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 60,000	\$ 60,000	\$ 57,025	\$ (2,975)
Total Revenues	<u>60,000</u>	<u>60,000</u>	<u>57,025</u>	<u>(2,975)</u>
Expenditures:				
General Government:				
Contractual Services	67,619	67,619	26,233	41,386
Materials and Supplies	<u>3,000</u>	<u>3,000</u>	<u>0</u>	<u>3,000</u>
Total Expenditures	<u>70,619</u>	<u>70,619</u>	<u>26,233</u>	<u>44,386</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,619)	(10,619)	30,792	41,411
Fund Balance at Beginning of Year	7,309	7,309	7,309	0
Prior Year Encumbrances	<u>3,310</u>	<u>3,310</u>	<u>3,310</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 41,411</u>	<u>\$ 41,411</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, 2004**

	PERPETUAL CARE			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
All Other Revenues	\$ 5,000	\$ 5,000	\$ 7,827	\$ 2,827
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>7,827</u>	<u>2,827</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,000	5,000	7,827	2,827
Fund Balance at Beginning of Year	<u>295,239</u>	<u>295,239</u>	<u>295,239</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 300,239</u>	<u>\$ 300,239</u>	<u>\$ 303,066</u>	<u>\$ 2,827</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

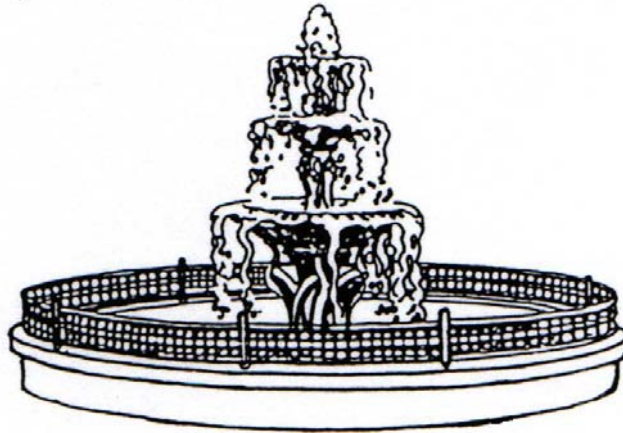
To account for insurance funds on deposit to insure the clean up of damaged property.

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, 2004***

	Balance December 31, 2003	Additions	Deductions	Balance December 31, 2004
<u>Insurance Trust Fund</u>				
Assets:				
Cash and Cash Equivalents	\$0	\$4,800	\$0	\$4,800
Total Assets	<u>\$0</u>	<u>\$4,800</u>	<u>\$0</u>	<u>\$4,800</u>
Liabilities:				
Due to Others	\$0	\$4,800	\$0	\$4,800
Total Liabilities	<u>\$0</u>	<u>\$4,800</u>	<u>\$0</u>	<u>\$4,800</u>
<u>Bonds and Inspection Fee Trust Fund</u>				
Assets:				
Cash	\$3,751	\$5,100	(\$2,100)	\$6,751
Total Assets	<u>\$3,751</u>	<u>\$5,100</u>	<u>(\$2,100)</u>	<u>\$6,751</u>
Liabilities:				
Due to Others	3,751	5,100	(2,100)	6,751
Total Liabilities	<u>\$3,751</u>	<u>\$5,100</u>	<u>(\$2,100)</u>	<u>\$6,751</u>
<u>Municipal Court Fund</u>				
Assets:				
Cash and Cash Equivalents	\$84,901	\$977,131	(\$1,013,040)	\$48,992
Total Assets	<u>\$84,901</u>	<u>\$977,131</u>	<u>(\$1,013,040)</u>	<u>\$48,992</u>
Liabilities:				
Intergovernmental Payable	\$21,918	\$391,422	(\$390,986)	\$22,354
Due to Others	62,983	585,709	(622,054)	26,638
Total Liabilities	<u>\$84,901</u>	<u>\$977,131</u>	<u>(\$1,013,040)</u>	<u>\$48,992</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$88,652	\$987,031	(\$1,015,140)	\$60,543
Total Assets	<u>\$88,652</u>	<u>\$987,031</u>	<u>(\$1,015,140)</u>	<u>\$60,543</u>
Liabilities:				
Intergovernmental Payables	\$21,918	\$391,422	(\$390,986)	\$22,354
Due to Others	66,734	595,609	(624,154)	38,189
Total Liabilities	<u>\$88,652</u>	<u>\$987,031</u>	<u>(\$1,015,140)</u>	<u>\$60,543</u>

*CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS*

CITY OF MOUNT VERNON, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
December 31, 2004***

<u>Capital Assets</u>	
Land	\$2,333,023
Construction In Progress	43,731
Buildings	6,430,351
Improvements Other than Buildings	544,774
Infrastructure	4,211,902
Machinery and Equipment	4,858,121
Total Capital Assets	<u>\$18,421,902</u>

<u>Investment in Capital Assets</u>	
General Fund	\$5,398,759
Special Revenue Funds	312,044
Capital Projects Fund	9,154,937
Proprietary Funds	84,846
Contributions	15,058
Federal Grants	103,827
State Grants	3,352,431
Total Investment in Capital Assets	<u>\$18,421,902</u>

CITY OF MOUNT VERNON, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2004***

<u>Function and Activity</u>	<u>Land</u>	<u>Construction In Progress</u>	<u>Buildings</u>
<u>General Government:</u>			
Administration	\$109,375	\$0	\$1,158,167
City Council	0	0	3,990
Mayor	0	0	0
City Auditor	0	0	0
Law Director	0	0	0
Income Tax	0	0	0
Municipal Court	0	0	12,995
Civil Service	0	0	0
Safety and Service Engineer	0	0	0
Public Lands and Buildings	0	24,931	1,021,097
Total	<u>109,375</u>	<u>24,931</u>	<u>2,196,249</u>
<u>Security of Persons and Property:</u>			
Police	0	0	255,058
Fire	809,550	0	2,614,705
Total	<u>809,550</u>	<u>0</u>	<u>2,869,763</u>
<u>Transportation:</u>			
Street	477,991	0	119,855
<u>Leisure Time Activities:</u>			
Parks and Recreation	888,072	18,800	1,159,293
<u>Public Health and Welfare:</u>			
Cemetery	48,035	0	85,191
Total Capital Assets	<u>\$2,333,023</u>	<u>\$43,731</u>	<u>\$6,430,351</u>

CITY OF MOUNT VERNON, OHIO

Improvements Other than Buildings	Infrastructure	Machinery and Equipment	Total
\$7,752	\$0	\$0	\$1,275,294
0	0	11,240	15,230
0	0	2,161	2,161
0	0	87,142	87,142
0	0	29,766	29,766
0	0	15,216	15,216
0	0	222,211	235,206
0	0	1,543	1,543
0	0	55,293	55,293
0	0	401,467	401,467
3,143	0	97,190	1,146,361
<u>10,895</u>	<u>0</u>	<u>923,229</u>	<u>3,264,679</u>
0	0	696,258	951,316
4,056	0	1,773,528	5,201,839
<u>4,056</u>	<u>0</u>	<u>2,469,786</u>	<u>6,153,155</u>
<u>20,437</u>	<u>4,211,902</u>	<u>972,304</u>	<u>5,802,489</u>
<u>420,127</u>	<u>0</u>	<u>335,232</u>	<u>2,821,524</u>
<u>89,259</u>	<u>0</u>	<u>157,570</u>	<u>380,055</u>
<u>\$544,774</u>	<u>\$4,211,902</u>	<u>\$4,858,121</u>	<u>\$18,421,902</u>

CITY OF MOUNT VERNON, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule Changes by Function and Activity
For Year Ended December 31, 2004***

<u>Function and Activity</u>	<u>December 31, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2004</u>
<u>General Government:</u>				
Administration	\$1,275,294	\$0	\$0	\$1,275,294
City Council	15,230	0	0	15,230
Mayor	2,161	0	0	2,161
City Auditor	87,142	0	0	87,142
Law Director	29,766	0	0	29,766
Income Tax	20,430	1,800	(7,014)	15,216
Municipal Court	234,033	1,173	0	235,206
Civil Service	1,543	0	0	1,543
Safety and Service	55,293	0	0	55,293
Engineer	393,679	7,788	0	401,467
Public Lands and Buildings	1,135,160	34,305	(23,104)	1,146,361
Total	<u>3,249,731</u>	<u>45,066</u>	<u>(30,118)</u>	<u>3,264,679</u>
<u>Security of Persons and Property:</u>				
Police	951,316	0	0	951,316
Fire	5,217,412	6,844	(22,417)	5,201,839
Total	<u>6,168,728</u>	<u>6,844</u>	<u>(22,417)</u>	<u>6,153,155</u>
<u>Transportation:</u>				
Street	<u>3,591,520</u>	<u>2,253,352</u>	<u>(42,383)</u>	<u>5,802,489</u>
<u>Leisure Time Activities:</u>				
Parks and Recreation	<u>2,549,899</u>	<u>448,868</u>	<u>(177,243)</u>	<u>2,821,524</u>
<u>Public Health and Welfare:</u>				
Cemetery	<u>386,246</u>	<u>0</u>	<u>(6,191)</u>	<u>380,055</u>
Total Capital Assets	<u>\$15,946,124</u>	<u>\$2,754,130</u>	<u>(\$278,352)</u>	<u>\$18,421,902</u>

