



Dave Yost • Auditor of State

CITY OF MOUNT VERNON
KNOX COUNTY

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**CITY OF MOUNT VERNON
KNOX COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2012**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF URBAN DEVELOPMENT <i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grants	A-F-10-149-1	14.228	\$ 70,856
Community Development Block Grants	A-C-11-149-2	14.228	14,675
Community Development Block Grants	A-F-12-149-3	14.228	5,000
Community Development Block Grants	A-C-10-149-1	14.228	88,918
Community Development Block Grants	n/a	14.228	26,500
Community Development Block Grants	A-D-10-2CP-1	14.228	200,000
Total Community Development Block Grants			<u>405,949</u>
Home Improvement Partnerships Program	A-C-10-149-2	14.239	132,849
Home Improvement Partnerships Program	A-C-12-149-1	14.239	5,000
Home Improvement Partnerships Program	A-C-12-149-2	14.239	5,000
Home Improvement Partnerships Program	n/a	14.239	4,258
Total Home Improvement Partnerships Program			<u>147,107</u>
Total U.S. Department of Urban Development			<u>553,056</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Disaster Grants - Public Assistance	n/a	97.036	32,075
Total Federal Awards Expenditures			<u><u>\$ 585,131</u></u>

The accompanying notes are an integral part of this schedule.

**CITY OF MOUNT VERNON
KNOX COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED DECEMBER 31, 2012**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - MATCHING REQUIREMENTS

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



Dave Yost • Auditor of State

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

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

To the Members of City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mount Vernon, Knox County, Ohio, (the City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 28, 2013.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

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Dave Yost
Auditor of State
Columbus, Ohio

June 28, 2013



Dave Yost • Auditor of State

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

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

To the Members of City Council:

Report on Compliance for the Major Federal Program

We have audited the City of Mount Vernon's, Knox County, Ohio, (the City's) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the City's major federal program for the year ended December 31, 2012. The *Summary of Audit Results* in the accompanying schedule of findings identifies the City's major federal program.

Management's Responsibility

The City's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the City's compliance for the City's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the City of Mount Vernon complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2012.

Report on Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mount Vernon, Knox County, Ohio, (the City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our unmodified report thereon dated June 28, 2013. We conducted our audit to opine on the City's basic financial statements. The accompanying federal awards expenditures schedule presents additional analysis required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements.

We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Dave Yost
Auditor of State
Columbus, Ohio

June 28, 2013

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CITY OF MOUNT VERNON
KNOX COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2012

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

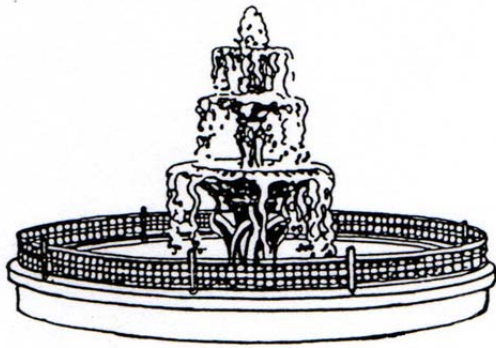
None

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City of Mount Vernon, Ohio



Comprehensive Annual Financial Report
Year Ended December 31, 2012



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2012

Prepared by the Auditor's Office

Terry Scott
City Auditor



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KNOX COUNTY, OHIO

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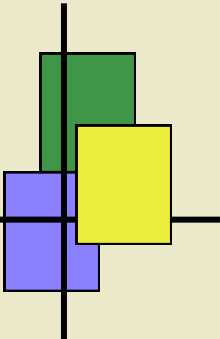


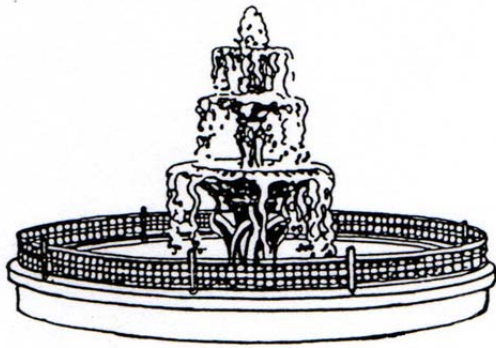
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Introductory Section







CITY OF MOUNT VERNON

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

phone (740) 393-9523

fax (740)-397-5288

June 28, 2013

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

As City Auditor, I am pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the City of Mount Vernon for the fiscal year ended December 31, 2012. 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 Auditor's Report.

THE REPORTING ENTITY:

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, 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, 2012

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 2012.

Knox Area Transit (KAT), formerly known as Mid Ohio Transit Authority (MOTA) is a county governed organization whose board is appointed by the county commissioners and is composed of seven members. The members shall serve three year terms except for the newly created board of which, two of its members shall serve a one year term, two members shall serve a two year term and three members shall serve a three year term. KAT was organized to provide public transportation for the entire county. The City does not appoint members of the Board, nor is the City accountable for any operating deficits of KAT. The KAT Board is responsible for the fiscal operation of KAT. The City appropriated \$20,000 for an operating grant to KAT for 2012.

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 \$50,000 for operations of the combined District for 2012.

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.

***Letter of Transmittal
For the Year Ended December 31, 2012***

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

The City of Mount Vernon:

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

The Management:

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

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

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

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2012***

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

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

Water Department - This department operates with ten full-time employees and fifteen shared full-time employees. The shared employees also work with the Wastewater Department. The Water Department is responsible for the treatment and distribution of potable water to the City's 6,495 customers and customers located in the Village of Gambier (approximately three miles east of Mount Vernon). All treatment plant employees are required to have a Class I operator's license within two years of employment.

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

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

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

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

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

The citizens of Mount Vernon elect one part-time councilperson from each of the four wards and three part-time council-at-large for a total of seven. Council members serve a two year term and are elected in odd numbered years. The City Council meets on the second and fourth Monday night of each month, 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, 2012***

Economic Outlook

Generosity is an expression of self-giving, participation and thoughtfulness. In 2012 the City was the benefactor of the great generosity provided by the Ariel Foundation. Karen Buchwald-Wright, the President and CEO of Ariel Corporations had a vision from her daily travels to and from work that our community needed sidewalks, trees, and a traffic light at one of the busiest intersections during two time periods of the day. Mount Vernon Avenue and Division Street leads to the Mount Vernon High School, the Knox County Career Center and the Mount Vernon Nazarene University in which the beginning and ending hours of the school day creates extreme heavy vehicular traffic. Hence the development of sidewalks from Gambier Street to Edgewood Road continuing alongside Mount Vernon Avenue to South Main Street and branching south onto Division Street. The traffic light at Mount Vernon Avenue and Division Street clearly demonstrates the ability for traffic to flow in a more reasonable fashion not to mention the safety involved for both vehicular traffic and pedestrian traffic.

The streets are now fully decorated with young tree plantings that in time will provide an abundant amount of color, shading, and esthetic look which adorns our entire community throughout. In a short amount of time the new sidewalks provided an extended opportunity for those who share in outdoor exercise with safety in mind. In this general area of these improvements access to the Kokosing bike trail is now more accessible. The City of Mount Vernon and our community greatly appreciate the generosity provided by the Ariel Foundation for these great improvements. They will provide for future generations great opportunities and enhancements. The project cost of these improvements was approximately \$600,000.

Although this was not the only contribution provided by the Ariel Foundation in 2012, the Foundation also provided funds to assist the city in acquiring the Convention Center located on Howard Street. This facility will be converted into the new Station Break also known as our senior center. While the facility will still be available for outside functions on a rental basis, the primary function will be to provide services and activities for the county's senior citizen programs. The Ariel Foundation provided over \$900,000 towards the acquisition of this facility. The Station Break organization provided the necessary funding to make the necessary internal improvements needed to customize a full serving kitchen.

The Shade Tree and Beautification committee of the city was also a beneficiary of additional grant funding that was provided by the Ariel Foundation. Over \$30,000 was provided for the acquisition and planting of trees throughout the city. This ongoing project which has been significant to Mrs. Buchwald-Wright will provide for future plantings over the next couple of years. Again, the city is deeply grateful for the generosity that has been provided by such a great employer of our community not to mention for the generosity that has been provided by such a great individual. The City says "thank you" for your thoughtfulness.

While the increase in income tax revenues was moderate, the City still held firm when it came to making appropriations for 2012. Having come from two years of declining revenues, the City took the approach to retain appropriations at the level city council approved in 2009. Each department is to be recognized for their participation in controlling expenses overall and still providing the level of service our residents expect. These conservation practices have been the strength in which the City has been able to continue normal operations without having to make drastic labor force reductions or experience elimination of certain services. In the coming year, the City will continue to exercise these conservation practices.

***Letter of Transmittal
For the Year Ended December 31, 2012***

The City completed the brick street project (North McKenzie Street) that commenced in the prior year. A sidewalk project on Mulberry Street was completed and West Chestnut Street Improvements near the new Rolls-Royce building were completed.

The Community Foundation of Knox County and Mount Vernon provided funding along with City funds to acquire land and property at the intersection of West Chestnut and North Sandusky Street. This corner lot was converted into a parking facility that will be leased to Rolls-Royce for employee parking. With the newly constructed office building on the Rolls-Royce complex, this parking facility will provide much needed parking easily accessible for their employees. Future improvements will be made at this intersection in 2013 to provide easier access for Rolls-Royce to ship their oversized compressor units by highway transportation. Rolls-Royce has announced they will begin the construction of a railroad spur that will provide for shipment of their smaller compression units in 2013.

Thanks to the foresight of City management, coupled with the cooperation of the City's department heads, the growth in the local economy resulted in a favorable impact on the City's ability to provide quality services to the public. The Engineering Department issued one hundred fifty building permits in 2012 and one hundred fifty-seven in 2011, a decrease of seven permits.

Long-term Financial Planning:

Upgrades to the wastewater treatment plant continued during the year. Upgrades include new electrical and instrumentation throughout the facility, a new methane gas heating unit, and a new public septic receiving station. Since this facility has very limited alternative power supply, this project will incorporate a new generator large enough to power the entire facility when alternative power is needed. A significant amount of the plant is currently operated by a manual labor force, and this project will allow the instrumentation to be converted to a more automated operated facility with computerized oversight in place. The cost of this project is approximately \$5.8 million dollars and should conclude by mid-2013.

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

The City has completed final design plans for a new combined maintenance facility building for the street department and the water and wastewater departments. This new facility will be constructed on property adjacent to the water treatment plant. It will include space to store vehicles and equipment, workshops for each department, a sign shop and hazardous materials storage. Bonds were issued to finance the construction with an estimated cost of \$3.5 million. Construction began in May of 2013 and should conclude by the end of the year.

***Letter of Transmittal
For the Year Ended December 31, 2012***

Employee Relations:

The City of Mount Vernon began the first year of a three year contract with the City's three unions. All union contracts were effective January 1, 2012, through December 31, 2014, with annual raises on January 1st of each year beginning in 2013. The first is, the Dan Emmett Chapter of the Ohio Civil Service Employees Association (OCSEA), Local 11/American Federation of State, County and Municipal Employees, AFL-CIO, which consists of fifty-seven members from the public service departments (Engineering, Public Building and Land, Parks, Street, Cemetery, Water and Wastewater). The second is the Ohio Association of Professional Firefighters, The Mount Vernon Firefighters and Paramedics Local 3712 which consists of thirty-seven members of the fire department. The final bargaining unit is the Kokosing Chapter of the Fraternal Order of Police, Ohio Labor Council, Inc. (FOP) which consists of twenty-seven members of the police department. The remaining departments along with all the department heads are not represented by any union.

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

Unemployment Rates:

The City of Mount Vernon's economic outlook showed signs of improvement for 2012. Starting out the year at 7.6 percent, the unemployment rate flexed with increases and decreases then ended the year at 6.2 percent. This was slightly lower than the state unemployment rate of 6.6%. The City's diverse mix of employment opportunities helps to offset such economic fluctuations.

Major Initiatives

The City's resurfacing program continued to provide maintenance to our roadways throughout the city. Approximately \$380,000 was use make these maintenance improvements. The Mount Vernon Avenue bridge and joint repairs were also completed during the year at a cost of approximately \$17,000.

Properties that were acquired in the previous year on West High Street were demolished during 2012. The property was cleaned and seeded and will remain for future roadway improvements along South Sandusky Street.

Various equipment purchases were made for various departments within the city. A new bucket truck for the Street Department and Zero Turn Mower for the Parks Department were a few of the equipment purchases made during the year.

***Letter of Transmittal
For the Year Ended December 31, 2012***

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 though the encumbering of estimated purchase amounts prior to the release of formal purchase orders to vendors. Encumbered appropriations carry forward to the following year(s) until expended or liquidated. Unencumbered amounts lapse at year end.

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

***Letter of Transmittal
For the Year Ended December 31, 2012***

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 unmodified opinion letter is included in this report.

Awards:

The Government Finance Officers Association of the United State and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mount Vernon, Ohio for its comprehensive annual financial report for the year ended December 31, 2011. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards in state and local government financial reporting. To be awarded a Certificate of Achievement, a governmental unit must prepare an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents satisfy all program standards. The report must satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements respective to the reporting entity.

A Certificate of Achievement is valid for a period of one year only. The City of Mount Vernon received a Certificate of Achievement for the last twenty-one consecutive years (fiscal years ended 1991-2011). 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, 2012***

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 2012 Comprehensive Annual Financial Report and annual independent audit.

Special appreciation is extended to the staff of 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 underline that extends to the right.

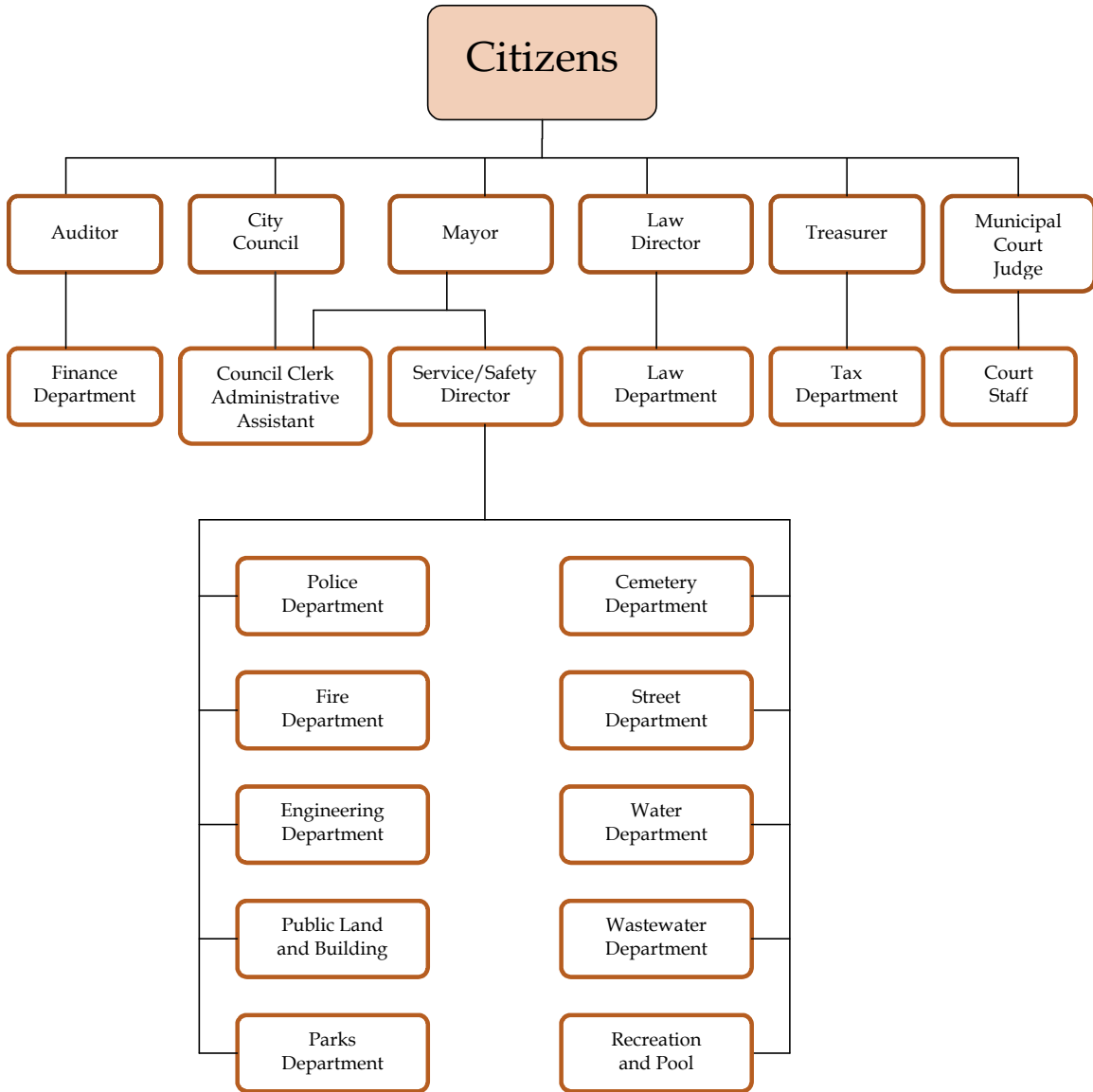
Terry Scott
City Auditor

CITY OF MOUNT VERNON, OHIO

***List of Principal Officials
For the Year Ended December 31, 2012***

<i>NAME</i>	<i>TITLE</i>	<i>YEARS OF SERVICE</i>
<u>City Council</u>		
Bruce Hawkins	President	6
Sam Barone	First Ward Member	1
John Francis	Second Ward Member	1
Nancy Vail	Third Ward Member	3
John Fair	Fourth Ward Member	13
Mike Hillier	Member At-Large	7
Susan Kahrl	Member At-Large	1
Janis Seavolt	Member At-Large	1
<u>City Administration</u>		
Richard K. Mavis	Mayor	17
Terry Scott	Auditor	18
William D. Smith	Law Director	32
Anton Krutsch	Treasurer	1
David C. Glass	Safety-Service Director	34
Tanya Newell	Clerk of Council	1
<u>Department Heads</u>		
Debora Tyson	Income Tax Administrator	22
Michael Merrilees	Police Chief	24
Chris Menapace	Fire Chief	2
Paul G. Oliver	Parks, Public Buildings and Land Superintendent	30
David Carpenter	Street Superintendent	21
Deborah S. Briscoe	Cemetery Foreman	32
Pam Muralt	Water and Wastewater Meter and Customer Service Administrator	32
Judith Scott	Water and Wastewater Treatment and Distribution Administrator	30

***City Organizational Chart
For the Year Ended December 31, 2012***



*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, 2011

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.



Christopher P. Moynell

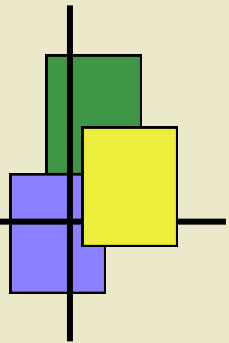
President

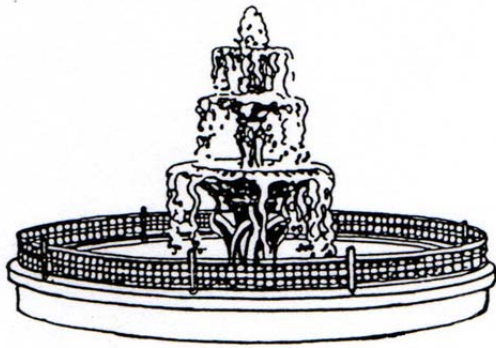
Jeffrey R. Emer

Executive Director



Financial Section







Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Members of City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Mount Vernon, Knox County, Ohio (the City), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Mount Vernon, Knox County, Ohio, as of December 31, 2012, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole. The introductory section, the financial section's combining statements, individual fund statements and schedules, and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The financial section's combining statements, individual fund statements and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these statements and schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2013 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State

Columbus, Ohio

June 28, 2013



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, 2012. 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 2012 are as follows:

- ❑ In total, net position increased \$3,388,324. Net position of governmental activities increased \$2,742,624 which represents a 5.2% increase from 2011. Net position of business-type activities increased \$645,700 from 2011.
- ❑ General revenues accounted for \$13,870,699 in revenue or 50.7% of all revenues. Program specific revenues in the form of charges for services, and grants and contributions accounted for \$13,483,882, 49.3% of total revenues of \$27,354,581.
- ❑ The City had \$17,751,880 in expenses related to governmental activities; only \$6,625,344 of these expenses were offset by program specific charges for services, grants or contributions. General revenues were sufficient to provide for these programs.
- ❑ Among major funds, the general fund had \$12,859,231 in revenues and other financing sources and \$12,461,710 in expenditures and other financing uses. The general fund's fund balance increased from \$4,704,223 to \$5,091,848.

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 position includes all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

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

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

Fund Financial Statements

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

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

CITY OF MOUNT VERNON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2012**

Unaudited

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a summary of the City's net position for 2012 compared to 2011:

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$15,958,773	\$13,515,382	\$6,931,165	\$5,816,856	\$22,889,938	\$19,332,238
Capital assets, Net	47,742,881	46,183,004	36,913,819	33,744,142	84,656,700	79,927,146
Total assets	63,701,654	59,698,386	43,844,984	39,560,998	107,546,638	99,259,384
Deferred outflows of resources	0	0	149,350	0	149,350	0
Long-term liabilities outstanding	9,837,861	8,358,612	22,244,774	17,765,406	32,082,635	26,124,018
Other liabilities	613,416	3,211,721	340,626	1,032,358	954,042	4,244,079
Total liabilities	10,451,277	11,570,333	22,585,400	18,797,764	33,036,677	30,368,097
Deferred inflows of resources	2,379,700	0	0	0	2,379,700	0
Net position:						
Net investment in capital assets	39,426,306	39,308,561	15,012,084	16,312,403	54,438,390	55,620,964
Restricted	3,094,466	3,034,793	1,008,353	1,847,384	4,102,819	4,882,177
Unrestricted	8,349,905	5,784,699	5,388,497	2,603,447	13,738,402	8,388,146
Total net position	\$50,870,677	\$48,128,053	\$21,408,934	\$20,763,234	\$72,279,611	\$68,891,287

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CITY OF MOUNT VERNON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2012**

Unaudited

Changes in Net Position – The following table shows the changes in net position for 2012 compared to 2011:

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program Revenues:						
Charges for Services and Sales	\$2,430,875	\$2,477,046	\$6,816,469	\$6,662,279	\$9,247,344	\$9,139,325
Operating Grants and Contributions	2,024,553	888,663	42,069	42,936	2,066,622	931,599
Capital Grants and Contributions	2,169,916	173,557	0	148,735	2,169,916	322,292
Total Program Revenues	6,625,344	3,539,266	6,858,538	6,853,950	13,483,882	10,393,216
General Revenues:						
Property Taxes	2,179,955	2,231,270	0	0	2,179,955	2,231,270
Income Taxes	10,566,350	9,262,187	0	0	10,566,350	9,262,187
Other Local Taxes	98,030	84,821	0	0	98,030	84,821
Intergovernmental Revenues, Unrestricted	725,574	963,370	0	0	725,574	963,370
Investment Earnings	37,698	21,582	1,539	3,400	39,237	24,982
Miscellaneous	261,553	243,707	0	0	261,553	243,707
Total General Revenues	13,869,160	12,806,937	1,539	3,400	13,870,699	12,810,337
Total Revenues	20,494,504	16,346,203	6,860,077	6,857,350	27,354,581	23,203,553
Program Expenses						
Security of Persons and Property	6,188,789	6,372,507	0	0	6,188,789	6,372,507
Public Health and Welfare Services	723,360	709,622	0	0	723,360	709,622
Leisure Time Activities	719,024	1,143,295	0	0	719,024	1,143,295
Community Environment	528,995	591,187	0	0	528,995	591,187
Transportation	4,228,585	4,440,371	0	0	4,228,585	4,440,371
General Government	4,852,231	4,188,865	0	0	4,852,231	4,188,865
Interest and Fiscal Charges	510,896	287,411	0	0	510,896	287,411
Water	0	0	3,019,406	3,180,709	3,019,406	3,180,709
Wastewater	0	0	3,194,971	3,035,080	3,194,971	3,035,080
Total Expenses	17,751,880	17,733,258	6,214,377	6,215,789	23,966,257	23,949,047
Total Change in Net Position	2,742,624	(1,387,055)	645,700	641,561	3,388,324	(745,494)
Beginning Net Position	48,128,053	49,515,108	20,763,234	20,121,673	68,891,287	69,636,781
Ending Net Position	\$50,870,677	\$48,128,053	\$21,408,934	\$20,763,234	\$72,279,611	\$68,891,287

Governmental Activities

Net position of the City's governmental activities increased by \$2,742,624 over 2011. The increase in Net Position is the result of income taxes and grant contributions.

