

Mary Taylor, CPA
Auditor of State

CITY OF MOUNT VERNON
KNOX COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Federal Awards Expenditures Schedule	1
Notes to the Federal Awards Expenditures Schedule	2
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	3
Independent Accountants' Report on Compliance with Requirements Applicable to the Major Federal Program, Internal Control Over Compliance in Accordance with OMB Circular A-133, and Federal Awards Expenditures Schedule.....	5
Schedule of Findings.....	7

THIS PAGE INTENTIONALLY LEFT BLANK

**CITY OF MOUNT VERNON
KNOX COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2007**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
U.S. DEPARTMENT OF URBAN DEVELOPMENT			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grants	A-F-05-149-1	14.228	\$346,432
	A-F-06-149-1		12,553
	A-F-07-149-1		5,350
	A-C-05-149-1		241,048
	A-D-06-149-1		<u>100,000</u>
Total Community Development Block Grants			<u>705,383</u>
Home Improvements Partnerships Program	A-C-05-149-2	14.239	<u>46,821</u>
Total U.S. Department of Urban Development			<u>752,204</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Direct Program:			
State Domestic Preparedness Equipment Support Program	N/A	97.004	740
U.S. DEPARTMENT OF JUSTICE			
Direct Program:			
Bulletproof Vest Partnership Program	N/A	16.607	<u>2,250</u>
Total			<u><u>\$755,194</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, 2007**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the City's federal award programs. The schedule has been prepared on the cash basis of accounting.



Mary Taylor, CPA

Auditor of State

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

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

To the Members of City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mount Vernon, Knox County, Ohio (the City) as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 26, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

We noted certain matters that we reported to the City's management in a separate letter date June 26, 2008.

Compliance and Other Matters

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 26, 2008



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM, INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH 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:

Compliance

We have audited the compliance of the City of Mount Vernon, Knox County, Ohio (the City), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the City's major federal program. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2007. In a separate letter to the City's management dated June 26, 2008, we reported an other matter relating to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

88 E. Broad St. / Tenth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that the City's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the City's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Federal Awards Expenditures Schedule

We have also audited the financial statements of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of the City as of and for the year ended December 31, 2007, and have issued our report thereon dated June 26, 2008. Our audit was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying federal awards expenditures schedule provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Mary Taylor, CPA
Auditor of State

June 26, 2008

**CITY OF MOUNT VERNON
KNOX COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2007**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

CITY OF MOUNT VERNON, OHIO



***Comprehensive Annual
Financial Report
Year Ended
December 31, 2007***

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2007

Prepared by the Auditor's Office

Terry Scott
City Auditor



TABLE OF CONTENTS

CITY OF MOUNT VERNON
KNOX COUNTY, OHIO

I INTRODUCTORY SECTION

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

II FINANCIAL SECTION

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

D Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Financial Statements:

Combining Balance Sheet.....	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	69
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	70
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	74
Combining Balance Sheet – Nonmajor Capital Projects Funds.....	78
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds.....	79

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

Major Governmental Funds:

<i>General Fund</i>	80
<i>Debt Service Fund:</i>	
General Bond Retirement Fund.....	86
<i>Capital Projects Fund:</i>	
Capital Improvements Fund.....	88

Nonmajor Governmental Funds:

<i>Special Revenue Funds:</i>	
Street Construction, Maintenance and Repair Fund.....	90
State Highway Improvement Fund.....	91
Permissive Auto License Tax Fund.....	92
Cemetery Fund.....	93
Park Development Fund.....	94
Community Development Block Grant Fund.....	95
Parking Fund.....	96
Law Enforcement Trust Fund.....	97
Drug Enforcement Trust Fund.....	98
Permissive License Registration Fund.....	99
Indigent Drivers Alcohol Treatment Fund.....	100
DUI - Enforcement and Education Fund.....	101
Court Computerization Fund.....	102
Probation Services Fund.....	103

Nonmajor Governmental Funds: (Continued)

Lodging Excise Tax Fund	104
Police Pension Fund	105
Fire Pension Fund.....	106
Mausoleum Fund.....	107
Veterans Honor Walkway Fund	108
 <i>Capital Projects Funds:</i>	
TIF District-Coshocton Road Fund	109
B & O Railroad Depot Fund.....	110
 <i>Permanent Fund:</i>	
Perpetual Care Fund	111
 Fiduciary Funds – Agency Funds:	
Combining Statement of Changes in Assets and Liabilities	113
 Capital Assets Used in the Operation of Governmental Funds:	
Schedule by Source.....	115
Schedule by Function and Activity.....	116
Schedule of Changes by Function and Activity.....	118