STATISTICAL SECTION



STATISTICAL TABLES

***T**HE FOLLOWING UNAUDITED STATISTICAL TABLES REFLECT SOCIAL AND ECONOMIC DATA, FINANCIAL TRENDS AND FISCAL CAPACITY OF THE CITY.*

CITY OF MOUNT VERNON, OHIO

**GENERAL FUND EXPENDITURES BY FUNCTION
LAST TEN YEARS**

Year	Security of Persons and Property	Public Health and Welfare	Leisure Time Activities	Community Environment	Trans- portation	General Government	Capital Outlay	Debt Service	Total
1995	\$2,120,562	\$182,406	\$216,522	\$23,111	\$35,595	\$2,054,523	\$352,973	\$27,875	\$5,013,567
1996	2,427,691	192,696	258,487	24,590	122,725	1,994,580	169,034	27,875	5,217,678
1997	2,572,669	188,363	283,896	23,614	76,254	2,198,836 *	124,809	27,875	5,496,316
1998	2,686,857	230,957	304,307	22,345	56,043	2,411,408	177,728	27,875	5,917,520
1999	2,786,548	233,959	301,104	23,986	65,337	2,905,006	373,524	27,875	6,717,339
2000	a 3,319,250	235,312	343,284	25,168	62,485	3,091,945	0	27,874	7,105,318
2001	a 3,431,595	258,552	311,714	23,320	66,076	3,158,428	0	27,875	7,277,560
2002	a 3,708,140	274,656	376,607	23,712	47,594	3,458,060	0	27,875	7,916,644
2003	a 3,703,136	286,950	323,467	21,184	90,479	3,688,524	0	27,875	8,141,615
2004	a 3,759,970	286,922	269,296	13,013	30,559	3,520,489	0	27,875	7,908,124

* 1997 Includes Other Expenditures

a Capital Outlay is reported as part of each individual function.

Source: Mount Vernon City Auditor

CITY OF MOUNT VERNON, OHIO

**GENERAL FUND REVENUES BY SOURCE
LAST TEN YEARS**

Year	Tax Revenues	Inter-Governmental Revenues	Charges for Services	Licenses and Permits	Investment Earnings	Fines and Forfeitures	All Other Revenues	Total
1995	\$4,583,336	\$750,867	\$54,368	\$228,939	\$329,796	\$156,429	\$61,685	\$6,165,420
1996	4,842,514	855,294	49,522	252,530	444,799	162,971	128,751	6,736,381
1997	5,423,778	818,170	43,618	247,298	541,575	172,019	73,181	7,319,639
1998	5,708,650	916,301	49,376	244,308	522,895	170,003	149,156	7,760,689
1999	5,637,207	840,998	153,162	245,069	351,739	153,143	83,365	7,464,683
2000	5,980,396	1,162,416	191,240	201,556	329,032	191,521	145,391	8,201,552
2001	6,197,984	867,136	157,343	333,894	229,855	217,162	71,756	8,075,130
2002 a	6,318,380	765,583	247,986	26,274	163,717	557,192	28,064	8,107,196
2003	6,351,447	641,083	243,644	17,900	88,001	556,760	41,197	7,940,032
2004	6,749,545	896,728	292,447	1,999	98,445	576,915	16,054	8,632,133

a Reclassification of court costs from Licenses and Permits to Fines and Forfeitures and Reclassification of rental income from All Other Revenue to Charges for Services.

