

Mary Taylor, CPA
Auditor of State

CITY OF MOUNT VERNON
KNOX COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	1

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Mary Taylor, CPA

Auditor of State

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

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

To the Members of City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mount Vernon, Knox County, Ohio, (the City) as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 25, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the City's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the City's internal control will not prevent or detect a material financial statement misstatement.

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

Compliance and Other Matters

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

We intend this report solely for the information and use of the audit committee, management, and City Council. We intend it for no one other than these specified parties.

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

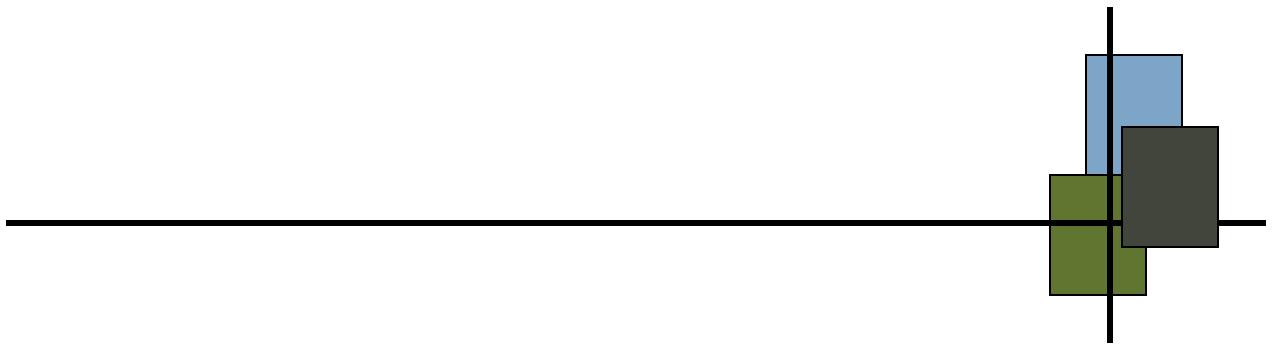
Mary Taylor, CPA
Auditor of State

June 25, 2009

CITY OF MOUNT VERNON, OHIO



***Comprehensive Annual
Financial Report
Year Ended
December 31, 2008***



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2008

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 Transmittalv
B List of Principal Officials xviii
C City Organizational Chart xix
D Certificate of Achievement for Excellence in Financial Reporting.....xx

II FINANCIAL SECTION

A Independent Accountants' Report1
B Management's Discussion and Analysis3
C Basic Financial Statements:
 Government-wide Financial Statements:
 Statement of Net Assets14
 Statement of Activities16
 Fund Financial Statements:
 Governmental Funds:
 Balance Sheet18
 Reconciliation of Total Governmental Fund Balances to Net Assets of
 Governmental Activities20
 Statement of Revenues, Expenditures and Changes in Fund Balances22
 Reconciliation of the Statement of Revenues, Expenditures and Changes
 in Fund Balances to the Statement of Activities24
 Statement of Revenues, Expenditures and Changes in Fund Balance -
 Budget and Actual (Non-GAAP Budgetary Basis):
 General Fund25
 Proprietary Funds:
 Statement of Net Assets26
 Statement of Revenues, Expenses and Changes in Fund Net Assets29
 Statement of Cash Flows30
 Fiduciary Funds:
 Statement of Assets and Liabilities32
Notes to the Basic Financial Statements33

D Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Financial Statements:

Combining Balance Sheet.....	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	71
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	72
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	76
Combining Balance Sheet – Nonmajor Capital Projects Funds.....	80
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds.....	81

Individual Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis):

Major Governmental Funds:

<i>General Fund</i>	82
<i>Debt Service Fund:</i>	
General Bond Retirement Fund.....	89
<i>Capital Projects Fund:</i>	
Capital Improvements Fund.....	90
TIF District – Coshocton Road Fund.....	92

Nonmajor Governmental Funds:

<i>Special Revenue Funds:</i>	
Street Construction, Maintenance and Repair Fund.....	93
State Highway Improvement Fund.....	94
Permissive Auto License Tax Fund.....	95
Cemetery Fund.....	96
Park Development Fund.....	97
Community Development Block Grant Fund.....	98
Parking Fund.....	99
Law Enforcement Trust Fund.....	100
Drug Enforcement Trust Fund.....	101
Permissive License Registration Fund.....	102
Indigent Drivers Alcohol Treatment Fund.....	103
DUI - Enforcement and Education Fund.....	104
Court Computerization Fund.....	105
Probation Services Fund.....	106

Nonmajor Governmental Funds: (Continued)

Lodging Excise Tax Fund	107
Driver’s Interlock and Alcohol Monitoring Fund	108
Police Pension Fund	109
Fire Pension Fund.....	110
Mausoleum Fund.....	111
Veterans Honor Walkway Fund	112
 <i>Capital Projects Funds:</i>	
B & O Railroad Depot Fund.....	113
TIF District – Industrial Area Fund.....	114
 <i>Permanent Fund:</i>	
Perpetual Care Fund	115
 Fiduciary Funds – Agency Funds:	
Combining Statement of Changes in Assets and Liabilities	117
 Capital Assets Used in the Operation of Governmental Funds:	
Schedule by Source.....	119
Schedule by Function and Activity.....	120
Schedule of Changes by Function and Activity.....	122

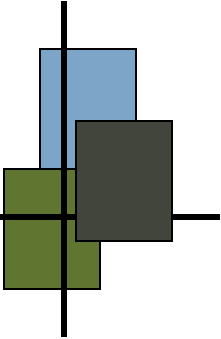


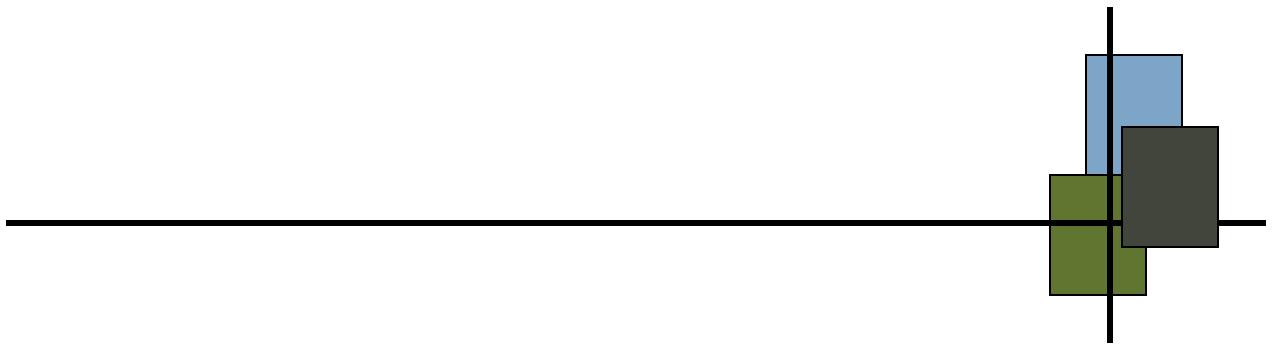
III STATISTICAL SECTION

Net Assets by Component - Last Six Years S 2
Changes in Net Assets - Last Six Years S 4
Fund Balances, Governmental Funds - Last Ten Years S 8
Changes in Fund Balances, Governmental Funds - Last Ten Years S 10
Income Tax Revenues by Source, Governmental Funds - Last Ten Years S 14
Income Tax Collections - Current Year and Seven Years Ago..... S 17
Ratio of Outstanding Debt By Type - Last Ten Years S 18
Ratios of General Bonded Debt Outstanding - Last Ten Years..... S 20
Computation of Direct and Overlapping - Debt Attributable to
Governmental Activities - Current Year S 23
Debt Limitations - Last Ten Years S 24
Pledged Revenue Coverage - Last Ten Years S 26
Demographic and Economic Statistics - Last Ten Years S 28
Principal Employers - Current Year and Nine Years Ago S 31
Full Time Equivalent Employees by Function - Last Ten Years S 32
Operating Indicators by Function - Last Ten Years S 34
Capital Asset Statistics by Function - Last Ten Years S 36



Introductory Section







CITY OF MOUNT VERNON

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Terry Scott, City Auditor

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June 25, 2009

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 year ended December 31, 2008. The report has been prepared in conformity with generally accepted accounting principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

Introduction

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

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

THE REPORTING ENTITY:

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

CITY OF MOUNT VERNON, OHIO

Letter of Transmittal For the Year Ended December 31, 2008

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 2008.

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 2008.

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 \$43,285 for operations of the combined District for 2008.

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2008***

The City of Mount Vernon:

The City of Mount Vernon was founded in 1805 and was incorporated on February 22, 1830, under the laws of the State of Ohio. Mount Vernon is located in the center of the state, approximately 50 miles northeast of Columbus, Ohio, and is the county seat of Knox County. Mount Vernon operates under a statutory Mayor-Council form of government, as set forth in the Ohio Revised Code. Mount Vernon's 9.8 square mile area serves a residential population of 15,256. State highways 3, 13, 229 and 586 and U. S. Highway 36 serve as some of the City's major transportation arteries. Mount Vernon is the birthplace of Daniel Decatur Emmett, composer of the southern classic "Dixie" and Paul Lynde, a nationally known comedian.

The Management:

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

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

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

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2008***

Economic Outlook

The housing climate in Mount Vernon, Ohio has not been immune to the national environment of home foreclosures. Without a doubt nearly every small community is experiencing some effects of this national crisis. To help assist in the area of foreclosed homes, the State of Ohio, Department of Development has awarded the city a federal grant, known as the Neighborhood Stabilization Program (NSP), to provide funding for homes that have been foreclosed on and are abandoned. The City was paired with Knox County and Richland County (excluding the City of Mansfield) to create Region 9. The City was appointed to be the lead agent for the entire region, and will have full responsibility in managing and overseeing the NSP grant project. Selected mapping areas were defined for each separate governmental entity to be used as target areas. Homes within these target areas will be assessed to determine if they meet the test for purchasing and rehabilitating, then resold, or if they merely need to be demolished and either set aside the land for green space, or reconstruct a new dwelling for resale. There are several public agencies that have an interest in either purchasing rehabilitated properties, or acquire empty lots where new dwellings can be constructed. Habitat for Humanity (in Knox and Richland counties) has ongoing needs for available lots to construct new homes on, along with the Knox County Metropolitan Housing Authority who has interest in owning properties they can rent to low to moderate income families. The grant provides for both of these agencies to become beneficiaries once properties have been identified. The NSP has a duration of four years to complete the defined goals that were awarded in the grant. The City will be required to provide ongoing monitoring of the receipt of grant funds in conjunction with monitoring of the expenditure of grant funds throughout the duration of the grant.

In 2008, Sanoh America, Inc. became the unnamed business who announced they would be expanding their business in the Mount Vernon area. While Sanoh already had a presence in our community as a small business, they elected to expand their business and retain the workforce they had acquired over the years. A new building began construction mid year with completion coming in April, 2009. The City shared in the negotiations to retain Sanoh in our community and demonstrated good faith efforts by reconstructing approximately one mile of Blackjack Road in combination with extending utility services for the new building. The City issued notes for the infrastructure improvements of which resources from the new tax increment financing district will retire the debt obligation. The overall impact this has had for employment is the retention of two hundred current jobs along with additional jobs to be created in the future. While current economic conditions do not warrant the additional workforce, long term outlook will be more desirable.

In 2008, the City was awarded a combination grant/no interest loan from the Ohio Public Works Commission in the combined amount of \$485,000 for the reconstruction of Gay Street. This four block section of roadway will be completely removed down to the base layer. A new base, with intermediate and sub-surface layers will be reconstructed and asphalt surface applied as the finishing course. A new eight inch water line will replace the existing four inch line that will provide much needed water volume and pressure for fire protection in this area. This street originally constructed in 1925, a brick surface course, experiences traffic of over fifteen thousand vehicles per day. A significant portion of these vehicles are semi trucks as this portion of Gay Street is a designated state route (Route 13 North) through the city. Over time, the base deteriorated in many areas making travel very intricate. The estimated cost of the project has been established at \$825,000. The offsetting difference between the estimate and the grant/loan will be paid by funds in the City's treasury.

***Letter of Transmittal
For the Year Ended December 31, 2008***

Thanks to the foresight of City management, coupled with the cooperation of the City's department heads, the growth in the local economy resulted in a favorable impact on the City's ability to provide quality services to the public. The Engineering Department issued one hundred sixty building permits in 2008 and one hundred nineteen in 2007, an increase of forty-one permits.

Long-term Financial Planning:

Upgrades to the wastewater treatment plant will be nearing the final design phase in the third quarter of 2009. These upgrades will include new electrical and instrumentation throughout the facility, a new methane gas heating unit, and the possibility of a new public septic receiving station. Since this facility has very limited alternative power supply, this project will incorporate a new generator large enough to power the entire facility when alternative power is needed. A significant amount of the plant is currently operated by manual labor force, and this project will allow the instrumentation to be converted to a more automated operated facility with computerized oversight in place. The current estimated cost is approximately \$10 million dollars, but the final estimate will be available once the final design has been completed.

The City anticipates that it will initiate short term borrowings for the construction phase, and may also participate in the Ohio Environmental Protection Agency (OEPA) Division of Environmental and Financial Assistance (DEFA) program. DEFA has funding available from the Water Pollution Control Loan Fund (WPCLF) whereby participation in the program may help provide funding assistance towards the construction of the public septic receiving station. As outlined by OEPA, as an incentive for public owners of treatment facilities to include equipment designed to receive, treat, and dispose of septage, the WPCLF offers a reduction to a recipient's basic interest rate when it is borrowing from the WPCLF to improve other facilities. The estimated cost of construction of the public septic receiving station is \$420,000. The City will continue to review all funding options prior to making a final determination. The upgrade project is scheduled to go for public bidding in December, 2009.

Employee Relations:

The City of Mount Vernon completed the third year of a three year contract with the City's three unions. All union contracts were effective January 1, 2006, through December 31, 2008, 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. Negotiations for a new three year contract with each of the bargaining units were finalized in April, 2009.

***Letter of Transmittal
For the Year Ended December 31, 2008***

Unemployment Rates:

The City of Mount Vernon's economic outlook continued to be stable for 2008. Starting out the year at 5.9 percent, the unemployment rate flexed with steady increases at mid year at 6.5 percent, then decreased to a level stream at 6 percent. At year end it had rose severely to 7.3 percent. A contributor to this sudden increase would be the reduction in seasonal labor in the workforce and the over all economic impact businesses were experiencing due to reduced consumer purchasing. The City's diverse mix of employment opportunities helps to offset such economic fluctuations.

Major Initiatives

Municipal Court:

The Municipal Court found 2008 to be a regular year of operations. While there continue to be ongoing law changes, the Court did not experience any significant changes compared to previous years.

Traffic cases filed numbered 5,811, an increase of 320 from those filed in 2007, while criminal case filings of 1,335 increased by 247 cases from those filed in 2007. There was an increase in civil case filings, 1,484 in 2008 compared to 1,252 in 2007.

Fire Department:

The Fire Department updated a portion of there turn out gear along with upgrading a LifePak 12 heart monitor during the year. A new ambulance was acquired and several small generators to provide alternative power during incidents where regular power supply is not available at the scene. Training and certification of firefighters and paramedics continue to be major concentrations for the department. Each paramedic is required to maintain continued education and recertification every two years. Each firefighter holds Emergency Medical Technician certification which requires recertification and continued education also.

Police Department:

The Police Department continues to advance into new technology with the acquisition of a document scanner system. This will allow the department to scan and organize reports for easy access for public record requests and for research. Replacement of three marked police cruisers and two unmarked vehicles were also made during 2008. 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, 2008***

Street Department:

Although the City has many great historical structures, one cannot pass through this community without achieving the opportunity to travel on some nine miles of brick streets distributed through the City. In 2008, the City continued the restoration of brick streets. Curtis Street received a new base layer with an intermediate layer of concrete and the original bricks were reset as the surface layer. New curbing and gutters were installed during the renovations for a combined total cost of \$179,494. Newark Road and Blackjack Road intersection received an upgrade in a road widening project along with the installation of a new traffic light. Radiuses were widened along with turn lanes to allow for better traffic flow. The total cost for this improvement project was \$180,028.

A new radial arm mower was acquired for the department to mow roadways in and around the city. Other small equipment was acquired to allow the department to begin using force labor to make minor repairs and improvement to the brick streets throughout the city. Work crews would remove old bricks, improve the base course, and reinstall the bricks for a more level driving road surface. The results of this project were so successful the City plans to continue it for next year. The investment in tools and equipment combined with our force labor, costs are significantly reduced from hiring a contractor to totally remove the roadway and relay it.

Road improvements to Blackjack Road began in 2008. The widening of the roadway along with the installation of public utilities services was being installed. This project was conducted to help assist with the relocation of a local business. The improvement project will be finished in mid 2009. Funding for this road project was obtained by the issuance of bond anticipated notes in the amount of \$2.1 million dollars.

New asphalt roads are always an improvement for traffic flow throughout the City. During 2008, the City was able to improve the surface course on twenty-one streets at a value of \$335,612.

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

Cemetery Department:

The Cemetery Department continued its restoration project on the chapel located within the cemetery during the year by adding copper gutters and downspouts. 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 interior improvements in the coming year. Continued repairs to monuments and foundations were completed throughout the year. The department continued its five year plan of resurfacing a portion of the roads within the cemetery in 2008. This year was the second year of the program and it will be carried forward until all roadways have been improved. Funding for the roadway improvements will be provided for by the Capital Improvements Fund.

***Letter of Transmittal
For the Year Ended December 31, 2008***

Due to constant leaks from water lines and hydrants in the cemetery, new lines and automatic shut-off hydrants were installed. These improvements provided for much better conditions for mowing and grounds care maintenance. A new mower was purchased for the department along with some updated data processing equipment.

Engineering Department:

The Engineering Department was the recipient of a new Engineer, Mr. Cameron Keaton, who was hired in May, 2008. Mr. Keaton is a certified professional engineer and professional surveyor. Mr. Keaton has several years of experience with consulting engineer firms and for a small city in Ohio. His professional experience is a great asset to the department and to the city.

The Engineering Department continued to serve the needs of new construction within the City in 2008. One hundred sixty zoning permits, representing approximately seven million dollars in increased property values were issued in 2008. The Engineering Department provided assistance for all new construction and upgrade projects that were conducted by the City in 2008.

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. Foundation Park, a nature trail and fishing park continues to receive improvements.

City Hall received a new heating, ventilation and air conditioning upgrade. The old system, a part of the original 1960's construction was in much need of replacement. A new energy efficient system was installed and combined with new windows from the previous year, the City hopes to reduce its energy costs significantly over the next few years.

The Hiawatha Water Park/Pool complex continued to be a real attraction for the community. In 2008, the water park ended the season with over seven hundred household memberships covering over twenty-five hundred individuals. This was very comparable to the previous year's membership totals. Total daily visitors to the water park were at 1,000 to 1,200 with some peak days being at the 2,000 mark. Public participation continues to be well received due to the fact that swimming lessons are included free with the purchase of a membership. During 2008, there were three different schedules for swim lessons, where approximately sixty youth were trained in proper swimming techniques.

The outer perimeter of the complex was extended an additional twenty feet on the east side of the water park, allowing for the installation of three additional twenty feet umbrellas. This additional green space was very much needed due to the volume of people attending the water park. While the operating costs of the park did not meet or exceed the revenues collected, the difference was significantly reduced from the previous year.

Through public donations, two new shelter houses were constructed at Foundation Park. Additional playground equipment was installed at Phillips Park and Riverside Park. New water fountains were installed at the various parks and at the park on the square.

***Letter of Transmittal
For the Year Ended December 31, 2008***

Water Department:

The Water Distribution Division of the Water Department performed various maintenance activities to the lines in 2008. 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.

Updating touch read water meters to radio read meters continues annually. With this new equipment, personnel are able to read meters more rapidly and reserve time for necessary repairs or upgrade old meters throughout the City.

Wastewater Department:

The Wastewater Treatment Plant Division of the Wastewater Department performed routine maintenance of the facility and equipment throughout 2008. The department continues working with the consulting engineers on the design of the wastewater treatment plant upgrades to the electrical and instrumentation operating equipment. This project is planned to be ready for public bid my late 2009, and long-term financing is still being reviewed.

The Kokosing Interceptor and the Center Run Interceptor wastewater lines are currently being evaluated by consulting engineers. The Ohio Environmental Protection Agency has amended its operating permit regulations whereby each public utility system needs to reduce its infiltration from outside sources and curtail any by pass treatment processes during high rainfall periods. These two major interceptors have been identified as having infiltration issues, and the improvements to resolve these issues will be relining of the existing pipe. When the evaluation is completed in 2009, the projects will be scheduled for bidding in late 2009 with construction to begin in early 2010.

***Letter of Transmittal
For the Year Ended December 31, 2008***

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.

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 through 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, 2008, 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.

CITY OF MOUNT VERNON, OHIO

**Letter of Transmittal
For the Year Ended December 31, 2008**

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 Public Entities Pool of Ohio 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 honesty 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, Public Entities Pool of Ohio. The reputation of our safety forces, coupled with the training provided has been a definite plus in maintaining this difficult to place coverage. Public Entities Pool of Ohio 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 zero 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 capital assets, an up-to-date risk profile is made available to all of our insurance carriers.

Cash Management

Cash temporarily idle during the year was invested in certificates of deposit, money market savings and interest bearing checking accounts. As of December 31, 2008, the City's cash resources were divided between cash and investments as follows:

Cash Resources	Amount	Percentage
Cash	\$4,675,451	29.93%
Certificate of Deposits	9,500,000	60.82%
STAR Ohio	1,444,040	9.25%
Totals	<u>\$15,619,491</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. New depository agreements were executed in 2007 for a two year period with local financial institutions. See Note 3 to the financial statements for additional information on deposits and investments.

***Letter of Transmittal
For the Year Ended December 31, 2008***

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, 2007. 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 seventeen consecutive years (fiscal years ended 1991-2007). I believe this current report continues to conform to the Certificate of Achievement program requirements, and I am submitting it to GFOA.