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.

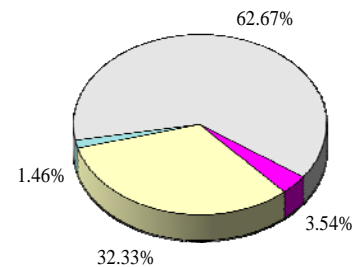
CITY OF MOUNT VERNON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2012**

Unaudited

Income taxes and property taxes made up 51.56% and 3.61% respectively of revenues for governmental activities for the City in 2012. The City's reliance upon tax revenues is demonstrated by the following graph indicating 62.67% of total revenues from general tax revenues:

Revenue Sources	2012	Percent of Total
General Tax Revenues	\$12,844,335	62.67%
Intergovernmental Revenues, Unrestricted	725,574	3.54%
Program Revenues	6,625,344	32.33%
General Other	299,251	1.46%
Total Revenue	\$20,494,504	100.00%



Business-Type Activities

Net position of the business type activities increased by \$645,700. This modest increase is the result of strategic managed operations during the year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$10,304,753, which is an increase from last year's balance of \$8,314,389. The schedule below indicates the fund balance and the total change in fund balance by fund as of December 31, 2012 and 2011:

	Fund Balance December 31, 2012	Fund Balance December 31, 2011	Increase (Decrease)
General	\$5,091,848	\$4,704,223	\$387,625
General Bond Retirement	966	0	966
Capital Improvement	2,454,276	779,024	1,675,252
TIF District-Coshocton Road	924,172	1,184,652	(260,480)
Other Governmental	1,833,491	1,646,490	187,001
Total	\$10,304,753	\$8,314,389	\$1,990,364

CITY OF MOUNT VERNON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2012**

Unaudited

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

	2012	2011	Increase
	Revenues	Revenues	(Decrease)
Property and Other Taxes	\$9,601,380	\$8,566,799	\$1,034,581
Intergovernmental Revenue	847,524	1,078,295	(230,771)
Charges for Services	1,531,318	1,536,511	(5,193)
Licenses and Permits	17,057	9,525	7,532
Investment Earnings	31,480	21,037	10,443
Fines and Forfeitures	645,016	678,614	(33,598)
All Other Revenue	175,623	198,724	(23,101)
Total	<u>\$12,849,398</u>	<u>\$12,089,505</u>	<u>\$759,893</u>

General Fund revenues in 2012 increased approximately 6.3% compared to revenues in 2011. The major increase is in city income tax revenues.

	2012	2011	Increase
	Expenditures	Expenditures	(Decrease)
Security of Persons and Property	\$4,934,315	\$5,360,240	(\$425,925)
Public Health and Welfare Services	409,588	348,310	61,278
Leisure Time Activities	670,139	717,676	(47,537)
Community Environment	29,224	26,219	3,005
Transportation	29,871	50,650	(20,779)
General Government	5,438,937	5,201,031	237,906
Debt Service:			
Principal Retirement	17,369	10,073	7,296
Interest and Fiscal Charges	10,506	17,802	(7,296)
Total	<u>\$11,539,949</u>	<u>\$11,732,001</u>	<u>(\$192,052)</u>

General Fund expenditures decreased by \$192,052 or -1.642% compared to the prior year primarily due to reduction in overtime costs within Security of Persons and Property.

CITY OF MOUNT VERNON, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2012***

Unaudited

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

Capital Improvement Fund - The Capital Improvement Fund balance increased from \$779,024 to \$2,454,276 due to the issuance of special obligation bonds for a building project not yet started in 2012.

TIF District-Coshocton Road Fund - The TIF District-Coshocton Road Fund balance decreased from \$1,184,652 to \$924,172 due to construction costs associated with a road improvement project.

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 2012 the City amended its General Fund budget several times. The increase in the final budget of \$14,468,136 over the original budget of \$14,377,966 was not significant. Actual expenditures were less than the final budget because of conservative fiscal management practices.

For the General Fund, final budget basis revenue of \$11,440,724 did not significantly change from the original budget estimates. Actual Revenues were more than the final budget due to increased court costs, court fines and intergovernmental revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2012 the City had \$84,656,700 net of accumulated depreciation invested in buildings, infrastructure, equipment and vehicles. Of this total, \$47,742,881 was related to governmental activities and \$36,913,819 to the business-type activities. The following table shows 2012 and 2011 balances:

	Governmental Activities		Increase (Decrease)
	2012	2011	
Land	\$11,870,871	\$11,421,045	\$449,826
Construction In Progress	1,801,925	1,855,735	(53,810)
Buildings	13,097,232	12,154,222	943,010
Improvements Other than Buildings	1,098,980	1,024,589	74,391
Infrastructure	40,280,114	38,271,797	2,008,317
Machinery and Equipment	7,359,165	7,226,073	133,092
Less: Accumulated Depreciation	(27,765,406)	(25,770,457)	(1,994,949)
Totals	<u>\$47,742,881</u>	<u>\$46,183,004</u>	<u>\$1,559,877</u>

CITY OF MOUNT VERNON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2012**

Unaudited

Land increased due to the acquisition of property to construct a new roadway and right-of-way for future road improvements. Constructions in Progress decreased due to transportation projects being completed during the year. Infrastructures increased due to additional roads being resurfaced in 2012 and the completion of brick street projects. Machinery and Equipment increased due to acquisition of vehicles for the police and fire departments in addition to a street sweeper for the street department.

	Business-Type Activities		Increase (Decrease)
	2012	2011	
Land	\$819,311	\$819,311	\$0
Construction in Progress	10,968,737	6,853,866	4,114,871
Buildings and Improvements	25,661,695	25,425,631	236,064
Utility Structures in Service	24,042,859	23,864,005	178,854
Machinery and Equipment	3,437,634	3,616,198	(178,564)
Less: Accumulated Depreciation	(28,016,417)	(26,834,869)	(1,181,548)
Totals	\$36,913,819	\$33,744,142	\$3,169,677

Business type capital assets increased as a result of upgrades at the wastewater plant. Construction in Progress increased due to construction costs of the wastewater plant electrical upgrade project and the interceptor wastewater rehabilitation project. Utility Structure in Service increased due to improvements of the east elevated water tower. Additional information on the City's capital assets can be found in Note 8.

Debt

At December 31, 2012, the City had \$16,700,000 in bonds outstanding, \$1,305,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2012 and 2011

	2012	2011
Governmental Activities:		
General Obligation Bonds Payable	\$6,177,200	\$6,482,568
Ohio Public Works Commission Loan	364,375	391,875
Special Obligation Bonds Payable	1,775,000	0
Police and Firemen's Pension Accrued Liability	400,777	411,283
Compensated Absences	1,120,509	1,072,886
Total Governmental Activities	9,837,861	8,358,612
Business-Type Activities:		
Mortgage Revenue Bonds Payable	3,205,000	3,620,000
General Obligation Bonds Payable	10,522,800	11,392,432
Special Obligation Bonds Payable	1,775,000	0
Ohio Public Works Commission Loan	109,692	115,960
Ohio Water Development Authority Loan	6,289,243	2,303,347
Compensated Absences	343,039	333,667
Total Business-Type Activities	22,244,774	17,765,406

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, 2012, 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

Rolls Royce plans to hire an additional fifty engineers as well as reemploy laid off assembly workers. Business contracts have produced the need for these additional workers as well as new construction developments into rail shipments in 2013.

Development for retail food establishments appears to be the attraction for 2013. Panera Bread and Frisch's have expressed interest in expanding within the Mount Vernon area. Frisch's has already acquired real estate although no construction has commenced yet. Panera Bread continues to search for adequate real estate in which to construct a new facility.

REQUESTS FOR INFORMATION

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

The discussion and analysis of the City of Mount Vernon's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2012. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

CITY OF MOUNT VERNON, OHIO

**Statement of Net Position
December 31, 2012**

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 4,513,530	\$ 2,260,392	\$ 6,773,922
Investments	3,287,938	2,712,062	6,000,000
Receivables:			
Taxes	5,851,824	0	5,851,824
Accounts	181,428	1,466,559	1,647,987
Intergovernmental	1,571,180	0	1,571,180
Interest	8,400	0	8,400
Inventory of Supplies	15,117	37,681	52,798
Prepaid Items	131,595	13,190	144,785
Restricted Assets:			
Cash and Cash Equivalents	392,530	0	392,530
Cash and Cash Equivalents with Fiscal Agent	5,231	441,281	446,512
Capital Assets			
Capital Assets not Being Depreciated	13,672,796	11,788,047	25,460,843
Capital Assets Being Depreciated	34,070,085	25,125,772	59,195,857
Total Assets	63,701,654	43,844,984	107,546,638
Deferred Outflows of Resources:			
Deferred Charge on Refunding	0	149,350	149,350
Liabilities:			
Accounts Payable	428,009	110,921	538,930
Accrued Wages and Benefits	158,257	40,738	198,995
Contracts Payable	4,539	160,523	165,062
Matured Bonds & Interest Payable	0	650	650
Accrued Interest Payable	22,611	27,794	50,405
Noncurrent liabilities:			
Due within one year	819,520	1,753,127	2,572,647
Due in more than one year	9,018,341	20,491,647	29,509,988
Total Liabilities	10,451,277	22,585,400	33,036,677

CITY OF MOUNT VERNON, OHIO

	Governmental Activities	Business-Type Activities	Total
Deferred Inflow of Resources:			
Deferred Inflow - Property Taxes	2,379,700	0	2,379,700
Net Position:			
Net Investment in Capital Assets	39,426,306	15,012,084	54,438,390
Restricted For:			
Capital Projects	833,795	566,103	1,399,898
Debt Service	0	442,250	442,250
Perpetual Care, Nonexpendable	401,435	0	401,435
Security of Persons and Property	343,773	0	343,773
Leisure Time Activities	7,167	0	7,167
Community Environment	934,788	0	934,788
Transportation	573,508	0	573,508
Unrestricted	8,349,905	5,388,497	13,738,402
Total Net Position	\$ 50,870,677	\$ 21,408,934	\$ 72,279,611

See accompanying notes to the basic financial statements

CITY OF MOUNT VERNON, OHIO

**Statement of Activities
For the Year Ended December 31, 2012**

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 6,188,789	\$ 1,175,624	\$ 0	\$ 0
Public Health and Welfare Services	723,360	80,494	0	0
Leisure Time Activities	719,024	291,563	0	965,924
Community Environment	528,995	16,471	1,142,694	0
Transportation	4,228,585	313	791,139	1,203,992
General Government	4,852,231	866,410	90,720	0
Interest and Fiscal Charges	510,896	0	0	0
Total Governmental Activities	17,751,880	2,430,875	2,024,553	2,169,916
Business-Type Activities:				
Water	3,019,406	3,559,198	0	0
Sewer	3,194,971	3,257,271	42,069	0
Total Business-Type Activities	6,214,377	6,816,469	42,069	0
Totals	\$ 23,966,257	\$ 9,247,344	\$ 2,066,622	\$ 2,169,916

General Revenues

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

See accompanying notes to the basic financial statements

CITY OF MOUNT VERNON, OHIO

Net (Expense) Revenue
and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (5,013,165)	\$ 0	\$ (5,013,165)
(642,866)	0	(642,866)
538,463	0	538,463
630,170	0	630,170
(2,233,141)	0	(2,233,141)
(3,895,101)	0	(3,895,101)
(510,896)	0	(510,896)
<u>(11,126,536)</u>	<u>0</u>	<u>(11,126,536)</u>
0	539,792	539,792
0	104,369	104,369
<u>0</u>	<u>644,161</u>	<u>644,161</u>
<u>(11,126,536)</u>	<u>644,161</u>	<u>(10,482,375)</u>
571,710	0	571,710
134,352	0	134,352
32,707	0	32,707
1,441,186	0	1,441,186
10,566,350	0	10,566,350
98,030	0	98,030
725,574	0	725,574
37,698	1,539	39,237
261,553	0	261,553
<u>13,869,160</u>	<u>1,539</u>	<u>13,870,699</u>
2,742,624	645,700	3,388,324
48,128,053	20,763,234	68,891,287
<u>\$ 50,870,677</u>	<u>\$ 21,408,934</u>	<u>\$ 72,279,611</u>

CITY OF MOUNT VERNON, OHIO

**Balance Sheet
Governmental Funds
December 31, 2012**

	General	General Bond Retirement	Capital Improvement	TIF District-- Coshocton Road
Assets:				
Cash and Cash Equivalents	\$ 539,546	\$ 705	\$ 1,839,555	\$ 924,172
Investments	2,803,641	0	484,297	0
Receivables:				
Taxes	3,579,082	0	192,540	1,669,196
Accounts	168,277	0	0	0
Intergovernmental	300,699	261	0	0
Interest	8,400	0	0	0
Inventory of Supplies	583	0	0	0
Prepaid Items	126,649	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	\$ 7,526,877	\$ 966	\$ 2,516,392	\$ 2,593,368
Liabilities:				
Accounts Payable	\$ 384,967	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	125,528	0	0	0
Contracts Payable	0	0	0	0
Total Liabilities	510,495	0	0	0
Deferred Inflows of Resources:				
Property Tax	619,700	0	0	1,575,000
Unavailable Revenue	1,304,834	0	62,116	94,196
Total Deferred Inflows of Resources	1,924,534	0	62,116	1,669,196
Fund Balances:				
Nonspendable	127,232	0	0	0
Restricted	8,080	966	2,454,276	924,172
Committed	16,480	0	0	0
Assigned	3,152,283	0	0	0
Unassigned	1,787,773	0	0	0
Total Fund Balances	5,091,848	966	2,454,276	924,172
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 7,526,877	\$ 966	\$ 2,516,392	\$ 2,593,368

See accompanying notes to the basic financial statements

CITY OF MOUNT VERNON, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 1,209,552	\$ 4,513,530
0	3,287,938
411,006	5,851,824
13,151	181,428
1,270,220	1,571,180
0	8,400
14,534	15,117
4,946	131,595
392,530	392,530
5,231	5,231
<u>\$ 3,321,170</u>	<u>\$ 15,958,773</u>
\$ 43,042	\$ 428,009
32,729	158,257
4,539	4,539
<u>80,310</u>	<u>590,805</u>
185,000	2,379,700
<u>1,222,369</u>	<u>2,683,515</u>
<u>1,407,369</u>	<u>5,063,215</u>
420,915	548,147
1,273,594	4,661,088
138,982	155,462
0	3,152,283
0	1,787,773
<u>1,833,491</u>	<u>10,304,753</u>
<u>\$ 3,321,170</u>	<u>\$ 15,958,773</u>

CITY OF MOUNT VERNON, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Position Of Governmental Activities
December 31, 2012***

Total Governmental Fund Balances		\$ 10,304,753
<i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.		47,742,881
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		2,683,515
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds Payable	(6,177,200)	
Special Obligation Bonds Payable	(1,775,000)	
Ohio Public Works Commission Loan Payable	(364,375)	
Police and Firemen's Pension Accrued Liability	(400,777)	
Compensated Absences Payable	(1,120,509)	
Accrued Interest Payable	(22,611)	(9,860,472)
<i>Net Position of Governmental Activities</i>		<u>\$ 50,870,677</u>

See accompanying notes to the basic financial statements



CITY OF MOUNT VERNON, OHIO

**Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2012**

	General	General Bond Retirement	Capital Improvement	TIF District- Coshocton Road
Revenues:				
Taxes	\$ 9,601,380	\$ 0	\$ 662,219	\$ 1,572,036
Intergovernmental Revenues	847,524	261	606,246	0
Charges for Services	1,531,318	0	0	0
Licenses and Permits	17,057	0	0	0
Investment Earnings	31,480	36	5,759	0
Fines and Forfeitures	645,016	0	0	0
All Other Revenue	175,623	0	965,924	0
Total Revenue	12,849,398	297	2,240,148	1,572,036
Expenditures:				
Current:				
Security of Persons and Property	4,934,315	0	0	0
Public Health and Welfare Services	409,588	0	0	0
Leisure Time Activities	670,139	0	6,684	0
Community Environment	29,224	0	0	0
Transportation	29,871	0	1,471,846	1,560,609
General Government	5,438,937	0	993,068	0
Debt Service:				
Principal Retirement	10,506	474,250	0	0
Interest and Fiscal Charges	17,369	272,199	49,298	0
Total Expenditures	11,539,949	746,449	2,520,896	1,560,609
Excess (Deficiency) of Revenues Over Expenditures	1,309,449	(746,152)	(280,748)	11,427
Other Financing Sources (Uses):				
Sale of Capital Assets	9,833	0	0	0
General Obligation Refunding Bonds Issued	0	1,654,400	0	0
Special Obligation Bonds Issued	0	0	1,775,000	0
Payment to Refunded Bond Escrow Agent	0	(1,600,053)	0	0
Transfers In	0	692,771	181,000	0
Transfers Out	(931,594)	0	0	(271,907)
Total Other Financing Sources (Uses)	(921,761)	747,118	1,956,000	(271,907)
Net Change in Fund Balances	387,688	966	1,675,252	(260,480)
Fund Balances at Beginning of Year	4,704,223	0	779,024	1,184,652
Decrease in Inventory Reserve	(63)	0	0	0
Fund Balances End of Year	\$ 5,091,848	\$ 966	\$ 2,454,276	\$ 924,172

See accompanying notes to the basic financial statements

CITY OF MOUNT VERNON, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 893,085	\$ 12,728,720
1,282,066	2,736,097
95,320	1,626,638
3,078	20,135
423	37,698
142,269	787,285
82,747	1,224,294
<u>2,498,988</u>	<u>19,160,867</u>
613,882	5,548,197
298,334	707,922
24,156	700,979
499,771	528,995
985,337	4,047,663
195,839	6,627,844
0	484,756
<u>20,736</u>	<u>359,602</u>
<u>2,638,055</u>	<u>19,005,958</u>
(139,067)	154,909
1,509	11,342
0	1,654,400
0	1,775,000
0	(1,600,053)
401,880	1,275,651
<u>(72,150)</u>	<u>(1,275,651)</u>
<u>331,239</u>	<u>1,840,689</u>
192,172	1,995,598
1,646,490	8,314,389
<u>(5,171)</u>	<u>(5,234)</u>
<u>\$ 1,833,491</u>	<u>\$ 10,304,753</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, 2012***

Net Change in Fund Balances - Total Governmental Funds \$ 1,995,598

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

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

Capital Outlay	3,687,956	
Depreciation Expense	<u>(2,126,842)</u>	1,561,114

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

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>(1,237)</u>	(1,237)
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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.		735,891
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The issuance of long-term debt (e.g. notes, leases) provides current financial resources to governmental funds, but has no effect on net position.