Source: Mount Vernon City Auditor

CITY OF MOUNT VERNON, OHIO

**PROPERTY TAX LEVIES AND COLLECTIONS (1)
LAST TEN YEARS**

Collection Year	Total Tax Levy (1)	Current Tax Collections (1)	Delinquent Tax Collections	Total Tax Collections (1)	Percent of Total Tax Collections To Tax Levy
1995	\$6,228,278	\$5,284,801	\$167,927	\$5,452,728	87.55%
1996	6,383,487	5,475,218	216,883	5,692,101	89.17%
1997	7,988,152	6,585,125	176,187	6,761,312	84.64%
1998	7,860,692	6,544,003	234,581	6,778,584	86.23%
1999	7,976,909	6,746,147	267,693	7,013,840	87.93%
2000	8,514,834	7,137,114	260,369	7,397,483	86.88%
2001	8,674,755	7,227,375	253,717	7,481,092	86.24%
2002	8,484,483	7,192,116	304,253	7,496,369	88.35%
2003	9,532,764	8,087,587	435,128	8,522,715	89.40%
2004	9,958,320	8,398,655	472,730	8,871,385	89.09%

(1) Neither net tax levy nor collections include state reimbursements for property tax reductions of Rollback, 2.5% reduction or Homestead exemption

Source: Knox County Auditor

CITY OF MOUNT VERNON, OHIO

**ASSESSED VALUATIONS AND ESTIMATED TRUE VALUES
OF TAXABLE PROPERTY
LAST TEN YEARS**

Tax Year	Real Property (1)		Tangible Personal Property (2)		Total		Assessed Value as a Percent of Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1995	\$121,223,370	\$346,294,787	\$68,378,788	\$243,355,677	\$189,602,158	\$589,650,464	32.16%
1996	139,825,320	399,500,914	65,661,320	231,981,147	205,486,640	631,482,061	32.54%
1997	140,425,920	401,216,914	73,889,229	266,431,730	214,315,149	667,648,644	32.10%
1998	144,456,903	412,734,009	82,024,998	297,688,660	226,481,901	710,422,669	31.88%
1999	167,620,327	478,915,221	84,346,665	308,947,142	251,966,992	787,862,363	31.98%
2000	172,726,940	493,540,019	104,332,879	389,960,565	277,059,819	883,500,584	31.36%
2001	174,059,290	497,344,385	73,597,841	273,986,671	247,657,131	771,331,056	32.11%
2002	201,833,110	576,701,461	81,942,483	307,484,181	283,775,593	884,185,642	32.09%
2003	206,637,170	590,391,914	78,414,319	293,519,211	285,051,489	883,911,125	32.25%
2004	210,085,080	600,243,086	77,324,357	288,087,486	287,409,437	888,330,572	32.35%

The current assessed valuation is computed at approximately the following percentages of estimated true value:

Real Property-35%, Public Utility Personal Property-88%, and Tangible Personal Property-25%

(1) Includes Public Utility Real Property

(2) Includes Public Utility Personal Property and Tangibles

Source: Knox County Auditor

CITY OF MOUNT VERNON, OHIO

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
(PER \$1,000 OF ASSESSED VALUATIONS)
LAST TEN YEARS**

Collection Year	City of Mount Vernon			Total City	Mount Vernon*		Knox County	Special Taxing Districts	Total
	General Fund	Police Pension	Fire Pension		Knox County Career Center**	School District			
1995	2.60	0.30	0.30	3.20	35.60	*	8.70	0.80	48.30 *
					6.40	**			6.40 **
1996	2.60	0.30	0.30	3.20	40.59	*	8.70	0.80	53.29 *
					6.40	**			6.40 **
1997	2.60	0.30	0.30	3.20	39.87	*	8.70	0.80	52.57 *
					6.40	**			6.40 **
1998	2.60	0.30	0.30	3.20	39.87	*	8.70	0.80	52.57 *
					6.40	**			6.40 **
1999	2.60	0.30	0.30	3.20	37.54	*	8.70	0.80	50.24 *
					6.40	**			6.40 **
2000	2.60	0.30	0.30	3.20	36.74	*	8.70	0.80	49.44 *
					6.40	**			6.40 **
2001	2.60	0.30	0.30	3.20	36.64	*	8.70	0.70	49.24 *
					6.40	**			6.40 **
2002	2.60	0.30	0.30	3.20	35.43	*	9.70	0.70	49.03 **
					6.40	**			6.40 **
2003	2.60	0.30	0.30	3.20	35.38	*	9.70	0.65	48.93 **
					6.40	**			6.40 **
2004	2.60	0.30	0.30	3.20	35.29	*	9.70	0.58	48.77 **
					6.40	**			6.40 **