Public Disclosure:

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

***Letter of Transmittal
For the Year Ended December 31, 2008***

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 2008 Comprehensive Annual Financial Report and annual independent audit.

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

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

Respectfully,

A handwritten signature in black ink, appearing to read "Terry Scott", with a long, sweeping horizontal flourish extending to the right.

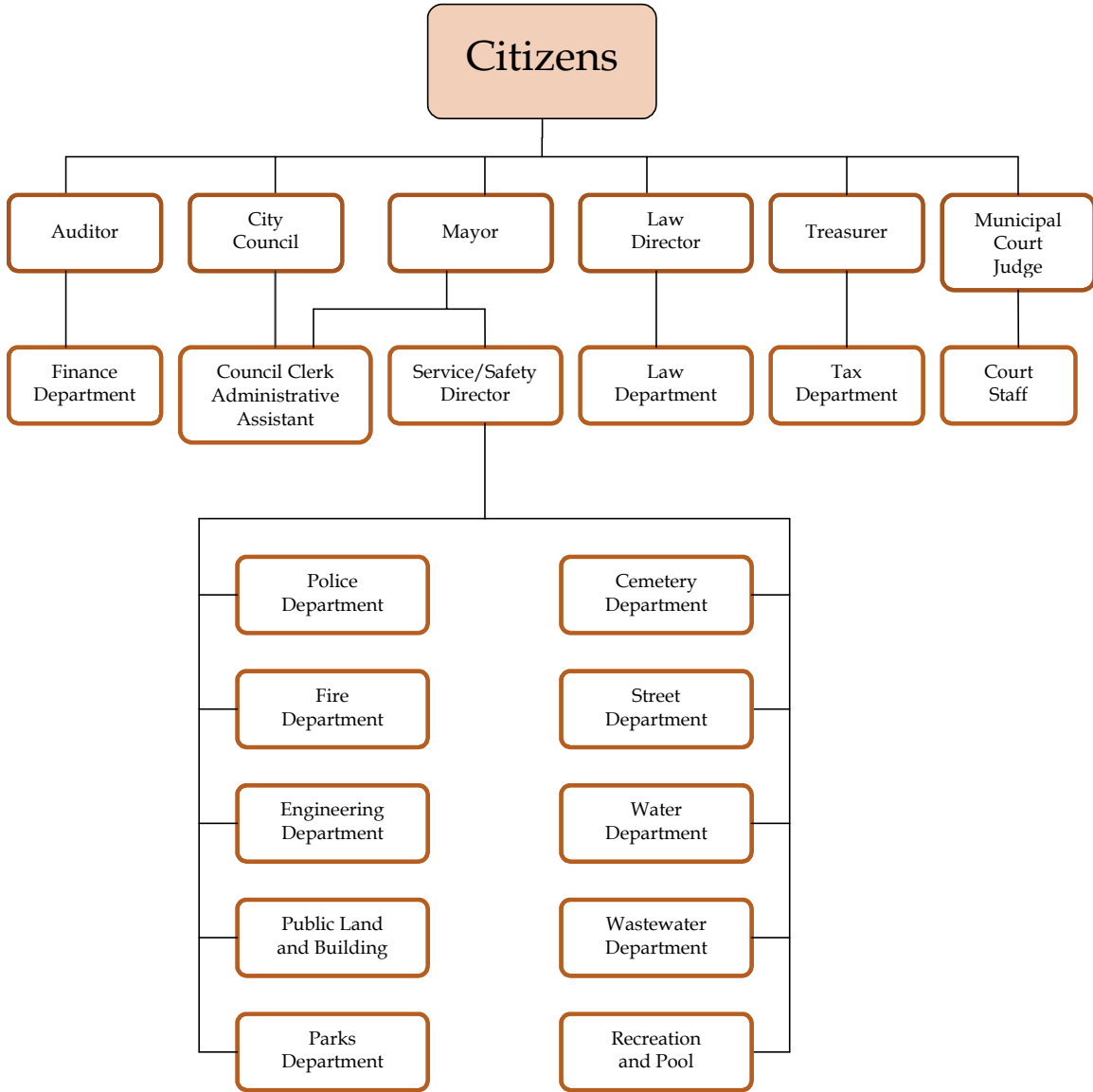
Terry Scott,
City Auditor

CITY OF MOUNT VERNON, OHIO

***List of Principal Officials
For the Year Ended December 31, 2008***

<i>NAME</i>	<i>TITLE</i>	<i>YEARS OF SERVICE</i>
<i><u>City Council</u></i>		
John Booth	President	5
Burt Hanson	First Ward Member	8
Charles K. Dice	Second Ward Member	10
D. Derk Demaree	Third Ward Member	5
John Fair	Fourth Ward Member	9
Mike Hillier	Member At-Large	3
Rebecca Jordan	Member At-Large	1
Bruce Hawkins	Member At-Large	3
<i><u>City Administration</u></i>		
Richard K. Mavis	Mayor	13
Terry Scott	Auditor	14
William D. Smith	Law Director	28
James Shipley	Treasurer	9
David C. Glass	Safety-Service Director	30
Janet M. Brown	Clerk of Council	16
<i><u>Department Heads</u></i>		
Debora Tyson	Income Tax Administrator	18
Michael Merrilees	Police Chief	20
Shawn Christy	Fire Chief	6
Paul G. Oliver	Parks, Public Buildings and Land Superintendent	26
David Carpenter	Street Superintendent	17
Deborah S. Briscoe	Cemetery Foreman	28
Pam Muralt	Water and Wastewater Meter and Customer Service Administrator	28
Judith Scott	Water and Wastewater Treatment and Distribution Administrator	26

***City Organizational Chart
For the Year Ended December 31, 2008***



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

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, 2007

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

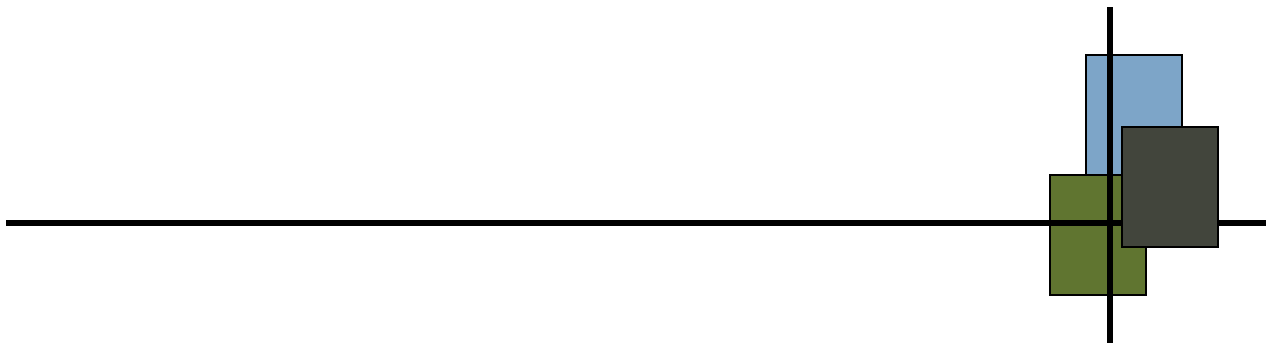


President

Executive Director

Financial Section







Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mount Vernon, Knox County, Ohio, (the City) as of and for the year ended December 31, 2008, 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, 2008, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 25, 2009, 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.

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining 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 nonmajor fund statements and schedules to the auditing procedures applied to 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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 25, 2009

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, 2008. 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 2008 are as follows:

- ❑ In total, net assets increased \$3,148,783. Net assets of governmental activities increased \$3,533,625 which represents a 7.81% increase from 2007. Net assets of business-type activities decreased \$384,842 from 2007.
- ❑ General revenues accounted for \$13,975,851 in revenue or 57.6% of all revenues. Program specific revenues in the form of charges for services, and grants and contributions accounted for \$10,281,629, 42.4% of total revenues of \$24,257,480.
- ❑ The City had \$14,859,662 in expenses related to governmental activities; only \$4,458,343 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$13,934,944 were also used to provide for these programs.
- ❑ Among major funds, the general fund had \$13,337,313 in revenues and other financing sources and \$13,304,218 in expenditures and other financing uses. The general fund's fund balance increased from \$4,820,198 to \$4,853,201.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

CITY OF MOUNT VERNON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2008**

Unaudited

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a summary of the City's net assets for 2008 compared to 2007:

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$17,807,410	\$13,937,304	\$6,639,886	\$7,270,158	\$24,447,296	\$21,207,462
Capital assets, Net	44,500,670	41,880,768	30,763,587	31,852,374	75,264,257	73,733,142
Total assets	62,308,080	55,818,072	37,403,473	39,122,532	99,711,553	94,940,604
Long-term liabilities outstanding	9,184,068	7,357,264	16,782,601	17,934,099	25,966,669	25,291,363
Other liabilities	4,342,487	3,212,908	370,977	553,696	4,713,464	3,766,604
Total liabilities	13,526,555	10,570,172	17,153,578	18,487,795	30,680,133	29,057,967
Net assets						
Invested in capital assets, net of related debt	37,018,250	35,789,973	14,278,602	13,897,047	51,296,852	49,687,020
Restricted	4,237,726	4,503,529	1,237,219	1,391,876	5,474,945	5,895,405
Unrestricted	7,525,549	4,954,398	4,734,074	5,345,814	12,259,623	10,300,212
Total net assets	\$48,781,525	\$45,247,900	\$20,249,895	\$20,634,737	\$69,031,420	\$65,882,637

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CITY OF MOUNT VERNON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2008**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for 2008 compared to 2007:

	Governmental		Business-type		Total	
	Activities		Activities			
	2008	2007	2008	2007	2008	2007
Revenues						
Program Revenues:						
Charges for Services and Sales	\$2,249,127	\$2,188,774	\$5,823,286	\$5,872,573	\$8,072,413	\$8,061,347
Operating Grants and Contributions	1,761,824	871,919	0	0	1,761,824	871,919
Capital Grants and Contributions	447,392	1,508,148	0	0	447,392	1,508,148
Total Program Revenues	4,458,343	4,568,841	5,823,286	5,872,573	10,281,629	10,441,414
General Revenues:						
Property Taxes	1,968,104	1,977,356	0	0	1,968,104	1,977,356
Income Taxes	10,359,164	9,260,355	0	0	10,359,164	9,260,355
Other Local Taxes	99,236	106,968	0	0	99,236	106,968
Intergovernmental Revenues, Unrestricted	842,850	1,057,943	0	0	842,850	1,057,943
Investment Earnings	421,642	675,429	40,907	187,399	462,549	862,828
Miscellaneous	243,948	177,197	0	0	243,948	177,197
Total General Revenues	13,934,944	13,255,248	40,907	187,399	13,975,851	13,442,647
Total Revenues	18,393,287	17,824,089	5,864,193	6,059,972	24,257,480	23,884,061
Program Expenses						
Security of Persons and Property	5,728,419	5,599,365	0	0	5,728,419	5,599,365
Public Health and Welfare Services	644,241	666,167	0	0	644,241	666,167
Leisure Time Activities	952,192	777,880	0	0	952,192	777,880
Community Environment	211,150	745,733	0	0	211,150	745,733
Transportation	2,433,003	2,097,746	0	0	2,433,003	2,097,746
General Government	4,627,134	4,627,294	0	0	4,627,134	4,627,294
Interest and Fiscal Charges	263,523	355,174	0	0	263,523	355,174
Water	0	0	3,390,852	3,216,980	3,390,852	3,216,980
Wastewater	0	0	2,858,183	2,873,468	2,858,183	2,873,468
Total Expenses	14,859,662	14,869,359	6,249,035	6,090,448	21,108,697	20,959,807
Total Change in Net Assets	3,533,625	2,954,730	(384,842)	(30,476)	3,148,783	2,924,254
Beginning Net Assets	45,247,900	42,293,170	20,634,737	20,665,213	65,882,637	62,958,383
Ending Net Assets	\$48,781,525	\$45,247,900	\$20,249,895	\$20,634,737	\$69,031,420	\$65,882,637

Governmental Activities

Net assets of the City's governmental activities increased by \$3,533,625 over 2007. The increase in Net Assets is the result of additional income tax revenues, operating grants, water park revenues and emergency medical service billing revenues. Coupled with level expenses, the City was able to preserve a significant portion of its beginning net assets value.

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

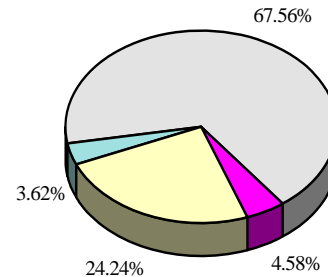
CITY OF MOUNT VERNON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2008**

Unaudited

Income taxes and property taxes made up 56.32% and 10.7% respectively of revenues for governmental activities for the City in fiscal year 2008. The City's reliance upon tax revenues is demonstrated by the following graph indicating 67.56% of total revenues from general tax revenues:

Revenue Sources	2008	Percent of Total
General Tax Revenues	\$12,426,504	67.56%
Intergovernmental Revenues, Unrestricted	842,850	4.58%
Program Revenues	4,458,343	24.24%
General Other	665,590	3.62%
Total Revenue	\$18,393,287	100.00%



Business-Type Activities

Net assets of the business type activities decreased by \$384,842. This decrease was primarily the result of reduced investment earnings due to falling market rates associated with economic conditions throughout the year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$11,410,777, which is an increase from last year's balance of \$9,321,139. The schedule below indicates the fund balance and the total change in fund balance by fund as of December 31, 2008 and 2007:

	Fund Balance December 31, 2008	Fund Balance December 31, 2007	Increase (Decrease)
General	\$4,853,201	\$4,820,198	\$33,003
Capital Improvement	2,989,832	1,696,288	1,293,544
TIF District-Coshocton Road	1,621,630	1,016,508	605,122
Other Governmental	1,946,114	1,788,145	157,969
Total	\$11,410,777	\$9,321,139	\$2,089,638

CITY OF MOUNT VERNON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2008**

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:

	2008 Revenues	2007 Revenues	Increase (Decrease)
Property and Other Taxes	\$9,766,143	\$8,995,938	\$770,205
Intergovernmental Revenue	942,384	1,014,489	(72,105)
Charges for Services	1,401,084	1,361,044	40,040
Licenses and Permits	15,161	20,302	(5,141)
Investment Earnings	399,907	580,971	(181,064)
Fines and Forfeitures	654,393	637,414	16,979
All Other Revenue	147,388	107,048	40,340
Total	\$13,326,460	\$12,717,206	\$609,254

General Fund revenues in 2008 increased approximately 4.79% compared to revenues in fiscal year 2007. The increase is a combination of an increase in city income tax revenues, estate tax revenues, water park revenues and emergency medical service billing revenues.

	2008 Expenditures	2007 Expenditures	Increase (Decrease)
Security of Persons and Property	\$4,784,001	\$4,587,920	\$196,081
Public Health and Welfare Services	344,517	363,838	(19,321)
Leisure Time Activities	679,325	607,905	71,420
Community Environment	34,647	21,376	13,271
Transportation	69,143	43,723	25,420
General Government	4,871,571	4,476,095	395,476
Debt Service:			
Principal Retirement	8,879	8,513	366
Interest and Fiscal Charges	18,996	19,362	(366)
Total	\$10,811,079	\$10,128,732	\$682,347

General Fund expenditures increased by \$682,347 or 6.74% compared to the prior year primarily due to the hiring of additional safety personnel, increased health insurance costs, and basic wage increases.

CITY OF MOUNT VERNON, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2008***

Unaudited

General Bond Retirement Fund – The General Debt Retirement Fund balance had no changes from the previous year.

Capital Improvement Fund - The Capital Improvement Fund balance increased from \$1,696,288 to \$2,989,832 due to transfers from the General Fund.

TIF District-Coshocton Road Fund - The TIF District-Coshocton Road Fund balance increased from \$1,016,508 to \$1,621,630 due to new development within the district creating additional tax revenues and reduced expenses.

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

During the course of fiscal year 2008 the City amended its General Fund budget several times. The major beneficiaries of these amendments were for establishing transfers in the capital improvement fund, and safety personnel salaries expenses. Actual expenditures were less than the final budget because of conservative fiscal management practices.

For the General Fund, final budget basis revenue of \$12,779,126 changed over the original budget estimates of \$11,446,718 due to exceeded estimated revenues for estate tax, court collections, income tax, and fire service contracts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2008 the City had \$75,264,257 net of accumulated depreciation invested in buildings, infrastructure, equipment and vehicles. Of this total, \$44,500,670 was related to governmental activities and \$30,763,587 to the business-type activities. The following table shows fiscal year 2008 and 2007 balances:

	Governmental Activities		Increase (Decrease)
	2008	2007	
Land	\$10,777,668	\$10,691,060	\$86,608
Construction In Progress	2,156,829	78,205	2,078,624
Buildings	10,756,514	10,344,359	412,155
Improvements Other than Buildings	613,672	594,690	18,982
Infrastructure	34,420,433	33,206,842	1,213,591
Machinery and Equipment	5,888,101	5,602,391	285,710
Less: Accumulated Depreciation	(20,112,547)	(18,636,779)	(1,475,768)
Totals	<u>\$44,500,670</u>	<u>\$41,880,768</u>	<u>\$2,619,902</u>

CITY OF MOUNT VERNON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2008**

Unaudited

Land increased due to the acquisition of property for right-of-way on Blackjack Road and Sandusky Street. Constructions in Progress increased due to various transportation projects under construction. Buildings and Improvements increased due to major improvements made to City Hall's heating, ventilation and air conditioning system and new windows. Infrastructures increased due to additional roads being resurfaced in 2008, drainage projects performed during the year and the receipt of donated bridges as a result of revised state regulations.

	Business-Type Activities		Increase (Decrease)
	2008	2007	
Land	\$819,311	\$819,311	\$0
Construction in Progress	553,068	292,307	260,761
Buildings and Improvements	25,391,136	25,391,136	0
Utility Structures in Service	23,189,151	23,172,548	16,603
Machinery and Equipment	3,340,459	3,305,003	35,456
Less: Accumulated Depreciation	(22,529,538)	(21,127,931)	(1,401,607)
Totals	\$30,763,587	\$31,852,374	(\$1,088,787)

Business type capital assets decreased as a result of depreciation expense; however, this was somewhat offset by replacement equipment, improvements to utility lines and new projects being designed for upcoming construction projects. Construction in Progress increased due to design costs of the wastewater plant electrical upgrade project and the interceptor wastewater rehabilitation project. Additional information on the City's capital assets can be found in Note 8.

Debt

At December 31, 2008, the City had \$16,890,000 in bonds outstanding, \$1,095,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2008 and 2007:

	2008	2007
Governmental Activities:		
General Obligation Bonds Payable	\$5,420,015	\$5,715,065
Long-term General Obligation Note Payable	\$2,100,000	\$0
Ohio Public Works Commission Loan	329,375	350,625
Police and Firemen's Pension Accrued Liability	440,274	449,153
Compensated Absences	894,404	842,421
Total Governmental Activities	9,184,068	7,357,264
Business-Type Activities:		
Mortgage Revenue Bonds Payable	5,015,000	5,410,000
General Obligation Bonds Payable	11,469,985	12,229,935
Compensated Absences	297,616	294,164
Total Business-Type Activities	16,782,601	17,934,099
Totals	\$25,966,669	\$25,291,363

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, 2008, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 11.

ECONOMIC FACTORS

The Central Ohio Technical College (COTC) concluded its capital campaign to renovate their existing structure. \$6 million dollars were raised to afford the renovations to begin in late 2009 or the first quarter of 2010. During the renovation process, COTC's academic studies will be relocated to a former high school in the Fredericktown area. In 2008, COTC Knox Campus obtained its full accreditation from the Higher Learning Commission for the Knox Campus. This accreditation will afford the Knox Campus to provide all the requirements necessary for each student to obtain an associates degree without having to obtain classes from the parent location in Newark, Ohio. We are so fortunate to have COTC located in our central business district in downtown Mount Vernon. The inflow of people is immense for the retail businesses located in the district. Enrollment for the fall quarter 2009-2010 year has already topped 500, and overall enrollments of all campuses and locations within COTC will reach 3,500.

Mount Vernon Nazarene University (MVNU), a liberal arts, Christian Based University began its renovation to a former retail establishment located in the central business district in downtown Mount Vernon. The three story renovated facility will provide classrooms and an art studio with the ground floor being a retail art gallery. Completion of renovations is scheduled for late June 2009. The facility will become available for academic use beginning with the fall quarter of the 2009-2010 year.

Rolls-Royce, a local gas turbine and compressor manufacturing business that has had roots in Mount Vernon since the late 1800's has nearly completed its new construction of two assembly buildings. These new structures will afford the company the ability to produce multiple turbine assemblies simultaneously and have sufficient accommodations to perform testing without disrupting the assembly process. The overall investment is approximately \$22 million dollars.

Mount Vernon, Ohio is the world's headquarters for Rolls-Royce energy production. Rolls-Royce is one of the top ten employers within the City, and we look forward to assisting them where needed for future improvements that may be needed.

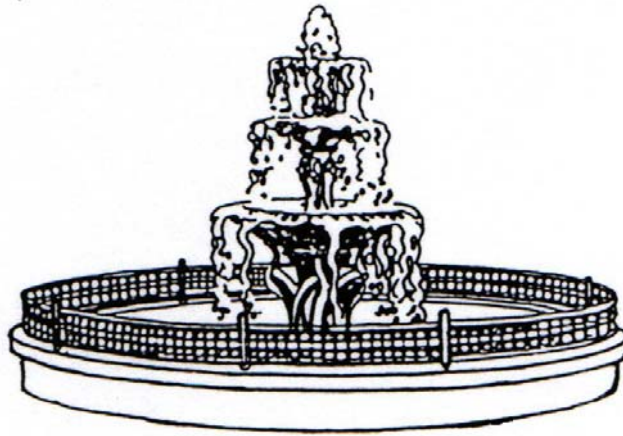
Development continues to prosper within the community. Ten commercial/industrial permits were issued in 2008, contributing an estimated \$3.8 million in tax valuation. Residential developments provided approximately \$3.2 million in tax valuation with forty-six permits being issued. Overall development continues to provide enhancements throughout the community and with such diversification; this helps to support our tax base and also helps to provide additional employment within the community.