General Obligation Bonds Issued	(1,654,400)	
Special Obligation Bonds Issued	<u>(1,775,000)</u>	(3,429,400)

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

General Obligation Bond Principal Payment	1,959,768	
Ohio Public Works Commission Loan Payment	27,500	
Police Firemen's Pension Accrued Liability Principal Payment	<u>10,506</u>	1,997,774

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(2,509)
--	--	---------

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	(47,623)	
Issuance Costs	(61,750)	
Change in Inventory	<u>(5,234)</u>	<u>(114,607)</u>

Change in Net Position of Governmental Activities **\$ 2,742,624**

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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 8,756,564	\$ 8,756,564	\$ 9,421,398	\$ 664,834
Intergovernmental Revenue	460,490	550,660	935,617	384,957
Charges for Services	1,509,800	1,509,800	1,528,158	18,358
Licenses and Permits	15,100	15,100	17,057	1,957
Investment Earnings	49,600	49,600	36,563	(13,037)
Fines and Forfeitures	450,000	450,000	651,973	201,973
All Other Revenues	109,000	109,000	131,886	22,886
Total Revenues	<u>11,350,554</u>	<u>11,440,724</u>	<u>12,722,652</u>	<u>1,281,928</u>
Expenditures:				
Current:				
Security of Persons and Property	5,580,737	5,684,337	5,451,373	232,964
Public Health and Welfare Services	458,134	458,134	448,081	10,053
Leisure Time Activities	817,673	815,269	714,731	100,538
Community Environment	46,220	46,220	29,847	16,373
Transportation	49,250	50,250	43,139	7,111
General Government	6,263,652	6,362,748	5,459,586	903,162
Total Expenditures	<u>13,215,666</u>	<u>13,416,958</u>	<u>12,146,757</u>	<u>1,270,201</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,865,112)	(1,976,234)	575,895	2,552,129
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	9,833	9,833
Transfers Out	(1,162,300)	(1,051,178)	(931,594)	119,584
Total Other Financing Sources (Uses):	<u>(1,162,300)</u>	<u>(1,051,178)</u>	<u>(921,761)</u>	<u>129,417</u>
Net Change in Fund Balance	(3,027,412)	(3,027,412)	(345,866)	2,681,546
Fund Balance at Beginning of Year	2,505,546	2,505,546	2,505,546	0
Prior Year Encumbrances	521,867	521,867	521,867	0
Fund Balance at End of Year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 2,681,547</u>	<u>\$ 2,681,546</u>

See accompanying notes to the basic financial statements

CITY OF MOUNT VERNON, OHIO

**Statement of Net Position
Proprietary Funds
December 31, 2012**

	Business-Type Activities		Total
	Enterprise Funds		
	Water	Sewer	
ASSETS			
Current assets:			
Cash and Cash Equivalents	\$ 1,042,381	\$ 1,218,011	\$ 2,260,392
Investments	865,380	1,846,682	2,712,062
Accounts receivable (net of allowance for uncollectibles)	809,443	657,116	1,466,559
Inventory of Supplies	22,447	15,234	37,681
Prepaid Items	6,347	6,843	13,190
Total current assets	<u>2,745,998</u>	<u>3,743,886</u>	<u>6,489,884</u>
Noncurrent assets:			
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	441,281	0	441,281
Capital assets:			
Capital Assets Not Being Depreciated	243,257	11,544,790	11,788,047
Capital Assets Being Depreciated	<u>14,876,937</u>	<u>10,248,835</u>	<u>25,125,772</u>
Total capital assets	<u>15,120,194</u>	<u>21,793,625</u>	<u>36,913,819</u>
Total noncurrent assets	<u>15,561,475</u>	<u>21,793,625</u>	<u>37,355,100</u>
Total Assets	<u>18,307,473</u>	<u>25,537,511</u>	<u>43,844,984</u>
Deferred Outflows of Resources:			
Deferred Charges on Refunding	<u>0</u>	<u>149,350</u>	<u>149,350</u>
LIABILITIES			
Current liabilities:			
Accounts Payable	50,019	60,902	110,921
Accrued Wages and Benefits	19,838	20,900	40,738
Contracts Payable	33,531	126,992	160,523
Matured Bonds and Interest Payable	650	0	650
Accrued Interest Payable	13,190	14,604	27,794
General Obligation Bonds Payable - Current	545,100	395,100	940,200
Revenue Bond Payable - Current	425,000	0	425,000
OWDA Loans Payable - Current	0	169,111	169,111
OPWC Loans Payable - Current	6,268	0	6,268
Compensated Absences Payable - Current	54,125	60,923	115,048
Special Obligation Bonds Payable - Current	<u>48,750</u>	<u>48,750</u>	<u>97,500</u>
Total Current Liabilities	<u>1,196,471</u>	<u>897,282</u>	<u>2,093,753</u>

(Continued)

CITY OF MOUNT VERNON, OHIO

	Business-Type Activities		Total
	Enterprise Funds		
	Water	Sewer	
Noncurrent Liabilities:			
General Obligation Bonds Payable	3,386,300	6,196,300	9,582,600
Revenue Bonds Payable	2,780,000	0	2,780,000
OWDA Loans Payable	0	6,120,132	6,120,132
OPWC Loans Payable	103,424	0	103,424
Special Obligation Bonds Payable	838,750	838,750	1,677,500
Compensated Absences Payable	91,724	136,267	227,991
Total noncurrent liabilities	<u>7,200,198</u>	<u>13,291,449</u>	<u>20,491,647</u>
Total Liabilities	<u>8,396,669</u>	<u>14,188,731</u>	<u>22,585,400</u>
NET POSITION:			
Net Investment in Capital Assets	6,986,602	8,025,482	15,012,084
Restricted for Capital Projects	475,699	90,404	566,103
Restricted for Debt Service	442,250	0	442,250
Unrestricted	2,006,253	3,382,244	5,388,497
Total Net Position	<u>\$ 9,910,804</u>	<u>\$ 11,498,130</u>	<u>\$ 21,408,934</u>

See accompanying notes to the basic financial statements



CITY OF MOUNT VERNON, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2012**

	Business-Type Activities		Total
	Enterprise Funds		
	Water	Sewer	
Operating Revenues:			
Charges for Services	\$ 3,555,675	\$ 3,238,997	\$ 6,794,672
Other Operating Revenues	3,523	18,274	21,797
Total Operating Revenues	3,559,198	3,257,271	6,816,469
Operating Expenses:			
Personal Services	1,117,182	1,221,074	2,338,256
Contractual Services	119,348	652,715	772,063
Materials and Supplies	367,815	172,106	539,921
Utilities	201,640	292,189	493,829
Depreciation	888,312	525,263	1,413,575
Total Operating Expenses	2,694,297	2,863,347	5,557,644
Operating Income	864,901	393,924	1,258,825
Non-Operating Revenues (Expenses):			
Interest Income	1,209	330	1,539
Interest and Fiscal Charges	(325,109)	(331,624)	(656,733)
Intergovernmental Grants	0	42,069	42,069
Total Non-Operating Revenues (Expenses)	(323,900)	(289,225)	(613,125)
Change in Net Position	541,001	104,699	645,700
Net Position Beginning of Year	9,369,803	11,393,431	20,763,234
Net Position End of Year	\$ 9,910,804	\$ 11,498,130	\$ 21,408,934

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, 2012**

	Business-Type Activities		Total
	Enterprise Funds		
	Water	Sewer	
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$3,435,586	\$3,313,014	\$6,748,600
Cash Payments for Goods and Services	(656,345)	(1,636,056)	(2,292,401)
Cash Payments to Employees	(1,116,635)	(1,213,545)	(2,330,180)
Net Cash Provided by Operating Activities	1,662,606	463,413	2,126,019
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Proceeds from U S Treasury	0	42,069	42,069
Proceeds from OWDA Loan	0	4,154,032	4,154,032
Proceeds from General Obligation Bonds	52,800	1,812,800	1,865,600
Proceeds from Special Obligation Bonds	887,500	887,500	1,775,000
Acquisition and Construction of Assets	(438,903)	(4,348,867)	(4,787,770)
Principal Paid on General Obligation Bonds	(593,490)	(2,141,742)	(2,735,232)
Principal Paid on Ohio Public Works Commission Loan	(6,268)	0	(6,268)
Principal Paid on Revenue Bonds	(415,000)	0	(415,000)
Principal Paid on OWDA Loan	0	(168,136)	(168,136)
Interest Paid on All Debt	(325,404)	(474,106)	(799,510)
Net Cash Used for Capital and Related Financing Activities	(838,765)	(236,450)	(1,075,215)
<u>Cash Flows from Investing Activities:</u>			
Proceeds from Sale of Investments	129,794	763,652	893,446
Receipt of Interest	1,209	330	1,539
Net Cash Provided by Investing Activities	131,003	763,982	894,985
Net Increase in Cash and Cash Equivalents	954,844	990,945	1,945,789
Cash and Cash Equivalents at Beginning of Year	528,818	227,066	755,884
Cash and Cash Equivalents at End of Year	\$1,483,662	\$1,218,011	\$2,701,673
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$1,042,381	\$1,218,011	\$2,260,392
Restricted Cash with Fiscal Agent	441,281	0	441,281
Cash and Cash Equivalents at End of Year	\$1,483,662	\$1,218,011	\$2,701,673

(Continued)

CITY OF MOUNT VERNON, OHIO

	Business-Type Activities		Total
	Enterprise Funds		
	Water	Sewer	
<u>Reconciliation of Operating Income to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Income	\$864,901	\$393,924	\$1,258,825
Adjustments to Reconcile Operating Income to			
Net Cash Provided by Operating Activities:			
Depreciation Expense	888,312	525,263	1,413,575
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(123,612)	55,743	(67,869)
Increase in Inventory	(836)	(3,805)	(4,641)
Decrease in Prepaid Items	4,611	917	5,528
Increase in Accounts Payable	43,336	35,917	79,253
Decrease in Accrued Wages and Benefits	(31,959)	(31,742)	(63,701)
Increase (Decrease) in Contracts Payable	15,680	(520,003)	(504,323)
Increase in Compensated Absences	2,173	7,199	9,372
Total Adjustments	797,705	69,489	867,194
Net Cash Provided by Operating Activities	<u>\$1,662,606</u>	<u>\$463,413</u>	<u>\$2,126,019</u>

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2012 the Water and Sewer Funds had outstanding liabilities of \$1,441 and \$1,441 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, 2012***

	<u>Agency</u>
Assets:	
Cash and Cash Equivalents	\$ 122,235
Total Assets	<u>\$ 122,235</u>
Liabilities:	
Intergovernmental Payable	\$ 25,669
Due to Others	96,566
Total Liabilities	<u>\$ 122,235</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

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, 2012 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 2012.

Knox Area Transit (KAT) formerly known as Mid Ohio Transit Authority (MOTA) is a county governed organization whose board appointed by the county commissioners and is composed of seven members. The members shall serve three year terms except for the newly created board who two of its members shall serve a one year term, two members shall serve a two year term and three members shall serve a three year term. KAT was organized to provide public transportation for the entire county.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

The City does not appoint members of the Board, nor is the City accountable for any operating deficits of KAT. The KAT Board is responsible for the fiscal operation of KAT. The City appropriated \$20,000 for an operating grant to KAT for 2012.

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 \$50,000 for operations of the combined District for 2012.

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

B. Basis of Presentation - Fund Accounting

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

Governmental Funds

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

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

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

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

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

Fiduciary Funds

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements

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

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

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

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

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

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

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the modified tax budget, the certificate of estimated resources and the appropriation 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.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

1. Modified Tax Budget

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

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificates of estimated resources is amended to include any unencumbered fund balances from the preceding year, and are reported as original budget amounts on the budgetary statements. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the final budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2012.

3. Appropriations

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

4. Lapsing of Appropriations

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

5. Budgetary Basis of Accounting

The City's budgetary process accounts for certain transactions on a basis other than 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)	\$387,688
Increase (Decrease):	
Accrued Revenues at December 31, 2012 received during 2013	(3,161,663)
Accrued Revenues at December 31, 2011 received during 2012	2,042,131
Accrued Expenditures at December 31, 2012 paid during 2013	510,495
Accrued Expenditures at December 31, 2011 paid during 2012	496,393
2011 Prepays for 2012	129,616
2012 Prepays for 2013	(126,649)
Outstanding Encumbrances	<u>(623,877)</u>
Budget Basis	<u><u>(\$345,866)</u></u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, the State Treasury Assets Reserve (STAR Ohio), and certificates of deposit and investments with original maturities of less than three months. The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand. See Note 4, "Cash, Cash Equivalents and Investments."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City reports its investments at fair value. Fair value is determined by quoted market prices, except for nonparticipating investment contracts (certificates of deposit) which are reported at cost. All investment income, including changes in the fair value of investments are recognized as revenue in the operating statements. The City allocates interest among the various funds based upon state statutes and City legislation. See Note 4, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2012. 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, 2012.

H. Inventory

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2012, 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, 2012**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

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

1. Capital Assets - Governmental Activities

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

Donated capital assets are recorded at 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 Position and in the respective funds.

3. Depreciation

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Long-Term Obligations

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

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

L. Compensated Absences

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences (Continued)

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

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

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

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

M. Net Position

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

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

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, 2012***

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. Fund Balances

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

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

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

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

Assigned – Assigned fund balance consists of amounts that are constrained by the City’s intent to be used for specific purposes, but are neither restricted nor committed. The City has no formal policy authorizing a body or official to assign amounts for specific purposes.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Fund Balances (Continued)

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

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

Q. Restricted Assets

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

R. Operating Revenues and Expenses

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

S. Bond Issuance Costs

Bond issuance costs are recognized in the current period.

T. Deferred Outflows/Inflows of Resources

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

T. Deferred Outflows/Inflows of Resources (Continued)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. On the government-wide statement of net position and governmental funds balance sheet, property taxes that are intended to finance future fiscal periods are reported as deferred inflows. In addition, the governmental funds balance sheet reports deferred inflows which arise only under a modified accrual basis of accounting. Accordingly, the item, unavailable amounts, is reported only in the governmental funds balance sheet. The governmental funds report unavailable amounts for property taxes, income taxes, special assessments, and state levied shared taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTE 2 – CHANGE IN ACCOUNTING PRINCIPLE

For 2012 the City implemented GASB Statement No. 62, “*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*,” GASB Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*” and GASB Statement No. 65, “*Items Previously Reported as Assets and Liabilities*”.

Statement No. 62 incorporated into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. GASB 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position.

Statement No. 65 provides guidance on how to properly classify items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. In addition, guidance is provided on recognizing certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

The implementation of these GASB statements did not result in a restatement of the City’s financial statements.

CITY OF MOUNT VERNON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 3 – FUND BALANCE CLASSIFICATION

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

Fund Balances	General		Capital	TIF District	Other	Total
	General	Bond	Capital	Coshocton	Other	Total
	Retirement	Improvement	Road	Governmental	Governmental	Governmental
	Fund	Fund	Fund	Funds	Funds	Funds
Nonspendable:						
Prepaid Items	\$126,649	\$0	\$0	\$0	\$4,946	\$131,595
Supplies Inventory	583	0	0	0	14,534	15,117
Endowment	0	0	0	0	401,435	401,435
Total Nonspendable	127,232	0	0	0	420,915	548,147
Restricted:						
Transportation Projects	0	0	2,454,276	924,172	423,010	3,801,458
Cemetery	0	0	0	0	101,496	101,496
Court Projects	0	0	0	0	354,508	354,508
Public Safety	8,080	0	0	0	348,396	356,476
Community Development	0	0	0	0	27,988	27,988
Debt Retirement	0	966	0	0	11,971	12,937
Parks and Recreation	0	0	0	0	6,225	6,225
Total Restricted	8,080	966	2,454,276	924,172	1,273,594	4,661,088
Committed:						
Parks and Recreation	0	0	0	0	68,290	68,290
Public Safety	0	0	0	0	60,839	60,839
Capital Improvements	16,480	0	0	0	9,853	26,333
Other Purposes	0	0	0	0	0	0
Total Committed	16,480	0	0	0	138,982	155,462
Assigned:						
Projected Budgetary Deficit	2,681,547	0	0	0	0	2,681,547
Encumbrances	470,736	0	0	0	0	470,736
Total Assigned	3,152,283	0	0	0	0	3,152,283
Unassigned:						
	1,787,773	0	0	0	0	1,787,773
Total Fund Balances	\$5,091,848	\$966	\$2,454,276	\$924,172	\$1,833,491	\$10,304,753

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

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

- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

A. Deposits

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

At year end the carrying amount of the City's deposits was \$11,837,170 and the bank balance \$11,955,975. The Federal Deposit Insurance Corporation (FDIC) covered \$6,250,000 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>\$5,705,975</u>
Total Balance	<u><u>\$5,705,975</u></u>

Investment earnings of \$36,589 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, 2012**

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

B. Investments

The City's investments at December 31, 2012 are summarized below:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years) less than 1</u>
STAR Ohio	\$1,451,517	AAAm ¹	\$1,451,517
Total Investments	<u>\$1,451,517</u>		<u>\$1,451,517</u>

¹ Standard & Poor's

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

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

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

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

C. Cash with Fiscal Agents

In addition to deposits and investments, the City has uninsured and uncollateralized cash in the amount of \$5,231 being held by Knox County and the City had cash with fiscal agents in the amount of \$441,281 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, 2012**

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

D. Reconciliation of Cash, Cash Equivalents and Investments

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

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per GASB Statement No. 9	\$7,288,687	\$6,000,000
Certificates of Deposit (with maturities of more than 3 months)	6,000,000	(6,000,000)
Investments:		
STAR Ohio	<u>(1,451,517)</u>	<u>1,451,517</u>
Per GASB Statement No. 3	<u>\$11,837,170</u>	<u>\$1,451,517</u>

NOTE 5 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property used in business and located in the City. Real property taxes (other than public utility) collected during 2012 were levied after October 1, 2011 on assessed values as of January 1, 2011, 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 2011. Real property taxes are payable annually or semi-annually. The first payment is due January 31; the remainder is payable by June 20.

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Mount Vernon. The County Auditor periodically remits to the City its portion of the taxes collected. The full tax rate for all City operations for the year ended December 31, 2012 was \$3.20 per \$1,000 of assessed value. The 2012 assessed value was \$247,754,300. This amount constitutes \$239,307,170 in real property assessed value and \$8,447,130 in public utility assessed.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 5 - TAXES (Continued)

A. Property Taxes (Continued)

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

B. Income Tax

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

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

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

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***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 6 - RECEIVABLES

Receivables at December 31, 2012 consisted of taxes, accounts, interest, and intergovernmental receivables. All receivables are collectible in full and within one year except for allowance for doubtful accounts related to billings for governmental and proprietary funds.

A summary of the principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amount</u>
General Fund	
Estate Tax	\$104,850
Homestead and Rollback Reimbursement	39,022
Local Government	156,555
Lodging Tax	272
Total General Fund	<u>300,699</u>
Major Debt Service Fund:	
Interest Subsidy	261
Nonmajor Special Revenue Funds:	
Street Construction, Maintenance and Repair Fund	
Cents Per Gallon	24,729
Gasoline Tax	202,203
Motor Vehicle Tax	46,733
Total Street Construction, Maintenance and Repair Fund	<u>273,665</u>
State Highway Improvement Fund	
Gasoline Tax	18,399
Motor Vehicle Tax	3,789
Total State Highway Improvement Fund	<u>22,188</u>
CDBG Fund - CDBG Grants	916,100
Permissive License Registration Fund - Permissive Tax	16,110
FEMA - Grant	32,075
Driver's Interlock and Alcohol Monitoring - Fines and Forfeitures	1,066
Police Pension Fund - Homestead and Rollback Reimbursement	4,508
Fire Pension Fund - Homestead and Rollback Reimbursement	4,508
Total Nonmajor Special Revenue Funds	<u>1,270,220</u>
Total Governmental Fund Types	<u>\$1,571,180</u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 7 - TRANSFERS

Following is a summary of Transfers in and out for all funds for 2012:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$0	\$931,594
General Bond Retirement Fund	692,771	0
Capital Improvement Fund	181,000	0
TIF District-Coshocton Road Fund	0	271,907
Other Governmental Funds	401,880	72,150
Total Governmental Funds	<u>\$1,275,651</u>	<u>\$1,275,651</u>

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

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CITY OF MOUNT VERNON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

NOTE 8 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets as of December 31, 2012:

Historical Cost:

Class	December 31, 2011	Additions	Deletions	December 31, 2012
<i>Capital assets not being depreciated:</i>				
Land	\$11,421,045	\$449,826	\$0	\$11,870,871
Construction in Progress	1,855,735	966,861	(1,020,671)	1,801,925
Subtotal	13,276,780	1,416,687	(1,020,671)	13,672,796
<i>Capital assets being depreciated:</i>				
Buildings	12,154,222	943,010	0	13,097,232
Improvements Other than Buildings	1,024,589	74,391	0	1,098,980
Infrastructure	38,271,797	2,026,659	(18,342)	40,280,114
Machinery and Equipment	7,226,073	247,880	(114,788)	7,359,165
Subtotal	58,676,681	3,291,940	(133,130)	61,835,491
Total Cost	<u>\$71,953,461</u>	<u>\$4,708,627</u>	<u>(\$1,153,801)</u>	<u>\$75,508,287</u>
<i>Accumulated Depreciation:</i>				
Class	December 31, 2011	Additions	Deletions	December 31, 2012
Buildings	(\$4,695,387)	(\$430,630)	\$0	(\$5,126,017)
Improvements	(521,526)	(24,193)	0	(545,719)
Infrastructure	(15,643,448)	(1,207,497)	18,342	(16,832,603)
Machinery and Equipment	(4,910,096)	(464,522)	113,551	(5,261,067)
Total Depreciation	<u>(\$25,770,457)</u>	<u>(\$2,126,842) *</u>	<u>\$131,893</u>	<u>(\$27,765,406)</u>
<i>Net Value:</i>	<u>\$46,183,004</u>			<u>\$47,742,881</u>

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$373,563
Leisure Time Activities	215,804
Public Health & Welfare	13,982
Transportation	1,313,137
General Government	210,356
Total Depreciation Expense	<u>\$2,126,842</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

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, 2012:

Historical Cost:

Class	December 31, 2011	Additions	Deletions	December 31, 2012
<i>Capital assets not being depreciated:</i>				
Land	\$819,311	\$0	\$0	\$819,311
Construction in Progress	6,853,866	4,305,314	(190,444)	10,968,736
Subtotal	7,673,177	4,305,314	(190,444)	11,788,047
<i>Capital assets being depreciated:</i>				
Buildings	25,425,631	236,064	0	25,661,695
Utility Structures in Service	23,864,005	178,854	0	24,042,859
Machinery and Equipment	3,616,198	53,464	(232,027)	3,437,635
Subtotal	52,905,834	468,382	(232,027)	53,142,189
Total Cost	\$60,579,011	\$4,773,696	(\$422,471)	\$64,930,236

Accumulated Depreciation:

Class	December 31, 2011	Additions	Deletions	December 31, 2012
Buildings	(\$11,076,930)	(\$936,346)	\$0	(\$12,013,276)
Utility Structures in Service	(12,446,920)	(373,941)	0	(12,820,861)
Machinery and Equipment	(3,311,019)	(103,288)	232,027	(3,182,280)
Total Depreciation	(\$26,834,869)	(\$1,413,575)	\$232,027	(\$28,016,417)
<i>Net Value:</i>	\$33,744,142			\$36,913,819

NOTE 9 - DEFINED BENEFIT PENSION PLANS

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

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

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 visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The ORC provides statutory authority for employee and employer contributions. For 2012, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 10.0%. The 2012 employer contribution rate for local government employer units was 14.00% of covered payroll, which is the maximum contribution rate set by State statutes. Employer contribution rates are actuarially determined. A portion of the City’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits. The portion of employer contributions allocated to pension obligations for members in the Traditional Plan was 10.0% for calendar year 2012. The portion of employer contributions allocated to pension obligations for members in the Combined Plan was 7.95% for calendar year 2012. The contribution requirements of plan members and the City are established and may be amended by the OPERS Board. The City’s contributions for pension obligations to OPERS for the years ending December 31, 2012, 2011, and 2010 were \$636,286, \$657,585 and \$656,785, respectively, which were equal to the required contributions for each year. Contributions to the member-directed plan for 2012 were \$15,846 made by the City and \$11,318 made by the plan members.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

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 2012, 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, 2012, 2011, and 2010 were \$188,986, \$190,096 and \$182,450 for police and \$343,418, \$345,549 and \$325,302 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, 2012***

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 visiting <https://www.opers.org/investments/cafr.shtml>, by making a written request to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

Funding Policy – The ORC provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits. Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, local government employers contributed at a rate of 14.00% of covered payroll. The ORC currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for local government employers. Active members do not make contributions to the OPEB plan.