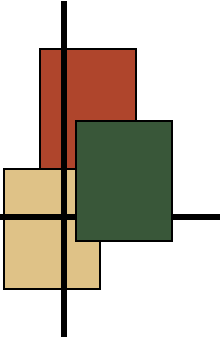


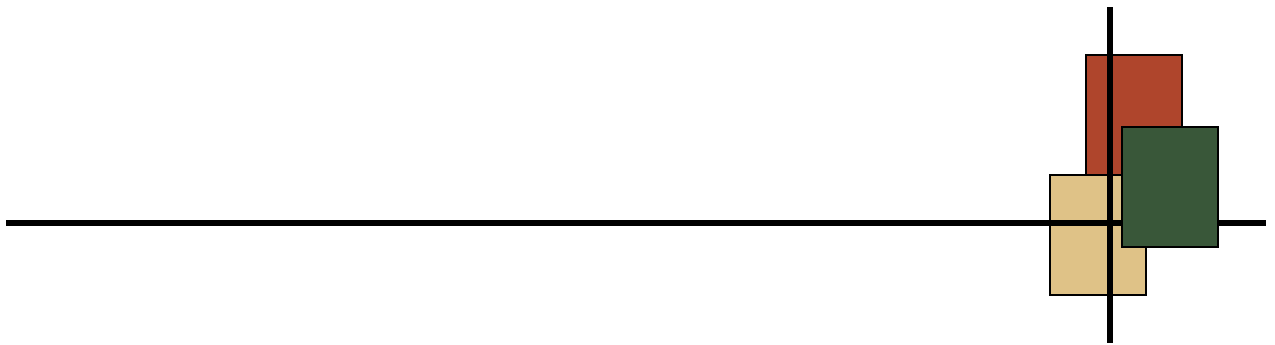
III STATISTICAL SECTION

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



Introductory Section







CITY OF MOUNT VERNON

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

phone (740) 393-9523

fax (740)-397-5288

June 26, 2008

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, 2007. The report has been prepared in conformity with generally accepted accounting principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

Introduction

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

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

THE REPORTING ENTITY:

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all the organizations, activities, functions and component units for which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide financial benefit to or impose a financial burden on the City. There were no potential component units that met the criteria imposed by GASB 14 to be included in the City's reporting entity. Therefore, the reporting entity of the City includes the following services: police protection, 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, 2007

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 2007.

Mid Ohio Transit Authority (MOTA) is a jointly governed organization whose board is composed of four members; one county commissioner, one township representative, and one representative from the municipal corporation. These three members collectively appoint one non-elected representative from within the county. MOTA was organized to provide public transportation for the entire county. The City did not appoint a majority of the members of the Board, nor is the City accountable for any operating deficits of MOTA. The MOTA Board is responsible for the fiscal operation of MOTA. The City appropriated \$20,000 for an operating grant to MOTA for 2007.

Knox County General Health District as a combined agency was created in 1983 as provided in Section 3709.07 of the Ohio Revised Code. The jointly governed organization's board is composed of nine members; six members from the townships and villages, and three members from the City. The combined Knox County General Health District was organized to provide public health services as required by the Ohio Revised Code and the Ohio Administrative Code, and such other services as are duly authorized or required by regulations of the District and can be furnished within the financial resources available to the District. The combined Knox County General Health District Board is responsible for the fiscal operations of the District. Under a contractual arrangement, the District sets the amount the City shall contribute on an annual basis. The remaining funding necessary for the District shall be apportioned by the County Auditor on the basis of taxable valuations among each township and village. Any fees charged for services by the District shall be placed in the District Health Fund. The City appropriated \$43,285 for operations of the combined District for 2007.

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2007***

The City of Mount Vernon:

The City of Mount Vernon was founded in 1805 and was incorporated on February 22, 1830, under the laws of the State of Ohio. Mount Vernon is located in the center of the state, approximately 50 miles northeast of Columbus, Ohio, and is the county seat of Knox County. Mount Vernon operates under a statutory Mayor-Council form of government, as set forth in the Ohio Revised Code. Mount Vernon's 9.2 square mile area serves a residential population of 15,256. State highways 3, 13 and 229 and U. S. Highway 36 serve as some of the City's major transportation arteries. Mount Vernon is the birthplace of Daniel Decatur Emmett, composer of the southern classic "Dixie" and Paul Lynde, a nationally known comedian.

The Management:

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

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

Fire Department - The department is comprised of thirty-four firefighters, five 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 engineering personnel. They are responsible for issuance of building permits, plan reviews for new construction and remodeling, insuring compliance with prevailing wage statutes and working with the Water and Wastewater Commission.