Unemployment for the year was very modest. Starting out the year with 5.9 percent, it managed a continuous climb to 6.5 percent by midyear, and finally dipped downward for the third quarter at 6 percent, then rose severely to 7.3 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, 2008**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 5,223,657	\$ 464,073	\$ 5,687,730
Investments	5,541,166	3,958,834	9,500,000
Receivables:			
Taxes	4,661,285	0	4,661,285
Accounts	158,432	1,281,828	1,440,260
Intergovernmental	1,585,886	0	1,585,886
Interest	72,448	0	72,448
Inventory of Supplies	16,762	152,539	169,301
Prepaid Items	108,599	10,849	119,448
Deferred Charge	61,750	65,553	127,303
Restricted Assets:			
Cash and Cash Equivalents	337,138	0	337,138
Cash and Cash Equivalents with Fiscal Agent	40,287	706,210	746,497
Capital Assets			
Capital Assets not Being Depreciated	12,934,497	1,372,379	14,306,876
Capital Assets Being Depreciated	31,566,173	29,391,208	60,957,381
Total Assets	62,308,080	37,403,473	99,711,553
Liabilities:			
Accounts Payable	459,221	79,983	539,204
Accrued Wages and Benefits	482,330	134,894	617,224
Contracts Payable	1,282,688	135,935	1,418,623
Matured Bonds & Interest Payable	0	650	650
Unearned Revenue	2,109,279	0	2,109,279
Accrued Interest Payable	8,969	19,515	28,484
Noncurrent liabilities:			
Due within one year	2,682,117	1,296,992	3,979,109
Due in more than one year	6,501,951	15,485,609	21,987,560
Total Liabilities	13,526,555	17,153,578	30,680,133

CITY OF MOUNT VERNON, OHIO

	Governmental Activities	Business-Type Activities	Total
Net Assets:			
Invested in Capital Assets, Net of Related Debt	37,018,250	14,278,602	51,296,852
Restricted For:			
Capital Projects	1,658,284	531,009	2,189,293
Debt Service	0	706,210	706,210
Perpetual Care, Nonexpendable	343,534	0	343,534
Security of Persons and Property	431,938	0	431,938
Leisure Time Activities	58,668	0	58,668
Community Environment	853,011	0	853,011
Transportation	892,291	0	892,291
Unrestricted	<u>7,525,549</u>	<u>4,734,074</u>	<u>12,259,623</u>
Total Net Assets	<u>\$ 48,781,525</u>	<u>\$ 20,249,895</u>	<u>\$ 69,031,420</u>

See accompanying notes to the basic financial statements

CITY OF MOUNT VERNON, OHIO

**Statement of Activities
For the Year Ended December 31, 2008**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 5,728,419	\$ 1,016,173	\$ 0	\$ 0
Public Health and Welfare Services	644,241	56,052	0	0
Leisure Time Activities	952,192	309,238	0	55,221
Community Environment	211,150	3,989	874,350	0
Transportation	2,433,003	500	868,341	392,171
General Government	4,627,134	863,175	19,133	0
Interest and Fiscal Charges	263,523	0	0	0
Total Governmental Activities	14,859,662	2,249,127	1,761,824	447,392
Business-Type Activities:				
Water	3,390,852	3,308,139	0	0
Sewer	2,858,183	2,515,147	0	0
Total Business-Type Activities	6,249,035	5,823,286	0	0
Totals	\$ 21,108,697	\$ 8,072,413	\$ 1,761,824	\$ 447,392

General Revenues

Property Taxes Levied for:
 General Purposes
 Special Purposes
 Capital Outlay
 Municipal Income Tax
 Other Local Taxes
 Intergovernmental Revenue, Unrestricted
 Investment Earnings
 Miscellaneous
 Total General Revenues
 Change in Net Assets
 Net Assets Beginning of Year
 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
\$ (4,712,246)	\$ 0	\$ (4,712,246)
(588,189)	0	(588,189)
(587,733)	0	(587,733)
667,189	0	667,189
(1,171,991)	0	(1,171,991)
(3,744,826)	0	(3,744,826)
(263,523)	0	(263,523)
<u>(10,401,319)</u>	<u>0</u>	<u>(10,401,319)</u>
0	(82,713)	(82,713)
<u>0</u>	<u>(343,036)</u>	<u>(343,036)</u>
0	(425,749)	(425,749)
<u>(10,401,319)</u>	<u>(425,749)</u>	<u>(10,827,068)</u>
632,956	0	632,956
158,796	0	158,796
1,176,352	0	1,176,352
10,359,164	0	10,359,164
99,236	0	99,236
842,850	0	842,850
421,642	40,907	462,549
243,948	0	243,948
<u>13,934,944</u>	<u>40,907</u>	<u>13,975,851</u>
3,533,625	(384,842)	3,148,783
45,247,900	20,634,737	65,882,637
<u>\$ 48,781,525</u>	<u>\$ 20,249,895</u>	<u>\$ 69,031,420</u>

CITY OF MOUNT VERNON, OHIO

**Balance Sheet
Governmental Funds
December 31, 2008**

	General	General Bond Retirement	Capital Improvement	TIF District-Coshocton Road
Assets:				
Cash and Cash Equivalents	\$ 411,730	\$ 0	\$ 1,631,152	\$ 1,621,630
Investments	3,070,814	0	2,470,352	0
Receivables:				
Taxes	2,984,113	0	141,548	1,164,086
Accounts	148,915	0	0	0
Intergovernmental	343,153	0	0	0
Interest	72,448	0	0	0
Due from Other Funds	0	0	22,530	0
Inventory of Supplies	427	0	0	0
Prepaid Items	92,770	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	\$ 7,124,370	\$ 0	\$ 4,265,582	\$ 2,785,716
Liabilities:				
Accounts Payable	\$ 250,000	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	424,640	0	0	0
Contracts Payable	0	0	1,248,503	0
Due to Other Funds	22,530	0	0	0
Deferred Revenue	1,573,999	0	27,247	1,164,086
Total Liabilities	2,271,169	0	1,275,750	1,164,086
Fund Balances:				
Reserved for Encumbrances	301,931	0	169,448	0
Reserved for Prepaid Items	92,770	0	0	0
Reserved for Supplies Inventory	427	0	0	0
Reserved for Endowments	0	0	0	0
Undesignated/Unreserved in:				
General Fund	4,458,073	0	0	0
Special Revenue Funds	0	0	0	0
Capital Projects Funds	0	0	2,820,384	1,621,630
Total Fund Balances	4,853,201	0	2,989,832	1,621,630
Total Liabilities and Fund Balances	\$ 7,124,370	\$ 0	\$ 4,265,582	\$ 2,785,716

See accompanying notes to the basic financial statements

CITY OF MOUNT VERNON, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 1,559,145	\$ 5,223,657
0	5,541,166
371,538	4,661,285
9,517	158,432
1,242,733	1,585,886
0	72,448
0	22,530
16,335	16,762
15,829	108,599
337,138	337,138
40,287	40,287
<u>\$ 3,592,522</u>	<u>\$ 17,768,190</u>
\$ 209,221	\$ 459,221
57,690	482,330
34,185	1,282,688
0	22,530
<u>1,345,312</u>	<u>4,110,644</u>
<u>1,646,408</u>	<u>6,357,413</u>
69,620	540,999
15,829	108,599
16,335	16,762
343,534	343,534
0	4,458,073
1,479,376	1,479,376
21,420	4,463,434
<u>1,946,114</u>	<u>11,410,777</u>
<u>\$ 3,592,522</u>	<u>\$ 17,768,190</u>

CITY OF MOUNT VERNON, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2008***

Total Governmental Fund Balances \$ 11,410,777

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

Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds. 44,500,670

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds. 2,001,365

Bond issuance costs, reported as expenditures in governmental funds are allocated as an expense over the life of the debt on a full accrual basis. 61,750

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

General Obligation Bonds Payable	(5,420,015)	
General Obligation Notes Payable	(2,100,000)	
Ohio Public Works Commission Loan Payable	(329,375)	
Police and Firemen's Pension Accrued Liability	(440,274)	
Compensated Absences Payable	(894,404)	
Accrued Interest Payable	(8,969)	(9,193,037)
	<u> </u>	<u> </u>

Net Assets of Governmental Activities \$ 48,781,525

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, 2008**

	General	General Bond Retirement	Capital Improvement	TIF District-Coshocton Road
Revenues:				
Taxes	\$ 9,766,143	\$ 0	\$ 663,776	\$ 1,155,370
Intergovernmental Revenues	942,384	0	0	0
Charges for Services	1,401,084	0	0	0
Licenses and Permits	15,161	0	0	0
Investment Earnings	399,907	5	11,162	0
Fines and Forfeitures	654,393	0	0	0
All Other Revenue	147,388	0	55,221	86,494
Total Revenue	13,326,460	5	730,159	1,241,864
Expenditures:				
Current:				
Security of Persons and Property	4,784,001	0	18,955	0
Public Health and Welfare Services	344,517	0	0	0
Leisure Time Activities	679,325	0	3,393	0
Community Environment	34,647	0	0	0
Transportation	69,143	0	2,672,675	344,595
General Government	4,871,571	0	541,592	0
Debt Service:				
Principal Retirement	8,879	316,300	0	0
Interest and Fiscal Charges	18,996	223,901	7,245	0
Total Expenditures	10,811,079	540,201	3,243,860	344,595
Excess (Deficiency) of Revenues Over Expenditures	2,515,381	(540,196)	(2,513,701)	897,269
Other Financing Sources (Uses):				
Sale of Capital Assets	10,853	0	0	0
General Obligation Notes Issued	0	0	2,100,000	0
Premium on General Obligation Notes Issued	0	0	7,245	0
Transfers In	0	540,196	1,700,000	0
Transfers Out	(2,493,139)	0	0	(292,147)
Total Other Financing Sources (Uses)	(2,482,286)	540,196	3,807,245	(292,147)
Net Change in Fund Balances	33,095	0	1,293,544	605,122
Fund Balances at Beginning of Year	4,820,198	0	1,696,288	1,016,508
Increase (Decrease) in Inventory Reserve	(92)	0	0	0
Fund Balances End of Year	\$ 4,853,201	\$ 0	\$ 2,989,832	\$ 1,621,630

See accompanying notes to the basic financial statements

CITY OF MOUNT VERNON, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 871,206	\$ 12,456,495
968,029	1,910,413
63,666	1,464,750
500	15,661
10,568	421,642
104,847	759,240
12,297	301,400
<u>2,031,113</u>	<u>17,329,601</u>
714,494	5,517,450
286,901	631,418
1,015	683,733
176,503	211,150
1,091,272	4,177,685
154,305	5,567,468
0	325,179
0	250,142
<u>2,424,490</u>	<u>17,364,225</u>
(393,377)	(34,624)
1,445	12,298
0	2,100,000
0	7,245
545,090	2,785,286
0	(2,785,286)
<u>546,535</u>	<u>2,119,543</u>
153,158	2,084,919
1,788,145	9,321,139
4,811	4,719
<u>\$ 1,946,114</u>	<u>\$ 11,410,777</u>

CITY OF MOUNT VERNON, OHIO

***Reconciliation Of The Statement Of Revenues, Expenditures
And Changes In Fund Balances Of Governmental Funds
To The Statement Of Activities
For the Year Ended December 31, 2008***

Net Change in Fund Balances - Total Governmental Funds \$ 2,084,919

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	4,327,849	
Depreciation Expense	<u>(1,703,694)</u>	2,624,155

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

The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets.	<u>(4,253)</u>	(4,253)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 664,270

The issuance of long-term debt (e.g. notes, leases) provides current financial resources to governmental funds, but has no effect on net assets.

General Obligation Bonds Issued	<u>(2,100,000)</u>	(2,100,000)
---------------------------------	--------------------	-------------

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	295,050	
Ohio Public Works Commission Loan Payment	21,250	
Police Firemen's Pension Accrued Liability Principal Payment	<u>8,879</u>	325,179

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (8,969)

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	(51,983)	
Amortization of Issuance Costs	(4,412)	
Change in Inventory	<u>4,719</u>	<u>(51,676)</u>

Change in Net Assets of Governmental Activities **\$ 3,533,625**

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, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 8,822,200	\$ 9,494,200	\$ 9,715,384	\$ 221,184
Intergovernmental Revenue	675,168	993,801	1,161,265	167,464
Charges for Services	1,043,950	1,126,950	1,382,219	255,269
Licenses and Permits	25,400	25,400	13,572	(11,828)
Investment Earnings	375,000	375,000	336,479	(38,521)
Fines and Forfeitures	400,000	643,000	644,137	1,137
All Other Revenues	105,000	120,775	136,594	15,819
Total Revenues	<u>11,446,718</u>	<u>12,779,126</u>	<u>13,389,650</u>	<u>610,524</u>
Expenditures:				
Current:				
Security of Persons and Property	4,373,677	5,174,362	5,001,014	173,348
Public Health and Welfare Services	354,285	397,936	396,953	983
Leisure Time Activities	843,100	814,917	780,658	34,259
Community Environment	34,583	51,644	35,515	16,129
Transportation	55,475	56,675	54,409	2,266
General Government	<u>5,941,294</u>	<u>5,923,672</u>	<u>5,041,342</u>	<u>882,330</u>
Total Expenditures	<u>11,602,414</u>	<u>12,419,206</u>	<u>11,309,891</u>	<u>1,109,315</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(155,696)	359,920	2,079,759	1,719,839
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	10,853	10,853
Transfers Out	<u>(1,479,000)</u>	<u>(2,739,000)</u>	<u>(2,493,139)</u>	<u>245,861</u>
Total Other Financing Sources (Uses):	<u>(1,479,000)</u>	<u>(2,739,000)</u>	<u>(2,482,286)</u>	<u>256,714</u>
Net Change in Fund Balance	(1,634,696)	(2,379,080)	(402,527)	1,976,553
Fund Balance at Beginning of Year	2,635,450	2,635,450	2,635,450	0
Prior Year Encumbrances	<u>744,384</u>	<u>744,384</u>	<u>744,384</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,745,138</u>	<u>\$ 1,000,754</u>	<u>\$ 2,977,307</u>	<u>\$ 1,976,553</u>

See accompanying notes to the basic financial statements

CITY OF MOUNT VERNON, OHIO

**Statement of Net Assets
Proprietary Funds
December 31, 2008**

	Business-Type Activities		Total
	Enterprise Funds		
	Water	Sewer	
ASSETS			
Current assets:			
Cash and Cash Equivalents	\$ 120,126	\$ 343,947	\$ 464,073
Investments	1,024,752	2,934,082	3,958,834
Accounts receivable (net of allowance for uncollectibles)	706,781	575,047	1,281,828
Inventory of Supplies	81,317	71,222	152,539
Prepaid Items	5,185	5,664	10,849
Total current assets	<u>1,938,161</u>	<u>3,929,962</u>	<u>5,868,123</u>
Noncurrent assets:			
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	706,210	0	706,210
Deferred Charges	0	65,553	65,553
Capital assets:			
Capital Assets Not Being Depreciated	443,869	928,510	1,372,379
Capital Assets Being Depreciated	<u>17,341,256</u>	<u>12,049,952</u>	<u>29,391,208</u>
Total capital assets	<u>17,785,125</u>	<u>12,978,462</u>	<u>30,763,587</u>
Total noncurrent assets	<u>18,491,335</u>	<u>13,044,015</u>	<u>31,535,350</u>
Total assets	<u>20,429,496</u>	<u>16,973,977</u>	<u>37,403,473</u>
LIABILITIES			
Current liabilities:			
Accounts Payable	39,213	40,770	79,983
Accrued Wages and Benefits	67,538	67,356	134,894
Contracts Payable	30,150	105,785	135,935
Matured Bonds and Interest Payable	650	0	650
Accrued Interest Payable	10,411	9,104	19,515
General Obligation Bonds Payable - Current	471,375	319,321	790,696
Revenue Bond Payable - Current	410,000	0	410,000
Compensated Absences Payable - Current	<u>41,032</u>	<u>55,264</u>	<u>96,296</u>
Total Current Liabilities	<u>1,070,369</u>	<u>597,600</u>	<u>1,667,969</u>

CITY OF MOUNT VERNON, OHIO

	Business-Type Activities		Total
	Enterprise Funds		
	Water	Sewer	
Noncurrent Liabilities:			
General Obligation Bonds Payable	5,480,290	5,198,999	10,679,289
Revenue Bonds Payable	4,605,000	0	4,605,000
Compensated Absences Payable	89,831	111,489	201,320
Total noncurrent liabilities	<u>10,175,121</u>	<u>5,310,488</u>	<u>15,485,609</u>
Total Liabilities	<u>11,245,490</u>	<u>5,908,088</u>	<u>17,153,578</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	6,818,460	7,460,142	14,278,602
Restricted for Capital Projects	531,009	0	531,009
Restricted for Debt Service	706,210	0	706,210
Unrestricted	<u>1,128,327</u>	<u>3,605,747</u>	<u>4,734,074</u>
Total Net Assets	<u>\$ 9,184,006</u>	<u>\$ 11,065,889</u>	<u>\$ 20,249,895</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, 2008**

	Business-Type Activities		Total
	Enterprise Funds		
	Water	Sewer	
Operating Revenues:			
Charges for Services	\$ 3,293,331	\$ 2,458,246	\$ 5,751,577
Other Operating Revenues	14,808	56,901	71,709
Total Operating Revenues	3,308,139	2,515,147	5,823,286
Operating Expenses:			
Personal Services	1,202,662	1,206,492	2,409,154
Contractual Services	145,657	462,086	607,743
Materials and Supplies	423,865	173,041	596,906
Utilities	184,290	244,694	428,984
Depreciation	919,105	540,817	1,459,922
Total Operating Expenses	2,875,579	2,627,130	5,502,709
Operating Income (Loss)	432,560	(111,983)	320,577
Non-Operating Revenues (Expenses):			
Interest Income	35,997	4,910	40,907
Interest and Fiscal Charges	(515,273)	(231,053)	(746,326)
Total Non-Operating Revenues (Expenses)	(479,276)	(226,143)	(705,419)
Change in Net Assets	(46,716)	(338,126)	(384,842)
Net Assets Beginning of Year	9,230,722	11,404,015	20,634,737
Net Assets End of Year	\$ 9,184,006	\$ 11,065,889	\$ 20,249,895

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, 2008**

	Business-Type Activities Enterprise Funds		Total
	Water	Sewer	
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$3,298,453	\$2,500,349	\$5,798,802
Cash Payments for Goods and Services	(903,961)	(929,587)	(1,833,548)
Cash Payments to Employees	(1,219,900)	(1,194,138)	(2,414,038)
Net Cash Provided by Operating Activities	<u>1,174,592</u>	<u>376,624</u>	<u>1,551,216</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Acquisition and Construction of Assets	(111,431)	(314,527)	(425,958)
Principal Paid on General Obligation Bonds	(451,225)	(308,725)	(759,950)
Principal Paid on Revenue Bonds	(395,000)	0	(395,000)
Interest Paid on All Debt	(514,239)	(226,729)	(740,968)
Net Cash Used for Capital and Related Financing Activities	<u>(1,471,895)</u>	<u>(849,981)</u>	<u>(2,321,876)</u>
<u>Cash Flows from Investing Activities:</u>			
Purchase of Investments	(154,970)	(328,910)	(483,880)
Receipt of Interest	35,971	4,910	40,881
Net Cash Used for Investing Activities	<u>(118,999)</u>	<u>(324,000)</u>	<u>(442,999)</u>
Net Decrease in Cash and Cash Equivalents	(416,302)	(797,357)	(1,213,659)
Cash and Cash Equivalents at Beginning of Year	<u>1,242,638</u>	<u>1,141,304</u>	<u>2,383,942</u>
Cash and Cash Equivalents at End of Year	<u>\$826,336</u>	<u>\$343,947</u>	<u>\$1,170,283</u>
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$120,126	\$343,947	\$464,073
Restricted Cash with Fiscal Agent	<u>706,210</u>	<u>0</u>	<u>706,210</u>
Cash and Cash Equivalents at End of Year	<u>\$826,336</u>	<u>\$343,947</u>	<u>\$1,170,283</u>

CITY OF MOUNT VERNON, OHIO

	Business-Type Activities		Total
	Enterprise Funds		
	Water	Sewer	
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Income (Loss)	\$432,560	(\$111,983)	\$320,577
Adjustments to Reconcile Operating Income to			
Net Cash Provided by Operating Activities:			
Depreciation Expense	919,105	540,817	1,459,922
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(9,686)	(14,798)	(24,484)
Increase in Inventory	(37,396)	(35,809)	(73,205)
Increase in Prepaid Items	(3,013)	(3,490)	(6,503)
Increase in Accounts Payable	15,892	6,281	22,173
Decrease in Accrued Wages and Benefits	(13,010)	(13,072)	(26,082)
Decrease in Contracts Payable	(116,917)	(7,717)	(124,634)
Increase (Decrease) in Compensated Absences	(12,943)	16,395	3,452
Total Adjustments	742,032	488,607	1,230,639
Net Cash Provided by Operating Activities	\$1,174,592	\$376,624	\$1,551,216

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2008 the Water and Sewer Funds had outstanding liabilities of \$6,125 and \$8,085 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, 2008***

	<u>Agency</u>
Assets:	
Cash and Cash Equivalents	\$ 94,623
Total Assets	<u>\$ 94,623</u>
Liabilities:	
Intergovernmental Payable	\$ 29,984
Due to Others	<u>64,639</u>
Total Liabilities	<u>\$ 94,623</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

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, 2008 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 2008.

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, 2008***

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 2008.

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 \$43,285 for operations of the combined District for 2008.