The OPERS Postemployment Health Care plan was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% for calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% for calendar year 2012. 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, 2012, 2011, and 2010 were \$181,173, \$284,143 and \$376,084, respectively, which were equal to the required contributions for each year.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

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 2012, 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, 2012, 2011, and 2010 were \$100,051, \$100,639 and \$96,591 for police and \$134,381, \$135,215 and \$127,292 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, 2012**

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

Long-term debt and other long-term obligations of the City at December 31, 2012 were as follows:

			Balance December 31, 2011	Additions	(Reductions)	Balance December 31, 2012	Amounts Due Within One Year
Business-Type Activities:							
Mortgage Revenue Bonds:							
3.00 - 3.75%	Water Refunding 1999	2009	\$3,620,000	\$0	(\$415,000)	\$3,205,000	\$425,000
			\$3,620,000	\$0	(\$415,000)	\$3,205,000	\$425,000
General Obligation Bonds:							
2.00 - 4.200%	Wastewater Improvements	2003	1,165,194	0	(1,078,194)	87,000	87,000
2.00 - 4.200%	Wastewater-Refunding 1992	2003	813,058	0	(750,058)	63,000	63,000
2.00 - 4.200%	Water-Building Project	2003	72,090	0	(67,590)	4,500	4,500
2.00 - 4.200%	Wastewater-Building Project	2003	72,090	0	(67,590)	4,500	4,500
4.00 - 5.500%	Waterworks Refunding 1997	2007	3,965,000	0	(500,000)	3,465,000	525,000
3.75 - 4.350%	Waterworks	2007	435,000	0	(25,000)	410,000	15,000
3.75 - 4.350%	W/W Treatment Facility	2007	2,485,000	0	(110,000)	2,375,000	115,000
1.15 - 6.000%	Wastewater Improvements	2009	2,385,000	0	(105,000)	2,280,000	105,000
1.86%	Wastewater Refunding 2003	2012	0	1,020,800	(17,400)	1,003,400	11,600
1.86%	Wastewater Refunding 2003	2012	0	739,200	(12,600)	726,600	8,400
1.86%	Water Refunding 2003	2012	0	52,800	(900)	51,900	600
1.86%	Wastewater Refunding 2003	2012	0	52,800	(900)	51,900	600
	Total General Obligation Bonds Payable		11,392,432	1,865,600	(2,735,232)	10,522,800	940,200
Special Obligation Bonds:							
2.60%	Water - Building Project	2012	0	887,500	0	887,500	48,750
2.60%	Wastewater -Building Project	2012	0	887,500	0	887,500	48,750
	Total Special Obligation Bonds Payable		0	1,775,000	0	1,775,000	97,500
Ohio Public Works Commission Loan:							
0.000%	Water Improvements	2009	115,960	0	(6,268)	109,692	6,268
Ohio Water Development Authority							
1.160%	Wastewater Improvements	2011	2,303,347	4,154,032	(168,136)	6,289,243	169,111
Compensated Absences							
			333,667	249,185	(239,813)	343,039	115,048
	Total Business-Type Activities		\$17,765,406	\$8,043,817	(\$3,564,449)	\$22,244,774	\$1,753,127

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

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

				Balance			Balance	Amounts
				December 31,	Additions	(Reductions)	December 31,	Due Within
				2011			2012	One Year
Governmental Activities:								
General Obligation Bond:								
2.00 - 4.200%	Building Project	2003	\$142,795	\$0	(\$133,795)	\$9,000	\$9,000	\$9,000
2.00 - 4.200%	Highway Project	2003	1,729,773	0	(1,597,773)	132,000	132,000	132,000
3.75 - 4.350%	Water Park Facility	2007	2,610,000	0	(115,000)	2,495,000	120,000	120,000
2.00- 4.250%	Highway Project	2009	2,000,000	0	(85,000)	1,915,000	85,000	85,000
1.86%	Building Refunding 2003	2012	0	105,600	(1,800)	103,800	1,200	1,200
1.86%	Highway Refunding 2003	2012	0	1,548,800	(26,400)	1,522,400	17,600	17,600
Total General Obligation Bonds Payable			6,482,568	1,654,400	(1,959,768)	6,177,200	364,800	364,800
Special Obligation Bonds:								
2.60%	Building Project	2012	0	1,775,000	0	1,775,000	97,500	97,500
Total Special Obligation Bonds Payable			0	1,775,000	0	1,775,000	97,500	97,500
Ohio Public Works Commission Loans:								
0.000%	OPWC Loan Payable	2003	276,250	0	(21,250)	255,000	21,250	21,250
0.000%	OPWC Loan Payable	2009	115,625	0	(6,250)	109,375	6,250	6,250
Total OPWC Loans Payable			391,875	0	(27,500)	364,375	27,500	27,500
Compensated Absences			1,072,886	1,256,766	(1,209,143)	1,120,509	318,764	318,764
Police and Firemen's Pension Accrued Liability			411,283	0	(10,506)	400,777	10,956	10,956
Total Governmental Activities			\$8,358,612	\$4,686,166	(\$3,206,917)	\$9,837,861	\$819,520	\$819,520

A. Long-term Debt Purpose

Business Type Activities: Mortgage Revenue Bonds Refunding 1999 (2009) and General Obligation Bonds, Waterworks Refunding 1997 (2007) were issued for the construction of a new water treatment plant. Water and Wastewater-Building Project (2003) was for the acquisition and renovation of a building for the customer service and billing division. Wastewater Improvements (2003) was for the construction of a major wastewater main line. Waterworks (2007) was for the construction of a major water main line. Wastewater-Refunding 1992 (2003) was for the construction of two anaerobic aerobic digester tanks. Wastewater Treatment Facility (2007) was for aeration and infiltration upgrades. Wastewater Improvements (2009) was for relining of wastewater lines and manhole rehabilitation. Wastewater Improvements (2011) was for upgrades to electrical and instrumentation at treatment plant. Wastewater Refunding 2003 (2012) and Water Refunding 2003 (2012) were for the acquisition and renovation of a building for the customer service and billing division. Water and Wastewater building project (2012) was for the construction of a combined maintenance facility building for the Distribution and Collection Departments.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

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

A. Long-term Debt Purpose (Continued)

In 2011, the City entered into an agreement with the OWDA, as administrator for the U. S. Environmental Protection Agency (EPA), for the City to receive a loan of \$7,537,774. The proceeds are being used to construct a septage receiving station and electrical and instrumentation upgrades. The amount is subject to change and has not been finalized. The interest rate on the loans is 1.16%, per annum. This loan is payable from water pollution charges and is received by the City in increments as the project is completed. As of December 31, 2011, the City had received \$2,303,347, and as of December 31, 2012, the City had received \$4,154,032 from OWDA. Subsequent amounts will be received in future years. The City began repaying the loan in semiannual payments in 2012 based on a loan amount of \$6,457,379 to be paid through 2032. An estimate of future financing requirements has been made based on the loan balance of \$6,289,243 at December 31, 2012.

		Original Issue
		<u> </u>
Business-Type Activities		
Mortgage Revenue Bonds:		
Water Refunding 1999	2009	\$4,420,000
General Obligation Bonds:		
Wastewater Improvements	2003	2,249,703
Wastewater-Refunding 1992	2003	1,595,845
Water-Building Project	2003	128,115
Wastewater-Building Project	2003	128,115
Waterworks Refunding 1997	2007	5,785,000
Waterworks	2007	520,000
Wastewater Treatment Facility	2007	2,890,000
Wastewater Improvements	2009	2,595,000
Wastewater Refunding	2012	1,020,800
Wastewater Refunding	2012	739,200
Wastewater Refunding	2012	52,800
Water Refunding	2012	52,800
Total General Obligation Bonds		<u>17,757,378</u>
Special Obligation Bonds:		
Wastewater-Building Project	2012	887,500
Water-Building Project	2012	887,500
Total Special Obligation Bonds		<u>1,775,000</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

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

A. Long-term Debt Purpose (Continued)

Governmental Activities: Building Project (2003) was for the acquisition and renovation of a building for the City Income Tax Department. Highway Project (2003) was for the widening of a portion of State Route 36 East, including drainage and traffic lights. Water Park Facility (2007) was for the construction of a new water park/pool complex. Highway Project (2009) was for road improvements to Blackjack Road. Building Refunding 2003 (2012) was for the acquisition and renovation of a building for the City Income Tax Department. Highway Refunding 2003 (2012) was for the widening of a portion of State Route 36 East, including drainage and traffic lights. Building Project (2012) was for the construction of a combined maintenance facility building for the Street Department.

		Original Issue
Governmental Activities Long-Term Debt:		
General Obligation Bonds:		
Building Project	2003	\$256,230
Highway Project	2003	3,371,992
Water Park Facility	2007	3,035,000
Highway Project	2009	2,165,000
Building Refunding 2003	2012	105,600
Highway Refunding 2003	2012	1,548,800
Total General Obligation Bonds		<u>10,482,622</u>
Special Obligation Bonds:		
Building Project	2012	1,775,000
Total Special Obligation Bonds		<u>1,775,000</u>
Ohio Public Works Commission Loan:		
OPWC Loan Payable	2003	425,000
OPWC Loan Payable	2009	125,000
Total Ohio Public Works Commission Loan Payable		<u>550,000</u>

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, 2012 was \$625,922 in principal and interest payments through the year 2035.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

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

C. Principal and Interest Requirements

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2012 are as follows:

Business-type Activities:

Years	General Obligation Bonds		Mortgage Revenue Bonds		Ohio Public Works Commission Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$940,200	\$465,920	\$425,000	\$115,200	\$6,268	\$0
2014	978,150	365,376	435,000	102,450	6,268	0
2015	1,010,800	334,981	450,000	89,400	6,268	0
2016	1,043,450	302,036	465,000	75,900	6,268	0
2017	1,093,750	258,709	480,000	59,625	6,268	0
2018-2022	3,231,450	825,656	950,000	35,625	31,341	0
2023-2027	1,880,000	391,499	0	0	31,341	0
2028-2032	345,000	31,200	0	0	15,670	0
Totals	\$10,522,800	\$2,975,377	\$3,205,000	\$478,200	\$109,692	\$0

Years	Ohio Water Development Authority Loan		Special Obligation Bonds	
	Principal	Interest	Principal	Interest
2013	\$169,111	\$42,786	\$97,500	\$46,150
2014	282,512	40,586	100,000	43,614
2015	286,912	38,386	102,500	41,016
2016	291,312	36,186	105,000	38,456
2017	295,712	33,986	110,000	35,620
2018-2022	1,544,561	136,932	590,000	133,972
2023-2027	1,654,561	81,932	670,000	53,144
2028-2032	1,764,562	26,934	0	0
Totals	\$6,289,243	\$437,728	\$1,775,000	\$391,972

CITY OF MOUNT VERNON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

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

C. Principal and Interest Requirements (Continued)

Governmental Activities:

Years	General Obligation Bonds		Police/Fire Pension Liability		Ohio Public Works Commission Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$364,800	\$274,254	\$10,956	\$16,918	\$27,500	\$0
2014	376,850	203,297	11,428	16,448	27,500	0
2015	394,200	192,696	11,917	15,955	27,500	0
2016	411,550	180,779	12,429	15,444	27,500	0
2017	421,250	168,511	12,964	14,911	27,500	
2018-2022	2,273,550	639,596	73,666	65,705	137,500	0
2023-2027	1,640,000	279,729	90,905	48,466	73,750	0
2028-2032	295,000	18,913	112,180	27,193	15,625	0
2033-2035	0	0	64,332	4,105	0	0
Totals	<u>\$6,177,200</u>	<u>\$1,957,775</u>	<u>\$400,777</u>	<u>\$225,145</u>	<u>\$364,375</u>	<u>\$0</u>

Years	Special Obligation Bonds	
	Principal	Interest
2013	\$97,500	\$46,150
2014	100,000	43,615
2015	102,500	41,015
2016	105,000	38,455
2017	110,000	35,620
2018-2022	590,000	133,973
2023-2027	670,000	53,144
Totals	<u>\$1,775,000</u>	<u>\$391,972</u>

D. Defeased Debt

In March 2012, the City defeased \$60,615 of Water General Obligation Bonds dated March, 2003 (the "2003 Bonds") through the issuance of \$52,800 of Water General Obligation Bonds. The net proceeds of the 2012 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$60,615 at December 31, 2012, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding. The refunding was undertaken to reduce total debt service payments over the next 10 years by \$5,517 and resulted in an economic gain of \$2,696 in the Water Fund.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

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

D. Defeased Debt (Continued)

In March 2012, the City defeased \$1,656,367 of Wastewater General Obligation Bonds dated March, 2003 (the "2003 Bonds") through the issuance of \$1,812,800 of Wastewater General Obligation Bonds. The net proceeds of the 2012 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$1,656,367 at December 31, 2012, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding. The refunding was undertaken to reduce total debt service payments over the next 10 years by \$189,400 and resulted in an economic loss of \$92,598 in the Sewer Fund.

In March 2012, the City defeased \$1,513,018 of General Obligation Bonds dated March, 2003 (the "2003 Bonds") through the issuance of \$1,654,400 of General Obligation Bonds. The net proceeds of the 2012 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$1,513,018 at December 31, 2012, are not included in the City's outstanding debt since the City has in-substance satisfied its obligations through the advance refunding. The refunding was undertaken to reduce total debt service payments over the next 10 years by \$172,850 and resulted in an economic gain of \$84,486 in the Governmental Activities.

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, 2012, the total accumulated unpaid sick, vacation and compensatory time recorded was as follows:

	<u>Hours</u>	<u>Amount</u>
Sick Leave	67,003	\$756,215
Vacation	14,525	318,764
Compensatory Time	<u>2,068</u>	<u>45,530</u>
Total	<u><u>83,596</u></u>	<u><u>\$1,120,509</u></u>

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2012, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

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

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

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, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Assets	\$ 34,389,569	\$ 33,362,404
Liabilities	<u>14,208,353</u>	<u>14,187,273</u>
Net Assets	<u>\$ 20,181,216</u>	<u>\$ 19,175,131</u>

At December 31, 2012 and 2011, the assets above also include approximately \$12.6 million and \$12.1 million of unpaid claims to be billed to approximately 466 member governments in the future, as of December 31, 2012 and 2011, 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 \$267,164.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2012**

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>
2011	\$ 136,670
2012	133,582

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 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, 2012, 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>
Wastewater Relining Project	\$135,422	June 2013
Wastewater Treatment Plant Upgrades	106,445	June 2013

NOTE 15 - CONTINGENCIES

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2012***

NOTE 16 - CONDUIT DEBT OBLIGATIONS

The City has issued Economic Development Revenue Bonds to provide financial assistance to private-sector entities for the acquisition, construction, renovation, installation and equipping of a 65,000 square foot expansion to the Prince Student Union, which will include a new arena and other intercollegiate athletic facilities, academic and office space facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. At December 31, 2011, Economic Development Revenue Bonds outstanding for the Mount Vernon Nazarene University totaled \$9,600,000.

*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 state grants designated for community environmental improvements.

Parking Fund

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

Law Enforcement Trust Fund

To account for the proceeds from the confiscation of contraband.

Drug Enforcement Trust Fund

To account for mandatory fines collected for drug offenses.

Permissive License Registration Fund

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

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.

(Continued)

Special Revenue Funds

DUI - Enforcement and Education Fund

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

Court Computerization Fund

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

Probation Services Fund

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

Federal Emergency Management Agency (FEMA) Grant Fund

To account for grant monies received from Federal Emergency Management Agency for assistance with public or individual restoration of disaster-damaged projects. (This fund only exists on a GAAP basis and is not part of the City's appropriated budget, therefore no budgetary schedule is presented.)

Lodging Excise Tax Fund

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

Driver's Interlock and Alcohol Monitoring Fund

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

Public Service Street Repair Fund

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

Hiawatha Water Park Scholarship Fund

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

Police Pension Fund

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

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.

Special Revenue Funds

Mausoleum Fund

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

Veterans Honor Walkway Fund

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

Debt Service Fund

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

General Bond Retirement-Income Tax Fund

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

Capital Projects Funds

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

Baltimore and Ohio (B&O) Railroad Depot Fund

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

TIF District-Industrial Area Fund

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

Permanent Fund

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

Perpetual Care Fund

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

CITY OF MOUNT VERNON, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:					
Cash and Cash Equivalents	\$ 1,189,331	\$ 11,971	\$ 8,250	\$ 0	\$ 1,209,552
Receivables:					
Taxes	369,006	0	42,000	0	411,006
Accounts	4,246	0	0	8,905	13,151
Intergovernmental	1,270,220	0	0	0	1,270,220
Inventory of Supplies	14,534	0	0	0	14,534
Prepaid Items	4,946	0	0	0	4,946
Restricted Assets:					
Cash and Cash Equivalents	0	0	0	392,530	392,530
Cash and Cash Equivalents with Fiscal Agent	5,231	0	0	0	5,231
Total Assets	\$ 2,857,514	\$ 11,971	\$ 50,250	\$ 401,435	\$ 3,321,170
Liabilities:					
Accounts Payable	\$ 43,042	\$ 0	\$ 0	\$ 0	\$ 43,042
Accrued Wages and Benefits Payable	32,729	0	0	0	32,729
Contracts Payable	4,539	0	0	0	4,539
Total Liabilities	80,310	0	0	0	80,310
Deferred Inflows of Resources:					
Deferred Inflow-Property Tax	143,000	0	42,000	0	185,000
Unavailable Revenue	1,222,369	0	0	0	1,222,369
Total Deferred Inflows of Resources	1,365,369	0	42,000	0	1,407,369
Fund Balances:					
Nonspendable	19,480	0	0	401,435	420,915
Restricted	1,261,611	11,971	12	0	1,273,594
Committed	130,744	0	8,238	0	138,982
Total Fund Balances	1,411,835	11,971	8,250	401,435	1,833,491
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,857,514	\$ 11,971	\$ 50,250	\$ 401,435	\$ 3,321,170

CITY OF MOUNT VERNON, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012**

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:					
Taxes	\$ 818,562	\$ 32,707	\$ 41,816	\$ 0	\$ 893,085
Intergovernmental Revenues	1,282,066	0	0	0	1,282,066
Charges for Services	95,320	0	0	0	95,320
Licenses and Permits	3,078	0	0	0	3,078
Investment Earnings	423	0	0	0	423
Fines and Forfeitures	142,269	0	0	0	142,269
All Other Revenue	66,153	0	0	16,594	82,747
Total Revenue	2,407,871	32,707	41,816	16,594	2,498,988
Expenditures:					
Current:					
Security of Persons and Property	613,882	0	0	0	613,882
Public Health and Welfare Services	298,334	0	0	0	298,334
Leisure Time Activities	24,156	0	0	0	24,156
Community Environment	499,771	0	0	0	499,771
Transportation	975,475	0	9,862	0	985,337
General Government	195,839	0	0	0	195,839
Debt Service:					
Interest and Fiscal Charges	0	20,736	0	0	20,736
Total Expenditures	2,607,457	20,736	9,862	0	2,638,055
Excess (Deficiency) of Revenues Over Expenditures	(199,586)	11,971	31,954	16,594	(139,067)
Other Financing Sources (Uses):					
Sale of Capital Assets	1,509	0	0	0	1,509
Transfers In	401,880	0	0	0	401,880
Transfers Out	0	0	(72,150)	0	(72,150)
Total Other Financing Sources (Uses)	403,389	0	(72,150)	0	331,239
Net Change in Fund Balances	203,803	11,971	(40,196)	16,594	192,172
Fund Balances at Beginning of Year	1,213,203	0	48,446	384,841	1,646,490
Decrease in Inventory Reserve	(5,171)	0	0	0	(5,171)
Fund Balances End of Year	\$ 1,411,835	\$ 11,971	\$ 8,250	\$ 401,435	\$ 1,833,491

CITY OF MOUNT VERNON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012**

	Street Construction, Maintenance & Repair	State Highway Improvement	Permissive Auto License Tax	Cemetery	Park Development
Assets:					
Cash and Cash Equivalents	\$ 169,704	\$ 86,182	\$ 10,578	\$ 52,565	\$ 6,213
Receivables:					
Taxes	57,761	0	0	77,016	0
Accounts	0	0	0	4,246	0
Intergovernmental	273,665	22,188	0	0	0
Inventory of Supplies	14,197	0	0	337	0
Prepaid Items	2,935	0	0	1,055	0
Restricted Assets:					
Cash and Cash Equivalents with Fiscal Agent	0	0	5,231	0	0
Total Assets	\$ 518,262	\$ 108,370	\$ 15,809	\$ 135,219	\$ 6,213
Liabilities:					
Accounts Payable	\$ 24,355	\$ 1,625	\$ 0	\$ 8,780	\$ 0
Accrued Wages and Benefits Payable	11,114	0	0	4,044	0
Contracts Payable	0	0	0	0	0
Total Liabilities	35,469	1,625	0	12,824	0
Deferred Inflows of Resources:					
Deferred Inflows-Property Tax	0	0	0	0	0
Unavailable Revenue	201,078	14,792	5,231	24,846	0
Total Deferred Inflows of Resources	201,078	14,792	5,231	24,846	0
Fund Balances:					
Nonspendable	17,132	0	0	1,392	0
Restricted	264,583	91,953	10,578	96,157	6,213
Committed	0	0	0	0	0
Total Fund Balances	281,715	91,953	10,578	97,549	6,213
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 518,262	\$ 108,370	\$ 15,809	\$ 135,219	\$ 6,213

CITY OF MOUNT VERNON, OHIO

Community Development Block Grant	Parking	Law Enforcement Trust	Drug Enforcement Trust	Permissive License Registration	Indigent Drivers Alcohol Treatment	DUI Enforcement and Education
\$ 18,688	\$ 62,005	\$ 11,421	\$ 41,133	\$ 46,713	\$ 895	\$ 40,650
0	0	0	0	0	0	0
0	0	0	0	0	0	0
916,100	0	0	0	16,110	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 934,788</u>	<u>\$ 62,005</u>	<u>\$ 11,421</u>	<u>\$ 41,133</u>	<u>\$ 62,823</u>	<u>\$ 895</u>	<u>\$ 40,650</u>
\$ 0	\$ 1,166	\$ 0	\$ 0	\$ 6,927	\$ 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>0</u>	<u>1,166</u>	<u>0</u>	<u>0</u>	<u>6,927</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0	0
<u>906,800</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>906,800</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0	0
27,988	0	11,421	41,133	55,896	895	40,650
0	60,839	0	0	0	0	0
<u>27,988</u>	<u>60,839</u>	<u>11,421</u>	<u>41,133</u>	<u>55,896</u>	<u>895</u>	<u>40,650</u>
<u>\$ 934,788</u>	<u>\$ 62,005</u>	<u>\$ 11,421</u>	<u>\$ 41,133</u>	<u>\$ 62,823</u>	<u>\$ 895</u>	<u>\$ 40,650</u>

(Continued)