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2007***

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

Water Department - This department operates with ten full-time employees and fifteen shared full-time employees. The shared employees also work with the Wastewater Department. The Water Department is responsible for the treatment and distribution of potable water to the City's 6,000 customers and customers located in the Village of Gambier (approximately three miles east of Mount Vernon). All treatment plant employees are required to have a Class I operators license within two years of employment.

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

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

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

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

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

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

***Letter of Transmittal
For the Year Ended December 31, 2007***

Economic Outlook

Housing development continues at a moderate level throughout the city. As economic indicators begin to demonstrate the potential for a national recession, our community has continued to develop and retain good financial position. While housing foreclosures continue to increase, and homes for sale are plentiful, the market value indicators continue to hold steady and in some situations have increased.

In 2006, information was received by the City regarding an unnamed business that is expecting to expand their business in the Mount Vernon area. During 2007, ongoing discussions took place with the corporate executives and city officials. While the details of the company continues to be collected, the City is making the necessary plans for infrastructure improvements in the current industrial area to provide public utility services and widen roadways to accommodate the additional traffic needs. The updated information provided by the executives in May, 2008, indicates the project has been approved and construction of the new structure will begin within a few weeks. New jobs are anticipated to be a part of the improvements, although the actual number is not yet available. The City will move ahead with infrastructure improvements in 2008 and should be completed within six months.

Providing water services to those in need is a major goal of the City's public utility system. In the area of Clinton Township, a neighboring township to the west of the City, a new major water line was installed and in service during 2007 on Harcourt Road. Even though this area is located outside the city limits, the City made the necessary improvements utilizing the Clinton/City water contract adopted in 2005. Current businesses and certain residential properties are under orders from the Ohio Environmental Protection Agency (OEPA) to seek public water supply. Certain conditions currently exist whereby these businesses and properties are unable to use their private water supply for public consumption. The installation of this water line will correct OEPA orders, and provide public utility service to those in need. Since the installation, several businesses and property owners have connected to the service line which adds to our total number of users on the system. Cost of the improvement was \$575,669 which was provided by the issuance of long-term bonds.

Rolls-Royce, a local gas turbine and compressor manufacturer recently reported there intention to invest approximately \$22 million dollars in the Mount Vernon plant. The improvements will include consolidating the business' energy products assembly and test capabilities. In the announcement, the company indicated the reason they chose to improve the Mount Vernon plant was because of the productivity improvements made by the Mount Vernon work force in regards to implementation of lean manufacturing principles. The announcement went on to indicate approximately 100 new jobs are planned to be added to the current workforce of approximately 800. The Rolls-Royce establishment has been an integral manufacturing base in Mount Vernon since the late 1800's. They are listed in the top ten percent of employers who contribute to the City's income tax base.

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 nineteen building permits in 2007 and two hundred eleven in 2006, a decrease of ninety-two permits.

***Letter of Transmittal
For the Year Ended December 31, 2007***

Long-term Financial Planning:

As the City plans to move forward with the infrastructure improvement needs for an unnamed local business expansion, the issuance of bond anticipation notes will be issued. The improvements are estimated to cost approximately \$1.6 million dollars, of which the State of Ohio, Department of Development has agreed to provide \$250,000 towards the project. Bidding of the project is slated to begin in early July with the award to take place the first of August. Construction phase is estimated to last ninety days.

Design plans are being prepared during 2008 for the wastewater plant electrical and instrumentation upgrades, the City plans to bid this project scheduled for late winter of 2008. This project currently has an estimated pre-design project cost of nearly \$12 million. The City plans to issue bond anticipated notes for these improvements. Construction is anticipated to last approximately eighteen months. The upgrades will provide for an alternative power supply during power outages by the local utility provider, and the instrumentation panels that are used to operate the plant will be replaced. This facility was originally constructed in the 1950's, and has had few improvements since then in regards to the electrical and instrumentation part of the operations.

Employee Relations:

The City of Mount Vernon completed the second year of a three year contract with the City's three unions. All union contracts were effective January 1, 2006, through December 31, 2008, with annual raises on January 1st of each year. The first is, the Dan Emmett Chapter of the Ohio Civil Service Employees Association (OCSEA), Local 11/American Federation of State, County and Municipal Employees, AFL-CIO, which consists of fifty-three members from the public service departments (Engineering, Public Building and Land, Parks, Street, Cemetery, Water and Wastewater). The second is the Ohio Association of Professional Firefighters, The Mount Vernon Firefighters and Paramedics Local 3712 which consists of twenty-four members of the fire department. The final bargaining unit is the Kokosing Chapter of the Fraternal Order of Police, Ohio Labor Council, Inc. (FOP) which consists of twenty-four members of the police department. The remaining departments along with all the department heads are not represented by any union.