Source: Knox County Auditor
Knox County Treasurer

CITY OF MOUNT VERNON, OHIO

**COMPUTATION OF LEGAL DEBT MARGIN
DECEMBER 31, 2004**

	Total Debt	Unvoted Debt
Net Assessed Valuation	\$287,409,437	\$287,409,437
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (1)	<u>30,177,991</u>	<u>15,807,519</u>
Applicable City Debt Outstanding (2)	230,095	230,095
Less: Applicable Debt Service Fund Amounts	<u>(2)</u>	<u>(2)</u>
Net Indebtedness Subject to Limitation	<u>230,093</u>	<u>230,093</u>
Legal Debt Margin	<u><u>\$29,947,898</u></u>	<u><u>\$15,577,426</u></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 Only

Enterprise Debt is Not Considered in the Computation of the Legal Debt Margin

The General Obligation Bond for the Highway Project is not considered in the computation of the Legal Debt Margin because it is supported by Tax Increment Financing.

CITY OF MOUNT VERNON, OHIO

**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED
VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN YEARS**

<u>Year</u>	<u>Population (1)</u>	<u>Assessed Value (2)</u>	<u>Gross Bonded Debt (3)</u>	<u>Debt Service Funds Available</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Valuation</u>	<u>Net Bonded Debt Per Capita</u>
1995	14,504	\$189,602,158	\$280,000	\$330,920	\$0	0.00%	\$0.00
1996	14,504	205,486,640	240,000	203,592	36,408	0.02%	2.51
1997	14,504	214,315,149	200,000	159,245	40,755	0.02%	2.81
1998	14,504	226,481,901	160,000	115,058	44,942	0.02%	3.10
1999	14,504	251,966,992	120,000	71,093	48,907	0.02%	3.37
2000	15,256	277,059,819	80,000	37,143	42,857	0.02%	2.81
2001	15,256	247,657,131	40,000	40,213	0	0.00%	0.00
2002	15,256	283,775,593	0	0	0	0.00%	0.00
2003	15,256	285,051,489	243,030	0	243,030	0.09%	15.93
2004	15,256	287,409,437	230,095	2	230,093	0.08%	15.08

(1) Source: U.S. Bureau of Census, Federal 1990 Census (1995-1999); Federal 2000 Census (2000-2004)

(2) Source: Knox County Auditor

(3) Includes all general obligation bonded debt supported by property taxes
The General Obligation Bond for the Highway Project is not considered in this computation
because it is supported by Tax Increment Financing.

CITY OF MOUNT VERNON, OHIO

**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES
LAST TEN YEARS**

<u>Year</u>	<u>Debt Service on General Tax Supported Debt</u>	<u>Debt Service on Self Supporting Debt</u>	<u>Total Bonded Debt Service</u>	<u>General Fund Expenditures (1)</u>	<u>Ratio of Tax Supported Debt Service to General Fund Expenditures</u>
1995	\$58,836	\$112,544	\$171,380	\$5,013,567	1.17%
1996	56,449	111,156	167,605	5,217,678	1.08%
1997	54,100	110,298	164,398	5,496,316	0.98%
1998	51,750	468,763	520,513	5,917,520	0.87%
1999	49,400	750,914	800,314	6,717,339	0.74%
2000	47,050	746,806	793,856	7,105,318	0.66%
2001	44,700	742,008	786,708	7,277,560	0.61%
2002	42,350	701,654	744,004	7,916,644	0.53%
2003	18,345	1,296,531	1,314,876	8,141,615	0.23%
2004	18,521	1,297,990	1,316,511	7,908,124	0.23%

(1) Excludes transfers-out

CITY OF MOUNT VERNON, OHIO

**COMPUTATION OF ALL DIRECT AND OVERLAPPING
GOVERNMENTAL DEBT
DECEMBER 31, 2004**

<u>Jurisdiction (1)</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Mount Vernon</u>	<u>Amount Applicable to City of Mount Vernon</u>
Direct			
City of Mount Vernon	\$230,095	100.00%	\$230,095
Overlapping Subdivisions			
Mount Vernon School District	8,315,000	51.94%	4,318,811
Knox County	10,830,577	25.51%	2,762,880
		Subtotal	<u>7,081,691</u>
		Total	<u><u>\$7,311,786</u></u>

(1) Knox County Career Center has no outstanding debt supported by a tax levy.