CITY OF MOUNT VERNON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2012**

	Court Computerization	Probation Services	FEMA	Lodging Excise Tax	Driver's Interlock & Alcohol Monitoring
Assets:					
Cash and Cash Equivalents	\$ 208,246	\$ 76,799	\$ 0	\$ 0	\$ 67,691
Receivables:					
Taxes	0	0	0	4,539	0
Accounts	0	0	0	0	0
Intergovernmental	0	0	32,075	0	1,066
Inventory of Supplies	0	0	0	0	0
Prepaid Items	956	0	0	0	0
Restricted Assets:					
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0	0
Total Assets	<u>\$ 209,202</u>	<u>\$ 76,799</u>	<u>\$ 32,075</u>	<u>\$ 4,539</u>	<u>\$ 68,757</u>
Liabilities:					
Accounts Payable	\$ 189	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0	0
Contracts Payable	0	0	0	4,539	0
Total Liabilities	<u>189</u>	<u>0</u>	<u>0</u>	<u>4,539</u>	<u>0</u>
Deferred Inflows of Resources:					
Deferred Inflows-Property Tax	0	0	0	0	0
Unavailable Revenue	0	0	0	0	0
Total Deferred Inflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances:					
Nonspendable	956	0	0	0	0
Restricted	208,057	76,799	32,075	0	68,757
Committed	0	0	0	0	0
Total Fund Balances	<u>209,013</u>	<u>76,799</u>	<u>32,075</u>	<u>0</u>	<u>68,757</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 209,202</u>	<u>\$ 76,799</u>	<u>\$ 32,075</u>	<u>\$ 4,539</u>	<u>\$ 68,757</u>

CITY OF MOUNT VERNON, OHIO

Public Service Street Repair	Hiawatha Water Park Scholarship	Police Pension	Fire Pension	Mausoleum	Veterans Honor Walkway	Total Nonmajor Special Revenue Funds
\$ 1,615	\$ 954	\$ 97,644	\$ 116,960	\$ 5,339	\$ 67,336	\$ 1,189,331
0	0	114,845	114,845	0	0	369,006
0	0	0	0	0	0	4,246
0	0	4,508	4,508	0	0	1,270,220
0	0	0	0	0	0	14,534
0	0	0	0	0	0	4,946
0	0	0	0	0	0	5,231
<u>\$ 1,615</u>	<u>\$ 954</u>	<u>\$ 216,997</u>	<u>\$ 236,313</u>	<u>\$ 5,339</u>	<u>\$ 67,336</u>	<u>\$ 2,857,514</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 43,042
0	0	6,560	11,011	0	0	32,729
0	0	0	0	0	0	4,539
0	0	6,560	11,011	0	0	80,310
0	0	71,500	71,500	0	0	143,000
0	0	34,811	34,811	0	0	1,222,369
0	0	106,311	106,311	0	0	1,365,369
0	0	0	0	0	0	19,480
0	0	104,126	118,991	5,339	0	1,261,611
1,615	954	0	0	0	67,336	130,744
<u>1,615</u>	<u>954</u>	<u>104,126</u>	<u>118,991</u>	<u>5,339</u>	<u>67,336</u>	<u>1,411,835</u>
<u>\$ 1,615</u>	<u>\$ 954</u>	<u>\$ 216,997</u>	<u>\$ 236,313</u>	<u>\$ 5,339</u>	<u>\$ 67,336</u>	<u>\$ 2,857,514</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, 2012***

	Street Construction, Maintenance & Repair	State Highway Improvement	Permissive Auto License Tax	Cemetery	Park Development
Revenues:					
Taxes	\$ 198,666	\$ 0	\$ 0	\$ 264,888	\$ 0
Intergovernmental Revenues	584,032	38,834	79,816	0	0
Charges for Services	0	0	0	63,670	880
Licenses and Permits	313	0	0	0	0
Investment Earnings	13	12	0	360	0
Fines and Forfeitures	0	0	0	0	0
All Other Revenue	2,421	0	0	361	0
Total Revenue	785,445	38,846	79,816	329,279	880
Expenditures:					
Current:					
Security of Persons and Property	0	0	0	0	0
Public Health and Welfare Services	0	0	0	298,334	0
Leisure Time Activities	0	0	0	0	23,139
Community Environment	0	0	0	0	0
Transportation	746,177	46,709	75,000	0	0
General Government	0	0	0	0	0
Total Expenditures	746,177	46,709	75,000	298,334	23,139
Excess (Deficiency) of Revenues Over Expenditures	39,268	(7,863)	4,816	30,945	(22,259)
Other Financing Sources (Uses):					
Sale of Capital Assets	1,509	0	0	0	0
Transfers In	0	0	0	0	880
Total Other Financing Sources (Uses)	1,509	0	0	0	880
Net Change in Fund Balances	40,777	(7,863)	4,816	30,945	(21,379)
Fund Balances at Beginning of Year	245,558	99,816	5,762	67,155	27,592
Decrease in Inventory Reserve	(4,620)	0	0	(551)	0
Fund Balances End of Year	\$ 281,715	\$ 91,953	\$ 10,578	\$ 97,549	\$ 6,213

CITY OF MOUNT VERNON, OHIO

Community Development Block Grant	Parking	Law Enforcement Trust	Drug Enforcement Trust	Permissive License Registration	Indigent Drivers Alcohol Treatment	DUI Enforcement and Education
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
409,430	0	0	0	103,045	0	0
0	0	0	0	0	0	0
0	1,460	0	0	0	0	0
2	0	0	0	0	0	0
0	3,451	5,222	14,836	0	28,153	1,294
0	62,475	0	0	0	0	0
<u>409,432</u>	<u>67,386</u>	<u>5,222</u>	<u>14,836</u>	<u>103,045</u>	<u>28,153</u>	<u>1,294</u>
0	15,399	482	4,867	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
499,771	0	0	0	0	0	0
0	0	0	0	107,589	0	0
0	0	0	0	0	28,821	0
<u>499,771</u>	<u>15,399</u>	<u>482</u>	<u>4,867</u>	<u>107,589</u>	<u>28,821</u>	<u>0</u>
(90,339)	51,987	4,740	9,969	(4,544)	(668)	1,294
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>
(90,339)	51,987	4,740	9,969	(4,544)	(668)	1,294
118,327	8,852	6,681	31,164	60,440	1,563	39,356
0	0	0	0	0	0	0
<u>\$ 27,988</u>	<u>\$ 60,839</u>	<u>\$ 11,421</u>	<u>\$ 41,133</u>	<u>\$ 55,896</u>	<u>\$ 895</u>	<u>\$ 40,650</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, 2012**

	Court Computerization	Probation Services	FEMA	Lodging Excise Tax	Driver's Interlock & Alcohol Monitoring
Revenues:					
Taxes	\$ 0	\$ 0	\$ 0	\$ 92,456	\$ 0
Intergovernmental Revenues	0	0	32,075	0	1,066
Charges for Services	0	29,490	0	0	0
Licenses and Permits	0	0	0	0	0
Investment Earnings	0	0	0	0	0
Fines and Forfeitures	69,439	0	0	0	19,874
All Other Revenue	0	0	0	0	0
Total Revenue	<u>69,439</u>	<u>29,490</u>	<u>32,075</u>	<u>92,456</u>	<u>20,940</u>
Expenditures:					
Current:					
Security of Persons and Property	0	0	0	0	0
Public Health and Welfare Services	0	0	0	0	0
Leisure Time Activities	0	0	0	0	0
Community Environment	0	0	0	0	0
Transportation	0	0	0	0	0
General Government	55,370	16,665	0	92,456	(677)
Total Expenditures	<u>55,370</u>	<u>16,665</u>	<u>0</u>	<u>92,456</u>	<u>(677)</u>
Excess (Deficiency) of Revenues Over Expenditures	14,069	12,825	32,075	0	21,617
Other Financing Sources (Uses):					
Sale of Capital Assets	0	0	0	0	0
Transfers In	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	14,069	12,825	32,075	0	21,617
Fund Balances at Beginning of Year	194,944	63,974	0	0	47,140
Decrease in Inventory Reserve	0	0	0	0	0
Fund Balances End of Year	<u>\$ 209,013</u>	<u>\$ 76,799</u>	<u>\$ 32,075</u>	<u>\$ 0</u>	<u>\$ 68,757</u>

CITY OF MOUNT VERNON, OHIO

Public Service Street Repair	Hiawatha Water Park Scholarship	Police Pension	Fire Pension	Mausoleum	Veterans Honor Walkway	Total Nonmajor Special Revenue Funds
\$ 0	\$ 0	\$ 131,276	\$ 131,276	\$ 0	\$ 0	\$ 818,562
0	0	16,884	16,884	0	0	1,282,066
0	0	0	0	230	1,050	95,320
1,305	0	0	0	0	0	3,078
0	0	0	0	4	32	423
0	0	0	0	0	0	142,269
0	896	0	0	0	0	66,153
<u>1,305</u>	<u>896</u>	<u>148,160</u>	<u>148,160</u>	<u>234</u>	<u>1,082</u>	<u>2,407,871</u>
0	0	224,784	368,350	0	0	613,882
0	0	0	0	0	0	298,334
0	410	0	0	0	607	24,156
0	0	0	0	0	0	499,771
0	0	0	0	0	0	975,475
0	0	1,602	1,602	0	0	195,839
<u>0</u>	<u>410</u>	<u>226,386</u>	<u>369,952</u>	<u>0</u>	<u>607</u>	<u>2,607,457</u>
1,305	486	(78,226)	(221,792)	234	475	(199,586)
0	0	0	0	0	0	1,509
<u>0</u>	<u>0</u>	<u>88,000</u>	<u>313,000</u>	<u>0</u>	<u>0</u>	<u>401,880</u>
<u>0</u>	<u>0</u>	<u>88,000</u>	<u>313,000</u>	<u>0</u>	<u>0</u>	<u>403,389</u>
1,305	486	9,774	91,208	234	475	203,803
310	468	94,352	27,783	5,105	66,861	1,213,203
0	0	0	0	0	0	(5,171)
<u>\$ 1,615</u>	<u>\$ 954</u>	<u>\$ 104,126</u>	<u>\$ 118,991</u>	<u>\$ 5,339</u>	<u>\$ 67,336</u>	<u>\$ 1,411,835</u>

CITY OF MOUNT VERNON, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2012**

	B&O Railroad Depot	TIF District- Industrial Area	Total Nonmajor Capital Projects Funds
Assets:			
Cash and Cash Equivalents	\$ 8,238	\$ 12	\$ 8,250
Receivables:			
Taxes	0	42,000	42,000
Total Assets	<u>\$ 8,238</u>	<u>\$ 42,012</u>	<u>\$ 50,250</u>
Liabilities:			
Deferred Inflows of Resources:			
Deferred Inflows-Property Tax	0	42,000	42,000
Total Deferred Inflows of Resources	<u>0</u>	<u>42,000</u>	<u>42,000</u>
Fund Balances:			
Restricted	0	12	12
Committed	8,238	0	8,238
Total Fund Balances	<u>8,238</u>	<u>12</u>	<u>8,250</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 8,238</u>	<u>\$ 42,012</u>	<u>\$ 50,250</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, 2012**

	B&O Railroad Depot	TIF District- Industrial Area	Total Nonmajor Capital Project Funds
Revenues:			
Taxes	\$ 0	\$ 41,816	\$ 41,816
Total Revenue	<u>0</u>	<u>41,816</u>	<u>41,816</u>
Expenditures:			
Current:			
Transportation	<u>0</u>	<u>9,862</u>	<u>9,862</u>
Total Expenditures	<u>0</u>	<u>9,862</u>	<u>9,862</u>
Excess (Deficiency) of Revenues Over Expenditures	0	31,954	31,954
Other Financing Sources (Uses):			
Transfers Out	<u>0</u>	<u>(72,150)</u>	<u>(72,150)</u>
Total Other Financing Sources (Uses)	<u>0</u>	<u>(72,150)</u>	<u>(72,150)</u>
Net Change in Fund Balances	0	(40,196)	(40,196)
Fund Balances at Beginning of Year	<u>8,238</u>	<u>40,208</u>	<u>48,446</u>
Fund Balances End of Year	<u>\$ 8,238</u>	<u>\$ 12</u>	<u>\$ 8,250</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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 645,300	\$ 645,300	\$ 551,636	\$ (93,664)
Municipal Income Tax	8,108,264	8,108,264	8,864,188	755,924
Other Local Taxes	3,000	3,000	5,574	2,574
Total Tax Revenues	8,756,564	8,756,564	9,421,398	664,834
Intergovernmental Revenues:				
State Levied Shared Taxes	409,290	409,290	818,346	409,056
Intergovernmental Revenues	51,200	141,370	117,271	(24,099)
Total Intergovernmental Revenues	460,490	550,660	935,617	384,957
Charges for Services	1,509,800	1,509,800	1,528,158	18,358
Licenses and Permits	15,100	15,100	17,057	1,957
Investment Earnings	49,600	49,600	36,563	(13,037)
Fines and Forfeitures	450,000	450,000	651,973	201,973
All Other Revenues	109,000	109,000	131,886	22,886
Total Revenues	11,350,554	11,440,724	12,722,652	1,281,928
Expenditures:				
Security of Persons and Property:				
Police Division:				
Personal Services	1,754,953	1,752,953	1,711,075	41,878
Travel and Transportation	44,855	44,355	35,391	8,964
Materials and Supplies	55,565	53,065	41,933	11,132
Contractual Services	205,560	201,560	176,554	25,006
Capital Outlay	235,624	235,624	235,460	164
Total Police Division	2,296,557	2,287,557	2,200,413	87,144
Fire and E.M.S. Division:				
Personal Services	2,356,727	2,452,920	2,452,419	501
Travel and Transportation	33,092	25,951	19,809	6,142
Materials and Supplies	98,325	98,725	86,152	12,573
Contractual Services	153,132	159,480	143,342	16,138
Capital Outlay	205,150	204,850	124,439	80,411
Total Fire and E.M.S. Division	2,846,426	2,941,926	2,826,161	115,765

(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, 2012***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Miscellaneous:				
Street Lighting/Radio Repair/Sirens:				
Materials and Supplies	30,800	47,900	39,135	8,765
Contractual Services	353,954	353,954	332,789	21,165
Public Defender:				
Contractual Services	25,000	25,000	25,000	0
Debt Services:				
Principal Retirement	17,400	17,400	17,369	31
Interest and Fiscal Charges	10,600	10,600	10,506	94
Total Miscellaneous	<u>437,754</u>	<u>454,854</u>	<u>424,799</u>	<u>30,055</u>
Total Security of Persons and Property	<u>5,580,737</u>	<u>5,684,337</u>	<u>5,451,373</u>	<u>232,964</u>
Public Health and Welfare Services:				
Police Division:				
Contractual Services	362,634	362,634	362,634	0
Total Police Division	<u>362,634</u>	<u>362,634</u>	<u>362,634</u>	<u>0</u>
Humane Officer:				
Travel and Transportation	13,000	13,000	10,429	2,571
Contractual Services	32,500	32,500	25,018	7,482
Total Humane Officer	<u>45,500</u>	<u>45,500</u>	<u>35,447</u>	<u>10,053</u>
Health Department:				
Contractual Services	50,000	50,000	50,000	0
Total Health Department	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>0</u>
Total Public Health and Welfare Services	<u>458,134</u>	<u>458,134</u>	<u>448,081</u>	<u>10,053</u>
Leisure Time Activities:				
Parks:				
Personal Services	231,755	231,255	221,149	10,106
Travel and Transportation	500	500	133	367
Materials and Supplies	6,548	6,548	4,563	1,985
Contractual Services	153,262	160,762	113,322	47,440
Capital Outlay	25,000	17,000	7,987	9,013
Total Parks	<u>417,065</u>	<u>416,065</u>	<u>347,154</u>	<u>68,911</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, 2012***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Recreation:				
Personal Services	14,000	13,500	12,802	698
Materials and Supplies	6,333	6,333	4,130	2,203
Contractual Services	9,000	9,000	8,795	205
Total Recreation	29,333	28,833	25,727	3,106
Pool:				
Personal Services	194,000	196,181	196,179	2
Travel and Transportation	3,500	2,096	59	2,037
Materials and Supplies	103,625	101,947	83,123	18,824
Contractual Services	65,150	65,147	57,690	7,457
Capital Outlay	5,000	5,000	4,799	201
Total Pool	371,275	370,371	341,850	28,521
Total Leisure Time Activities	817,673	815,269	714,731	100,538
Community Environment:				
Miscellaneous Area Development, Tree Care and Trimming, Planning and Zoning:				
Materials and Supplies	22,499	22,499	22,274	225
Contractual Services	23,721	23,721	7,573	16,148
Total Community Environment	46,220	46,220	29,847	16,373
Transportation:				
Miscellaneous:				
Rivers and Harbors, Airport, Yauger Road Project, and Kokosing Gap Trail:				
Materials and Supplies	37,950	38,950	35,695	3,255
Contractual Services	11,300	11,300	7,444	3,856
Total Transportation	49,250	50,250	43,139	7,111
General Government:				
Council:				
Personal Services	67,024	67,024	67,024	0
Travel and Transportation	5,000	4,500	1,334	3,166
Materials and Supplies	3,609	3,109	2,501	608
Contractual Services	650	550	100	450
Total Council	76,283	75,183	70,959	4,224

(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, 2012***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Mayor:				
Personal Services	106,168	105,668	98,721	6,947
Travel and Transportation	500	100	39	61
Materials and Supplies	5,475	4,875	4,052	823
Contractual Services	700	200	100	100
Total Mayor	112,843	110,843	102,912	7,931
Auditor:				
Personal Services	260,751	260,251	248,284	11,967
Travel and Transportation	500	500	370	130
Materials and Supplies	15,765	14,765	13,775	990
Contractual Services	26,800	25,800	23,572	2,228
Total Auditor	303,816	301,316	286,001	15,315
Treasurer:				
Personal Services	8,629	8,629	8,629	0
Materials and Supplies	100	100	48	52
Total Treasurer	8,729	8,729	8,677	52
Law Director:				
Personal Services	276,988	275,988	274,242	1,746
Travel and Transportation	1,600	1,600	1,585	15
Materials and Supplies	30,392	30,869	30,449	420
Contractual Services	1,000	623	623	0
Total Law Director	309,980	309,080	306,899	2,181
Income Tax:				
Personal Services	134,300	133,300	125,268	8,032
Travel and Transportation	2,000	1,500	120	1,380
Materials and Supplies	20,623	20,123	13,690	6,433
Contractual Services	115,000	133,846	127,977	5,869
Capital Outlay	4,450	3,950	2,281	1,669
Total Income Tax	276,373	292,719	269,336	23,383

(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, 2012***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Municipal Court:				
Personal Services	587,348	584,348	546,084	38,264
Travel and Transportation	10,900	9,400	7,613	1,787
Materials and Supplies	55,700	54,200	47,430	6,770
Contractual Services	2,000	1,500	552	948
Total Municipal Court	655,948	649,448	601,679	47,769
Civil Services:				
Personal Services	9,300	9,300	9,240	60
Materials and Supplies	7,675	7,175	3,337	3,838
Total Civil Services	16,975	16,475	12,577	3,898
Safety Service:				
Personal Services	115,500	116,973	116,964	9
Travel and Transportation	100	100	0	100
Materials and Supplies	6,960	6,960	5,496	1,464
Contractual Services	81,793	114,793	104,895	9,898
Total Safety Service	204,353	238,826	227,355	11,471
Engineering:				
Personal Services	324,120	327,147	307,855	19,292
Travel and Transportation	3,000	3,000	2,840	160
Materials and Supplies	14,091	15,591	12,929	2,662
Contractual Services	413,100	414,600	162,801	251,799
Capital Outlay	20,800	21,800	14,572	7,228
Total Engineering	775,111	782,138	500,997	281,141
Public Land and Buildings:				
Personal Services	91,870	93,443	89,926	3,517
Travel and Transportation	200	200	0	200
Materials and Supplies	36,580	69,650	65,627	4,023
Contractual Services	482,928	482,855	373,638	109,217
Total Public Land and Buildings	611,578	646,148	529,191	116,957

(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, 2012***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Summer Work Program:				
Personal Services	2,504	42,504	27,582	14,922
Total Summer Work Program	2,504	42,504	27,582	14,922
Miscellaneous:				
Personal Services	2,230,280	2,206,208	2,140,842	65,366
Materials and Supplies	12,557	21,517	15,216	6,301
Contractual Services	666,322	661,614	359,363	302,251
Total Miscellaneous	2,909,159	2,889,339	2,515,421	373,918
Total General Government	6,263,652	6,362,748	5,459,586	903,162
Total Expenditures	13,215,666	13,416,958	12,146,757	1,270,201
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,865,112)	(1,976,234)	575,895	2,552,129
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	9,833	9,833
Transfers Out	(1,162,300)	(1,051,178)	(931,594)	119,584
Total Other Financing Sources (Uses)	(1,162,300)	(1,051,178)	(921,761)	129,417
Net Change in Fund Balance	(3,027,412)	(3,027,412)	(345,866)	2,681,546
Fund Balance at Beginning of Year	2,505,546	2,505,546	2,505,546	0
Prior Year Encumbrances	521,867	521,867	521,867	0
Fund Balance at End of Year	\$ 1	\$ 1	\$ 2,681,547	\$ 2,681,546

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, 2012***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment Earnings	\$ 0	\$ 0	\$ 36	\$ 36
All Other Revenues	84,660	84,660	42,069	(42,591)
Total Revenues	<u>84,660</u>	<u>84,660</u>	<u>42,105</u>	<u>(42,555)</u>
Expenditures:				
Debt Service:				
Principal Retirement	1,853,768	1,854,472	1,914,601	(60,129)
Interest and Fiscal Charges	866,496	942,668	856,790	85,878
Total Expenditures	<u>2,720,264</u>	<u>2,797,140</u>	<u>2,771,391</u>	<u>25,749</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,635,604)	(2,712,480)	(2,729,286)	(16,806)
Other Financing Sources (Uses):				
General Obligation Refunding Bonds Issued	0	1,654,400	1,654,400	0
Payment to Refunded Bond Escrow Agent	0	1,600,053	1,600,053	0
Transfers In	2,635,604	2,658,133	2,675,644	17,511
Total Other Financing Sources (Uses)	<u>2,635,604</u>	<u>2,712,480</u>	<u>2,729,991</u>	<u>17,511</u>
Net Change in Fund Balance	0	0	705	705
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>\$ 705</u>	<u>\$ 705</u>