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

Unemployment Rates:

The City of Mount Vernon's economic outlook continued to be stable for 2007. Starting out the year at 4.9 percent, the unemployment rate flexed with steady increases at mid year at 5.9 percent, then decreased to a level stream at 5.3 percent. At year end it had risen to 6.1 percent. A contributor to this sudden increase would be the reduction in seasonal labor in the workforce and the reduction of employees at the TRW manufacturing plant in Mount Vernon. The City's diverse mix of employment opportunities helps to offset such economic fluctuations.

***Letter of Transmittal
For the Year Ended December 31, 2007***

Major Initiatives

Municipal Court:

The Municipal Court found 2007 to be a regular year of operations. While there continue to be ongoing law changes, the Court did not experience any significant changes compared to previous years.

Traffic cases filed numbered 5,491, a decrease of 1,080 from those filed in 2006, while criminal case filings of 1,088 decreased by 82 cases from those filed in 2006. There was an increase in civil case filings, 1,252 in 2007 compared to 1,078 in 2006.

Fire Department:

The Fire Department updated a portion of there turn out gear along with upgrading a LifePak 12 heart monitor during the year. Training and certification of paramedics continue to be major concentrations for the department. Each paramedic is required to maintain continued education and recertification every two years. Each firefighter holds Emergency Medical Technician certification which requires recertification and continued education also.

Police Department:

The Police Department advanced in to new technology with the implementation of four in car video devices. The department indicated the use of this technology will help assist during certain court cases as well as to help provide for ongoing training sessions within the department. Replacement of 3 radar units were also made during 2007. Law enforcement within the City maintains a safe and secure environment for all of its citizens and visitors.

Street Department:

Although the City has many great historical structures, one cannot pass though this community without achieving the opportunity to travel on some nine miles of brick streets distributed through the City. In 2007, the City continued the restoration of brick streets. East Ohio Avenue was a restoration project started a few years ago, and in 2007 the remaining portion of the street received renewed curbs and the brick surface was reset for a total cost of \$105,230. A portion of West Chestnut Street had new drainage, curbing, gutters, sidewalks, and reset of the surface course performed. These improvements were provided by a community development block grant, and the total project cost was \$281,037.

A three block section of East Chestnut Street was completed and put into service in 2007. This portion of the street, which once had a brick driving surface, was totally removed and a new base with intermediate and surface layers were installed. This new asphalt surface road also received new drainage and traffic lights. Funding for this project was made possible by a grant from the Ohio Public Works Commission in the amount of \$415,000, and the total project cost was \$680,987.

***Letter of Transmittal
For the Year Ended December 31, 2007***

A new traffic light was installed at Newark and Parrott streets during the year. In conjunction with the light, roadway improvements were performed to allow for turn lanes. These improvements provide a much better flow of traffic on this major state route and the overall cost of the improvements totaled \$205,584.

New asphalt roads are always an improvement for traffic flow throughout the City. During 2007, the City was able to improve the surface course on twenty-two streets at a value of \$394,000.

With a moderate snow fall during the months of winter, purchasing road salt was not a major expense for the department. This allowed the department to maintain a reasonable financial base into the next year. Other routine projects completed by the Street Department included street sweeping, traffic line painting, traffic signal repairs, traffic sign replacement and leaf pick-up.

Cemetery Department:

The Cemetery Department continued its restoration project on the chapel located within the cemetery during the year by adding copper gutters and downspouts. This structure has been dated back to as early as 1884, and is currently being petitioned for recognition as a historical structure in Ohio. This structure will undergo extensive interior improvements in the coming year. Continued repairs to monuments and foundations were completed throughout the year. The department constructed a new storage building to house top soil that is used to level grave sites within the cemetery. A five year plan was developed and put into place in 2007 for paved roadways throughout the cemetery. Old asphalt was removed and new was installed. This program will be carried forward until all roadways have been improved. Funding for the roadway improvements will be provided for by the Capital Improvements Fund.

Engineering Department:

The Engineering Department continued to serve the needs of new construction within the City in 2007. One hundred seventy-three zoning permits, representing approximately fourteen million dollars in increased property values were issued in 2007. The Engineering Department provided assistance for all new construction and upgrade projects that were conducted by the City in 2007.