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

B. Basis of Presentation - Fund Accounting

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

Governmental Funds

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

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

Proprietary Funds

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

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

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

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

Fiduciary Funds

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

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, 2008***

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, 2008***

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, 2008 but which are not intended to finance 2008 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, 2008***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

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

1. Modified Tax Budget

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

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificates of estimated resources is amended to include any unencumbered fund balances from the preceding year, and are reported as original budget amounts on the budgetary statements. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the final budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2008.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

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

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

4. Encumbrances

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

5. Lapsing of Appropriations

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

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)	\$33,095
Increase (Decrease):	
Accrued Revenues at December 31, 2008 received during 2009	(2,025,574)
Accrued Revenues at December 31, 2007 received during 2008	2,063,472
Accrued Expenditures at December 31, 2008 paid during 2009	697,170
Accrued Expenditures at December 31, 2007 paid during 2008	(657,819)
2007 Prepays for 2008	30,620
2008 Prepays for 2009	(92,770)
Adjustment to Fair Value	2,762
Outstanding Encumbrances	(453,483)
Budget Basis	<u><u>(\$402,527)</u></u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

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

G. Investments

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

The City has invested funds in the STAR Ohio during 2008. 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, 2008.

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, 2008, 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, 2008***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

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

1. Capital Assets - Governmental Activities

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

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

2. Capital Assets – Business Type Activities

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

3. Depreciation

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

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
Long-term General Obligation Notes	General Bond Retirement Fund
Ohio Public Works Loan	General Bond Retirement Fund
Police and Fire Pension Accrued Liability	General Fund
Compensated Absences	General Fund, Street Construction, Maintenance and Repair Fund, Cemetery Fund, Water Fund, Sewer Fund

L. Compensated Absences

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences (Continued)

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

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

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

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

M. Net Assets

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

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

N. Pensions

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Interfund Transactions

Transfers between governmental and business type activities on the government-wide financial statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Interfund services provided and used are not eliminated in the process of consolidation. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund activity has been eliminated from the government-wide financial statements.

P. Reservations of Fund Balance

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

Q. Restricted Assets

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

R. Operating Revenues and Expenses

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

S. Bond Issuance Costs

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

The City implemented GASB Statement No. 45 “*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*” and GASB Statement No. 50 “*Pension Disclosures*”. Statement No. 45 establishes standards of accounting and financial reporting for Other Postemployment Benefits (OPEB), note disclosures and required supplementary information. Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for (OPEB) and enhances information disclosed in the notes to the financial statements. The application of these new standards did not have an effect on the financial statements, nor did implementation require a restatement of prior year balances.

NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

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

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

A. Deposits

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

At year end the carrying amount of the City's deposits was \$14,175,451 and the bank balance \$14,001,755. The Federal Deposit Insurance Corporation (FDIC) covered \$1,000,000 of the bank balance and a Bank Deposit Guarantee Bond covered \$1,000,000 of the bank balance. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$12,001,755</u>
Total Balance	<u><u>\$12,001,755</u></u>

Investment earnings of \$241,260 earned by other funds were credited to the General Fund as required by state statute.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

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

B. Investments

The City's investments at December 31, 2008 are summarized below:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years) less than 1</u>
STAR Ohio	<u>\$1,444,040</u>	AAAm ¹	<u>\$1,444,040</u>
Total Investments	<u>\$1,444,040</u>		<u>\$1,444,040</u>

¹ Standard & Poor's

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

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

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

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

C. Cash with Fiscal Agents

In addition to deposits and investments, the City has uninsured and uncollateralized cash in the amount of \$40,287 being held by Knox County and the City had cash with fiscal agents in the amount of \$706,210 for bond reserve accounts, of which \$250,000 was insured by the FDIC and the remaining deposits were uninsured and uncollateralized.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

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

D. Reconciliation of Cash, Cash Equivalents and Investments

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

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per GASB Statement No. 9	\$6,119,491	\$9,500,000
Certificates of Deposit (with maturities of more than 3 months)	9,500,000	(9,500,000)
Investments:		
STAR Ohio	<u>(1,444,040)</u>	<u>1,444,040</u>
Per GASB Statement No. 3	<u>\$14,175,451</u>	<u>\$1,444,040</u>

NOTE 4 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2008 were levied after October 1, 2007 on assessed values as of January 1, 2007, the lien date. Assessed values were established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years, and equalization adjustments are made in the third year following reappraisal. The last revaluation was completed in 2008. Real property taxes are payable annually or semi-annually. The first payment is due January 31; the remainder is payable by June 20.

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 6.25% 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 4 - TAXES (Continued)

A. Property Taxes (Continued)

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, 2008 was \$3.20 per \$1,000 of assessed value. The 2008 assessed value was \$258,440,860. This amount constitutes \$251,888,080 in real property assessed value and \$6,552,780 in public utility assessed.

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

B. Income Tax

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

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

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

NOTE 5 - RECEIVABLES

Receivables at December 31, 2008 consisted of taxes, accounts, interest, and intergovernmental receivables. All receivables are collectible in full and within one year except for allowance for doubtful accounts related to billings for governmental and proprietary funds.

CITY OF MOUNT VERNON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

NOTE 5 – RECEIVABLES (Continued)

A summary of the principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amount</u>
General Fund	
Estate Tax	\$40,528
Homestead and Rollback Reimbursement	40,551
Local Government	261,747
Lodging Tax	327
Total General Fund	<u>343,153</u>
Nonmajor Special Revenue Funds:	
Street Construction, Maintenance and Repair Fund	
Cents Per Gallon	26,534
Gasoline Tax	214,070
Motor Vehicle Tax	47,938
Total Street Construction, Maintenance and Repair Fund	<u>288,542</u>
State Highway Improvement Fund	
Gasoline Tax	19,509
Motor Vehicle Tax	3,886
Total State Highway Improvement Fund	<u>23,395</u>
CDBG Fund - CDBG Grants	865,950
Permissive Auto License Tax Fund - Permissive Tax	55,480
Police Pension Fund - Homestead and Rollback Reimbursement	4,683
Fire Pension Fund - Homestead and Rollback Reimbursement	4,683
Total Nonmajor Special Revenue Funds	<u>1,242,733</u>
Total Governmental Fund Types	<u>\$1,585,886</u>

NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivables and payables balances at December 31, 2008 are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$0	\$22,530
Capital Improvement Fund	22,530	0
	<u>\$22,530</u>	<u>\$22,530</u>

The Due to Other Funds in the General Fund is for the repayment of revenues that belong to the Capital Improvement Fund.

CITY OF MOUNT VERNON, OHIO

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 7 - TRANSFERS

Following is a summary of Transfers in and out for all funds for 2008:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$0	\$2,493,139
General Bond Retirement Fund	540,196	0
Capital Improvement Fund	1,700,000	0
TIF District-Coshocton Road Fund	0	292,147
Other Governmental Funds	545,090	0
Total Governmental Funds	<u>\$2,785,286</u>	<u>\$2,785,286</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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**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

NOTE 8 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets as of December 31, 2008:

Historical Cost:

Class	December 31, 2007	Additions	Deletions	December 31, 2008
<i>Capital assets not being depreciated:</i>				
Land	\$10,691,060	\$86,608	\$0	\$10,777,668
Construction in Progress	78,205	2,125,603	(46,979)	2,156,829
Subtotal	10,769,265	2,212,211	(46,979)	12,934,497
<i>Capital assets being depreciated:</i>				
Buildings	10,344,359	412,155	0	10,756,514
Improvements Other than Buildings	594,690	18,982	0	613,672
Infrastructure	33,206,842	1,219,023	(5,432)	34,420,433
Machinery and Equipment	5,602,391	512,457	(226,747)	5,888,101
Subtotal	49,748,282	2,162,617	(232,179)	51,678,720
Total Cost	\$60,517,547	\$4,374,828	(\$279,158)	\$64,613,217

Accumulated Depreciation:

Class	December 31, 2007	Additions	Deletions	December 31, 2008
Buildings	(\$3,178,026)	(\$353,867)	\$0	(\$3,531,893)
Improvements	(472,210)	(5,889)	0	(478,099)
Infrastructure	(10,847,073)	(1,021,552)	3,467	(11,865,158)
Machinery and Equipment	(4,139,470)	(322,386)	224,459	(4,237,397)
Total Depreciation	(\$18,636,779)	(\$1,703,694) *	\$227,926	(\$20,112,547)
Net Value:	\$41,880,768			\$44,500,670

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$269,017
Leisure Time Activities	212,547
Public Health & Welfare	12,958
Transportation	1,085,582
General Government	123,590
Total Depreciation Expense	\$1,703,694

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

NOTE 8 – CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by category of changes in business-type activities capital assets as of December 31, 2008:

Historical Cost:

Class	December 31, 2007	Additions	Deletions	December 31, 2008
<i>Capital assets not being depreciated:</i>				
Land	\$819,311	\$0	\$0	\$819,311
Construction in Progress	292,307	260,761	0	553,068
Subtotal	1,111,618	260,761	0	1,372,379
<i>Capital assets being depreciated:</i>				
Buildings	25,391,136	0	0	25,391,136
Utility Structures in Service	23,172,548	16,603	0	23,189,151
Machinery and Equipment	3,305,003	93,771	(58,315)	3,340,459
Subtotal	51,868,687	110,374	(58,315)	51,920,746
Total Cost	\$52,980,305	\$371,135	(\$58,315)	\$53,293,125

Accumulated Depreciation:

Class	December 31, 2007	Additions	Deletions	December 31, 2008
Buildings	(\$7,301,115)	(\$966,955)	\$0	(\$8,268,070)
Utility Structures in Service	(11,036,065)	(349,861)	0	(11,385,926)
Machinery and Equipment	(2,790,751)	(143,106)	58,315	(2,875,542)
Total Depreciation	(\$21,127,931)	(\$1,459,922)	\$58,315	(\$22,529,538)
<i>Net Value:</i>	\$31,852,374			\$30,763,587

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 9 - DEFINED BENEFIT PENSION PLANS AND POSTEMPLOYMENT BENEFITS

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")

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

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

The ORC provides statutory authority for employee and employer contributions. For 2008, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2008 employer contribution rate for local government employer units was 14.00%, of covered payroll which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2008, 7.0% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City's required contributions for pension obligations to OPERS for the years ending December 31, 2008, 2007, and 2006 were \$623,056, \$598,683 and \$555,834, respectively, which were equal to the required contributions for each year. Contributions to the member-directed plan for 2008 were \$13,773 made by the City and \$9,838 made by the plan members.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for 2008, 12.75% of annual covered salary for police and 17.25% of annual covered salary for firefighters, respectively, were the portions used to fund pension obligations. The City's contributions for pension obligations to the OP&F Fund for the years ending December 31, 2008, 2007, and 2006 were \$166,269, \$223,081 and \$227,528, for police and \$306,150, \$383,633 and \$353,205 for firefighters, respectively, which were equal to the required contributions for each year.

NOTE 10 - POSTEMPLOYMENT BENEFITS

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

Plan Description – OPERS administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan; the Member directed Plan – a defined contribution plan; and the Combined Plan – a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 45.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. For 2008, the employer contribution allocated to the health care plan was 7.0% of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OPERS for the years ending December 31, 2008, 2007, and 2006 were \$311,528, \$237,745 and \$182,573, respectively, which were equal to the required contributions for each year.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 10 - POSTEMPLOYMENT BENEFITS (Continued)

B. Ohio Police and Fire Pension Fund ("OP&F")

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

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

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

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

Funding Policy – The ORC provides for contribution requirements of the participating employers and of plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5% and 24.0% of covered payroll for police and fire employers, respectively. The ORC states that the employer contribution may not exceed 19.5% of covered payroll for police employer units and 24.0% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2008, the employer contribution allocated to the health care plan was 6.75% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h). The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care to the OP&F for the years ending December 31, 2008, 2007, and 2006 were \$88,025, \$90,994 and \$92,807 for police and \$119,798, \$107,896 and \$114,056 for firefighters, respectively, which were equal to the required contributions for each year.

CITY OF MOUNT VERNON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

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

Long-term debt and other long-term obligations of the City at December 31, 2008 were as follows:

		Balance December 31, 2007	Additions	(Reductions)	Balance December 31, 2008	Amounts Due Within One Year
Business-Type Activities:						
Mortgage Revenue Bonds:						
3.00 - 4.75% Water	1999	\$5,410,000	\$0	(\$395,000)	\$5,015,000	\$410,000
General Obligation Bonds:						
2.00 - 4.200% Wastewater Improvements	2003	1,664,897	0	(120,350)	1,544,547	123,696
2.00 - 4.200% Wastewater-Refunding 1992	2003	1,174,258	0	(87,150)	1,087,108	89,250
2.00 - 4.200% Water-Building Project	2003	97,890	0	(6,225)	91,665	6,375
2.00 - 4.200% Wastewater-Building Project	2003	97,890	0	(6,225)	91,665	6,375
4.00 - 5.500% Waterworks Refunding 1997	2007	5,785,000	0	(430,000)	5,355,000	445,000
3.75 - 4.350% Waterworks	2007	520,000	0	(15,000)	505,000	20,000
3.75 - 4.350% WWTreatment Facility	2007	2,890,000	0	(95,000)	2,795,000	100,000
Total General Obligation Bonds Payable		12,229,935	0	(759,950)	11,469,985	790,696
Compensated Absences		294,164	228,473	(225,021)	297,616	96,296
Total Business-Type Activities		\$17,934,099	\$228,473	(\$1,379,971)	\$16,782,601	\$1,296,992
Governmental Activities:						
General Obligation Bond:						
2.00 - 4.200% Building Project	2003	\$194,395	\$0	(\$12,450)	\$181,945	\$12,750
2.00 - 4.200% Highway Project	2003	2,485,670	0	(182,600)	2,303,070	186,554
3.75 - 4.350% Water Park Facility	2007	3,035,000	0	(100,000)	2,935,000	105,000
Total General Obligation Bonds Payable		5,715,065	0	(295,050)	5,420,015	304,304
Long-term General Obligation Note Payable	2008	0	2,100,000	0	2,100,000	2,100,000
Ohio Public Works Commission Loan Payable	2003	350,625	0	(21,250)	329,375	21,250
Compensated Absences		842,421	1,368,245	(1,316,262)	894,404	247,303
Police and Firemen's Pension Accrued Liability		449,153	0	(8,879)	440,274	9,260
Total Governmental Activities		\$7,357,264	\$3,468,245	(\$1,641,441)	\$9,184,068	\$2,682,117

A. Long-term Debt Purpose

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

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

CITY OF MOUNT VERNON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

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

B. Police and Firemen's Pension Fund

The City's liability for past service costs related to the Police and Firemen's Pension Fund at December 31, 2008 was \$737,419 in principal and interest payments through the year 2035.

C. Principal and Interest Requirements

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2008 are as follows:

Business-type Activities:

Years	General Obligation Bonds		Mortgage Revenue Bonds	
	Principal	Interest	Principal	Interest
2009	790,696	472,777	410,000	225,615
2010	821,007	443,870	430,000	208,600
2011	851,317	413,123	445,000	190,325
2012	881,938	380,638	465,000	171,190
2013	814,315	413,123	485,000	150,730
2014-2018	4,601,543	1,298,998	2,780,000	402,821
2019-2023	1,789,169	433,092	0	0
2024-2027	920,000	101,238	0	0
Totals	\$11,469,985	\$3,956,859	\$5,015,000	\$1,349,281

Governmental Activities:

Years	General Obligation Bonds		Police/Fire Pension Liability		Ohio Public Works Commission Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	304,304	215,470	9,260	18,614	21,250	0
2010	313,993	205,677	9,658	18,216	21,250	0
2011	318,683	194,939	10,073	17,801	21,250	0
2012	333,062	183,571	10,505	17,369	21,250	0
2013	260,685	194,939	10,956	16,918	21,250	0
2014-2018	1,473,457	720,004	62,259	77,112	106,250	0
2019-2023	1,590,831	385,893	76,830	62,541	106,250	0
2024-2028	825,000	91,270	94,809	44,561	10,625	0
2029-2033	0	0	117,001	22,374	0	0
2033-2035	0	0	38,923	1,639	0	0
Totals	\$5,420,015	\$2,191,763	\$440,274	\$297,145	\$329,375	\$0

The Long-term Note Payable of \$2,100,000 was rolled into a new note payable in February 2009 and it is anticipated that it will be replaced by General Obligation Bonds in February 2010. The interest requirement for 2009 is \$41,883.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

NOTE 12 – COMPENSATED ABSENCES

The City provides a liability for accumulated unpaid sick leave, vacation and compensatory time benefits when earned by employees. Accrued employee benefits for Governmental Funds not currently due and payable at yearend are recorded as Long-Term Obligations in the government-wide statements. At December 31, 2008, the total accumulated unpaid sick, vacation and compensatory time recorded was as follows:

	<u>Hours</u>	<u>Amount</u>
Sick Leave	59,574	\$607,698
Vacation	12,738	247,304
Compensatory Time	<u>2,047</u>	<u>39,402</u>
Total	<u><u>74,359</u></u>	<u><u>\$894,404</u></u>

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

NOTE 13 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters.

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

Casualty Coverage

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 13 - RISK MANAGEMENT (Continued)

Property Coverage

Travelers reinsures specific losses exceeding \$250,000, and provides up to \$600,000,000 per occurrence. APEEP reinsures members for a specific loss exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined PEP members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600,000,000 per occurrence limit.

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

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

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

	2008	2007
Assets	\$ 35,769,535	\$ 37,560,071
Liabilities	15,310,206	17,340,824
Net Assets	<u>\$ 20,459,329</u>	<u>\$ 20,219,247</u>

At December 31, 2008 and 2007, respectively, casualty coverage liabilities noted above include approximately \$12.9 million and \$15.0 million of estimated incurred claims payable. The Casualty Coverage assets and retained earnings above also include approximately \$12.9 million and \$15.0 million of unpaid claims to be billed to approximately 445 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The City's share of these unpaid claims collectible in future years is approximately \$237,282. This payable includes the subsequent year's contribution due if the City terminates participation, as described in the last paragraph below.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2008**

NOTE 13 - RISK MANAGEMENT (Continued)

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

	<u>Contributions to PEP</u>
2007	\$ 124,960
2008	118,920

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

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

NOTE 14 - CONSTRUCTION COMMITMENTS

As of December 31, 2008, 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>
Blackjack Road Improvement Project	\$261,593	June 2009
Pleasant Street Culvert Replacement Project	3,959	May 2009

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2008***

NOTE 15 - CONTINGENCIES

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

NOTE 16 – SUBSEQUENT EVENTS

On February 24, 2009, the City issued \$2,100,000 Bond Anticipation Notes with a maturity date of February 23, 2010. The BANs were issued to finance the cost of road improvements.

*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.

(Continued)

Special Revenue Funds

Indigent Drivers Alcohol Treatment Fund

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

DUI - Enforcement and Education Fund

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

Court Computerization Fund

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

Probation Services Fund

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

Lodging Excise Tax Fund

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

Driver's Interlock & Alcohol Monitoring Fund

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

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

Baltimore and Ohio (B&O) Railroad Depot Fund

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

TIF District-Industrial Area Fund

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

Permanent Fund

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

Perpetual Care Fund

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

CITY OF MOUNT VERNON, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2008**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 1,537,725	\$ 21,420	\$ 0	\$ 1,559,145
Receivables:				
Taxes	346,538	25,000	0	371,538
Accounts	3,121	0	6,396	9,517
Intergovernmental	1,242,733	0	0	1,242,733
Inventory of Supplies	16,335	0	0	16,335
Prepaid Items	15,829	0	0	15,829
Restricted Assets:				
Cash and Cash Equivalents	0	0	337,138	337,138
Cash and Cash Equivalents with Fiscal Agent	40,287	0	0	40,287
Total Assets	\$ 3,202,568	\$ 46,420	\$ 343,534	\$ 3,592,522
Liabilities:				
Accounts Payable	\$ 209,221	\$ 0	\$ 0	\$ 209,221
Accrued Wages and Benefits Payable	57,690	0	0	57,690
Contracts Payable	34,185	0	0	34,185
Deferred Revenue	1,320,312	25,000	0	1,345,312
Total Liabilities	1,621,408	25,000	0	1,646,408
Fund Balances:				
Reserved for Encumbrances	69,620	0	0	69,620
Reserved for Prepaid Items	15,829	0	0	15,829
Reserved for Supplies Inventory	16,335	0	0	16,335
Reserved for Endowments	0	0	343,534	343,534
Undesignated/Unreserved				
Special Revenue Funds	1,479,376	0	0	1,479,376
Capital Projects Funds	0	21,420	0	21,420
Total Fund Balances	1,581,160	21,420	343,534	1,946,114
Total Liabilities and Fund Balances	\$ 3,202,568	\$ 46,420	\$ 343,534	\$ 3,592,522

CITY OF MOUNT VERNON, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2008**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 853,553	\$ 17,653	\$ 0	\$ 871,206
Intergovernmental Revenues	968,029	0	0	968,029
Charges for Services	63,666	0	0	63,666
Licenses and Permits	500	0	0	500
Investment Earnings	10,568	0	0	10,568
Fines and Forfeitures	104,847	0	0	104,847
All Other Revenue	2,821	0	9,476	12,297
Total Revenue	2,003,984	17,653	9,476	2,031,113
Expenditures:				
Current:				
Security of Persons and Property	714,494	0	0	714,494
Public Health and Welfare Services	286,901	0	0	286,901
Leisure Time Activities	1,015	0	0	1,015
Community Environment	176,503	0	0	176,503
Transportation	1,087,465	3,807	0	1,091,272
General Government	153,545	760	0	154,305
Total Expenditures	2,419,923	4,567	0	2,424,490
Excess (Deficiency) of Revenues Over Expenditures	(415,939)	13,086	9,476	(393,377)
Other Financing Sources (Uses):				
Sale of Capital Assets	1,445	0	0	1,445
Transfers In	545,090	0	0	545,090
Total Other Financing Sources (Uses)	546,535	0	0	546,535
Net Change in Fund Balances	130,596	13,086	9,476	153,158
Fund Balances at Beginning of Year	1,445,753	8,334	334,058	1,788,145
Increase (Decrease) in Inventory Reserve	4,811	0	0	4,811
Fund Balances End of Year	\$ 1,581,160	\$ 21,420	\$ 343,534	\$ 1,946,114