CITY OF MOUNT VERNON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Projects Funds – Capital Improvements Fund
For the Year Ended December 31, 2012***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Municipal Income Taxes	\$ 586,426	\$ 586,426	\$ 648,462	\$ 62,036
Intergovernmental Revenues	898,689	1,046,246	606,246	(440,000)
Investment Earnings	0	0	5,759	5,759
All Other Revenues	0	990,000	965,924	(24,076)
Total Revenues	<u>1,485,115</u>	<u>2,622,672</u>	<u>2,226,391</u>	<u>(396,281)</u>
Expenditures:				
Leisure Time Activities:				
Parks:				
Capital Outlay	8,000	8,000	6,684	1,316
Total Leisure Time Activities	<u>8,000</u>	<u>8,000</u>	<u>6,684</u>	<u>1,316</u>
Transportation:				
Street:				
Capital Outlay	1,665,717	1,790,974	1,471,846	319,128
Total Transportation	<u>1,665,717</u>	<u>1,790,974</u>	<u>1,471,846</u>	<u>319,128</u>
General Government:				
Auditor:				
Capital Outlay	27,350	27,350	13,000	14,350
Law Director:				
Capital Outlay	1,000	1,000	1,000	0
Safety - Service:				
Capital Outlay	600	600	547	53
Engineering:				
Capital Outlay	0	22,300	22,292	8
Public Lands and Buildings:				
Capital Outlay	4,805	2,720,505	969,229	1,751,276
Total General Government	<u>33,755</u>	<u>2,771,755</u>	<u>1,006,068</u>	<u>1,765,687</u>
Debt Service:				
Interest and Fiscal Charges	0	49,300	49,298	2
Total Expenditures	<u>1,707,472</u>	<u>4,620,029</u>	<u>2,533,896</u>	<u>2,086,133</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(222,357)	(1,997,357)	(307,505)	1,689,852
Other Financing Sources (Uses):				
Proceeds from Special Obligation Bonds	0	1,775,000	1,775,000	0
Transfers In	0	0	181,000	181,000
Total Other Financing Sources (Uses)	<u>0</u>	<u>1,775,000</u>	<u>1,956,000</u>	<u>181,000</u>
Net Change in Fund Balance	(222,357)	(222,357)	1,648,495	1,870,852
Fund Balance at Beginning of Year	648,452	648,452	648,452	0
Prior Year Encumbrances	13,905	13,905	13,905	0
Fund Balance at End of Year	<u>\$ 440,000</u>	<u>\$ 440,000</u>	<u>\$ 2,310,852</u>	<u>\$ 1,870,852</u>

CITY OF MOUNT VERNON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Projects Funds – TIF District – Coshocton Road Fund
For the Year Ended December 31, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 1,320,000	\$ 1,572,036	\$ 1,572,036	\$ 0
Total Revenues	<u>1,320,000</u>	<u>1,572,036</u>	<u>1,572,036</u>	<u>0</u>
Expenditures:				
Transportation:				
Street:				
Contractual Services	388,000	462,645	462,645	0
Capital Outlay	<u>2,062,755</u>	<u>2,240,146</u>	<u>1,337,067</u>	<u>903,079</u>
Total Expenditures	<u>2,450,755</u>	<u>2,702,791</u>	<u>1,799,712</u>	<u>903,079</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,130,755)	(1,130,755)	(227,676)	903,079
Other Financing Sources (Uses):				
Transfers Out	<u>(293,000)</u>	<u>(293,000)</u>	<u>(271,907)</u>	<u>21,093</u>
Total Other Financing Sources (Uses)	<u>(293,000)</u>	<u>(293,000)</u>	<u>(271,907)</u>	<u>21,093</u>
Net Change in Fund Balance	(1,423,755)	(1,423,755)	(499,583)	924,172
Fund Balance at Beginning of Year	1,303,027	1,303,027	1,303,027	0
Prior Year Encumbrances	<u>120,728</u>	<u>120,728</u>	<u>120,728</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 924,172</u>	<u>\$ 924,172</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, 2012***

STREET CONSTRUCTION, MAINTENANCE AND REPAIR

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Municipal Income Taxes	\$ 175,928	\$ 175,928	\$ 194,539	\$ 18,611
Intergovernmental Revenues	585,000	585,000	585,786	786
Licenses and Permits	1,000	1,000	313	(687)
Investment Earnings	100	100	13	(87)
All Other Revenues	0	0	2,421	2,421
Total Revenues	<u>762,028</u>	<u>762,028</u>	<u>783,072</u>	<u>21,044</u>
Expenditures:				
Transportation:				
Personal Services	782,575	772,575	665,342	107,233
Travel and Transportation	600	600	472	128
Materials and Supplies	53,970	62,470	45,654	16,816
Contractual Services	49,866	51,866	49,002	2,864
Capital Outlay	3,500	3,000	987	2,013
Total Expenditures	<u>890,511</u>	<u>890,511</u>	<u>761,457</u>	<u>129,054</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(128,483)	(128,483)	21,615	150,098
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	1,509	1,509
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>1,509</u>	<u>1,509</u>
Net Change in Fund Balance	(128,483)	(128,483)	23,124	151,607
Fund Balance at Beginning of Year	115,849	115,849	115,849	0
Prior Year Encumbrances	12,634	12,634	12,634	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 151,607</u>	<u>\$ 151,607</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, 2012***

STATE HIGHWAY IMPROVEMENT				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 47,000	\$ 47,000	\$ 46,373	\$ (627)
Investment Earnings	50	50	12	(38)
All Other Revenues	0	0	7,185	7,185
Total Revenues	<u>47,050</u>	<u>47,050</u>	<u>53,570</u>	<u>6,520</u>
Expenditures:				
Transportation:				
Capital Outlay	<u>139,750</u>	<u>139,750</u>	<u>65,556</u>	<u>74,194</u>
Total Expenditures	<u>139,750</u>	<u>139,750</u>	<u>65,556</u>	<u>74,194</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(92,700)	(92,700)	(11,986)	80,714
Fund Balance at Beginning of Year	85,212	85,212	85,212	0
Prior Year Encumbrances	<u>7,488</u>	<u>7,488</u>	<u>7,488</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 80,714</u>	<u>\$ 80,714</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, 2012***

	PERMISSIVE AUTO LICENSE TAX			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 75,000	\$ 75,000	\$ 79,816	\$ 4,816
Total Revenues	<u>75,000</u>	<u>75,000</u>	<u>79,816</u>	<u>4,816</u>
Expenditures:				
Transportation:				
Capital Outlay	80,762	80,762	75,000	5,762
Total Expenditures	<u>80,762</u>	<u>80,762</u>	<u>75,000</u>	<u>5,762</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,762)	(5,762)	4,816	10,578
Fund Balance at Beginning of Year	<u>5,762</u>	<u>5,762</u>	<u>5,762</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 10,578</u></u>	<u><u>\$ 10,578</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, 2012***

CEMETERY FUND				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Municipal Income Taxes	\$ 234,570	\$ 234,570	\$ 259,385	\$ 24,815
Charges for Services	54,000	54,000	63,484	9,484
Investment Earnings	400	400	360	(40)
All Other Revenues	0	0	361	361
Total Revenues	<u>288,970</u>	<u>288,970</u>	<u>323,590</u>	<u>34,620</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	272,887	266,942	262,598	4,344
Travel and Transportation	507	507	421	86
Materials and Supplies	9,252	9,454	8,545	909
Contractual Services	31,480	35,913	33,191	2,722
Capital Outlay	1,100	2,410	2,290	120
Total Expenditures	<u>315,226</u>	<u>315,226</u>	<u>307,045</u>	<u>8,181</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(26,256)	(26,256)	16,545	42,801
Fund Balance at Beginning of Year	20,551	20,551	20,551	0
Prior Year Encumbrances	5,705	5,705	5,705	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 42,801</u>	<u>\$ 42,801</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, 2012***

PARK DEVELOPMENT				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Charges for Services	\$ 2,000	\$ 2,000	\$ 880	\$ (1,120)
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>880</u>	<u>(1,120)</u>
Expenditures:				
Leisure Time Activities:				
Capital Outlay	31,592	31,592	23,139	8,453
Total Expenditures	<u>31,592</u>	<u>31,592</u>	<u>23,139</u>	<u>8,453</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(29,592)	(29,592)	(22,259)	7,333
Other Financing Sources (Uses):				
Transfers In	2,000	2,000	880	(1,120)
Total Other Financing Sources (Uses)	<u>2,000</u>	<u>2,000</u>	<u>880</u>	<u>(1,120)</u>
Net Change in Fund Balance	(27,592)	(27,592)	(21,379)	6,213
Fund Balance at Beginning of Year	<u>27,592</u>	<u>27,592</u>	<u>27,592</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,213</u>	<u>\$ 6,213</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, 2012***

	COMMUNITY DEVELOPMENT BLOCK GRANT			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	(Negative)
Revenues:				
Intergovernmental Revenues	\$ 857,341	\$ 875,741	\$ 526,694	\$ (349,047)
Investment Earnings	0	0	2	2
Total Revenues	<u>857,341</u>	<u>875,741</u>	<u>526,696</u>	<u>(349,045)</u>
Expenditures:				
Community Environment:				
Contractual Services	902,388	920,788	569,746	351,042
Total Expenditures	<u>902,388</u>	<u>920,788</u>	<u>569,746</u>	<u>351,042</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(45,047)	(45,047)	(43,050)	1,997
Fund Balance at Beginning of Year	10,865	10,865	10,865	0
Prior Year Encumbrances	34,182	34,182	34,182	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,997</u>	<u>\$ 1,997</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, 2012***

	PARKING			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
Revenues:				
Licenses and Permits	\$ 0	\$ 0	\$ 1,460	\$ 1,460
Fines and Forfeitures	1,000	1,000	3,451	2,451
All Other Revenues	<u>0</u>	<u>0</u>	<u>62,475</u>	<u>62,475</u>
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>67,386</u>	<u>66,386</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	6,103	6,103	3,168	2,935
Materials and Supplies	200	200	0	200
Contractual Services	<u>26,150</u>	<u>26,150</u>	<u>14,361</u>	<u>11,789</u>
Total Expenditures	<u>32,453</u>	<u>32,453</u>	<u>17,529</u>	<u>14,924</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(31,453)	(31,453)	49,857	81,310
Other Financing Sources (Uses):				
Transfers In	<u>28,000</u>	<u>28,000</u>	<u>0</u>	<u>(28,000)</u>
Total Other Financing Sources (Uses)	<u>28,000</u>	<u>28,000</u>	<u>0</u>	<u>(28,000)</u>
Net Change in Fund Balance	(3,453)	(3,453)	49,857	53,310
Fund Balance at Beginning of Year	7,720	7,720	7,720	0
Prior Year Encumbrances	<u>1,978</u>	<u>1,978</u>	<u>1,978</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 6,245</u>	<u>\$ 6,245</u>	<u>\$ 59,555</u>	<u>\$ 53,310</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, 2012***

LAW ENFORCEMENT TRUST				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Fines and Forfeitures	\$ 5,222	\$ 5,222	\$ 5,222	\$ 0
Total Revenues	<u>5,222</u>	<u>5,222</u>	<u>5,222</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	482	482	482	0
Total Expenditures	<u>482</u>	<u>482</u>	<u>482</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,740	4,740	4,740	0
Fund Balance at Beginning of Year	<u>6,681</u>	<u>6,681</u>	<u>6,681</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 11,421</u></u>	<u><u>\$ 11,421</u></u>	<u><u>\$ 11,421</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, 2012***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 14,836	\$ 14,836	\$ 14,836	\$ 0
Total Revenues	<u>14,836</u>	<u>14,836</u>	<u>14,836</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	<u>4,867</u>	<u>4,867</u>	<u>4,867</u>	<u>0</u>
Total Expenditures	<u>4,867</u>	<u>4,867</u>	<u>4,867</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,969	9,969	9,969	0
Fund Balance at Beginning of Year	<u>31,164</u>	<u>31,164</u>	<u>31,164</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 41,133</u>	<u>\$ 41,133</u>	<u>\$ 41,133</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, 2012***

PERMISSIVE LICENSE REGISTRATION				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Intergovernmental Revenues	\$ 100,000	\$ 100,000	\$ 103,127	\$ 3,127
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>103,127</u>	<u>3,127</u>
Expenditures:				
Transportation:				
Materials and Supplies	114,042	124,042	120,724	3,318
Contractual Services	35,100	25,100	10,581	14,519
Total Expenditures	<u>149,142</u>	<u>149,142</u>	<u>131,305</u>	<u>17,837</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(49,142)	(49,142)	(28,178)	20,964
Fund Balance at Beginning of Year	38,074	38,074	38,074	0
Prior Year Encumbrances	11,068	11,068	11,068	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 20,964</u>	<u>\$ 20,964</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, 2012***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 25,000	\$ 28,821	\$ 28,821	\$ 0
Total Revenues	<u>25,000</u>	<u>28,821</u>	<u>28,821</u>	<u>0</u>
Expenditures:				
General Government:				
Contractual Services	<u>34,513</u>	<u>38,334</u>	<u>38,334</u>	<u>0</u>
Total Expenditures	<u>34,513</u>	<u>38,334</u>	<u>38,334</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,513)	(9,513)	(9,513)	0
Fund Balance at Beginning of Year	<u>9,513</u>	<u>9,513</u>	<u>9,513</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, 2012***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 1,500	\$ 1,500	\$ 1,626	\$ 126
Total Revenues	<u>1,500</u>	<u>1,500</u>	<u>1,626</u>	<u>126</u>
Expenditures:				
General Government:				
Contractual Services	<u>40,464</u>	<u>40,464</u>	<u>250</u>	<u>40,214</u>
Total Expenditures	<u>40,464</u>	<u>40,464</u>	<u>250</u>	<u>40,214</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(38,964)	(38,964)	1,376	40,340
Fund Balance at Beginning of Year	<u>38,964</u>	<u>38,964</u>	<u>38,964</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 40,340</u>	<u>\$ 40,340</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, 2012***

COURT COMPUTERIZATION				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues:				
Fines and Forfeitures	\$ 70,000	\$ 70,000	\$ 70,236	\$ 236
Total Revenues	<u>70,000</u>	<u>70,000</u>	<u>70,236</u>	<u>236</u>
Expenditures:				
General Government:				
Personal Services	0	15,000	1,255	13,745
Contractual Services	<u>260,305</u>	<u>245,305</u>	<u>76,503</u>	<u>168,802</u>
Total Expenditures	<u>260,305</u>	<u>260,305</u>	<u>77,758</u>	<u>182,547</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(190,305)	(190,305)	(7,522)	182,783
Fund Balance at Beginning of Year	186,596	186,596	186,596	0
Prior Year Encumbrances	<u>3,709</u>	<u>3,709</u>	<u>3,709</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 182,783</u>	<u>\$ 182,783</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, 2012***

PROBATION SERVICES				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues:				
Charges for Services	\$ 30,000	\$ 30,000	\$ 31,252	\$ 1,252
Total Revenues	<u>30,000</u>	<u>30,000</u>	<u>31,252</u>	<u>1,252</u>
Expenditures:				
General Government:				
Personal Services	15,000	15,000	8,548	6,452
Materials and Supplies	<u>76,222</u>	<u>76,222</u>	<u>8,117</u>	<u>68,105</u>
Total Expenditures	<u>91,222</u>	<u>91,222</u>	<u>16,665</u>	<u>74,557</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(61,222)	(61,222)	14,587	75,809
Fund Balance at Beginning of Year	58,052	58,052	58,052	0
Prior Year Encumbrances	<u>3,170</u>	<u>3,170</u>	<u>3,170</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 75,809</u>	<u>\$ 75,809</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, 2012***

LODGING EXCISE TAX				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Other Local Taxes	\$ 80,000	\$ 93,900	\$ 92,527	\$ (1,373)
Total Revenues	<u>80,000</u>	<u>93,900</u>	<u>92,527</u>	<u>(1,373)</u>
Expenditures:				
General Government:				
Contractual Services	80,199	94,099	92,726	1,373
Total Expenditures	<u>80,199</u>	<u>94,099</u>	<u>92,726</u>	<u>1,373</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(199)	(199)	(199)	0
Fund Balance at Beginning of Year	<u>199</u>	<u>199</u>	<u>199</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, 2012***

	DRIVERS INTERLOCK & ALCOHOL MONITORING			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Fines and Forfeitures	\$ 10,000	\$ 10,000	\$ 20,676	\$ 10,676
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>20,676</u>	<u>10,676</u>
Expenditures:				
General Government:				
Contractual Services	56,338	56,338	0	56,338
Total Expenditures	<u>56,338</u>	<u>56,338</u>	<u>0</u>	<u>56,338</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(46,338)	(46,338)	20,676	67,014
Fund Balance at Beginning of Year	<u>46,338</u>	<u>46,338</u>	<u>46,338</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 67,014</u></u>	<u><u>\$ 67,014</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, 2012***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Licenses and Permits	\$ 1,000	\$ 1,000	\$ 1,305	\$ 305
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>1,305</u>	<u>305</u>
Expenditures:				
General Government:				
Capital Outlay	1,310	1,310	0	1,310
Total Expenditures	<u>1,310</u>	<u>1,310</u>	<u>0</u>	<u>1,310</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(310)	(310)	1,305	1,615
Fund Balance at Beginning of Year	<u>310</u>	<u>310</u>	<u>310</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,615</u>	<u>\$ 1,615</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, 2012***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 100	\$ 100	\$ 896	\$ 796
Total Revenues	100	100	896	796
Expenditures:				
General Government:				
Materials and Supplies	568	568	410	158
Total Expenditures	568	568	410	158
Excess (Deficiency) of Revenues Over (Under) Expenditures	(468)	(468)	486	954
Fund Balance at Beginning of Year	468	468	468	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 954	\$ 954

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, 2012***

	POLICE PENSION			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property Taxes	\$ 74,200	\$ 74,200	\$ 65,055	\$ (9,145)
Municipal Income Taxes	58,643	58,643	64,846	6,203
Intergovernmental Revenues	9,500	9,500	16,884	7,384
Total Revenues	<u>142,343</u>	<u>142,343</u>	<u>146,785</u>	<u>4,442</u>
Expenditures:				
Security of Persons and Property				
Personal Services	470,443	470,443	395,497	74,946
General Government:				
Contractual Services	2,500	2,500	1,602	898
Total Expenditures	<u>472,943</u>	<u>472,943</u>	<u>397,099</u>	<u>75,844</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(330,600)	(330,600)	(250,314)	80,286
Other Financing Sources (Uses):				
Transfers In	164,541	164,541	88,000	(76,541)
Total Other Financing Sources (Uses)	<u>164,541</u>	<u>164,541</u>	<u>88,000</u>	<u>(76,541)</u>
Net Change in Fund Balance	(166,059)	(166,059)	(162,314)	3,745
Fund Balance at Beginning of Year	60,055	60,055	60,055	0
Prior Year Encumbrances	106,004	106,004	106,004	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,745</u>	<u>\$ 3,745</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, 2012***

	FIRE PENSION			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property Taxes	\$ 74,200	\$ 74,200	\$ 65,055	\$ (9,145)
Municipal Income Taxes	58,643	58,643	64,846	6,203
Intergovernmental Revenues	9,500	9,500	16,884	7,384
Total Revenues	<u>142,343</u>	<u>142,343</u>	<u>146,785</u>	<u>4,442</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	746,848	746,848	600,196	146,652
General Government:				
Contractual Services	<u>2,500</u>	<u>2,500</u>	<u>1,602</u>	<u>898</u>
Total Expenditures	<u>749,348</u>	<u>749,348</u>	<u>601,798</u>	<u>147,550</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(607,005)	(607,005)	(455,013)	151,992
Other Financing Sources (Uses):				
Transfers In	<u>461,357</u>	<u>461,357</u>	<u>313,000</u>	<u>(148,357)</u>
Total Other Financing Sources (Uses)	<u>461,357</u>	<u>461,357</u>	<u>313,000</u>	<u>(148,357)</u>
Net Change in Fund Balance	(145,648)	(145,648)	(142,013)	3,635
Fund Balance at Beginning of Year	23,198	23,198	23,198	0
Prior Year Encumbrances	<u>122,450</u>	<u>122,450</u>	<u>122,450</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,635</u>	<u>\$ 3,635</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, 2012**

	MAUSOLEUM			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Charges for Services	\$ 0	\$ 0	\$ 230	\$ 230
Investment Earnings	10	10	4	(6)
Total Revenues	<u>10</u>	<u>10</u>	<u>234</u>	<u>224</u>
Expenditures:				
Public Health and Welfare Services:				
Contractual Services	5,115	5,115	0	5,115
Total Expenditures	<u>5,115</u>	<u>5,115</u>	<u>0</u>	<u>5,115</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,105)	(5,105)	234	5,339
Fund Balance at Beginning of Year	<u>5,105</u>	<u>5,105</u>	<u>5,105</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,339</u>	<u>\$ 5,339</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, 2012***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 1,500	\$ 1,500	\$ 1,050	\$ (450)
Investment Earnings	60	60	32	(28)
Total Revenues	<u>1,560</u>	<u>1,560</u>	<u>1,082</u>	<u>(478)</u>
Expenditures:				
Leisure Time Activities				
Materials and Supplies	65,921	65,921	607	65,314
Contractual Services	2,500	2,500	0	2,500
Total Expenditures	<u>68,421</u>	<u>68,421</u>	<u>607</u>	<u>67,814</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(66,861)	(66,861)	475	67,336
Fund Balance at Beginning of Year	<u>66,861</u>	<u>66,861</u>	<u>66,861</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 67,336</u>	<u>\$ 67,336</u>

CITY OF MOUNT VERNON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Debt Service Funds
For the Year Ended December 31, 2012***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 0	\$ 20,736	\$ 32,707	\$ 11,971
Total Revenues	0	20,736	32,707	11,971
Expenditures:				
Debt Service:				
Interest and Fiscal Charges	0	41,472	41,472	0
Total Expenditures	0	41,472	41,472	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(20,736)	(8,765)	11,971
Other Financing Sources (Uses):				
Transfers In	0	20,736	20,736	0
Total Other Financing Sources (Uses)	0	20,736	20,736	0
Net Change in Fund Balance	0	0	11,971	11,971
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 11,971	\$ 11,971

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, 2012**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
Expenditures:				
General Government:				
Contractual Services	8,238	8,238	0	8,238
Total Expenditures	8,238	8,238	0	8,238
Excess (Deficiency) of Revenues Over (Under) Expenditures	(8,238)	(8,238)	0	8,238
Fund Balance at Beginning of Year	8,238	8,238	8,238	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 8,238	\$ 8,238

CITY OF MOUNT VERNON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2012**

TIF DISTRICT-INDUSTRIAL AREA				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 35,000	\$ 41,816	\$ 41,816	\$ 0
Total Revenues	<u>35,000</u>	<u>41,816</u>	<u>41,816</u>	<u>0</u>
Expenditures:				
Transportation:				
Street:				
Contractual Services	750	862	862	0
Capital Outlay	0	9,000	9,000	0
Total Expenditures	<u>750</u>	<u>9,862</u>	<u>9,862</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	34,250	31,954	31,954	0
Other Financing Sources (Uses):				
Transfers Out	(74,458)	(72,162)	(72,150)	12
Total Other Financing Sources (Uses)	<u>(74,458)</u>	<u>(72,162)</u>	<u>(72,150)</u>	<u>12</u>
Net Change in Fund Balance	(40,208)	(40,208)	(40,196)	12
Fund Balance at Beginning of Year	40,208	40,208	40,208	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 12</u>	<u>\$ 12</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, 2012***

	PERPETUAL CARE			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
All Other Revenues	\$ 10,000	\$ 10,000	\$ 16,101	\$ 6,101
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>16,101</u>	<u>6,101</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	10,000	10,000	16,101	6,101
Fund Balance at Beginning of Year	<u>376,429</u>	<u>376,429</u>	<u>376,429</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 386,429</u>	<u>\$ 386,429</u>	<u>\$ 392,530</u>	<u>\$ 6,101</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

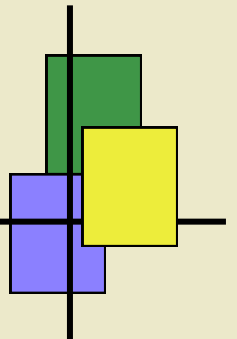
To account for funds that flow through the municipal court office.