Public Buildings and Land and Parks Department:

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

***Letter of Transmittal
For the Year Ended December 31, 2007***

Mount Vernon, Ohio, well known for its civil war era architecture in the central business district and throughout three defined historical districts is what makes this small town community quite special. In 2007, the City put the final restoration improvements on the Baltimore & Ohio Railroad Depot. This major undertaking was accomplished with substantial private corporate and individual donations along with the City contributing \$175,000 towards the overall project and acquisition. During the weekend of October 21 and 22, visitors from all walks of life came to inspect and tour the 100 year old facility. Having been a transportation hub within the city, those who came to observe and reminisce of days gone by were greeted with a steam engine that was brought in to accompany the display. Comments from onlookers about the remembrance of being a passenger or remembering family members who would come and go via the B&O railroad were heard consistently. Mount Vernon is very proud of this facility and anticipates that visitors will continue to come for tours. Currently the facility is being used for small gatherings, receptions, and meetings along with a portion being used to display local artists' works of art.

Summer time fun was greeted with the opening of the new Hiawatha Water Park/Pool complex. This nearly \$4 million project was made possible with local contributions from corporations and individuals in conjunction with long-term bonds. The generous contribution of \$500,000 from Ariel Corporation, a local compressor manufacturer challenged the City to seek matching contributions totaling the same amount. Coming very close to meeting the challenge, Ariel Corporation was extremely generous in providing the entire amount of their contribution even though we did not meet the challenge. In 2007, the water park ended up having over seven hundred household memberships covering over twenty-five hundred individuals. Total daily visitors to the water park were at 1,000 to 1,200 with some peak days being at the 2,000 mark. As the revenues collected by the park did not meet or exceed operating costs, the City administration began making plans to rectify this in the upcoming season.

Through public donations, a new roof was placed on the shelter house at Hiawatha Park. In conjunction with this project, the City supported a new roof on the restroom building adjacent to the shelter house. A Community Development Block Grant provided funding for handicap accessibility improvements to the shelter house and for handicap parking lot improvements.

Water Department:

The Water Distribution Division of the Water Department performed various maintenance activities to the lines in 2007. Backflow prevention continues to be monitored to prevent contaminates through the water service connection into the public water system. High risk consumers are the major users the City requires to comply with these regulations. Future service connections to be required will be industrial, commercial and residential users. This will include current and new service connections.

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

***Letter of Transmittal
For the Year Ended December 31, 2007***

Wastewater Department:

The Wastewater Treatment Plant Division of the Wastewater Department performed routine maintenance of the facility and equipment throughout 2007. The wastewater plant put into service a new influent screening process and upgraded the aeration system which is a part of the secondary treatment process. The overall gain by achieving these improvements will allow for a second influent system into the plant, in the event of future needs for a shutdown to make certain maintenance repairs and to allow for a better aeration system in the secondary treatment units. Total cost for the improvements were \$3,081,939 which were provided by issuing long-term bonds.

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. Open encumbrances as of December 31, 2007, that have not been included as an accrued item are reported as reservations of fund balances with this report.

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

CITY OF MOUNT VERNON, OHIO

**Letter of Transmittal
For the Year Ended December 31, 2007**

Risk Management:

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

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

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

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

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

Cash Management

Cash temporarily idle during the year was invested in certificates of deposit, federal agency securities, money market savings and interest bearing checking accounts. As of December 31, 2007, the City's cash resources were divided between cash and investments as follows:

<u>Cash Resources</u>	<u>Amount</u>	<u>Percentage</u>
Cash	\$4,781,936	36.40%
Federal Securities	448,344	3.41%
Certificate of Deposits	6,500,000	49.47%
STAR Ohio	1,407,979	10.72%
Totals	<u>\$13,138,259</u>	<u>100.00%</u>

The City implemented an investment policy in 1997 and requires all depositories to comply with its deposit and investment ordinance and with state law governing collateralization of deposits. New depository agreements were executed in 2007 for a two year period with local financial institutions. See Note 2 to the financial statements for additional information on deposits and investments.

***Letter of Transmittal
For the Year Ended December 31, 2007***

Other Information

Independent Audit:

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

Awards:

The Government Finance Officers Association of the United State and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mount Vernon, Ohio for its comprehensive annual financial report for the fiscal year ended December 31, 2006. 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 sixteen consecutive years (fiscal years ended 1991-2006). 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, 2007***

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 2007 Comprehensive Annual Financial Report and annual independent audit.