CITY OF MOUNT VERNON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2008**

	Street Construction, Maintenance and Repair	State Highway Improvement	Permissive Auto License Tax	Cemetery
Assets:				
Cash and Cash Equivalents	\$ 330,876	\$ 121,306	\$ 6	\$ 132,043
Receivables:				
Taxes	42,465	0	0	56,619
Accounts	0	0	0	3,121
Intergovernmental	288,542	23,395	40,287	0
Inventory of Supplies	15,500	0	0	835
Prepaid Items	2,850	0	0	553
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	0	0	40,287	0
Total Assets	\$ 680,233	\$ 144,701	\$ 80,580	\$ 193,171
Liabilities:				
Accounts Payable	\$ 10,170	\$ 270	\$ 0	\$ 3,342
Accrued Wages and Benefits Payable	36,737	0	0	12,780
Contracts Payable	0	0	0	0
Deferred Revenue	200,536	15,597	40,287	10,899
Total Liabilities	247,443	15,867	40,287	27,021
Fund Balances:				
Reserved for Encumbrances	24,696	9,502	0	4,679
Reserved for Prepaid Items	2,850	0	0	553
Reserved for Supplies Inventory	15,500	0	0	835
Unreserved, Undesignated in:				
Special Revenue Funds	389,744	119,332	40,293	160,083
Total Fund Balances	432,790	128,834	40,293	166,150
Total Liabilities and Fund Balances	\$ 680,233	\$ 144,701	\$ 80,580	\$ 193,171

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>	<u>Permissive License Registration</u>	<u>Indigent Drivers Alcohol Treatment</u>
\$ 58,668	\$ 15,804	\$ 25,724	\$ 10,784	\$ 19,694	\$ 41,108	\$ 553
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	865,950	0	0	0	15,193	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 58,668</u>	<u>\$ 881,754</u>	<u>\$ 25,724</u>	<u>\$ 10,784</u>	<u>\$ 19,694</u>	<u>\$ 56,301</u>	<u>\$ 553</u>
\$ 0	\$ 0	\$ 692	\$ 0	\$ 0	\$ 3,087	\$ 0
0	0	147	0	0	0	0
0	28,743	0	0	0	0	0
0	824,475	0	0	0	0	0
<u>0</u>	<u>853,218</u>	<u>839</u>	<u>0</u>	<u>0</u>	<u>3,087</u>	<u>0</u>
0	507	1,008	0	0	6,350	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>58,668</u>	<u>28,029</u>	<u>23,877</u>	<u>10,784</u>	<u>19,694</u>	<u>46,864</u>	<u>553</u>
<u>58,668</u>	<u>28,536</u>	<u>24,885</u>	<u>10,784</u>	<u>19,694</u>	<u>53,214</u>	<u>553</u>
<u>\$ 58,668</u>	<u>\$ 881,754</u>	<u>\$ 25,724</u>	<u>\$ 10,784</u>	<u>\$ 19,694</u>	<u>\$ 56,301</u>	<u>\$ 553</u>

(Continued)

CITY OF MOUNT VERNON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2008**

	DUI Enforcement and Education	Court Computerization	Probation Services	Lodging Excise Tax
Assets:				
Cash and Cash Equivalents	\$ 34,621	\$ 127,455	\$ 25,262	\$ 0
Receivables:				
Taxes	0	0	0	5,442
Accounts	0	0	0	0
Intergovernmental	0	0	0	0
Inventory of Supplies	0	0	0	0
Prepaid Items	0	12,426	0	0
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
Total Assets	\$ 34,621	\$ 139,881	\$ 25,262	\$ 5,442
Liabilities:				
Accounts Payable	\$ 0	\$ 50	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0
Contracts Payable	0	0	0	5,442
Deferred Revenue	0	0	0	0
Total Liabilities	0	50	0	5,442
Fund Balances:				
Reserved for Encumbrances	0	8,400	0	0
Reserved for Prepaid Items	0	12,426	0	0
Reserved for Supplies Inventory	0	0	0	0
Unreserved, Undesignated in:				
Special Revenue Funds	34,621	119,005	25,262	0
Total Fund Balances	34,621	139,831	25,262	0
Total Liabilities and Fund Balances	\$ 34,621	\$ 139,881	\$ 25,262	\$ 5,442

CITY OF MOUNT VERNON, OHIO

Driver's Interlock and Alcohol Monitoring	Police Pension	Fire Pension	Mausoleum	Veterans Honor Walkway	Total Nonmajor Special Revenue Funds
\$ 300	\$ 268,458	\$ 250,847	\$ 4,719	\$ 69,497	\$ 1,537,725
0	121,006	121,006	0	0	346,538
0	0	0	0	0	3,121
0	4,683	4,683	0	0	1,242,733
0	0	0	0	0	16,335
0	0	0	0	0	15,829
0	0	0	0	0	40,287
<u>\$ 300</u>	<u>\$ 394,147</u>	<u>\$ 376,536</u>	<u>\$ 4,719</u>	<u>\$ 69,497</u>	<u>\$ 3,202,568</u>
\$ 0	\$ 70,159	\$ 121,438	\$ 0	\$ 13	\$ 209,221
0	2,928	5,098	0	0	57,690
0	0	0	0	0	34,185
0	114,259	114,259	0	0	1,320,312
0	187,346	240,795	0	13	1,621,408
0	2,316	12,162	0	0	69,620
0	0	0	0	0	15,829
0	0	0	0	0	16,335
300	204,485	123,579	4,719	69,484	1,479,376
300	206,801	135,741	4,719	69,484	1,581,160
<u>\$ 300</u>	<u>\$ 394,147</u>	<u>\$ 376,536</u>	<u>\$ 4,719</u>	<u>\$ 69,497</u>	<u>\$ 3,202,568</u>

CITY OF MOUNT VERNON, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008**

	Street Construction, Maintenance and Repair	State Highway Improvement	Permissive Auto License Tax	Cemetery
Revenues:				
Taxes	\$ 199,133	\$ 0	\$ 0	\$ 265,510
Intergovernmental Revenues	611,358	49,569	73,168	0
Charges for Services	0	0	0	46,576
Licenses and Permits	500	0	0	0
Investment Earnings	2,255	864	0	7,256
Fines and Forfeitures	0	0	0	0
All Other Revenue	2,775	0	0	46
Total Revenue	816,021	50,433	73,168	319,388
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare Services	0	0	0	286,901
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	869,359	57,153	56,000	0
General Government	0	0	0	0
Total Expenditures	869,359	57,153	56,000	286,901
Excess (Deficiency) of Revenues Over Expenditures	(53,338)	(6,720)	17,168	32,487
Other Financing Sources (Uses):				
Sale of Capital Assets	351	0	0	1,094
Transfers In	0	0	0	0
Total Other Financing Sources (Uses)	351	0	0	1,094
Net Change in Fund Balances	(52,987)	(6,720)	17,168	33,581
Fund Balances at Beginning of Year	481,094	135,554	23,125	132,441
Increase in Inventory Reserve	4,683	0	0	128
Fund Balances End of Year	\$ 432,790	\$ 128,834	\$ 40,293	\$ 166,150

CITY OF MOUNT VERNON, OHIO

Park Development	Community Development Block Grant	Parking	Law Enforcement Trust	Drug Enforcement Trust	Permissive License Registration	Indigent Drivers Alcohol Treatment
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	114,525	0	0	0	102,063	0
2,590	0	45	0	0	0	0
0	0	0	0	0	0	0
0	13	0	0	0	0	0
0	0	2,573	2,950	4,184	0	16,291
0	0	0	0	0	0	0
<u>2,590</u>	<u>114,538</u>	<u>2,618</u>	<u>2,950</u>	<u>4,184</u>	<u>102,063</u>	<u>16,291</u>
0	0	24,742	303	1,620	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	176,503	0	0	0	0	0
0	0	0	0	0	104,953	0
0	0	0	0	0	0	16,509
<u>0</u>	<u>176,503</u>	<u>24,742</u>	<u>303</u>	<u>1,620</u>	<u>104,953</u>	<u>16,509</u>
2,590	(61,965)	(22,124)	2,647	2,564	(2,890)	(218)
0	0	0	0	0	0	0
<u>2,590</u>	<u>0</u>	<u>27,500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>2,590</u>	<u>0</u>	<u>27,500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
5,180	(61,965)	5,376	2,647	2,564	(2,890)	(218)
53,488	90,501	19,509	8,137	17,130	56,104	771
0	0	0	0	0	0	0
<u>\$ 58,668</u>	<u>\$ 28,536</u>	<u>\$ 24,885</u>	<u>\$ 10,784</u>	<u>\$ 19,694</u>	<u>\$ 53,214</u>	<u>\$ 553</u>

(Continued)

CITY OF MOUNT VERNON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2008***

	DUI Enforcement and Education	Court Computerization	Probation Services	Lodging Excise Tax
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 87,440
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	12,270	0
Licenses and Permits	0	0	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	1,739	76,810	0	0
All Other Revenue	0	0	0	0
Total Revenue	1,739	76,810	12,270	87,440
Expenditures:				
Current:				
Security of Persons and Property	3,471	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	0	0	0	0
General Government	0	38,105	6,547	88,334
Total Expenditures	3,471	38,105	6,547	88,334
Excess (Deficiency) of Revenues Over Expenditures	(1,732)	38,705	5,723	(894)
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	(1,732)	38,705	5,723	(894)
Fund Balances at Beginning of Year	36,353	101,126	19,539	894
Increase in Inventory Reserve	0	0	0	0
Fund Balances End of Year	\$ 34,621	\$ 139,831	\$ 25,262	\$ 0

CITY OF MOUNT VERNON, OHIO

Driver's Interlock and Alcohol Monitoring	Police Pension	Fire Pension	Mausoleum	Veterans Honor Walkway	Total Nonmajor Special Revenue Funds
\$ 0	\$ 150,735	\$ 150,735	\$ 0	\$ 0	\$ 853,553
0	8,673	8,673	0	0	968,029
0	0	0	0	2,185	63,666
0	0	0	0	0	500
0	0	0	102	78	10,568
300	0	0	0	0	104,847
0	0	0	0	0	2,821
<u>300</u>	<u>159,408</u>	<u>159,408</u>	<u>102</u>	<u>2,263</u>	<u>2,003,984</u>
0	255,917	428,441	0	0	714,494
0	0	0	0	0	286,901
0	0	0	0	1,015	1,015
0	0	0	0	0	176,503
0	0	0	0	0	1,087,465
0	2,025	2,025	0	0	153,545
<u>0</u>	<u>257,942</u>	<u>430,466</u>	<u>0</u>	<u>1,015</u>	<u>2,419,923</u>
300	(98,534)	(271,058)	102	1,248	(415,939)
0	0	0	0	0	1,445
<u>0</u>	<u>165,000</u>	<u>350,000</u>	<u>0</u>	<u>0</u>	<u>545,090</u>
<u>0</u>	<u>165,000</u>	<u>350,000</u>	<u>0</u>	<u>0</u>	<u>546,535</u>
300	66,466	78,942	102	1,248	130,596
0	140,335	56,799	4,617	68,236	1,445,753
0	0	0	0	0	4,811
<u>\$ 300</u>	<u>\$ 206,801</u>	<u>\$ 135,741</u>	<u>\$ 4,719</u>	<u>\$ 69,484</u>	<u>\$ 1,581,160</u>

CITY OF MOUNT VERNON, OHIO

***Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2008***

	<u>B&O Railroad Depot</u>	<u>TIF District- Industrial Area</u>	<u>Total Nonmajor Capital Projects Funds</u>
Assets:			
Cash and Cash Equivalents	\$ 7,574	\$ 13,846	\$ 21,420
Receivables:			
Taxes	<u>0</u>	<u>25,000</u>	<u>25,000</u>
Total Assets	<u>\$ 7,574</u>	<u>\$ 38,846</u>	<u>\$ 46,420</u>
Liabilities:			
Deferred Revenue	<u>\$ 0</u>	<u>25,000</u>	<u>25,000</u>
Total Liabilities	<u>0</u>	<u>25,000</u>	<u>25,000</u>
Fund Balances:			
Unreserved, Undesignated in:			
Capital Projects Funds	<u>7,574</u>	<u>13,846</u>	<u>21,420</u>
Total Fund Balances	<u>7,574</u>	<u>13,846</u>	<u>21,420</u>
Total Liabilities and Fund Balances	<u>\$ 7,574</u>	<u>\$ 38,846</u>	<u>\$ 46,420</u>

CITY OF MOUNT VERNON, OHIO

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2008***

	B&O Railroad Depot	TIF District- Industrial Area	Total Nonmajor Capital Project Funds
Revenues:			
Taxes	\$ 0	\$ 17,653	\$ 17,653
Total Revenue	<u>0</u>	<u>17,653</u>	<u>17,653</u>
Expenditures:			
Current:			
Transportation	0	3,807	3,807
General Government	760	0	760
Total Expenditures	<u>760</u>	<u>3,807</u>	<u>4,567</u>
Excess (Deficiency) of Revenues Over Expenditures	(760)	13,846	13,086
Fund Balances at Beginning of Year	<u>8,334</u>	<u>0</u>	<u>8,334</u>
Fund Balances End of Year	<u>\$ 7,574</u>	<u>\$ 13,846</u>	<u>\$ 21,420</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, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 635,400	\$ 635,400	\$ 674,074	\$ 38,674
Municipal Income Tax	8,181,800	8,853,800	9,029,514	175,714
Other Local Taxes	5,000	5,000	11,796	6,796
Total Tax Revenues	<u>8,822,200</u>	<u>9,494,200</u>	<u>9,715,384</u>	<u>221,184</u>
Intergovernmental Revenues:				
State Levied Shared Taxes	586,868	887,368	1,058,669	171,301
Intergovernmental Revenues	88,300	106,433	102,596	(3,837)
Total Intergovernmental Revenues	<u>675,168</u>	<u>993,801</u>	<u>1,161,265</u>	<u>167,464</u>
Charges for Services	1,043,950	1,126,950	1,382,219	255,269
Licenses and Permits	25,400	25,400	13,572	(11,828)
Investment Earnings	375,000	375,000	336,479	(38,521)
Fines and Forfeitures	400,000	643,000	644,137	1,137
All Other Revenues	105,000	120,775	136,594	15,819
Total Revenues	<u>11,446,718</u>	<u>12,779,126</u>	<u>13,389,650</u>	<u>610,524</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Personal Services	1,379,700	1,505,722	1,499,344	6,378
Travel and Transportation	26,000	52,560	47,537	5,023
Materials and Supplies	43,500	55,210	45,974	9,236
Contractual Services	141,000	182,609	179,701	2,908
Capital Outlay	100,000	184,165	124,368	59,797
Total Police Division	<u>1,690,200</u>	<u>1,980,266</u>	<u>1,896,924</u>	<u>83,342</u>
Fire and E.M.S. Division:				
Personal Services	2,071,080	2,302,215	2,290,588	11,627
Travel and Transportation	37,000	47,518	42,770	4,748
Materials and Supplies	79,500	77,127	70,287	6,840
Contractual Services	151,197	156,496	139,230	17,266
Capital Outlay	99,700	336,813	311,799	25,014
Total Fire and E.M.S. Division	<u>2,438,477</u>	<u>2,920,169</u>	<u>2,854,674</u>	<u>65,495</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, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Miscellaneous:				
Street Lighting/Radio Repair/Sirens:				
Materials and Supplies	30,000	30,000	19,144	10,856
Contractual Services	180,000	197,045	187,397	9,648
Public Defender:				
Contractual Services	7,000	19,000	15,000	4,000
Debt Services:				
Principal Retirement	9,000	8,886	8,879	7
Interest and Fiscal Charges	19,000	18,996	18,996	0
Total Miscellaneous	<u>245,000</u>	<u>273,927</u>	<u>249,416</u>	<u>24,511</u>
Total Security of Persons and Property	<u>4,373,677</u>	<u>5,174,362</u>	<u>5,001,014</u>	<u>173,348</u>
Public Health and Welfare Services:				
Police Division:				
Contractual Services	276,000	297,743	297,741	2
Total Police Division	<u>276,000</u>	<u>297,743</u>	<u>297,741</u>	<u>2</u>
Humane Officer:				
Travel and Transportation	10,000	17,528	17,519	9
Contractual Services	25,000	39,380	38,408	972
Total Humane Officer	<u>35,000</u>	<u>56,908</u>	<u>55,927</u>	<u>981</u>
Health Department:				
Contractual Services	43,285	43,285	43,285	0
Total Health Department	<u>43,285</u>	<u>43,285</u>	<u>43,285</u>	<u>0</u>
Total Public Health and Welfare Services	<u>354,285</u>	<u>397,936</u>	<u>396,953</u>	<u>983</u>
Leisure Time Activities:				
Parks:				
Personal Services	206,400	206,842	199,256	7,586
Travel and Transportation	500	500	119	381
Materials and Supplies	5,500	5,760	3,714	2,046
Contractual Services	215,000	184,065	174,725	9,340
Capital Outlay	45,000	45,000	45,000	0
Total Parks	<u>472,400</u>	<u>442,167</u>	<u>422,814</u>	<u>19,353</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, 2008***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Recreation:				
Personal Services	15,000	14,900	12,849	2,051
Materials and Supplies	5,400	5,620	5,349	271
Contractual Services	8,250	8,250	8,250	0
Total Recreation	<u>28,650</u>	<u>28,770</u>	<u>26,448</u>	<u>2,322</u>
Pool:				
Personal Services	185,000	185,665	184,314	1,351
Travel and Transportation	4,500	1,035	1,034	1
Materials and Supplies	99,550	90,480	80,533	9,947
Contractual Services	48,000	60,700	59,804	896
Capital Outlay	5,000	6,100	5,711	389
Total Pool	<u>342,050</u>	<u>343,980</u>	<u>331,396</u>	<u>12,584</u>
Total Leisure Time Activities	<u>843,100</u>	<u>814,917</u>	<u>780,658</u>	<u>34,259</u>
Community Environment:				
Miscellaneous Area Development, Tree Care and Trimming, Planning and Zoning:				
Materials and Supplies	22,000	22,450	22,094	356
Contractual Services	12,583	29,194	13,421	15,773
Total Community Environment	<u>34,583</u>	<u>51,644</u>	<u>35,515</u>	<u>16,129</u>
Transportation:				
Miscellaneous:				
Rivers and Harbors, Airport, Yauger Road Project, and Kokosing Gap Trail:				
Materials and Supplies	43,475	43,475	42,125	1,350
Contractual Services	12,000	13,200	12,284	916
Total Transportation	<u>55,475</u>	<u>56,675</u>	<u>54,409</u>	<u>2,266</u>
General Government:				
Council:				
Personal Services	61,336	61,336	61,336	0
Travel and Transportation	8,000	8,000	116	7,884
Materials and Supplies	8,000	11,766	5,862	5,904
Contractual Services	700	750	132	618
Total Council	<u>78,036</u>	<u>81,852</u>	<u>67,446</u>	<u>14,406</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, 2008***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Mayor:				
Personal Services	100,138	99,190	97,397	1,793
Travel and Transportation	200	0	0	0
Materials and Supplies	4,500	5,727	4,814	913
Contractual Services	500	764	610	154
Total Mayor	105,338	105,681	102,821	2,860
Auditor:				
Personal Services	258,073	266,973	227,109	39,864
Travel and Transportation	1,000	1,000	310	690
Materials and Supplies	13,000	16,303	15,653	650
Contractual Services	20,750	24,444	22,007	2,437
Total Auditor	292,823	308,720	265,079	43,641
Treasurer:				
Personal Services	7,593	7,593	7,593	0
Materials and Supplies	250	250	0	250
Total Treasurer	7,843	7,843	7,593	250
Law Director:				
Personal Services	246,928	246,928	240,151	6,777
Travel and Transportation	600	1,000	930	70
Materials and Supplies	18,500	25,860	24,479	1,381
Contractual Services	5,000	5,000	362	4,638
Total Law Director	271,028	278,788	265,922	12,866
Income Tax:				
Personal Services	119,000	119,000	116,013	2,987
Travel and Transportation	4,000	3,500	1,319	2,181
Materials and Supplies	20,750	28,297	27,396	901
Contractual Services	235,000	235,000	154,895	80,105
Capital Outlay	4,500	9,508	8,168	1,340
Total Income Tax	383,250	395,305	307,791	87,514