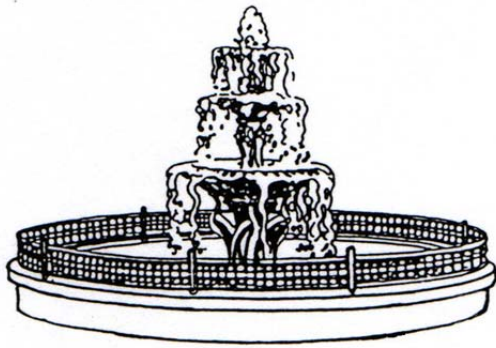
CITY OF MOUNT VERNON, OHIO

**Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2012**

	Balance December 31, 2011	Additions	Deductions	Balance December 31, 2012
<u>Insurance Trust Fund</u>				
Assets:				
Cash and Cash Equivalents	\$27,220	\$1,040	(\$1,040)	\$27,220
Total Assets	<u>\$27,220</u>	<u>\$1,040</u>	<u>(\$1,040)</u>	<u>\$27,220</u>
Liabilities:				
Due to Others	\$27,220	\$1,040	(\$1,040)	\$27,220
Total Liabilities	<u>\$27,220</u>	<u>\$1,040</u>	<u>(\$1,040)</u>	<u>\$27,220</u>
<u>Bonds and Inspection Fee Trust Fund</u>				
Assets:				
Cash	\$7,151	\$13,000	(\$11,500)	\$8,651
Total Assets	<u>\$7,151</u>	<u>\$13,000</u>	<u>(\$11,500)</u>	<u>\$8,651</u>
Liabilities:				
Due to Others	7,151	13,000	(11,500)	8,651
Total Liabilities	<u>\$7,151</u>	<u>\$13,000</u>	<u>(\$11,500)</u>	<u>\$8,651</u>
<u>Municipal Court Fund</u>				
Assets:				
Cash and Cash Equivalents	\$97,930	\$1,182,897	(\$1,194,463)	\$86,364
Total Assets	<u>\$97,930</u>	<u>\$1,182,897</u>	<u>(\$1,194,463)</u>	<u>\$86,364</u>
Liabilities:				
Intergovernmental Payable	\$30,075	\$462,014	(\$466,420)	\$25,669
Due to Others	67,855	720,883	(728,043)	60,695
Total Liabilities	<u>\$97,930</u>	<u>\$1,182,897</u>	<u>(\$1,194,463)</u>	<u>\$86,364</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$132,301	\$1,196,937	(\$1,207,003)	\$122,235
Total Assets	<u>\$132,301</u>	<u>\$1,196,937</u>	<u>(\$1,207,003)</u>	<u>\$122,235</u>
Liabilities:				
Intergovernmental Payables	\$30,075	\$462,014	(\$466,420)	\$25,669
Due to Others	102,226	734,923	(740,583)	96,566
Total Liabilities	<u>\$132,301</u>	<u>\$1,196,937</u>	<u>(\$1,207,003)</u>	<u>\$122,235</u>

Statistical Section





STATISTICAL TABLES

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

Contents

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

City of Mount Vernon, Ohio

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities:				
Net Investment in Capital Assets	\$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 Position	<u>\$10,066,090</u>	<u>\$12,857,554</u>	<u>\$39,106,397</u>	<u>\$42,293,170</u>
Business-type Activities:				
Net Investment in Capital Assets	\$12,939,598	\$13,240,227	\$14,093,254	\$13,580,280
Restricted	707,033	694,806	1,258,730	2,353,194
Unrestricted	7,004,442	7,056,119	5,409,331	4,731,739
Total Business-type Activities Net Postion	<u>\$20,651,073</u>	<u>\$20,991,152</u>	<u>\$20,761,315</u>	<u>\$20,665,213</u>
Primary Government:				
Net Investment in Capital Assets	\$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 Position	<u>\$30,717,163</u>	<u>\$33,848,706</u>	<u>\$59,867,712</u>	<u>\$62,958,383</u>

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

Source: City Auditor's Office

City of Mount Vernon, Ohio

2007	2008	2009	2010	2011	2012
		(1)			
\$35,789,973	\$37,018,250	\$36,745,484	\$38,627,947	\$39,308,561	\$39,426,306
4,503,529	7,235,132	5,911,959	6,397,410	3,034,793	3,094,466
4,954,398	4,528,143	6,241,067	4,489,751	5,784,699	8,349,905
<u>\$45,247,900</u>	<u>\$48,781,525</u>	<u>\$48,898,510</u>	<u>\$49,515,108</u>	<u>\$48,128,053</u>	<u>\$50,870,677</u>
\$13,897,047	\$14,278,602	\$15,255,947	\$13,393,510	\$16,312,403	\$15,012,084
1,391,876	1,248,880	3,475,907	3,329,674	1,847,384	1,008,353
5,345,814	4,734,074	1,297,180	3,398,489	2,603,447	5,388,497
<u>\$20,634,737</u>	<u>\$20,261,556</u>	<u>\$20,029,034</u>	<u>\$20,121,673</u>	<u>\$20,763,234</u>	<u>\$21,408,934</u>
\$49,687,020	\$51,296,852	\$52,001,431	\$52,021,457	\$55,620,964	\$54,438,390
5,895,405	8,484,012	9,387,866	9,727,084	4,882,177	4,102,819
10,300,212	9,262,217	7,538,247	7,888,240	8,388,146	13,738,402
<u>\$65,882,637</u>	<u>\$69,043,081</u>	<u>\$68,927,544</u>	<u>\$69,636,781</u>	<u>\$68,891,287</u>	<u>\$72,279,611</u>

City of Mount Vernon, Ohio

Changes in Net Position Last Ten 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>	11,772,621	10,865,770	12,525,349	12,701,632
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>	5,776,867	5,104,760	5,651,656	5,982,508
<i>Total Primary Government Expenses</i>	\$17,549,488	\$15,970,530	\$18,177,005	\$18,684,140
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>	2,792,136	3,914,470	4,178,364	3,273,235

City of Mount Vernon, Ohio

2007	2008	2009	2010	2011	2012
\$5,599,365	\$5,728,419	\$6,257,913	\$5,950,098	\$6,372,507	\$6,188,789
666,167	644,241	769,637	693,029	709,622	723,360
777,880	952,192	881,252	963,163	1,143,295	719,024
745,733	211,150	293,474	1,560,761	591,187	528,995
2,097,746	2,433,003	2,898,557	2,586,915	4,440,371	4,228,585
4,627,294	4,627,134	4,685,914	4,711,970	4,188,865	4,852,231
355,174	263,523	321,941	350,672	287,411	510,896
<u>14,869,359</u>	<u>14,859,662</u>	<u>16,108,688</u>	<u>16,816,608</u>	<u>17,733,258</u>	<u>17,751,880</u>
3,216,980	3,379,191	3,388,734	3,347,380	3,180,709	3,019,406
<u>2,873,468</u>	<u>2,858,183</u>	<u>2,885,616</u>	<u>3,103,781</u>	<u>3,035,080</u>	<u>3,194,971</u>
<u>6,090,448</u>	<u>6,237,374</u>	<u>6,274,350</u>	<u>6,451,161</u>	<u>6,215,789</u>	<u>6,214,377</u>
<u>\$20,959,807</u>	<u>\$21,097,036</u>	<u>\$22,383,038</u>	<u>\$23,267,769</u>	<u>\$23,949,047</u>	<u>\$23,966,257</u>
\$939,779	\$1,016,173	\$1,141,818	\$1,200,644	\$1,172,890	\$1,175,624
54,678	56,052	68,352	83,842	82,027	80,494
294,296	309,238	256,078	296,300	296,650	291,563
953	3,989	6,621	20,387	14,411	16,471
1,400	500	3,070	2,702	200	313
897,668	863,175	819,170	898,161	910,868	866,410
871,919	1,761,824	2,336,173	1,807,522	888,663	2,024,553
<u>1,508,148</u>	<u>447,392</u>	<u>854,233</u>	<u>880,033</u>	<u>173,557</u>	<u>2,169,916</u>
<u>4,568,841</u>	<u>4,458,343</u>	<u>5,485,515</u>	<u>5,189,591</u>	<u>3,539,266</u>	<u>6,625,344</u>

(continued)

City of Mount Vernon, Ohio

Changes in Net Position Last Nine 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
Capital Grants and Contributions	0	0	0	0
<i>Total Business-type Activities Program Revenues</i>	<u>5,056,862</u>	<u>5,494,339</u>	<u>5,421,819</u>	<u>5,672,977</u>
<i>Total Primary Government Program Revenues</i>	<u>7,848,998</u>	<u>9,408,809</u>	<u>9,600,183</u>	<u>8,946,212</u>
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>	<u>(\$9,700,490)</u>	<u>(\$6,561,721)</u>	<u>(\$8,576,822)</u>	<u>(\$9,737,928)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes Levied for:				
(General Purposes	\$548,109	\$832,058	\$628,011	\$590,185
Special Purposes	\$0	\$0	\$0	\$0
)Debt Service	127,596	193,664	151,338	131,866
(Capital Outlay	442,636	510,867	566,001	919,577
Income Taxes	6,373,436	6,988,358	8,018,764	9,035,177
Other Local Taxes	125,688	2,727	2,899	107,926
Grants and Entitlements not Restricted to Specific Programs	723,556	939,630	971,834	1,239,375
Investment Earnings	93,876	103,091	214,335	471,742
Miscellaneous	75,013	122,869	107,067	119,322
Transfers	49,500	49,500	0	0
<i>Total Governmental Activities</i>	<u>8,559,410</u>	<u>9,742,764</u>	<u>10,660,249</u>	<u>12,615,170</u>
Business-type Activities:				
Investment Earnings	0	0	0	213,429
Transfers	(49,500)	(49,500)	0	0
<i>Total Business-type Activities</i>	<u>(49,500)</u>	<u>(49,500)</u>	<u>0</u>	<u>213,429</u>
<i>Total Primary Government</i>	<u>\$8,509,910</u>	<u>\$9,693,264</u>	<u>\$10,660,249</u>	<u>\$12,828,599</u>
Change in Net Position				
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 Position</i>	<u>(\$1,190,580)</u>	<u>\$3,131,543</u>	<u>\$2,083,427</u>	<u>\$3,090,671</u>

Source: City Auditor's Office

City of Mount Vernon, Ohio

2007	2008	2009	2010	2011	2012
3,197,165	3,308,139	3,287,232	3,392,757	3,371,924	3,559,198
2,675,408	2,515,147	2,718,245	3,105,361	3,290,355	3,257,271
0	0	41,618	40,709	42,936	42,069
0	0	0	0	148,735	0
<u>5,872,573</u>	<u>5,823,286</u>	<u>6,047,095</u>	<u>6,538,827</u>	<u>6,853,950</u>	<u>6,858,538</u>
<u>10,441,414</u>	<u>10,281,629</u>	<u>11,532,610</u>	<u>11,728,418</u>	<u>10,393,216</u>	<u>13,483,882</u>
(10,300,518)	(10,401,319)	(10,623,173)	(11,627,017)	(14,193,992)	(11,126,536)
(217,875)	(414,088)	(227,255)	87,666	638,161	644,161
<u>(\$10,518,393)</u>	<u>(\$10,815,407)</u>	<u>(\$10,850,428)</u>	<u>(\$11,539,351)</u>	<u>(\$13,555,831)</u>	<u>(\$10,482,375)</u>
\$736,982	\$632,956	\$682,820	\$589,285	\$556,875	\$571,710
\$0	\$0	\$0	\$0	\$0	\$134,352
181,624	158,796	175,254	167,876	152,820	32,707
1,058,750	1,176,352	1,263,314	1,381,766	1,521,575	1,441,186
9,260,355	10,359,164	9,383,772	8,688,085	9,262,187	10,566,350
106,968	99,236	94,493	87,796	84,821	98,030
1,057,943	842,850	992,167	1,087,350	963,370	725,574
675,429	421,642	190,437	60,858	21,582	37,698
177,197	243,948	152,110	180,599	243,707	261,553
0	0	0	0	0	0
<u>13,255,248</u>	<u>13,934,944</u>	<u>12,934,367</u>	<u>12,243,615</u>	<u>12,806,937</u>	<u>13,869,160</u>
187,399	40,907	6,394	4,973	3,400	1,539
0	0	0	0	0	0
<u>187,399</u>	<u>40,907</u>	<u>6,394</u>	<u>4,973</u>	<u>3,400</u>	<u>1,539</u>
<u>\$13,442,647</u>	<u>\$13,975,851</u>	<u>\$12,940,761</u>	<u>\$12,248,588</u>	<u>\$12,810,337</u>	<u>\$13,870,699</u>
\$2,954,730	\$3,533,625	\$2,311,194	\$616,598	(\$1,387,055)	\$2,742,624
(30,476)	(373,181)	(220,861)	92,639	641,561	645,700
<u>\$2,924,254</u>	<u>\$3,160,444</u>	<u>\$2,090,333</u>	<u>\$709,237</u>	<u>(\$745,494)</u>	<u>\$3,388,324</u>

City of Mount Vernon, Ohio

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

	2003	2004	2005	2006	2007
General Fund					
Nonspendable	\$0	\$0	\$0	\$0	\$0
Restricted	0	0	0	0	0
Committed	0	0	0	0	0
Assigned	0	0	0	0	0
Unassigned	0	0	0	0	0
Reserved	300,833	270,566	230,254	301,509	607,319
Unreserved	1,587,655	2,041,286	2,335,202	3,338,049	4,212,879
<i>Total General Fund</i>	<u>1,888,488</u>	<u>2,311,852</u>	<u>2,565,456</u>	<u>3,639,558</u>	<u>4,820,198</u>
All Other Governmental Funds					
Nonspendable	0	0	0	0	0
Restricted	0	0	0	0	0
Committed	0	0	0	0	0
Reserved	411,570	286,964	278,367	371,377	322,041
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	607,698	701,300	824,716	900,067	1,189,268
Debt Service Funds	0	0	0	840	0
Capital Projects Funds	494,970	824,861	1,623,553	801,833	2,655,574
Permanent Fund	298,764	308,934	318,268	325,010	334,058
Total All Other Governmental Funds	<u>1,813,002</u>	<u>2,122,059</u>	<u>3,044,904</u>	<u>2,399,127</u>	<u>4,500,941</u>
<i>Total Governmental Funds</i>	<u><u>\$3,701,490</u></u>	<u><u>\$4,433,911</u></u>	<u><u>\$5,610,360</u></u>	<u><u>\$6,038,685</u></u>	<u><u>\$9,321,139</u></u>

Source: City Auditor's Office

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

City of Mount Vernon, Ohio

2008	2009	2010	2011	2012
\$0	\$0	\$0	\$130,262	\$127,232
0	0	0	8,080	8,080
0	0	0	16,480	16,480
0	0	0	374,348	3,152,283
0	0	0	4,175,053	1,787,773
395,128	442,209	416,367	0	0
4,458,073	4,216,231	4,593,098	0	0
<u>4,853,201</u>	<u>4,658,440</u>	<u>5,009,465</u>	<u>4,704,223</u>	<u>5,091,848</u>
0	0	0	408,506	420,915
0	0	0	3,116,931	4,653,008
0	0	0	84,729	138,982
271,232	156,330	403,850	0	0
1,479,376	1,894,352	1,182,665	0	0
0	10,568	0	0	0
4,463,434	3,529,741	3,071,740	0	0
343,534	350,823	369,072	0	0
<u>6,557,576</u>	<u>5,941,814</u>	<u>5,027,327</u>	<u>3,610,166</u>	<u>5,212,905</u>
<u>\$11,410,777</u>	<u>\$10,600,254</u>	<u>\$10,036,792</u>	<u>\$8,314,389</u>	<u>\$10,304,753</u>

City of Mount Vernon, Ohio

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

	2003	2004	2005	2006
Revenues:				
Taxes	\$7,705,183	\$8,243,192	\$9,237,011	\$10,980,389
Intergovernmental Revenues	2,191,567	4,128,601	3,329,519	2,995,086
Charges for Services	370,846	385,912	661,031	689,374
Licenses and Permits	22,496	4,834	34,329	34,776
Investment Earnings	93,876	103,091	214,335	471,742
Fines and Forfeitures	635,456	645,627	656,958	758,950
All Other Revenue	155,745	191,174	174,126	247,003
Total Revenue	<u>11,175,169</u>	<u>13,702,431</u>	<u>14,307,309</u>	<u>16,177,320</u>
Expenditures:				
Current:				
Security of Persons and Property	4,368,772	4,353,302	4,617,588	5,197,207
Public Health and Welfare Services	534,829	541,546	578,186	564,521
Leisure Time Activities	335,744	270,347	287,260	1,325,158
Community Environment	668,592	620,049	446,243	301,064
Transportation	3,721,449	3,268,392	2,852,792	2,735,444
General Government	3,903,761	3,626,077	4,017,230	5,295,380
Debt Service:				
Principal Retirement	3,736,395	217,786	212,377	217,413
Interest and Fiscal Charges	217,840	133,006	125,645	121,678
Total Expenditures	<u>17,487,382</u>	<u>13,030,505</u>	<u>13,137,321</u>	<u>15,757,865</u>
Excess (Deficiency) of Revenues Over Expenditures	(6,312,213)	671,926	1,169,988	419,455

City of Mount Vernon, Ohio

2007	2008	2009	2010	2011	2012
\$11,440,727	\$12,456,495	\$11,494,371	\$10,836,690	\$11,205,072	\$12,728,720
3,138,477	1,910,413	3,395,984	4,269,553	2,710,045	2,736,097
1,422,430	1,464,750	1,529,878	1,632,849	1,642,971	1,628,400
21,786	15,661	15,471	16,952	11,545	20,135
675,429	421,642	190,437	60,858	21,582	37,698
761,462	759,240	746,363	845,195	812,749	785,523
782,894	301,400	157,238	191,701	232,273	1,224,294
<u>18,243,205</u>	<u>17,329,601</u>	<u>17,529,742</u>	<u>17,853,798</u>	<u>16,636,237</u>	<u>19,160,867</u>
5,274,270	5,517,450	5,828,902	5,584,614	6,166,170	5,548,197
654,455	631,418	754,709	677,715	694,326	707,922
655,489	683,733	706,685	728,146	718,703	700,979
745,733	211,150	293,474	1,560,761	591,187	528,995
2,393,098	4,177,685	3,940,483	3,675,011	3,901,070	4,047,663
7,721,022	5,567,468	6,369,728	5,443,844	5,590,698	6,627,844
217,763	325,179	2,434,814	422,401	436,723	484,756
350,762	250,142	329,738	339,425	287,960	359,602
<u>18,012,592</u>	<u>17,364,225</u>	<u>20,658,533</u>	<u>18,431,917</u>	<u>18,386,837</u>	<u>19,005,958</u>
230,613	(34,624)	(3,128,791)	(578,119)	(1,750,600)	154,909

(Continued)

City of Mount Vernon, Ohio

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

	2003	2004	2005	2006
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	8,167	11,171	4,541	2,784
Ohio Public Works Commission Loan	425,000	0	0	0
General Obligation Bonds Issued	3,628,222	0	0	0
General Obligation Notes Issued	0	0	0	0
General Obligation Refunding Bonds Issued	0	0	0	0
Special Obligation Bonds Issued	0	0	0	0
Premium on General Obligation Notes	0	0	0	0
Payment to Refunded Bond Escrow Agent	0	0	0	0
State Infrastructure Bank Loan	0	0	0	0
Transfers In	888,398	709,532	1,519,676	1,546,311
Transfers Out	(838,898)	(660,032)	(1,519,676)	(1,546,311)
Total Other Financing Sources (Uses)	<u>4,110,889</u>	<u>60,671</u>	<u>4,541</u>	<u>2,784</u>
Net Change in Fund Balance	<u>(\$2,201,324)</u>	<u>\$732,597</u>	<u>\$1,174,529</u>	<u>\$422,239</u>
Debt Service as a Percentage of Noncapital Expenditures	26.72%	3.41%	3.14%	3.05%

Source: City Auditor's Office

City of Mount Vernon, Ohio

2007	2008	2009	2010	2011	2012
23,688	12,298	17,865	3,259	38,177	11,342
0	0	125,000	0	0	0
3,035,000	0	2,165,000	0	0	0
0	2,100,000	0	0	0	0
0	0	0	0	0	1,654,000
0	0	0	0	0	1,775,000
0	7,245	8,232	0	0	0
0	0	0	0	0	(1,600,053)
0	0	0	0	0	0
1,712,982	2,785,286	1,286,170	827,126	1,028,456	1,275,651
(1,712,982)	(2,785,286)	(1,286,170)	(827,126)	(1,028,456)	(1,275,651)
<u>3,058,688</u>	<u>2,119,543</u>	<u>2,316,097</u>	<u>3,259</u>	<u>38,177</u>	<u>1,840,289</u>
<u>\$3,289,301</u>	<u>\$2,084,919</u>	<u>(\$812,694)</u>	<u>(\$574,860)</u>	<u>(\$1,712,423)</u>	<u>\$1,995,198</u>
4.29%	4.41%	16.75%	5.10%	4.72%	5.51%

City of Mount Vernon, Ohio

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

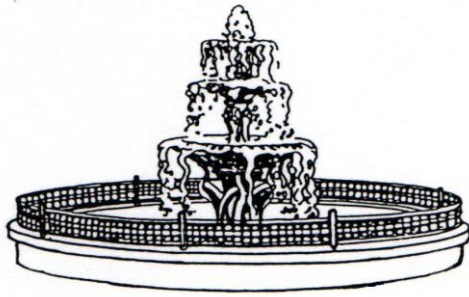
Tax year	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Income Tax Rate	1.50%	1.50%	1.50%	1.50%
Estimated Personal Income (in thousands) (1)	\$373,940	\$393,803	\$396,137	\$416,840
Total Tax Collected	\$6,298,338	\$6,693,710	\$7,815,703	\$8,887,353
Income Tax Receipts				
Withholding	5,254,843	5,563,637	6,142,087	6,571,546
Percentage	83.43%	83.11%	78.58%	73.94%
Corporate	382,677	489,726	1,032,072	1,555,469
Percentage	6.08%	7.32%	13.21%	17.50%
Individuals	660,818	640,347	641,544	760,338
Percentage	10.49%	9.57%	8.21%	8.56%