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

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

Respectfully,

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

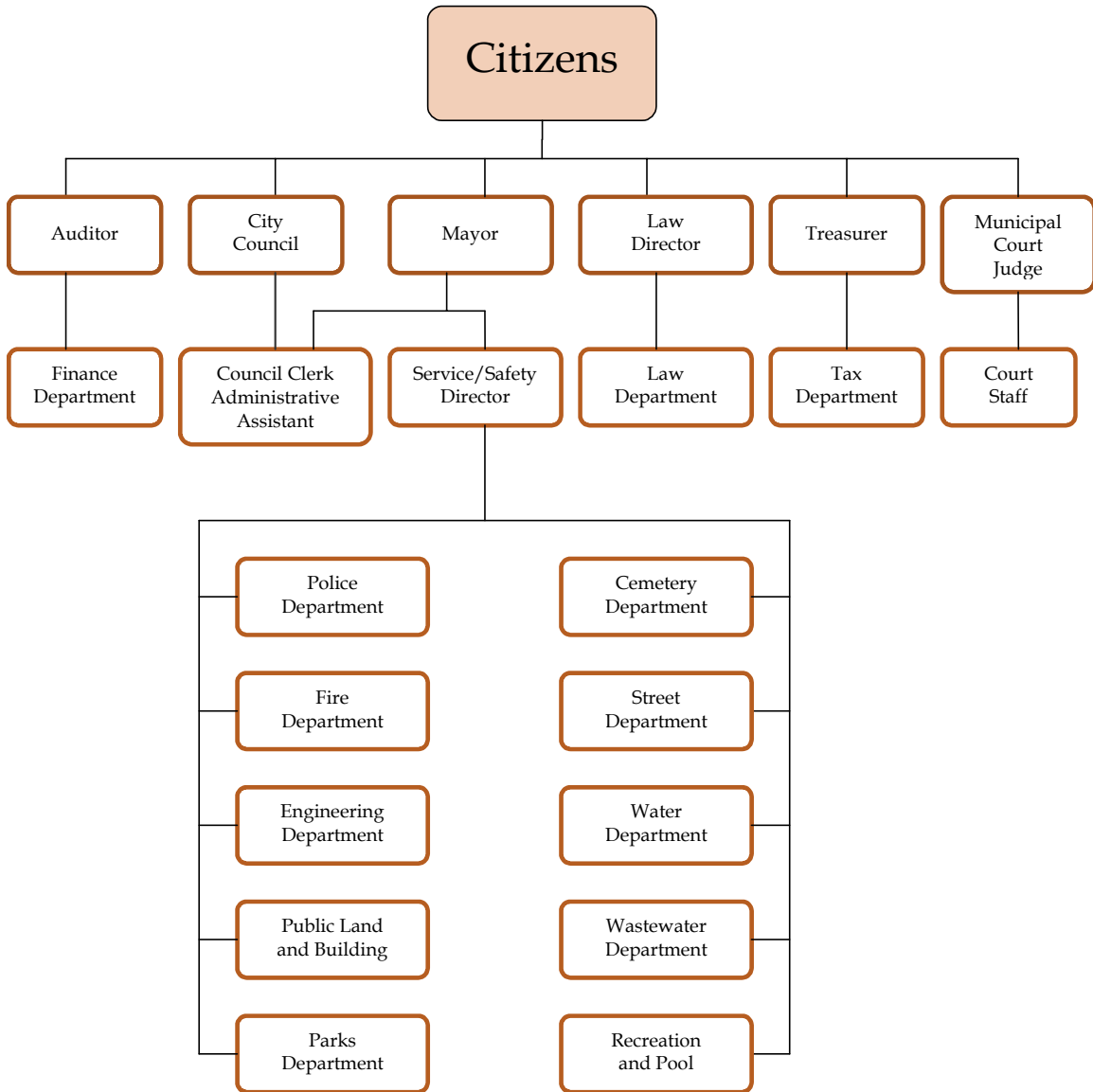
Terry Scott,
City Auditor

CITY OF MOUNT VERNON, OHIO

***List of Principal Officials
For the Year Ended December 31, 2007***

<i>NAME</i>	<i>TITLE</i>	<i>YEARS OF SERVICE</i>
<u>City Council</u>		
John Booth	President	4
Burt Hanson	First Ward Member	7
Charles K. Dice	Second Ward Member	9
Derk Demaree	Third Ward Member	4
John Fair	Fourth Ward Member	8
Mike Hillier	Member At-Large	2
Nancy Vail	Member At-Large	4
Bruce Hawkins	Member At-Large	2
<u>City Administration</u>		
Richard K. Mavis	Mayor	12
Terry Scott	Auditor	13
William D. Smith	Law Director	27
James Shipley	Treasurer	8
David C. Glass	Safety-Service Director	29
Janet M. Brown	Clerk of Council	15
<u>Department Heads</u>		
Debora Tyson	Income Tax Administrator	17
Michael Merrilees	Police Chief	19
Shawn Christy	Fire Chief	5
Paul G. Oliver	Parks, Public Buildings and Land Superintendent	25
David Carpenter	Street Superintendent	16
Deborah S. Briscoe	Cemetery Foreman	27
Pam Muralt	Water and Wastewater Meter and Customer Service Administrator	27
Judith Scott	Water and Wastewater Treatment and Distribution Administrator	25

***City Organizational Chart
For the Year Ended December 31, 2007***



*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, 2006

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.