(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, 2008***

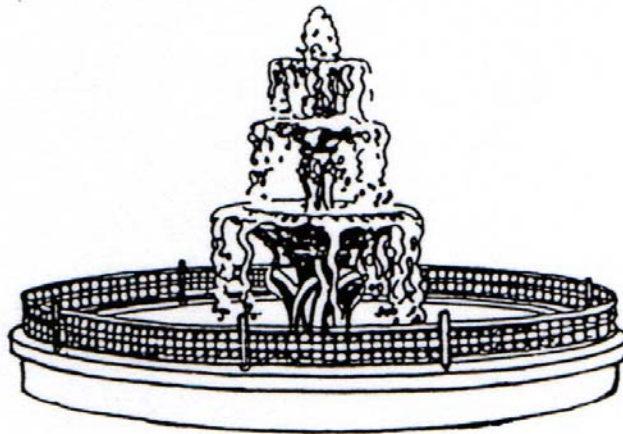
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Municipal Court:				
Personal Services	503,750	509,302	493,065	16,237
Travel and Transportation	5,100	7,948	7,303	645
Materials and Supplies	42,400	46,170	43,268	2,902
Contractual Services	9,000	8,000	0	8,000
Total Municipal Court	<u>560,250</u>	<u>571,420</u>	<u>543,636</u>	<u>27,784</u>
Civil Services:				
Personal Services	7,800	8,452	8,452	0
Travel and Transportation	0	275	175	100
Materials and Supplies	11,650	11,307	5,132	6,175
Total Civil Services	<u>19,450</u>	<u>20,034</u>	<u>13,759</u>	<u>6,275</u>
Safety Service:				
Personal Services	106,500	107,448	107,448	0
Travel and Transportation	500	500	105	395
Materials and Supplies	6,000	7,300	6,976	324
Contractual Services	179,000	175,800	100,850	74,950
Total Safety Service	<u>292,000</u>	<u>291,048</u>	<u>215,379</u>	<u>75,669</u>
Engineering:				
Personal Services	307,500	269,160	268,846	314
Travel and Transportation	500	703	702	1
Materials and Supplies	7,650	11,668	10,640	1,028
Contractual Services	257,000	376,088	246,071	130,017
Capital Outlay	11,500	38,500	38,418	82
Total Engineering	<u>584,150</u>	<u>696,119</u>	<u>564,677</u>	<u>131,442</u>
Public Land and Buildings:				
Personal Services	83,650	84,190	81,013	3,177
Travel and Transportation	300	300	93	207
Materials and Supplies	33,000	42,735	38,539	4,196
Contractual Services	459,000	410,125	361,376	48,749
Total Public Land and Buildings	<u>575,950</u>	<u>537,350</u>	<u>481,021</u>	<u>56,329</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, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Miscellaneous:				
Personal Services	2,176,000	2,005,563	1,865,298	140,265
Materials and Supplies	14,806	14,806	5,117	9,689
Contractual Services	580,370	609,143	335,803	273,340
Total Miscellaneous	<u>2,771,176</u>	<u>2,629,512</u>	<u>2,206,218</u>	<u>423,294</u>
Total General Government	<u>5,941,294</u>	<u>5,923,672</u>	<u>5,041,342</u>	<u>882,330</u>
Total Expenditures	<u>11,602,414</u>	<u>12,419,206</u>	<u>11,309,891</u>	<u>1,109,315</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(155,696)	359,920	2,079,759	1,719,839
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	10,853	10,853
Transfers Out	(1,479,000)	(2,739,000)	(2,493,139)	245,861
Total Other Financing Sources (Uses)	<u>(1,479,000)</u>	<u>(2,739,000)</u>	<u>(2,482,286)</u>	<u>256,714</u>
Net Change in Fund Balance	(1,634,696)	(2,379,080)	(402,527)	1,976,553
Fund Balance at Beginning of Year	2,635,450	2,635,450	2,635,450	0
Prior Year Encumbrances	744,384	744,384	744,384	0
Fund Balance at End of Year	<u>\$ 1,745,138</u>	<u>\$ 1,000,754</u>	<u>\$ 2,977,307</u>	<u>\$ 1,976,553</u>



CITY OF MOUNT VERNON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Debt Service Fund – General Bond Retirement Fund
For the Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 50,000	\$ 50,000	\$ 41,845	\$ (8,155)
Investment Earnings	0	0	31	31
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>41,876</u>	<u>(8,124)</u>
Expenditures:				
Basic Utility Service:				
Supplies and Materials	65,000	65,000	41,156	23,844
General Government:				
Contractual Services	1,600	1,600	689	911
Debt Service:				
Principal Retirement	1,509,777	1,509,777	1,472,500	37,277
Interest and Fiscal Charges	965,000	965,000	932,493	32,507
Total Expenditures	<u>2,541,377</u>	<u>2,541,377</u>	<u>2,446,838</u>	<u>94,539</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,491,377)	(2,491,377)	(2,404,962)	86,415
Other Financing Sources:				
Transfers In	2,436,154	2,436,154	2,349,739	(86,415)
Total Other Financing Sources	<u>2,436,154</u>	<u>2,436,154</u>	<u>2,349,739</u>	<u>(86,415)</u>
Net Change in Fund Balance	(55,223)	(55,223)	(55,223)	0
Fund Balance at Beginning of Year	<u>55,223</u>	<u>55,223</u>	<u>55,223</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF MOUNT VERNON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Project Funds – Capital Improvements Fund
For the Year Ended December 31, 2008***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Municipal Income Taxes	\$ 585,000	\$ 585,000	\$ 654,963	\$ 69,963
Intergovernmental Revenues	0	55,000	0	(55,000)
Investment Earnings	0	0	11,162	11,162
All Other Revenues	49,018	49,018	67,179	18,161
Total Revenues	<u>634,018</u>	<u>689,018</u>	<u>733,304</u>	<u>44,286</u>
Expenditures:				
Security of Persons and Property:				
Police:				
Capital Outlay	14,000	20,142	18,955	1,187
Total Security of Persons and Property	<u>14,000</u>	<u>20,142</u>	<u>18,955</u>	<u>1,187</u>
Leisure Time Activities:				
Parks:				
Capital Outlay	8,000	8,000	7,277	723
Total Leisure Time Activities	<u>8,000</u>	<u>8,000</u>	<u>7,277</u>	<u>723</u>
Transportation:				
Street:				
Capital Outlay	1,649,587	3,826,627	1,727,873	2,098,754
Total Transportation	<u>1,649,587</u>	<u>3,826,627</u>	<u>1,727,873</u>	<u>2,098,754</u>
General Government:				
Mayor:				
Capital Outlay	3,171	6,400	3,484	2,916
Law Director:				
Capital Outlay	3,000	3,300	0	3,300

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, 2008***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Income Tax:				
Capital Outlay	0	21,000	18,571	2,429
Public Lands and Buildings:				
Capital Outlay	478,000	639,795	461,309	178,486
Total General Government	484,171	670,495	483,364	187,131
Debt Service:				
Interest and Fiscal Charges	0	7,245	7,245	0
Total Expenditures	2,155,758	4,532,509	2,244,714	2,287,795
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,521,740)	(3,843,491)	(1,511,410)	2,332,081
Other Financing Sources:				
Proceeds from General Obligation Notes	0	2,100,000	2,100,000	0
Premium on General Obligation Notes Issued	0	7,245	7,245	0
Transfers In	0	125,000	1,700,000	1,575,000
Total Other Financing Sources	0	2,232,245	3,807,245	1,575,000
Net Change in Fund Balance	(1,521,740)	(1,611,246)	2,295,835	3,907,081
Fund Balance at Beginning of Year	1,521,740	1,521,740	1,521,740	0
Prior Year Encumbrances	89,506	89,506	89,506	0
Fund Balance at End of Year	<u>\$ 89,506</u>	<u>\$ 0</u>	<u>\$ 3,907,081</u>	<u>\$ 3,907,081</u>

CITY OF MOUNT VERNON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Project Funds – TIF District – Coshocton Road Fund
For the Year Ended December 31, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 1,075,000	\$ 1,075,000	\$ 1,155,370	\$ 80,370
All Other Revenues	0	0	86,494	86,494
Total Revenues	<u>1,075,000</u>	<u>1,075,000</u>	<u>1,241,864</u>	<u>166,864</u>
Expenditures:				
Transportation:				
Street:				
Contractual Services	310,500	335,500	332,119	3,381
Capital Outlay	1,486,008	1,461,008	12,476	1,448,532
Total Expenditures	<u>1,796,508</u>	<u>1,796,508</u>	<u>344,595</u>	<u>1,451,913</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(721,508)	(721,508)	897,269	1,618,777
Other Financing Sources (Uses):				
Transfers Out	(295,000)	(295,000)	(292,147)	2,853
Total Other Financing Sources (Uses)	<u>(295,000)</u>	<u>(295,000)</u>	<u>(292,147)</u>	<u>2,853</u>
Net Change in Fund Balance	(1,016,508)	(1,016,508)	605,122	1,621,630
Fund Balance at Beginning of Year	<u>1,016,508</u>	<u>1,016,508</u>	<u>1,016,508</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 1,621,630</u></u>	<u><u>\$ 1,621,630</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, 2008**

STREET CONSTRUCTION, MAINTENANCE AND REPAIR

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Municipal Income Taxes	\$ 175,500	\$ 175,500	\$ 196,489	\$ 20,989
Intergovernmental Revenues	616,500	616,500	612,830	(3,670)
Licenses and Permits	0	0	500	500
Investment Earnings	5,000	5,000	2,255	(2,745)
All Other Revenues	0	0	2,909	2,909
Total Revenues	<u>797,000</u>	<u>797,000</u>	<u>814,983</u>	<u>17,983</u>
Expenditures:				
Transportation:				
Personal Services	750,500	772,150	728,131	44,019
Travel and Transportation	3,000	3,000	682	2,318
Materials and Supplies	154,500	179,158	135,686	43,472
Contractual Services	76,000	89,825	65,110	24,715
Capital Outlay	175,153	163,153	0	163,153
Total Expenditures	<u>1,159,153</u>	<u>1,207,286</u>	<u>929,609</u>	<u>277,677</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(362,153)	(410,286)	(114,626)	295,660
Other Financing Sources:				
Sale of Capital Assets	0	0	351	351
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>351</u>	<u>351</u>
Net Change in Fund Balance	(362,153)	(410,286)	(114,275)	296,011
Fund Balance at Beginning of Year	362,153	362,153	362,153	0
Prior Year Encumbrances	48,133	48,133	48,133	0
Fund Balance at End of Year	<u>\$ 48,133</u>	<u>\$ 0</u>	<u>\$ 296,011</u>	<u>\$ 296,011</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, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 50,000	\$ 50,000	\$ 49,689	\$ (311)
Investment Earnings	3,500	3,500	864	(2,636)
Total Revenues	<u>53,500</u>	<u>53,500</u>	<u>50,553</u>	<u>(2,947)</u>
Expenditures:				
Transportation:				
Capital Outlay	<u>179,954</u>	<u>183,756</u>	<u>69,275</u>	<u>114,481</u>
Total Expenditures	<u>179,954</u>	<u>183,756</u>	<u>69,275</u>	<u>114,481</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(126,454)	(130,256)	(18,722)	111,534
Fund Balance at Beginning of Year	126,454	126,454	126,454	0
Prior Year Encumbrances	<u>3,802</u>	<u>3,802</u>	<u>3,802</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 3,802</u>	<u>\$ 0</u>	<u>\$ 111,534</u>	<u>\$ 111,534</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, 2008**

	PERMISSIVE AUTO LICENSE TAX			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 90,000	\$ 90,000	\$ 32,881	\$ (57,119)
Total Revenues	<u>90,000</u>	<u>90,000</u>	<u>32,881</u>	<u>(57,119)</u>
Expenditures:				
Transportation:				
Capital Outlay	<u>113,125</u>	<u>113,125</u>	<u>56,000</u>	<u>57,125</u>
Total Expenditures	<u>113,125</u>	<u>113,125</u>	<u>56,000</u>	<u>57,125</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(23,125)	(23,125)	(23,119)	6
Fund Balance at Beginning of Year	<u>23,125</u>	<u>23,125</u>	<u>23,125</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 6</u></u>	<u><u>\$ 6</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, 2008**

	CEMETERY FUND			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Municipal Income Taxes	\$ 234,000	\$ 234,000	\$ 261,985	\$ 27,985
Charges for Services	50,000	50,000	47,782	(2,218)
Investment Earnings	12,000	12,000	7,256	(4,744)
All Other Revenues	0	0	113	113
Total Revenues	<u>296,000</u>	<u>296,000</u>	<u>317,136</u>	<u>21,136</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	282,410	288,187	246,740	41,447
Travel and Transportation	350	487	487	0
Materials and Supplies	10,300	12,345	7,982	4,363
Contractual Services	34,150	37,627	27,272	10,355
Capital Outlay	61,070	58,620	12,960	45,660
Total Expenditures	<u>388,280</u>	<u>397,266</u>	<u>295,441</u>	<u>101,825</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(92,280)	(101,266)	21,695	122,961
Other Financing Sources:				
Sale of Capital Assets	0	0	1,094	1,094
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>1,094</u>	<u>1,094</u>
Net Change in Fund Balance	(92,280)	(101,266)	22,789	124,055
Fund Balance at Beginning of Year	92,281	92,281	92,281	0
Prior Year Encumbrances	8,985	8,985	8,985	0
Fund Balance at End of Year	<u>\$ 8,986</u>	<u>\$ 0</u>	<u>\$ 124,055</u>	<u>\$ 124,055</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, 2008**

PARK DEVELOPMENT

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 5,000	\$ 5,000	\$ 2,590	\$ (2,410)
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>2,590</u>	<u>(2,410)</u>
Expenditures:				
Leisure Time Activities:				
Capital Outlay	<u>63,488</u>	<u>63,488</u>	<u>0</u>	<u>63,488</u>
Total Expenditures	<u>63,488</u>	<u>63,488</u>	<u>0</u>	<u>63,488</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(58,488)	(58,488)	2,590	61,078
Other Financing Sources:				
Transfers In	<u>5,000</u>	<u>5,000</u>	<u>2,590</u>	<u>(2,410)</u>
Total Other Financing Sources	<u>5,000</u>	<u>5,000</u>	<u>2,590</u>	<u>(2,410)</u>
Net Change in Fund Balance	(53,488)	(53,488)	5,180	58,668
Fund Balance at Beginning of Year	<u>53,488</u>	<u>53,488</u>	<u>53,488</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 58,668</u></u>	<u><u>\$ 58,668</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, 2008***

COMMUNITY DEVELOPMENT BLOCK GRANT				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 256,500	\$ 1,125,500	\$ 86,950	\$ (1,038,550)
Investment Earnings	30	30	13	(17)
Total Revenues	<u>256,530</u>	<u>1,125,530</u>	<u>86,963</u>	<u>(1,038,567)</u>
Expenditures:				
Community Environment:				
Contractual Services	309,760	1,225,523	204,955	1,020,568
Total Expenditures	<u>309,760</u>	<u>1,225,523</u>	<u>204,955</u>	<u>1,020,568</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(53,230)	(99,993)	(117,992)	(17,999)
Fund Balance at Beginning of Year	86,526	86,526	86,526	0
Prior Year Encumbrances	46,763	46,763	46,763	0
Fund Balance at End of Year	<u>\$ 80,059</u>	<u>\$ 33,296</u>	<u>\$ 15,297</u>	<u>\$ (17,999)</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, 2008**

	PARKING			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Charges for Services	\$ 0	\$ 0	\$ 45	\$ 45
Fines and Forfeitures	500	500	2,573	2,073
Total Revenues	<u>500</u>	<u>500</u>	<u>2,618</u>	<u>2,118</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	16,270	16,385	5,233	11,152
Materials and Supplies	1,000	1,000	0	1,000
Contractual Services	26,000	26,748	21,494	5,254
Total Expenditures	<u>43,270</u>	<u>44,133</u>	<u>26,727</u>	<u>17,406</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(42,770)	(43,633)	(24,109)	19,524
Other Financing Sources:				
Transfers In	<u>28,000</u>	<u>28,000</u>	<u>27,500</u>	<u>(500)</u>
Total Other Financing Sources	<u>28,000</u>	<u>28,000</u>	<u>27,500</u>	<u>(500)</u>
Net Change in Fund Balance	(14,770)	(15,633)	3,391	19,024
Fund Balance at Beginning of Year	19,770	19,770	19,770	0
Prior Year Encumbrances	<u>863</u>	<u>863</u>	<u>863</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 5,863</u>	<u>\$ 5,000</u>	<u>\$ 24,024</u>	<u>\$ 19,024</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, 2008**

LAW ENFORCEMENT TRUST				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues:				
Fines and Forfeitures	\$ 2,950	\$ 2,950	\$ 2,950	\$ 0
Total Revenues	<u>2,950</u>	<u>2,950</u>	<u>2,950</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	<u>303</u>	<u>303</u>	<u>303</u>	<u>0</u>
Total Expenditures	<u>303</u>	<u>303</u>	<u>303</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,647	2,647	2,647	0
Fund Balance at Beginning of Year	<u>8,137</u>	<u>8,137</u>	<u>8,137</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 10,784</u></u>	<u><u>\$ 10,784</u></u>	<u><u>\$ 10,784</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, 2008***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 4,184	\$ 4,184	\$ 4,184	\$ 0
Total Revenues	<u>4,184</u>	<u>4,184</u>	<u>4,184</u>	<u>0</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,184	4,184	4,184	0
Fund Balance at Beginning of Year	<u>17,130</u>	<u>17,130</u>	<u>17,130</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 21,314</u>	<u>\$ 21,314</u>	<u>\$ 21,314</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, 2008***

	PERMISSIVE LICENSE REGISTRATION			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 100,000	\$ 100,000	\$ 102,332	\$ 2,332
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>102,332</u>	<u>2,332</u>
Expenditures:				
Transportation:				
Materials and Supplies	89,688	105,716	103,567	2,149
Contractual Services	<u>40,000</u>	<u>41,175</u>	<u>13,985</u>	<u>27,190</u>
Total Expenditures	<u>129,688</u>	<u>146,891</u>	<u>117,552</u>	<u>29,339</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(29,688)	(46,891)	(15,220)	31,671
Fund Balance at Beginning of Year	29,688	29,688	29,688	0
Prior Year Encumbrances	<u>17,203</u>	<u>17,203</u>	<u>17,203</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 17,203</u>	<u>\$ 0</u>	<u>\$ 31,671</u>	<u>\$ 31,671</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, 2008**

INDIGENT DRIVERS ALCOHOL TREATMENT

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 18,500	\$ 18,500	\$ 16,509	\$ (1,991)
Total Revenues	<u>18,500</u>	<u>18,500</u>	<u>16,509</u>	<u>(1,991)</u>
Expenditures:				
General Government:				
Contractual Services	<u>18,500</u>	<u>18,500</u>	<u>16,509</u>	<u>1,991</u>
Total Expenditures	<u>18,500</u>	<u>18,500</u>	<u>16,509</u>	<u>1,991</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF MOUNT VERNON, OHIO

**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, 2008**

DUI ENFORCEMENT AND EDUCATION				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Fines and Forfeitures	\$ 2,000	\$ 2,000	\$ 1,750	\$ (250)
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>1,750</u>	<u>(250)</u>
Expenditures:				
General Government:				
Contractual Services	<u>38,239</u>	<u>38,239</u>	<u>3,471</u>	<u>34,768</u>
Total Expenditures	<u>38,239</u>	<u>38,239</u>	<u>3,471</u>	<u>34,768</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(36,239)	(36,239)	(1,721)	34,518
Fund Balance at Beginning of Year	<u>36,239</u>	<u>36,239</u>	<u>36,239</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 34,518</u></u>	<u><u>\$ 34,518</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, 2008**

	COURT COMPUTERIZATION			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Fines and Forfeitures	\$ 70,000	\$ 70,000	\$ 75,700	\$ 5,700
Total Revenues	<u>70,000</u>	<u>70,000</u>	<u>75,700</u>	<u>5,700</u>
Expenditures:				
General Government:				
Contractual Services	146,179	153,476	46,038	107,438
Total Expenditures	<u>146,179</u>	<u>153,476</u>	<u>46,038</u>	<u>107,438</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(76,179)	(83,476)	29,662	113,138
Fund Balance at Beginning of Year	76,179	76,179	76,179	0
Prior Year Encumbrances	7,297	7,297	7,297	0
Fund Balance at End of Year	<u>\$ 7,297</u>	<u>\$ 0</u>	<u>\$ 113,138</u>	<u>\$ 113,138</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, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 8,500	\$ 8,500	\$ 12,270	\$ 3,770
Total Revenues	<u>8,500</u>	<u>8,500</u>	<u>12,270</u>	<u>3,770</u>
Expenditures:				
General Government:				
Materials and Supplies	<u>28,039</u>	<u>28,039</u>	<u>6,547</u>	<u>21,492</u>
Total Expenditures	<u>28,039</u>	<u>28,039</u>	<u>6,547</u>	<u>21,492</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(19,539)	(19,539)	5,723	25,262
Fund Balance at Beginning of Year	<u>19,539</u>	<u>19,539</u>	<u>19,539</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 25,262</u>	<u>\$ 25,262</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, 2008**

	LODGING EXCISE TAX			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Other Local Taxes	\$ 95,000	\$ 95,000	\$ 88,525	\$ (6,475)
Total Revenues	<u>95,000</u>	<u>95,000</u>	<u>88,525</u>	<u>(6,475)</u>
Expenditures:				
General Government:				
Contractual Services	<u>95,118</u>	<u>95,118</u>	<u>88,643</u>	<u>6,475</u>
Total Expenditures	<u>95,118</u>	<u>95,118</u>	<u>88,643</u>	<u>6,475</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(118)	(118)	(118)	0
Fund Balance at Beginning of Year	<u>118</u>	<u>118</u>	<u>118</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, 2008**

	DRIVERS INTERLOCK AND ALCOHOL MONITORING			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Fines and Forfeitures	\$ 0	\$ 1,000	\$ 150	\$ (850)
Total Revenues	<u>0</u>	<u>1,000</u>	<u>150</u>	<u>(850)</u>
Expenditures:				
General Government:				
Contractual Services	<u>0</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Total Expenditures	<u>0</u>	<u>1,000</u>	<u>0</u>	<u>1,000</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	150	150
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 150</u>	<u>\$ 150</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, 2008***

	POLICE PENSION			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property Taxes	\$ 80,500	\$ 80,500	\$ 84,358	\$ 3,858
Municipal Income Taxes	58,500	58,500	65,496	6,996
Intergovernmental Revenues	6,400	6,400	8,673	2,273
Total Revenues	<u>145,400</u>	<u>145,400</u>	<u>158,527</u>	<u>13,127</u>
Expenditures:				
Security of Persons and Property				
Personal Services	401,372	460,622	315,741	144,881
General Government:				
Contractual Services	2,500	2,500	2,025	475
Total Expenditures	<u>403,872</u>	<u>463,122</u>	<u>317,766</u>	<u>145,356</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(258,472)	(317,722)	(159,239)	158,483
Other Financing Sources:				
Transfers In	127,500	127,500	165,000	37,500
Total Other Financing Sources	<u>127,500</u>	<u>127,500</u>	<u>165,000</u>	<u>37,500</u>
Net Change in Fund Balance	(130,972)	(190,222)	5,761	195,983
Fund Balance at Beginning of Year	130,972	130,972	130,972	0
Prior Year Encumbrances	59,250	59,250	59,250	0
Fund Balance at End of Year	<u>\$ 59,250</u>	<u>\$ 0</u>	<u>\$ 195,983</u>	<u>\$ 195,983</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, 2008**