Source: Knox County Auditor and Fiscal Officers of Subdivision

CITY OF MOUNT VERNON, OHIO

**REVENUE BOND COVERAGE - WATER AND SEWER MORTGAGE BONDS (1)
LAST TEN YEARS**

<u>Year</u>	<u>Gross Revenues (2)</u>	<u>Direct Operating Expenses (3)</u>	<u>Net Revenue Available For Debt Service</u>	<u>Debt Service Requirement (4)</u>	<u>Coverage</u>
1995	\$3,953,568	\$2,404,455	\$1,549,113	\$311,120	4.98
1996	3,852,079	2,679,096	1,172,983	313,205	3.75
1997	3,917,152	2,465,050	1,452,102	239,380	6.07
1998	4,142,566	2,316,424	1,826,142	239,730	7.62
1999	4,547,036	2,812,248	1,734,788	801,924	2.16
2000	4,669,162	3,349,298	1,319,864	874,577	1.51
2001	4,996,082	2,982,564	2,013,518	873,862	2.30
2002	5,250,629	3,472,650	1,777,979	872,133	2.04
2003 a	2,654,396	1,644,435	1,009,961	703,374	1.44
2004 a	3,009,192	1,621,464	1,387,728	699,136	1.98

a Includes only Water Fund because the Sewer Mortgage Revenue Bond was defeased in 2003.

- (1) The Sewer Mortgage Revenue Bonds were issued in 1992, in the amount of \$2,800,000. The Water Mortgage Revenue Bonds were issued in 1999, in the amount of \$8,370,000.
- (2) Gross revenues include operating revenues less proceeds from notes
- (3) Direct operating expenses include operating expenses less depreciation
- (4) Annual debt service requirements include principal and interest on revenue bonds only
It does not include the general obligation bonds reported in the Water and Sewer Funds

CITY OF MOUNT VERNON, OHIO

***DEMOGRAPHIC STATISTICS
LAST TEN YEARS***

<u>Year</u>	<u>City of Mount Vernon Population</u>	<u>Knox County Population</u>	<u>Unemployment Rate Knox County Area</u>	<u>Per Capita Income Knox County Area</u>	<u>School Enrollment Mount Vernon Area Only</u>
1995	14,504	47,473	5.70%	N/A	4,112
1996	14,504	47,473	5.10%	\$10,688	4,127
1997	14,504	47,473	4.50%	10,688	4,021
1998	14,504	47,473	5.50%	10,688	4,126
1999	14,504	47,473	4.20%	10,688	4,169
2000	15,256	54,500	3.80%	17,695	4,162
2001	15,256	54,500	3.90%	17,695	4,194
2002	15,256	54,500	4.60%	17,695	4,263
2003	15,256	54,500	5.80%	17,695	4,297
2004	15,256	54,500	5.30%	17,695	4,217

Sources: U.S. Bureau of Census of Population - Federal 1990 Census (1995-1999), Federal 2000 Census (2000-2004) and Department of Job and Family Services, Ohio Data Users Center, and Mount Vernon School District, Board of Education

CITY OF MOUNT VERNON, OHIO

**PROPERTY VALUE AND CONSTRUCTION PERMITS
LAST TEN YEARS**

<u>Year</u>	<u>Residential (1)</u>		<u>Commercial (1)</u>	
	<u>Number of Permits</u>	<u>Property Value</u>	<u>Number of Permits</u>	<u>Property Value</u>
1995	104	\$3,076,241	119	\$11,551,810
1996	116	5,468,084	132	8,487,434
1997	131	6,594,204	126	2,710,931
1998	129	6,031,144	130	3,961,681
1999	122	7,909,815	69	20,734,949
2000	122	3,720,320	81	4,399,818
2001	156	4,825,705	58	17,281,307
2002	137	6,251,354	69	6,863,237
2003	92	12,190,189	121	4,615,758
2004	65	4,882,400	158	19,651,507