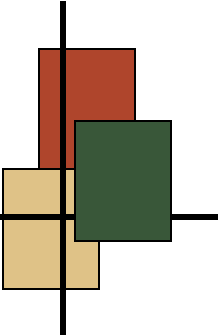
Charles S. Cox

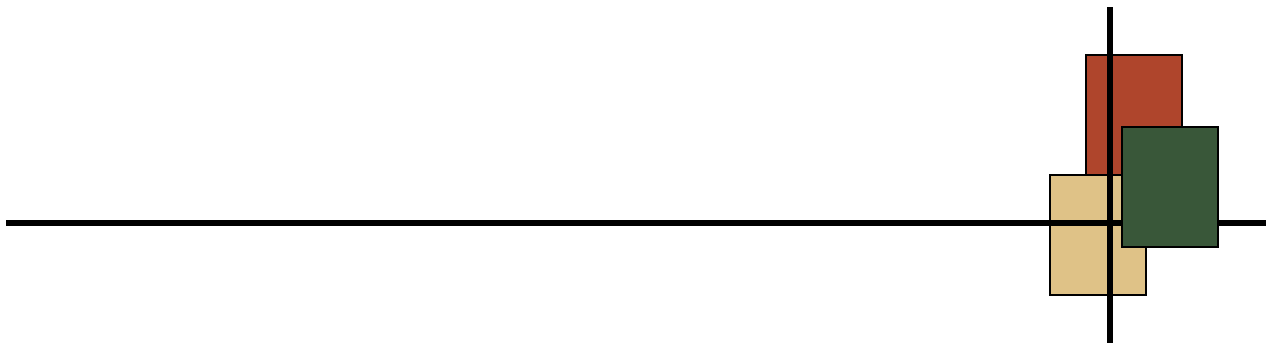
President

Jeffrey R. Emen

Executive Director

Financial Section







Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

City of Mount Vernon
Knox County
40 Public Square
Mount Vernon

To the Members of City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mount Vernon, Knox County, Ohio (the City) as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mount Vernon, Knox County, Ohio, as of December 31, 2007, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2008, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

Mary Taylor, CPA
Auditor of State

June 26, 2008

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, 2007. 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 2007 are as follows:

- ❑ In total, net assets increased \$2,924,254. Net assets of governmental activities increased \$2,954,730 which represents a 7.0% increase from 2006. Net assets of business-type activities decreased \$30,476 from 2006.
- ❑ General revenues accounted for \$13,442,647 in revenue or 56.3% of all revenues. Program specific revenues in the form of charges for services, and grants and contributions accounted for \$10,441,414, 43.7% of total revenues of \$23,884,061.
- ❑ The City had \$14,869,359 in expenses related to governmental activities; only \$4,568,841 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$13,255,248 were also used to provide for these programs.
- ❑ Among major funds, the general fund had \$12,733,037 in revenues and other financing sources and \$11,552,559 in expenditures and other financing uses. The general fund's fund balance increased from \$3,639,558 to \$4,820,198.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

These statements are as follows:

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

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

Government-wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

CITY OF MOUNT VERNON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2007**

Unaudited

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

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

The following table provides a summary of the City's net assets for 2007 compared to 2006:

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$13,937,304	\$15,516,002	\$7,270,158	\$8,736,438	\$21,207,462	\$24,252,440
Capital assets, Net	41,880,768	38,755,740	31,852,374	31,386,706	73,733,142	70,142,446
Total assets	55,818,072	54,271,742	39,122,532	40,123,144	94,940,604	94,394,886
Long-term liabilities outstanding	7,357,264	4,486,554	17,934,099	15,515,402	25,291,363	20,001,956
Other liabilities	3,212,908	7,492,018	553,696	3,942,529	3,766,604	11,434,547
Total liabilities	10,570,172	11,978,572	18,487,795	19,457,931	29,057,967	31,436,503
Net assets						
Invested in capital assets, net of related debt	35,789,973	33,477,918	13,897,047	13,580,280	49,687,020	47,058,198
Restricted	4,503,529	5,717,336	1,391,876	2,353,194	5,895,405	8,070,530
Unrestricted	4,954,398	3,097,916	5,345,814	4,731,739	10,300,212	7,829,655
Total net assets	\$45,247,900	\$42,293,170	\$20,634,737	\$20,665,213	\$65,882,637	\$62,958,383

This space intentionally left blank.