	FIRE PENSION			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property Taxes	\$ 80,500	\$ 80,500	\$ 84,358	\$ 3,858
Municipal Income Taxes	58,500	58,500	65,496	6,996
Intergovernmental Revenues	6,400	6,400	8,673	2,273
Total Revenues	<u>145,400</u>	<u>145,400</u>	<u>158,527</u>	<u>13,127</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	459,260	576,160	550,015	26,145
General Government:				
Contractual Services	2,500	2,500	2,025	475
Total Expenditures	<u>461,760</u>	<u>578,660</u>	<u>552,040</u>	<u>26,620</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(316,360)	(433,260)	(393,513)	39,747
Other Financing Sources:				
Transfers In	272,500	272,500	350,000	77,500
Total Other Financing Sources	<u>272,500</u>	<u>272,500</u>	<u>350,000</u>	<u>77,500</u>
Net Change in Fund Balance	(43,860)	(160,760)	(43,513)	117,247
Fund Balance at Beginning of Year	43,860	43,860	43,860	0
Prior Year Encumbrances	116,900	116,900	116,900	0
Fund Balance at End of Year	<u>\$ 116,900</u>	<u>\$ 0</u>	<u>\$ 117,247</u>	<u>\$ 117,247</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, 2008**

	MAUSOLEUM			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Investment Earnings	\$ 100	\$ 100	\$ 102	\$ 2
Total Revenues	<u>100</u>	<u>100</u>	<u>102</u>	<u>2</u>
Expenditures:				
Public Health and Welfare Services:				
Contractual Services	4,717	4,717	0	4,717
Total Expenditures	<u>4,717</u>	<u>4,717</u>	<u>0</u>	<u>4,717</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,617)	(4,617)	102	4,719
Fund Balance at Beginning of Year	<u>4,617</u>	<u>4,617</u>	<u>4,617</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 4,719</u></u>	<u><u>\$ 4,719</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, 2008***

	VETERANS HONOR WALKWAY			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Charges for Services	\$ 2,400	\$ 2,400	\$ 2,185	\$ (215)
Investment Earnings	100	100	78	(22)
Total Revenues	<u>2,500</u>	<u>2,500</u>	<u>2,263</u>	<u>(237)</u>
Expenditures:				
Leisure Time Activities				
Materials and Supplies	2,000	2,000	734	1,266
Contractual Services	68,736	68,736	280	68,456
Total Expenditures	<u>70,736</u>	<u>70,736</u>	<u>1,014</u>	<u>69,722</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(68,236)	(68,236)	1,249	69,485
Fund Balance at Beginning of Year	<u>68,236</u>	<u>68,236</u>	<u>68,236</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 69,485</u>	<u>\$ 69,485</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, 2008**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
General Government:				
Contractual Services	8,334	8,334	760	7,574
Total Expenditures	8,334	8,334	760	7,574
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,334)	(8,334)	(760)	7,574
Fund Balance at Beginning of Year	8,334	8,334	8,334	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 7,574	\$ 7,574

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, 2008**

	TIF DISTRICT-INDUSTRIAL AREA			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property Taxes	\$ 0	\$ 17,653	\$ 17,653	\$ 0
Total Revenues	<u>0</u>	<u>17,653</u>	<u>17,653</u>	<u>0</u>
Expenditures:				
Transportation:				
Street:				
Contractual Services	0	353	307	46
Capital Outlay	<u>0</u>	<u>17,300</u>	<u>3,500</u>	<u>13,800</u>
Total Expenditures	<u>0</u>	<u>17,653</u>	<u>3,807</u>	<u>13,846</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	13,846	13,846
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 13,846</u>	<u>\$ 13,846</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, 2008***

	PERPETUAL CARE			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
All Other Revenues	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 8,459</u>	<u>\$ 3,459</u>
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>8,459</u>	<u>3,459</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	8,459	3,459
Fund Balance at Beginning of Year	<u>328,679</u>	<u>328,679</u>	<u>328,679</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 333,679</u>	<u>\$ 333,679</u>	<u>\$ 337,138</u>	<u>\$ 3,459</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, 2008***

	Balance December 31, 2007	Additions	Deductions	Balance December 31, 2008
<u>Insurance Trust Fund</u>				
Assets:				
Cash and Cash Equivalents	\$14,800	\$50,402	(\$52,522)	\$12,680
Total Assets	<u>\$14,800</u>	<u>\$50,402</u>	<u>(\$52,522)</u>	<u>\$12,680</u>
Liabilities:				
Due to Others	\$14,800	\$50,402	(\$52,522)	\$12,680
Total Liabilities	<u>\$14,800</u>	<u>\$50,402</u>	<u>(\$52,522)</u>	<u>\$12,680</u>
<u>Bonds and Inspection Fee Trust Fund</u>				
Assets:				
Cash	\$20,651	\$14,000	(\$26,000)	\$8,651
Total Assets	<u>\$20,651</u>	<u>\$14,000</u>	<u>(\$26,000)</u>	<u>\$8,651</u>
Liabilities:				
Due to Others	20,651	14,000	(26,000)	8,651
Total Liabilities	<u>\$20,651</u>	<u>\$14,000</u>	<u>(\$26,000)</u>	<u>\$8,651</u>
<u>Municipal Court Fund</u>				
Assets:				
Cash and Cash Equivalents	\$68,656	\$906,789	(\$902,153)	\$73,292
Total Assets	<u>\$68,656</u>	<u>\$906,789</u>	<u>(\$902,153)</u>	<u>\$73,292</u>
Liabilities:				
Intergovernmental Payable	\$25,228	\$405,300	(\$400,544)	\$29,984
Due to Others	43,428	501,489	(501,609)	43,308
Total Liabilities	<u>\$68,656</u>	<u>\$906,789</u>	<u>(\$902,153)</u>	<u>\$73,292</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$104,107	\$971,191	(\$980,675)	\$94,623
Total Assets	<u>\$104,107</u>	<u>\$971,191</u>	<u>(\$980,675)</u>	<u>\$94,623</u>
Liabilities:				
Intergovernmental Payables	\$25,228	\$405,300	(\$400,544)	\$29,984
Due to Others	78,879	565,891	(580,131)	64,639
Total Liabilities	<u>\$104,107</u>	<u>\$971,191</u>	<u>(\$980,675)</u>	<u>\$94,623</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, 2008***

Capital Assets

Land	\$10,777,668
Construction In Progress	2,156,829
Buildings	10,756,514
Improvements Other than Buildings	613,672
Infrastructure	34,420,433
Machinery and Equipment	5,888,101
Total Capital Assets	<u>\$64,613,217</u>

Investment in Capital Assets

General Fund	\$6,041,003
Special Revenue Funds	460,142
Capital Projects Fund	51,999,202
Proprietary Funds	91,490
Contributions	518,625
Federal Grants	906,395
State Grants	4,596,360
Total Investment in Capital Assets	<u>\$64,613,217</u>

CITY OF MOUNT VERNON, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2008**

Function and Activity	Land	Construction In Progress	Buildings
<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	0	0	0
Engineer	0	0	0
Public Lands and Buildings	161,608	81,325	1,842,708
Total	270,983	81,325	3,017,860
<u>Security of Persons and Property:</u>			
Police	0	0	255,058
Fire	809,550	0	2,614,705
Total	809,550	0	2,869,763
<u>Transportation:</u>			
Street	8,293,468	2,031,804	119,855
<u>Leisure Time Activities:</u>			
Parks and Recreation	1,355,632	43,700	4,647,258
<u>Public Health and Welfare:</u>			
Cemetery	48,035	0	101,778
Total Capital Assets	\$10,777,668	\$2,156,829	\$10,756,514

CITY OF MOUNT VERNON, OHIO

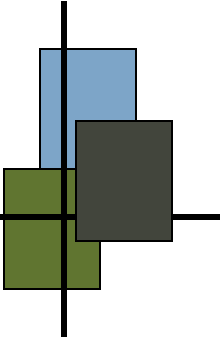
Improvements Other than Buildings	Infrastructure	Machinery and Equipment	Total
\$7,752	\$0	\$0	\$1,275,294
0	0	10,746	14,736
0	0	1,219	1,219
0	0	120,757	120,757
0	0	21,747	21,747
0	0	58,522	58,522
0	0	238,738	251,733
0	0	1,543	1,543
0	0	62,920	62,920
0	0	411,347	411,347
3,143	0	118,975	2,207,759
<u>10,895</u>	<u>0</u>	<u>1,046,514</u>	<u>4,427,577</u>
0	0	867,179	1,122,237
4,056	0	2,091,100	5,519,411
<u>4,056</u>	<u>0</u>	<u>2,958,279</u>	<u>6,641,648</u>
<u>20,437</u>	<u>34,420,433</u>	<u>1,259,001</u>	<u>46,144,998</u>
<u>481,275</u>	<u>0</u>	<u>456,191</u>	<u>6,984,056</u>
<u>97,009</u>	<u>0</u>	<u>168,116</u>	<u>414,938</u>
<u>\$613,672</u>	<u>\$34,420,433</u>	<u>\$5,888,101</u>	<u>\$64,613,217</u>

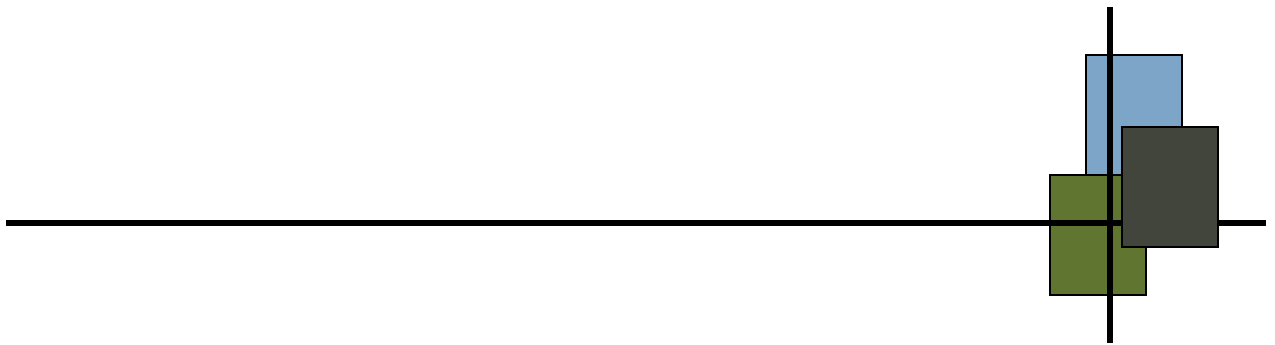
CITY OF MOUNT VERNON, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For Year Ended December 31, 2008***

Function and Activity	December 31, 2007	Additions	Deletions	December 31, 2008
<u>General Government:</u>				
Administration	\$1,275,294	\$0	\$0	\$1,275,294
City Council	14,736	0	0	14,736
Mayor	1,219	0	0	1,219
City Auditor	120,757	0	0	120,757
Law Director	31,448	0	(9,701)	21,747
Income Tax	35,845	23,726	(1,049)	58,522
Municipal Court	266,460	9,686	(24,413)	251,733
Civil Service	1,543	0	0	1,543
Safety and Service	53,420	9,500	0	62,920
Engineer	409,025	49,310	(46,988)	411,347
Public Lands and Buildings	1,657,327	584,733	(34,301)	2,207,759
Total	<u>3,867,074</u>	<u>676,955</u>	<u>(116,452)</u>	<u>4,427,577</u>
<u>Security of Persons and Property:</u>				
Police	1,069,856	104,281	(51,900)	1,122,237
Fire	5,389,661	208,751	(79,001)	5,519,411
Total	<u>6,459,517</u>	<u>313,032</u>	<u>(130,901)</u>	<u>6,641,648</u>
<u>Transportation:</u>				
Street	<u>42,920,250</u>	<u>3,294,419</u>	<u>(69,671)</u>	<u>46,144,998</u>
<u>Leisure Time Activities:</u>				
Parks and Recreation	<u>6,873,700</u>	<u>110,356</u>	<u>0</u>	<u>6,984,056</u>
<u>Public Health and Welfare:</u>				
Cemetery	<u>397,006</u>	<u>24,470</u>	<u>(6,538)</u>	<u>414,938</u>
Total Capital Assets	<u>\$60,517,547</u>	<u>\$4,419,232</u>	<u>(\$323,562)</u>	<u>\$64,613,217</u>

Statistical Section





STATISTICAL TABLES

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

Contents

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

City of Mount Vernon, Ohio

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

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

Source: City Auditor's Office

City of Mount Vernon, Ohio

<u>2007</u>	<u>2008</u>
\$35,789,973	\$37,018,250
4,503,529	4,237,726
4,954,398	7,525,549
<u>\$45,247,900</u>	<u>\$48,781,525</u>

\$13,897,047	\$14,278,602
1,391,876	1,237,219
5,345,814	4,734,074
<u>\$20,634,737</u>	<u>\$20,249,895</u>

\$49,687,020	\$51,296,852
5,895,405	5,474,945
10,300,212	12,259,623
<u>\$65,882,637</u>	<u>\$69,031,420</u>

City of Mount Vernon, Ohio

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

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

City of Mount Vernon, Ohio

<u>2007</u>	<u>2008</u>
\$5,599,365	\$5,728,419
666,167	644,241
777,880	952,192
745,733	211,150
2,097,746	2,433,003
4,627,294	4,627,134
355,174	263,523
<u>14,869,359</u>	<u>14,859,662</u>
3,216,980	3,390,852
2,873,468	2,858,183
<u>6,090,448</u>	<u>6,249,035</u>
<u>\$20,959,807</u>	<u>\$21,108,697</u>
\$939,779	\$1,016,173
54,678	56,052
294,296	309,238
953	3,989
1,400	500
897,668	863,175
871,919	1,761,824
1,508,148	447,392
<u>4,568,841</u>	<u>4,458,343</u>

(continued)

City of Mount Vernon, Ohio

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

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

Source: City Auditor's Office

City of Mount Vernon, Ohio

<u>2007</u>	<u>2008</u>
3,197,165	3,308,139
2,675,408	2,515,147
<u>0</u>	<u>0</u>
5,872,573	5,823,286
<u>10,441,414</u>	<u>10,281,629</u>
(10,300,518)	(10,401,319)
(217,875)	(425,749)
<u>(\$10,518,393)</u>	<u>(\$10,827,068)</u>
\$736,982	\$632,956
181,624	158,796
1,058,750	1,176,352
9,260,355	10,359,164
106,968	99,236
1,057,943	842,850
675,429	421,642
177,197	243,948
<u>0</u>	<u>0</u>
13,255,248	13,934,944
187,399	40,907
<u>0</u>	<u>0</u>
187,399	40,907
<u>\$13,442,647</u>	<u>\$13,975,851</u>
\$2,954,730	\$3,533,625
(30,476)	(384,842)
<u>\$2,924,254</u>	<u>\$3,148,783</u>

City of Mount Vernon, Ohio

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

	1999	2000	2001	2002	2003
General Fund					
Reserved	\$571,294	\$359,446	\$451,473	\$452,615	\$300,833
Unreserved	2,117,738	3,210,612	2,954,889	2,159,404	1,587,655
<i>Total General Fund</i>	<u>2,689,032</u>	<u>3,570,058</u>	<u>3,406,362</u>	<u>2,612,019</u>	<u>1,888,488</u>
All Other Governmental Funds					
Reserved	767,865	489,955	322,545	775,975	411,570
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	748,751	858,231	753,381	565,443	607,698
Debt Service Funds	71,093	37,143	40,213	0	0
Capital Projects Funds	1,504,166	605,011	722,580	1,569,804	494,970
Permanent Fund	0	0	0	0	298,764
<i>Total All Other Governmental Funds</i>	<u>3,091,875</u>	<u>1,990,340</u>	<u>1,838,719</u>	<u>2,911,222</u>	<u>1,813,002</u>
<i>Total Governmental Funds</i>	<u>\$5,780,907</u>	<u>\$5,560,398</u>	<u>\$5,245,081</u>	<u>\$5,523,241</u>	<u>\$3,701,490</u>

Source: City Auditor's Office

NOTE: Years 1999-2002 do not include Perpetual Care Fund which was classified as a Fiduciary Fund prior to implementing GASB 34 in 2003

City of Mount Vernon, Ohio

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
\$270,566	\$230,254	\$301,509	\$607,319	\$395,128
<u>2,041,286</u>	<u>2,335,202</u>	<u>3,338,049</u>	<u>4,212,879</u>	<u>4,458,073</u>
<u>2,311,852</u>	<u>2,565,456</u>	<u>3,639,558</u>	<u>4,820,198</u>	<u>4,853,201</u>
286,964	278,367	371,377	322,041	271,232
701,300	824,716	900,067	1,189,268	1,479,376
0	0	840	0	0
824,861	1,623,553	801,833	2,655,574	4,463,434
<u>308,934</u>	<u>318,268</u>	<u>325,010</u>	<u>334,058</u>	<u>343,534</u>
<u>2,122,059</u>	<u>3,044,904</u>	<u>2,399,127</u>	<u>4,500,941</u>	<u>6,557,576</u>
<u>\$4,433,911</u>	<u>\$5,610,360</u>	<u>\$6,038,685</u>	<u>\$9,321,139</u>	<u>\$11,410,777</u>

City of Mount Vernon, Ohio

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

	1999	2000	2001	2002
Revenues:				
Taxes	\$6,473,941	\$6,874,972	\$7,162,621	\$7,333,467
Intergovernmental Revenues	1,767,470	2,281,644	3,299,208	2,361,696
Charges for Services	179,122	299,651	275,565	315,157
Licenses and Permits	249,816	205,464	337,654	410,109
Investment Earnings	373,343	347,948	243,570	172,363
Fines and Forfeitures	221,500	269,339	296,143	269,540
All Other Revenue	333,256	372,238	100,059	207,941
Total Revenue	9,598,448	10,651,256	11,714,820	11,070,273
Expenditures:				
Current:				
Security of Persons and Property	3,410,094	4,269,853	4,030,991	4,325,464
Public Health and Welfare Services	429,415	420,591	516,857	515,752
Leisure Time Activities	301,104	407,091	457,160	376,607
Community Environment	23,986	25,168	23,320	330,762
Basic Utility Services	11,296	12,265	0	0
Transportation	1,111,667	1,210,017	3,756,029	4,091,140
General Government	3,099,619	3,552,996	4,292,876	4,048,058
Capital Outlay	2,855,040	955,032	0	0
Debt Service:				
Principal Retirement	46,081	46,342	46,615	3,372,993
Interest and Fiscal Charges	31,194	36,514	37,956	154,447
Total Expenditures	11,319,496	10,935,869	13,161,804	17,215,223
Excess (Deficiency) of Revenues Over Expenditures	(1,721,048)	(284,613)	(1,446,984)	(6,144,950)

City of Mount Vernon, Ohio

2003	2004	2005	2006	2007	2008
\$7,705,183	\$8,243,192	\$9,237,011	\$10,980,389	\$11,440,727	\$12,456,495
2,191,567	4,128,601	3,329,519	2,995,086	3,138,477	1,910,413
370,846	385,912	661,031	689,374	1,422,430	1,464,750
22,496	4,834	34,329	34,776	21,786	15,661
93,876	103,091	214,335	471,742	675,429	421,642
635,456	645,627	656,958	758,950	761,462	759,240
155,745	191,174	174,126	247,003	782,894	301,400
<u>11,175,169</u>	<u>13,702,431</u>	<u>14,307,309</u>	<u>16,177,320</u>	<u>18,243,205</u>	<u>17,329,601</u>
4,368,772	4,353,302	4,617,588	5,197,207	5,274,270	5,517,450
534,829	541,546	578,186	564,521	654,455	631,418
335,744	270,347	287,260	1,325,158	655,489	683,733
668,592	620,049	446,243	301,064	745,733	211,150
0	0	0	0	0	0
3,721,449	3,268,392	2,852,792	2,735,444	2,393,098	4,177,685
3,903,761	3,626,077	4,017,230	5,295,380	7,721,022	5,567,468
0	0	0	0	0	0
3,736,395	217,786	212,377	217,413	217,763	325,179
217,840	133,006	125,645	121,678	350,762	250,142
<u>17,487,382</u>	<u>13,030,505</u>	<u>13,137,321</u>	<u>15,757,865</u>	<u>18,012,592</u>	<u>17,364,225</u>
(6,312,213)	671,926	1,169,988	419,455	230,613	(34,624)

(Continued)

City of Mount Vernon, Ohio

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

	1999	2000	2001	2002
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	13,611	15,243	10,658	24,916
Ohio Public Works Commission Loan	0	0	0	0
General Obligation Bonds Issued	0	0	0	3,790,000
General Obligation Notes	0	0	0	0
Premium on General Obligation Notes	0	0	0	0
State Infrastructure Bank Loan	0	0	760,474	2,565,620
Transfers In	530,828	325,283	1,066,589	4,528,433
Transfers Out	(481,328)	(276,283)	(1,017,089)	(4,478,933)
Total Other Financing Sources (Uses)	63,111	64,243	820,632	6,430,036
Net Change in Fund Balance	(\$1,657,937)	(\$220,370)	(\$626,352)	\$285,086
 Debt Service as a Percentage of Noncapital Expenditures	 0.98%	 0.85%	 0.68%	 21.89%

Source: City Auditor's Office

NOTE: Years 1999-2002 do not include Perpetual Care Fund which was classified as a Fiduciary Fund prior to implementing GASB 34 in 2003

City of Mount Vernon, Ohio

2003	2004	2005	2006	2007	2008
8,167	11,171	4,541	2,784	23,688	12,298
425,000	0	0	0	0	0
3,628,222	0	0	0	3,035,000	0
0	0	0	0	0	2,100,000
0	0	0	0	0	7,245
0	0	0	0	0	0
888,398	709,532	1,519,676	1,546,311	1,712,982	2,785,286
(838,898)	(660,032)	(1,519,676)	(1,546,311)	(1,712,982)	(2,785,286)
4,110,889	60,671	4,541	2,784	3,058,688	2,119,543
(\$2,201,324)	\$732,597	\$1,174,529	\$422,239	\$3,289,301	\$2,084,919
26.72%	3.41%	3.14%	3.05%	4.29%	4.41%

City of Mount Vernon, Ohio

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

Tax year	1999	2000	2001	2002
Income Tax Rate	1.50%	1.50%	1.50%	1.50%
Estimated Personal Income (in thousands) (1)	\$314,128	\$353,893	\$361,338	\$366,144
Total Tax Collected	\$5,823,099	\$6,065,538	\$6,274,156	\$6,647,129
Income Tax Receipts				
Withholding	4,711,795	4,977,106	5,113,360	5,374,571
Percentage	80.92%	82.06%	81.50%	80.86%
Corporate	645,296	530,164	523,418	683,293
Percentage	11.08%	8.74%	8.34%	10.28%
Individuals	466,008	558,268	637,378	589,265
Percentage	8.00%	9.20%	10.16%	8.86%

Source: City Income Tax Department

(1) US Department of Commerce, Bureau of Economic Analysis information is only available through 2007 for the presentation of 2008 statistics, the City is using the latest information available.