Source: City Income Tax Department

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

City of Mount Vernon, Ohio

2007	2008	2009	2010	2011	2012
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
\$434,109	\$451,730	\$462,638	\$513,183	\$542,270	\$542,270
\$9,448,716	\$10,273,944	\$9,446,804	\$8,556,302	\$9,017,691	\$10,128,973
7,098,813	7,083,885	7,159,863	6,967,691	7,408,369	7,854,868
75.13%	68.95%	75.79%	81.43%	82.15%	77.55%
1,696,194	2,486,687	1,673,288	926,225	961,045	1,578,706
17.95%	24.20%	17.71%	10.83%	10.66%	15.59%
653,709	703,372	613,653	662,386	648,277	695,399
6.92%	6.85%	6.50%	7.74%	7.19%	6.86%



City of Mount Vernon, Ohio

*Income Tax Collections
Current Year and Nine Years Ago*

Calendar Year 2012				
<u>Income Tax Filers</u>	<u>Taxable Income</u>	<u>Percent of Income</u>	<u>Income Tax Collections</u>	<u>Percent of Income</u>
Top Ten	\$362,699,533	53.71%	\$5,440,493	53.71%
All Others	312,565,333	46.29%	4,688,480	46.29%
Total	<u>\$675,264,866</u>	<u>100.00%</u>	<u>\$10,128,973</u>	<u>100.00%</u>

Calendar Year 2003				
<u>Income Tax Filers</u>	<u>Taxable Income</u>	<u>Percent of Income</u>	<u>Income Tax Collections</u>	<u>Percent of Income</u>
Top Ten	\$164,343,933	39.14%	\$2,465,159	39.14%
All Others	\$255,545,267	60.86%	3,833,179	60.86%
Total	<u>\$419,889,200</u>	<u>100.00%</u>	<u>\$6,298,338</u>	<u>100.00%</u>

Source: City Income Tax Department

City of Mount Vernon, Ohio

Ratio of Outstanding Debt By Type Last Ten Years

	2003	2004	2005	2006
Governmental Activities ⁽¹⁾				
Long-Term Notes Payable	\$0	\$0	\$0	\$0
General Obligation Bonds Payable	3,439,022	3,239,365	3,056,065	2,868,065
Special Obligation Bonds Payable	0	0	0	0
Ohio Public Works Commission Loan Payable	425,000	414,375	393,125	371,875
Police & Firemen's Pension Accrued Liability *	481,160	473,656	465,829	457,666
Business-type Activities ⁽¹⁾				
Ohio Public Works Commission Loan Payable	\$0	\$0	\$0	\$0
Ohio Water Development Authority	0	0	0	0
General Obligation Bonds Payable	11,155,978	10,625,635	10,053,935	9,461,935
Special Obligation Bonds Payable	0	0	0	0
Mortgage Revenue Bonds Payable	6,845,000	6,505,000	6,155,000	5,790,000
Total Primary Government	<u>\$22,346,160</u>	<u>\$21,258,031</u>	<u>\$20,123,954</u>	<u>\$18,949,541</u>
Population ⁽²⁾				
City of Mount Vernon	15,256	15,256	15,256	15,256
Outstanding Debt Per Capita	\$1,465	\$1,393	\$1,319	\$1,242
Income ⁽³⁾				
Personal (in thousands)	373,940	393,803	396,137	416,840
Percentage of Personal Income	5.98%	5.40%	5.08%	4.55%

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

Sources:

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

City of Mount Vernon, Ohio

2007	2008	2009	2010	2011	2012
\$0	\$2,100,000	\$0	\$0	\$0	\$0
5,715,065	5,420,015	7,280,711	6,881,718	6,482,568	6,177,200
0	0	0	0	0	1,775,000
350,625	329,375	433,125	419,375	391,875	364,375
449,153	440,274	431,014	421,356	411,283	400,777
\$0	\$0	\$125,362	\$122,228	\$115,960	\$109,692
0	0	0	0	2,303,347	6,289,243
12,229,935	11,469,985	13,274,289	12,348,282	11,392,432	10,522,800
0	0	0	0	0	1,775,000
5,410,000	5,015,000	4,420,000	4,020,000	3,620,000	3,205,000
<u>\$24,154,778</u>	<u>\$24,774,649</u>	<u>\$25,964,501</u>	<u>\$24,212,959</u>	<u>\$24,717,465</u>	<u>\$30,619,087</u>

15,256	15,256	15,256	16,990	16,990	16,990
\$1,583	\$1,624	\$1,702	\$1,425.13	\$1,454.82	\$1,802.18

434,109	451,730	462,638	513,183	542,270	542,270
5.56%	5.48%	5.61%	4.72%	4.56%	5.65%

City of Mount Vernon, Ohio

*Ratios of General Bonded Debt Outstanding
Last Ten Years*

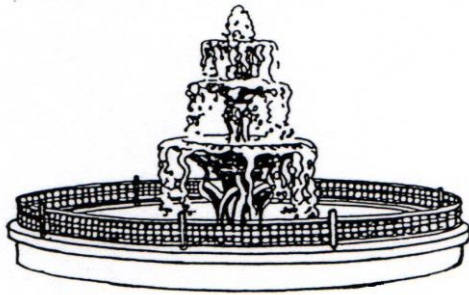
Year	2003	2004	2005	2006
Population ⁽¹⁾	15,256	15,256	15,256	15,256
Assessed Value ⁽²⁾	\$285,051,489	\$287,409,437	\$296,485,180	\$282,994,466
General Bonded Debt ⁽³⁾				
General Obligation Bonds	\$14,595,000	\$13,865,000	\$13,110,000	\$12,330,000
Resources Available to Pay Principal ⁽⁴⁾	\$0	\$2	\$0	\$840
Net General Bonded Debt	\$14,595,000	\$13,864,998	\$13,110,000	\$12,329,160
Ratio of Net Bonded Debt to Assessed Value	5.12%	4.82%	4.42%	4.36%
Net Bonded Debt per Capita	\$956.67	\$908.82	\$859.33	\$808.15

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
15,256	15,256	15,256	16,990	16,990	16,990
\$285,828,244	\$258,440,860	\$261,803,090	\$259,179,980	\$247,090,750	\$247,754,300
\$17,945,000	\$16,890,000	\$20,555,000	\$19,230,000	\$17,875,000	\$16,700,000
\$0	\$0	\$10,568	\$0	\$0	\$966
\$17,945,000	\$16,890,000	\$20,544,432	\$19,230,000	\$17,875,000	\$16,699,034
6.28%	6.54%	7.85%	7.42%	7.23%	6.74%
\$1,176.26	\$1,107.11	\$1,346.65	\$1,131.84	\$1,052.09	\$982.87



City of Mount Vernon, Ohio

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2012*

<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	\$8,717,352	100.00%	\$8,717,352
Overlapping:			
Knox County	7,032,222	22.24%	1,563,966
Mount Vernon School District	5,044,446	47.84%	2,413,263
Knox County Career Center	3,974,000	23.41%	930,313
		Subtotal	<u>4,907,542</u>
		Total	<u><u>\$13,624,894</u></u>

Source: Knox County Auditor and Fiscal Officers of Subdivision

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

City of Mount Vernon, Ohio

*Debt Limitations
Last Ten Years*

Collection Year	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Total Debt				
Net Assessed Valuation	\$285,051,489	\$287,409,437	\$296,485,180	\$282,994,466
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	29,930,406	30,177,991	31,130,944	29,714,419
City Debt Outstanding (2)	243,030	230,095	218,395	4,206,395
Less: Applicable Debt Service Fund Amounts	0	(2)	0	(840)
Net Indebtedness Subject to Limitation	<u>243,030</u>	<u>230,093</u>	<u>218,395</u>	<u>4,205,555</u>
Overall Legal Debt Margin	<u><u>\$29,687,376</u></u>	<u><u>\$29,947,898</u></u>	<u><u>\$30,912,549</u></u>	<u><u>\$25,508,864</u></u>
Unvoted Debt				
Net Assessed Valuation	\$285,051,489	\$287,409,437	\$296,485,180	\$282,994,466
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	15,677,832	15,807,519	16,306,685	15,564,696
City Debt Outstanding (2)	243,030	230,095	218,395	4,206,395
Less: Applicable Debt Service Fund Amounts	0	(2)	0	(840)
Net Indebtedness Subject to Limitation	<u>243,030</u>	<u>230,093</u>	<u>218,395</u>	<u>4,205,555</u>
Overall Legal Debt Margin	<u><u>\$15,434,802</u></u>	<u><u>\$15,577,426</u></u>	<u><u>\$16,088,290</u></u>	<u><u>\$11,359,141</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

2007	2008	2009	2010	2011	2012
\$285,828,244	\$258,440,860	\$261,803,090	\$259,179,980	\$247,090,750	\$247,754,300
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
30,011,966	27,136,290	27,489,324	27,213,898	25,944,529	26,014,202
3,229,395	3,116,945	2,999,195	2,876,145	2,752,795	2,607,800
0	0	(10,568)	0	0	(966)
3,229,395	3,116,945	2,988,627	2,876,145	2,752,795	2,606,834
\$26,782,571	\$24,019,345	\$24,500,697	\$24,337,753	\$23,191,734	\$23,407,368
\$285,828,244	\$258,440,860	\$261,803,090	\$259,179,980	\$247,090,750	\$247,754,300
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
15,720,553	14,214,247	14,399,170	14,254,899	13,589,991	13,626,487
3,229,395	3,116,945	2,999,195	2,876,145	2,752,795	2,607,800
0	0	(10,568)	0	0	(966)
3,229,395	3,116,945	2,988,627	2,876,145	2,752,795	2,606,834
\$12,491,158	\$11,097,302	\$11,410,543	\$11,378,754	\$10,837,196	\$11,019,653

City of Mount Vernon, Ohio

Pledged Revenue Coverage Last Ten Years

	2003	2004	2005	2006
Water System Bonds 1999 Series (1)				
Gross Revenues (2)	\$2,678,308	\$3,034,525	\$2,931,081	\$3,091,208
Direct Operating Expenses (3)	(1,644,435)	(1,621,464)	(1,698,652)	(1,648,878)
Net Revenue Available for Debt Service	1,033,873	1,413,061	1,232,429	1,442,330
Annual Debt Service Requirement	634,103	637,078	634,158	635,858
Coverage	1.63	2.22	1.94	2.27
Tax Increment Financing (TIF) Bonds (4)				
Payment In Lieu of Taxes (PILOT) Collections	\$443,561	\$510,867	\$566,671	\$917,141
Debt Service				
Principal	176,000	186,722	171,600	176,000
Interest	72,259	102,245	98,857	95,397
Coverage	1.79	1.77	2.10	3.38

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

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

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

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

Source: City Auditor's Office

City of Mount Vernon, Ohio

2007	2008	2009	2010	2011	2012
\$3,348,689	\$3,344,136	\$3,292,955	\$3,394,458	\$3,373,589	\$3,560,407
(1,784,855)	(1,956,474)	(1,991,293)	(2,026,472)	(1,933,228)	(1,805,985)
1,563,834	1,387,662	1,301,662	1,367,986	1,440,361	1,754,422
636,623	636,612	638,600	542,383	539,650	542,650
2.46	2.18	2.04	2.52	2.67	3.23
\$1,060,626	\$1,155,370	\$1,232,200	\$1,320,086	\$1,262,210	\$1,572,036
176,000	182,600	186,554	190,943	195,800	231,000
91,905	88,297	84,361	79,136	72,745	87,076
3.96	4.26	4.55	4.89	4.70	4.94

City of Mount Vernon, Ohio

Demographic and Economic Statistics Last Ten Years

Calendar Year	2003	2004	2005	2006
Population (1)				
City of Mount Vernon	15,256	15,256	15,256	15,256
Knox County	54,500	54,500	54,500	54,500
Income (2) (a)				
Total Personal (in thousands)	373,940	393,803	396,137	416,840
Per Capita	24,511	25,813	25,966	27,323
Unemployment Rate (3)				
Federal	5.8%	6.0%	5.5%	5.0%
State	5.7%	6.1%	6.0%	5.9%
Knox County	5.8%	5.6%	5.4%	5.1%
Civilian Work Force Estimates (3)				
State	5,915,000	5,875,300	5,900,400	5,934,000
Knox County	27,600	29,200	30,100	30,500

Sources:

(1) US Bureau of Census of Population

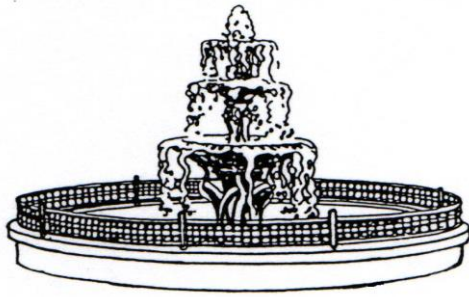
(2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2011 for the presentation of 2012 statistics, the City is using the latest information available.

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

(3) State Department of Labor Statistics. Information is not available at the City level.

City of Mount Vernon, Ohio

2007	2008	2009	2010	2011	2012
15,256	15,256	15,256	16,990	16,990	16,990
54,500	54,500	54,500	60,921	60,921	60,921
434,109	451,730	462,638	513,183	542,270	542,270
28,455	29,610	30,325	30,205	31,917	31,917
4.6%	5.8%	5.8%	9.1%	8.3%	7.6%
5.6%	6.6%	6.6%	9.3%	7.6%	6.6%
5.4%	6.3%	6.3%	9.1%	7.6%	6.2%
5,976,500	5,986,400	5,986,400	5,986,400	5,806,000	5,701,000
31,000	30,800	30,800	30,800	29,600	29,400



City of Mount Vernon, Ohio

Principal Employers Current Year and Nine Years Ago

Employer	Nature of Business	2012	
		Number of Employees	Rank
Ariel Corporation	Manufacturing	1,241	1
Rolls Royce Energy Systems, Inc	Manufacturing	1,132	2
Knox Community Hospital	Medical Care	936	3
Jeld-Wen Windows & Doors	Manufacturing	450	4
Knox County	Government	425	5
Mount Vernon City Schools	Education	414	6
Mount Vernon Nazarene University	Education	370	7
Wal-Mart	Retail	325	8
Sanoh America, Inc.	Manufacturing	280	9
First Knox National Bank	Financial	206	10
Total		5,779	

Employer	Nature of Business	2003	
		Number of Employees	Rank
Rolls-Royce Energy Systems, Inc.	Manufacturing	950	1
Knox Community Hospital	Madical Care	550	2
Knox County	Government	535	3
Kelsey-Hayes	Manfucaturing	500	4
Mount Vernon Nazarene College	Education	456	5
Ariel Corporation	Manfucaturing	445	6
Board of Education (City)	Education	436	7
Jeld-Wen, Inc.	Manufacturing	275	8
Wal-Mart	Retail	200	9
Breon, Inc.	Restaurant	149	10
Total		4,496	

Sources:

City Auditor's Office

Total Employment within the City is not available

City of Mount Vernon, Ohio

Full Time Equivalent Employees by Function Last Ten Years

	2003	2004	2005	2006	2007
Governmental Activities					
General Government					
Administration	1.00	1.00	1.00	1.00	1.00
Finance	2.50	2.50	2.00	2.00	2.00
Law Director	3.00	3.00	4.00	4.00	4.00
Income Tax	3.00	3.00	3.00	3.00	3.00
Legal/Court	10.00	10.50	10.50	10.50	10.50
Safety-Service	2.00	2.00	2.00	2.00	2.00
Civil Service	0.50	0.50	0.50	0.50	0.50
Engineering	7.00	6.00	5.00	5.50	6.00
Public Buildings/Lands	2.25	2.25	1.75	1.75	1.75
Security of Persons and Property					
Police	30.00	29.00	29.00	28.50	32.00
Fire	33.00	33.00	31.00	33.00	40.00
Transportation					
Street	14.50	13.25	12.75	13.00	12.50
Leisure Time Activities					
Parks/Recreation	18.50	16.50	16.75	16.75	58.25
Public Health and Welfare					
Cemetery	5.00	5.25	5.00	5.00	6.00
Business-Type Activities					
Utilities					
Water	17.50	16.50	17.50	17.50	17.50
Sewer	19.00	18.00	19.00	19.00	19.50
<i>Total Employees</i>	<u>168.75</u>	<u>162.25</u>	<u>160.75</u>	<u>163.00</u>	<u>216.50</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>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
1.00	1.00	1.00	1.00	1.00
2.00	2.00	2.00	2.00	2.00
4.00	4.00	4.00	4.00	4.00
3.00	3.00	3.00	3.00	3.00
11.00	11.00	11.00	11.00	11.00
2.00	2.00	2.00	2.00	2.00
0.50	0.50	0.50	0.50	0.50
6.50	6.50	6.50	6.50	6.50
1.75	1.75	1.75	1.75	1.75
31.00	32.00	32.00	32.00	32.00
40.00	40.00	40.00	40.00	40.00
12.50	12.50	12.50	12.50	12.50
53.75	53.75	53.75	55.25	56.50
6.00	6.00	5.25	5.25	5.25
17.50	17.50	17.50	17.50	17.50
19.50	19.50	19.50	19.50	19.50
<u>212.00</u>	<u>213.00</u>	<u>212.25</u>	<u>213.75</u>	<u>215.00</u>

City of Mount Vernon, Ohio

*Operating Indicators by Function
Last Ten Years*

	2003	2004	2005	2006
Governmental Activities				
General Government				
Court				
Number of Civil Cases	1,085	1,193	1,098	1,078
Number of Criminal Cases	1,335	1,151	1,146	1,170
Number of Traffic Cases	6,620	5,257	6,002	6,571
Number of Open Cases	946	959	985	928
Licenses and Permits				
Number of Building Permits	213	223	218	211
Security of Persons and Property				
Police				
Number of Citations Issued	3,466	2,953	3,608	3,322
Fire				
Number of Fire Calls	3,826	4,003	4,003	868
Number of EMS Runs				2,814
Number of Inspections	325	325	325	125
Business-Type Activities				
Water				
Number of Service Connections	6,186	6,249	6,307	6,369
Daily Average Consumption (thousands of gallons)	2,466,822	2,607,683	2,252,603	2,465,836
Sewer				
Number of Service Connections	6,408	6,488	6,536	6,590
Daily Average Sewage Treatment (thousands of gallons)	3,143,844	3,514,664	3,524,293	3,122,181

Source: City Auditor's Office

City of Mount Vernon, Ohio

2007	2008	2009	2010	2011	2012
1,252	1,484	1,425	1,259	1,394	1,258
1,088	1,335	1,246	1,378	1,551	1,365
5,491	5,811	5,867	6,234	5,825	5,500
1,020	1,003	1,038	884	514	547
119	160	162	159	157	150
3,081	3,857	3,295	3,640	3,117	2,557
752	871	1,032	1,067	1,032	1,185
2,911	3,259	3,282	3,386	3,649	3,817
375	1,250	1,009	685	820	750
6,421	6,449	6,469	6,484	6,495	6,507
2,508,356	2,704,110	3,026,000	2,565,381	2,409,501	2,530,735
6,637	6,655	6,682	6,704	6,717	6,726
3,145,699	3,282,192	2,979,515	2,881,773	3,524,871	2,676,145

City of Mount Vernon, Ohio

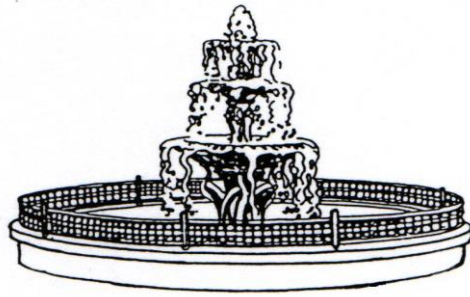
Capital Asset Statistics by Function Last Ten Years

	2003	2004	2005	2006
Governmental Activities				
General Government				
Public Land and Buildings				
Land (acres)	9.2	9.2	9.2	9.2
Buildings	9	9	9	9
Security of Persons and Property				
Police				
Stations	1	1	1	1
Vehicles	13	13	13	13
Fire				
Stations	2	2	2	2
Vehicles	11	11	11	11
Transportation				
Street				
Streets (lane miles)	76	82	82	82
Street Lights	1,470	1,470	1,470	1,470
Traffic Signals	50	50	50	50
Vehicles	13	13	13	13
Leisure Time Activities				
Parks/Recreation				
Land (acres)	176.58	176.58	176.58	210.32
Buildings	13	14	14	14
Parks	7	8	8	8
Playgrounds	4	4	4	4
Swimming Pools	2	2	2	2
Tennis Courts	10	10	10	10
Baseball/Softball Diamonds	11	11	11	11
Soccer Fields	2	2	2	2
Business-Type Activities				
Utilities				
Water				
Waterlines (Miles)	63	63	63	63
Number of Hydrants	484	484	484	484
Average Daily Consumption	2,466,822	2,607,683	2,252,603	2,465,836
Storage Capacity (thousands of gallons)	7,000	7,000	7,000	7,000
Sewer				
Sewerlines (Miles)	62	62	62	62
Average Daily Treatment	3,143,844	3,514,664	3,524,293	3,122,181
Treatment Capacity (thousands of gallons)	5,000	5,000	5,000	5,000

Source: City Auditor's Office

City of Mount Vernon, Ohio

2007	2008	2009	2010	2011	2012
9.2	9.8	9.8	12.4	12.4	12.4
9	9	9	9	9	9
1	1	1	1	1	1
13	13	13	13	13	13
2	2	2	2	2	2
11	11	11	11	11	11
82	82	82	82	82	82
1,470	1,470	1,470	1,470	1,470	1,470
51	52	53	53	53	54
13	13	13	13	13	13
241.86	241.86	241.86	244.98	244.98	244.98
14	14	14	14	14	14
8	8	8	8	8	8
4	4	4	4	4	4
4	4	4	4	4	4
10	10	10	10	10	10
11	11	11	11	11	11
2	2	2	2	2	2
63	63	63	63	63	63
484	484	484	484	484	484
2,508,356	2,704,110	3,026,000	2,565,381	2,409,501	2,530,735
7,000	7,000	7,000	7,000	7,000	7,000
62	62	62	62	62	62
3,145,699	3,282,192	2,979,515	2,881,773	3,524,871	2,676,145
5,000	5,000	5,000	5,000	5,000	5,000





Dave Yost • Auditor of State

CITY OF MOUNT VERNON

KNOX COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 30, 2013**