(1) Source: City of Mount Vernon Engineering Department

CITY OF MOUNT VERNON, OHIO

**PRINCIPAL TAXPAYERS (REAL PROPERTY TAX)
DECEMBER 31, 2004**

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004 Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1	American Electric Power	Utility	\$4,549,390	2.17%
2	Cooper Cameron Corporation	Manufacturing	3,354,690	1.60%
3	Glimcher Holdings, L/P	Real Estate	2,887,230	1.37%
4	Sprint	Utility	2,252,570	1.07%
5	Weyerhaeuser Company	Manufacturing	1,950,650	0.93%
6	Ariel Corporation	Manufacturing	1,769,910	0.84%
7	Mount Vernon Shopping Plaza, Inc.	Retail	1,740,880	0.83%
8	Jeld-Wen, Inc.	Manufacturing	1,604,420	0.76%
9	TRW Automotive, Inc	Manufacturing	1,255,340	0.60%
10	Wal-Mart Stores Inc.	Retail	1,208,580	0.58%
	Sub-Total		22,573,660	10.75%
	All Others		187,511,420	89.25%
	Total		<u>\$210,085,080</u>	<u>100.00%</u>

Based on valuation of property taxes levied in 2004

Source: Knox County, Ohio: County Auditor - Land and Buildings

CITY OF MOUNT VERNON, OHIO

***PRINCIPAL EMPLOYERS
DECEMBER 31, 2004***

		<u>Number of Employees</u>		
<u>Employer</u>	<u>Type of Business</u>	<u>Full-Time</u>	<u>Part-Time</u>	<u>Total</u>
1	Rolls Royce	950	0	950
2	Knox Community Hospital	*	*	550
3	Knox County	475	60	535
4	Kelsey-Hayes	500	0	500
5	Mount Vernon Nazarene College	312	144	456
6	Ariel Corporation	443	2	445
7	Board of Education (City)	283	153	436
8	Jeld-Wen, Inc.	250	25	275
9	Wal-Mart	151	49	200
10	Breon, Inc.	26	123	149

* Data not available

Source: Mount Vernon City Income Tax and Each Employer's Personnel Department

CITY OF MOUNT VERNON, OHIO

MISCELLANEOUS STATISTICS

DECEMBER 31, 2004

Date of Incorporation	1830	Water System:	
Form of Government	Mayor/Council	Number of Purification Plants	1
Area (square miles)	9.2	Miles of Water Mains	63
		Number of Fire Hydrants	484
Facilities and Services:		Number of Service Connections	6,249
Miles of Streets	84	Average Daily Consumption (gallons)	2,607,683
Number of Street Lights	1,470	Maximum Daily Capacity	7,000,000
(per Ohio Power Company)		of Plant (gallons)	
Police Services:		Sewerage System:	
Number of Stations	1	Number of Treatment Plants	1
Number of Police Personnel		Miles of Sanitary Sewers	62
and Officers	32	Miles of Storm Sewers	14
Number of Patrol Units	6	Number of Service Connections	6,488
Number of Law Violations:		Average Daily Treatment (gallons)	3,514,664
Criminal /Juvenile Citations		Maximum Daily Capacity	
and Charges	1,092	of Treatment (gallons)	5,000,000
Traffic Citations Issued	1,861		
Parking Tickets Written	15,017	Parking Facilities:	
Fire/Emergency Medical Services:		Off-Street Parking Garages	1
Number of Stations	2	Parking Levels	3
Number of Officers and		Parking Spaces	124
Fire Personnel	32	Average Daily Cars Parked	111
Number of Calls Answered	4,003	Parking Spaces	47
Number of Inspections	325	On-Street Parking Meters	0
		Off-Street Surface Parking Lot	2
		*	
Recreation and Culture:		Education:	
Number of Parks	8	Elementary Schools	7
Park Area (acres)	176.58	Elementary School Students	2,395
Number of Ball Fields:		Elementary School Instructors	205
Lighted	6	Secondary Schools	2
Unlighted	5	Secondary School Students	1,822
Number of Tennis Courts:		Secondary School Instructors	76
Lighted	8	Colleges	1
Unlighted	2	College Students	2,455
Building Permits Issued in 2004:	223	Number of Libraries	1
Number of Cemeteries	1	(Operated by Knox County)	
Cemetery Area (acres)	49.5	Number of Hospitals	1
		Number of Patient Beds	115
		Number of Bassinets	10

* Total School District data provided by the Mount Vernon School District



**Auditor of State
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

CITY OF MOUNT VERNON

KNOX COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 18, 2005**