City of Mount Vernon, Ohio

2003	2004	2005	2006	2007	2008
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
\$373,940	\$393,803	\$396,137	\$416,840	\$434,109	\$434,109
\$6,298,338	\$6,693,710	\$7,815,703	\$8,887,353	\$9,448,716	\$10,273,944
5,254,843	5,563,637	6,142,087	6,571,546	7,098,813	7,083,885
83.43%	83.12%	78.59%	73.94%	75.13%	68.95%
382,677	489,726	1,032,072	1,555,469	1,696,194	2,486,687
6.08%	7.32%	13.21%	17.50%	17.95%	24.20%
660,818	640,347	641,544	760,338	653,709	703,372
10.49%	9.57%	8.21%	8.56%	6.92%	6.85%



City of Mount Vernon, Ohio

*Income Tax Collections
Current Year and Seven Years Ago*

Calendar Year 2008

Income Tax Filers	Taxable Income	Percent of Income	Income Tax Collections	Percent of Income
Top Ten	\$111,971,670	16.35%	\$1,679,575	16.35%
All Others	572,957,933	83.65%	8,594,369	83.65%
Total	<u>\$684,929,603</u>	<u>100.00%</u>	<u>\$10,273,944</u>	<u>100.00%</u>

Calendar Year 2001

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

Source: City Income Tax Department

Information is not available in this format prior to 2001.

City of Mount Vernon, Ohio

Ratio of Outstanding Debt By Type Last Ten Years

	1999	2000	2001	2002
Governmental Activities ⁽¹⁾				
Long-Term Notes Payable	\$0	\$0	\$0	\$3,790,000
General Obligation Bonds Payable	120,000	80,000	40,000	0
Ohio Public Works Commission Loan Payable	0	0	0	0
Police & Firemen's Pension Accrued Liability	508,211	501,869	495,254	488,355
State Infrastructure Bank Loan	0	0	760,474	0
Business-type Activities ⁽¹⁾				
Long-Term Notes Payable	0	0	0	2,195,000
General Obligation Bonds Payable	8,640,000	8,305,000	7,960,000	7,640,000
Mortgage Revenue Bonds Payable	10,210,000	9,800,000	9,375,000	8,935,000
Total Primary Government	<u>\$19,478,211</u>	<u>\$18,686,869</u>	<u>\$18,630,728</u>	<u>\$23,048,355</u>
Population ⁽²⁾				
City of Mount Vernon	14,504	15,256	15,256	15,256
Outstanding Debt Per Capita	\$1,343	\$1,225	\$1,221	\$1,511
Income ⁽³⁾				
Personal (in thousands)	314,128	353,893	361,338	366,144
Percentage of Personal Income	6.20%	5.28%	5.16%	6.29%

Sources:

(1) City Auditor's Office

(2) US Bureau of Census, Population Division

(3) US Department of Commerce, Bureau of Economic Analysis

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

City of Mount Vernon, Ohio

2003	2004	2005	2006	2007	2008
\$0	\$0	\$0	\$0	\$0	\$2,100,000
3,439,022	3,239,365	3,056,065	2,868,065	5,715,065	5,420,015
425,000	414,375	393,125	371,875	350,625	329,375
481,160	473,656	465,829	457,666	449,153	440,274
0	0	0	0	0	0
0	0	0	0	0	0
11,155,978	10,625,635	10,053,935	9,461,935	12,229,935	11,469,985
6,845,000	6,505,000	6,155,000	5,790,000	5,410,000	5,015,000
<u>\$22,346,160</u>	<u>\$21,258,031</u>	<u>\$20,123,954</u>	<u>\$18,949,541</u>	<u>\$24,154,778</u>	<u>\$24,774,649</u>
15,256	15,256	15,256	15,256	15,256	15,256
\$1,465	\$1,393	\$1,319	\$1,242	\$1,583	\$1,624
373,940	393,803	396,137	416,840	434,109	434,109
5.98%	5.40%	5.08%	4.55%	5.56%	5.71%

City of Mount Vernon, Ohio

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	1999	2000	2001	2002
Population ⁽¹⁾	14,504	15,256	15,256	15,256
Assessed Value ⁽²⁾	\$251,999,455	\$277,059,819	\$247,657,131	\$283,775,593
General Bonded Debt ⁽³⁾				
General Obligation Bonds	\$8,760,000	\$8,385,000	\$8,000,000	\$7,640,000
Resources Available to Pay Principal ⁽⁴⁾	\$71,093	\$37,143	\$40,213	\$0
Net General Bonded Debt	\$8,688,907	\$8,347,857	\$7,959,787	\$7,640,000
Ratio of Net Bonded Debt to Assessed Value	3.45%	3.01%	3.21%	2.69%
Net Bonded Debt per Capita	\$599.07	\$547.19	\$521.75	\$500.79

Source:

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

City of Mount Vernon, Ohio

2003	2004	2005	2006	2007	2008
15,256	15,256	15,256	15,256	15,256	15,256
\$285,051,489	\$287,409,437	\$296,485,180	\$282,994,466	\$285,828,244	\$258,440,860
\$14,595,000	\$13,865,000	\$13,110,000	\$12,330,000	\$17,945,000	\$16,890,000
\$0	\$2	\$0	\$840	\$0	\$0
\$14,595,000	\$13,864,998	\$13,110,000	\$12,329,160	\$17,945,000	\$16,890,000
5.12%	4.82%	4.42%	4.36%	6.28%	6.54%
\$956.67	\$908.82	\$859.33	\$808.15	\$1,176.26	\$1,107.11



City of Mount Vernon, Ohio

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2008*

<u>Jurisdiction</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Mount Vernon</u>	<u>Amount Applicable to the City of Mount Vernon</u>
Direct:			
City of Mount Vernon	\$5,216,945	100.00%	\$5,216,945
Overlapping:			
Knox County	8,856,731	27.23%	2,411,688
Mount Vernon School District	8,028,963	53.36%	4,284,255
		Subtotal	<u>6,695,943</u>
		Total	<u><u>\$11,912,888</u></u>

Source: Knox County Auditor and Fiscal Officers of Subdivision

City of Mount Vernon, Ohio

Debt Limitations Last Ten Years

Collection Year	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
Total Debt				
Net Assessed Valuation	\$251,999,455	\$277,059,819	\$247,657,131	\$283,775,593
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	26,459,943	29,091,281	26,003,999	29,796,437
City Debt Outstanding (2)	120,000	80,000	40,000	0
Less: Applicable Debt Service Fund Amounts	<u>(71,093)</u>	<u>(37,143)</u>	<u>(40,213)</u>	<u>0</u>
Net Indebtedness Subject to Limitation	<u>48,907</u>	<u>42,857</u>	<u>(213)</u>	<u>0</u>
Overall Legal Debt Margin	<u><u>\$26,411,036</u></u>	<u><u>\$29,048,424</u></u>	<u><u>\$26,004,212</u></u>	<u><u>\$29,796,437</u></u>
Unvoted Debt				
Net Assessed Valuation	\$251,999,455	\$277,059,819	\$247,657,131	\$283,775,593
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	13,859,970	15,238,290	13,621,142	15,607,658
City Debt Outstanding (2)	120,000	80,000	40,000	0
Less: Applicable Debt Service Fund Amounts	<u>(71,093)</u>	<u>(37,143)</u>	<u>(40,213)</u>	<u>0</u>
Net Indebtedness Subject to Limitation	<u>48,907</u>	<u>42,857</u>	<u>(213)</u>	<u>0</u>
Overall Legal Debt Margin	<u><u>\$13,811,063</u></u>	<u><u>\$15,195,433</u></u>	<u><u>\$13,621,355</u></u>	<u><u>\$15,607,658</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 and Notes only.
Enterprise Debt is not considered in the computation of the Legal Debt Margin.
Tax Increment Financing Bonds are not considered in the computation of the Legal Debt Margin.

Source: City Auditor's Office

City of Mount Vernon, Ohio

2003	2004	2005	2006	2007	2008
\$285,051,489	\$287,409,437	\$296,485,180	\$282,994,466	\$285,828,244	\$258,440,860
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
29,930,406	30,177,991	31,130,944	29,714,419	30,011,966	27,136,290
243,030	230,095	218,395	4,206,395	3,229,395	5,216,945
0	(2)	0	(840)	0	0
243,030	230,093	218,395	4,205,555	3,229,395	5,216,945
\$29,687,376	\$29,947,898	\$30,912,549	\$25,508,864	\$26,782,571	\$21,919,345
\$285,051,489	\$287,409,437	\$296,485,180	\$282,994,466	\$285,828,244	\$258,440,860
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
15,677,832	15,807,519	16,306,685	15,564,696	15,720,553	14,214,247
243,030	230,095	218,395	4,206,395	3,229,395	5,216,945
0	(2)	0	(840)	0	0
243,030	230,093	218,395	4,205,555	3,229,395	5,216,945
\$15,434,802	\$15,577,426	\$16,088,290	\$11,359,141	\$12,491,158	\$8,997,302

City of Mount Vernon, Ohio

*Pledged Revenue Coverage
Last Ten Years*

	1999	2000	2001
Wastewater Mortgage Revenue Bonds 1992 Series (1 a)			
Gross Revenues (2)	\$2,498,705	\$2,564,841	\$2,516,508
Direct Operating Expenses (3)	(1,388,492)	(1,675,101)	(1,418,787)
Net Revenue Available for Debt Service	1,110,213	889,740	1,097,721
Annual Debt Service Requirement	239,585	239,030	238,050
Coverage	4.63	3.72	4.61
Water System Bonds 1999 Series (1 b)			
Gross Revenues (2)	\$2,989,376	\$2,836,361	\$2,850,267
Direct Operating Expenses (3)	(1,423,756)	(1,674,197)	(1,563,777)
Net Revenue Available for Debt Service	1,565,620	1,162,164	1,286,490
Annual Debt Service Requirement	562,339	635,548	635,813
Coverage	2.78	1.83	2.02
Tax Increment Financing (TIF) Bonds (4)			
Payment In Lieu of Taxes (PILOT) Collections	\$0	\$0	\$0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Coverage	N/A	N/A	N/A

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

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

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

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

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

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

Source: City Auditor's Office

City of Mount Vernon, Ohio

2002	2003	2004	2005	2006	2007	2008
\$2,508,208	\$0	\$0	\$0	\$0	\$0	\$0
(1,774,502)	0	0	0	0	0	0
733,706	0	0	0	0	0	0
236,690	0	0	0	0	0	0
3.10	N/A	N/A	N/A	N/A	N/A	N/A
\$2,871,562	\$2,678,308	\$3,034,525	\$2,931,081	\$3,091,208	\$3,348,689	\$3,344,136
(1,698,148)	(1,644,435)	(1,621,464)	(1,698,652)	(1,648,878)	(1,784,855)	(1,956,474)
1,173,414	1,033,873	1,413,061	1,232,429	1,442,330	1,563,834	1,387,662
635,443	634,103	637,078	634,158	635,858	636,623	636,612
1.85	1.63	2.22	1.94	2.27	2.46	2.18
\$0	\$443,561	\$510,867	\$566,671	\$917,141	\$1,060,626	\$1,155,370
0	176,000	186,722	171,600	176,000	176,000	182,600
0	72,259	102,245	98,857	95,397	91,905	88,297
N/A	1.79	1.77	2.10	3.38	3.96	4.26

City of Mount Vernon, Ohio

Demographic and Economic Statistics Last Ten Years

Calendar Year	1999	2000	2001	2002
Population (1)				
City of Mount Vernon	14,504	15,256	15,256	15,256
Knox County	47,473	54,500	54,500	54,500
Income (2) (a)				
Total Personal (in thousands)	314,128	353,893	361,338	366,144
Per Capita	21,658	23,197	23,685	24,000
Unemployment Rate (3)				
Federal	4.5%	4.2%	3.8%	4.8%
State	4.3%	4.3%	3.7%	4.3%
Knox County	4.9%	4.0%	3.7%	4.7%
Civilian Work Force Estimates (3)				
State	5,749,000	5,900,400	5,857,000	5,828,000
Knox County	26,300	26,000	26,600	26,900

Sources:

(1) US Bureau of Census of Population

(2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2007 for the presentation of 2008 statistics, the City is using the latest information available.

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

(3) State Department of Labor Statistics

City of Mount Vernon, Ohio

2003	2004	2005	2006	2007	2008
15,256	15,256	15,256	15,256	15,256	15,256
54,500	54,500	54,500	54,500	54,500	54,500
373,940	393,803	396,137	416,840	434,109	434,109
24,511	25,813	25,966	27,323	28,455	28,455
5.8%	6.0%	5.5%	5.0%	4.6%	5.8%
5.7%	6.1%	6.0%	5.9%	5.6%	6.6%
5.8%	5.6%	5.4%	5.1%	5.4%	6.3%
5,915,000	5,875,300	5,900,400	5,934,000	5,976,500	5,986,400
27,600	29,200	30,100	30,500	31,000	30,800



City of Mount Vernon, Ohio

Principal Employers Current Year and Nine Years Ago

		2008	
Employer	Nature of Business	Number of Employees	Rank
Rolls-Royce Energy Systems, Inc.	Manufacturing	855	1
Ariel Corporation	Manufacturing	835	2
Knox Community Hospital	Medical Care	573	3
Knox County	Government	452	4
Board of Education (City)	Education	448	5
Mount Vernon Nazarene University	Education	400	6
Wal-Mart	Retail	327	7
Jeld-Wen Windows & Doors	Manufacturing	284	8
Sanoh America, Inc.	Manufacturing	200	9
International Paper Company	Manufacturing	180	10
Total		4,554	

		1999	
Employer	Nature of Business	Number of Employees	Rank
Rolls-Royce Energy Systems, Inc.	Manufacturing	779	1
Mount Vernon Nazarene College	Education	663	2
Knox Community Hospital	Medical Care	560	3
Board of Education (City)	Education	528	4
Ariel Corporation	Manufacturing	443	5
Knox County	Government	438	6
Jeld-Wen, Inc.	Manufacturing	420	7
Kelsey-Hayes	Manufacturing	357	8
Breon, Inc.	Restaurant	296	9
Wal-Mart	Retail	193	10
Total		4,677	

Sources:

City Auditor's Office

Total Employment within the City is not available

City of Mount Vernon, Ohio

Full Time Equivalent Employees by Function Last Nine Years

	2000	2001	2002	2003	2004
Governmental Activities					
General Government					
Administration	1.00	1.00	1.00	1.00	1.00
Finance	1.50	2.00	2.00	2.50	2.50
Law Director	2.00	3.00	3.00	3.00	3.00
Income Tax	3.00	3.00	3.00	3.00	3.00
Legal/Court	10.00	9.50	10.00	10.00	10.50
Safety-Service	2.00	2.00	2.00	2.00	2.00
Civil Service	0.50	0.50	0.50	0.50	0.50
Engineering	7.00	7.00	7.00	7.00	6.00
Public Buildings/Lands	2.25	1.25	2.25	2.25	2.25
Security of Persons and Property					
Police	31.00	32.00	31.00	30.00	29.00
Fire	30.00	32.00	33.00	33.00	33.00
Transportation					
Street	14.25	14.00	13.50	14.50	13.25
Leisure Time Activities					
Parks/Recreation	17.00	17.00	15.75	18.50	16.50
Public Health and Welfare					
Cemetery	5.00	5.00	5.00	5.00	5.25
Business-Type Activities					
Utilities					
Water	17.50	17.50	17.50	17.50	16.50
Sewer	20.00	20.00	20.00	19.00	18.00
<i>Total Employees</i>	<u>164.00</u>	<u>166.75</u>	<u>166.50</u>	<u>168.75</u>	<u>162.25</u>

Method: 1.00 for each full-time, 0.50 for each part-time and 0.25 for each seasonal employee

Elected Officials have been omitted from this table

Source: City Auditor's Office

City of Mount Vernon, Ohio

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
1.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00
4.00	4.00	4.00	4.00
3.00	3.00	3.00	3.00
10.50	10.50	10.50	11.00
2.00	2.00	2.00	2.00
0.50	0.50	0.50	0.50
5.00	5.50	6.00	6.50
1.75	1.75	1.75	1.75
29.00	28.50	32.00	31.00
31.00	33.00	40.00	40.00
12.75	13.00	12.50	12.50
16.75	16.75	58.25	53.75
5.00	5.00	6.00	6.00
17.50	17.50	17.50	17.50
19.00	19.00	19.50	19.50
<u>160.75</u>	<u>163.00</u>	<u>216.50</u>	<u>212.00</u>

City of Mount Vernon, Ohio

*Operating Indicators by Function
Last Ten Years*

	1999	2000	2001	2002
Governmental Activities				
General Government				
Court				
Number of Civil Cases	603	764	942	1,029
Number of Criminal Cases	1,235	1,179	1,180	1,178
Number of Traffic Cases	7,015	6,779	6,938	7,749
Number of Open Cases	1,129	1,002	1,050	1,114
Licenses and Permits				
Number of Building Permits	191	203	214	206
Security of Persons and Property				
Police				
Number of Citations Issued	4,329	4,495	4,495	4,495
Fire				
Number of Fire Calls	3,439	3,335	3,425	3,442
Number of EMS Runs				
Number of Inspections	250	250	250	250
Business-Type Activities				
Water				
Number of Service Connections	5,892	5,962	6,047	6,106
Daily Average Consumption (thousands of gallons)	2,682,611	2,685,849	2,477,529	2,619,205
Sewer				
Number of Service Connections	5,939	6,042	6,217	6,320
Daily Average Sewage Treatment (thousands of gallons)	2,869,151	2,999,019	2,511,140	2,780,038

Source: City Auditor's Office

City of Mount Vernon, Ohio

2003	2004	2005	2006	2007	2008
1,085	1,193	1,098	1,078	1,252	1,484
1,335	1,151	1,146	1,170	1,088	1,335
6,620	5,257	6,002	6,571	5,491	5,811
946	959	985	928	1,020	1,003
213	223	218	211	119	160
3,466	2,953	3,608	3,322	3,081	3,857
3,826	4,003	4,003	868	752	871
			2,814	2,911	3,259
325	325	325	125	375	1,250
6,186	6,249	6,307	6,369	6,421	6,449
2,466,822	2,607,683	2,252,603	2,465,836	2,508,356	2,704,110
6,408	6,488	6,536	6,590	6,637	6,655
3,143,844	3,514,664	3,524,293	3,122,181	3,145,699	3,282,192

City of Mount Vernon, Ohio

Capital Asset Statistics by Function Last Ten Years

	1999	2000	2001	2002
Governmental Activities				
General Government				
Public Land and Buildings				
Land (acres)	8.7	9.2	9.2	9.2
Buildings	8	8	8	9
Security of Persons and Property				
Police				
Stations	1	1	1	1
Vehicles	12	12	12	13
Fire				
Stations	2	2	2	2
Vehicles	11	11	11	11
Transportation				
Street				
Streets (lane miles)	76	76	76	76
Street Lights	1,470	1,470	1,470	1,470
Traffic Signals	47	47	47	50
Vehicles	13	13	13	13
Leisure Time Activities				
Parks/Recreation				
Land (acres)	90.19	176.58	176.58	176.58
Buildings	13	13	13	13
Parks	6	7	7	7
Playgrounds	4	4	4	4
Swimming Pools	2	2	2	2
Tennis Courts	10	10	10	10
Baseball/Softball Diamonds	11	11	11	11
Soccer Fields	2	2	2	2
Business-Type Activities				
Utilities				
Water				
Waterlines (Miles)	63	63	63	63
Number of Hydrants	484	484	484	484
Average Daily Consumption	2,682,611	2,685,849	5,477,529	2,619,205
Storage Capacity (thousands of gallons)	5,000	5,000	5,000	7,000
Sewer				
Sewerlines (Miles)	62	62	62	62
Average Daily Treatment	2,869,151	2,999,019	2,511,140	2,780,038
Treatment Capacity (thousands of gallons)	5,000	5,000	5,000	5,000

Source: City Auditor's Office

City of Mount Vernon, Ohio

2003	2004	2005	2006	2007	2008
9.2	9.2	9.2	9.2	9.2	9.8
9	9	9	9	9	9
1	1	1	1	1	1
13	13	13	13	13	13
2	2	2	2	2	2
11	11	11	11	11	11
76	82	82	82	82	82
1,470	1,470	1,470	1,470	1,470	1,470
50	50	50	50	51	52
13	13	13	13	13	13
176.58	176.58	176.58	210.32	241.86	241.86
13	14	14	14	14	14
7	8	8	8	8	8
4	4	4	4	4	4
2	2	2	2	4	4
10	10	10	10	10	10
11	11	11	11	11	11
2	2	2	2	2	2
63	63	63	63	63	63
484	484	484	484	484	484
2,466,822	2,607,683	2,252,603	2,465,836	2,508,356	2,704,110
7,000	7,000	7,000	7,000	7,000	7,000
62	62	62	62	62	62
3,143,844	3,514,664	3,524,293	3,122,181	3,145,699	3,282,192
5,000	5,000	5,000	5,000	5,000	5,000





Mary Taylor, CPA
Auditor of State

CITY OF MOUNT VERNON

KNOX COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 21, 2009**