CITY OF MOUNT VERNON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2007**

Unaudited

Changes in Net Assets – The following table shows the changes in net assets for 2007 compared to 2006:

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues						
Program Revenues:						
Charges for Services and Sales	\$2,188,774	\$1,490,641	\$5,872,573	\$5,672,977	\$8,061,347	\$7,163,618
Operating Grants and Contributions	871,919	898,391	0	0	871,919	898,391
Capital Grants and Contributions	1,508,148	884,203	0	0	1,508,148	884,203
Total Program Revenues	4,568,841	3,273,235	5,872,573	5,672,977	10,441,414	8,946,212
General Revenues:						
Property Taxes	1,977,356	1,641,628	0	0	1,977,356	1,641,628
Income Taxes	9,260,355	9,035,177	0	0	9,260,355	9,035,177
Other Local Taxes	106,968	107,926	0	0	106,968	107,926
Intergovernmental Revenues, Unrestricted	1,057,943	1,239,375	0	0	1,057,943	1,239,375
Investment Earnings	675,429	471,742	187,399	213,429	862,828	685,171
Miscellaneous	177,197	119,322	0	0	177,197	119,322
Total General Revenues	13,255,248	12,615,170	187,399	213,429	13,442,647	12,828,599
Total Revenues	17,824,089	15,888,405	6,059,972	5,886,406	23,884,061	21,774,811
Program Expenses						
Security of Persons and Property	5,599,365	5,506,801	0	0	5,599,365	5,506,801
Public Health and Welfare Services	666,167	567,989	0	0	666,167	567,989
Leisure Time Activities	777,880	407,254	0	0	777,880	407,254
Community Environment	745,733	446,970	0	0	745,733	446,970
Transportation	2,097,746	1,730,910	0	0	2,097,746	1,730,910
General Government	4,627,294	3,915,618	0	0	4,627,294	3,915,618
Interest and Fiscal Charges	355,174	126,090	0	0	355,174	126,090
Water	0	0	3,216,980	3,135,091	3,216,980	3,135,091
Wastewater	0	0	2,873,468	2,847,417	2,873,468	2,847,417
Total Expenses	14,869,359	12,701,632	6,090,448	5,982,508	20,959,807	18,684,140
Total Change in Net Assets	2,954,730	3,186,773	(30,476)	(96,102)	2,924,254	3,090,671
Beginning Net Assets	42,293,170	39,106,397	20,665,213	20,761,315	62,958,383	59,867,712
Ending Net Assets	\$45,247,900	\$42,293,170	\$20,634,737	\$20,665,213	\$65,882,637	\$62,958,383

Governmental Activities

Net assets of the City's governmental activities increased by \$2,954,730 over 2006. The increase in Net Assets is the result of additional income tax revenues, property tax revenues, investment earnings, capital grants, water park revenues and emergency medical service billing revenues.

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

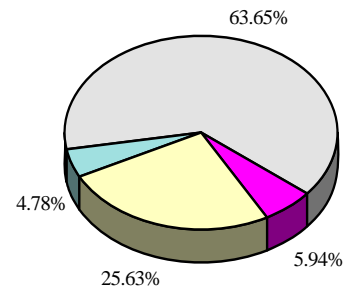
CITY OF MOUNT VERNON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2007**

Unaudited

Income taxes and property taxes made up 51.95% and 11.1% respectively of revenues for governmental activities for the City in fiscal year 2007. The City's reliance upon tax revenues is demonstrated by the following graph indicating 63.65% of total revenues from general tax revenues:

Revenue Sources	2007	Percent of Total
General Tax Revenues	\$11,344,679	63.65%
Intergovernmental Revenues, Unrestricted	1,057,943	5.94%
Program Revenues	4,568,841	25.63%
General Other	852,626	4.78%
Total Revenue	\$17,824,089	100.00%



Business-Type Activities

Net assets of the business type activities decreased by \$30,476. This decrease was primarily the result of reduced investment earnings as the city elected to use cash reserves for certain capital projects instead of issuing long-term debt.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The City's governmental funds reported a combined fund balance of \$9,321,139, which is an increase from last year's balance of \$6,038,685. The schedule below indicates the fund balance and the total change in fund balance by fund as of December 31, 2007 and 2006:

	Fund Balance December 31, 2007	Fund Balance December 31, 2006	Increase (Decrease)
General	\$4,820,198	\$3,639,558	\$1,180,640
General Bond Retirement	0	840	(840)
Capital Improvement	1,696,288	272,247	1,424,041
Other Governmental	2,804,653	2,126,040	678,613
Total	\$9,321,139	\$6,038,685	\$3,282,454

CITY OF MOUNT VERNON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2007**

Unaudited

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

	2007	2006	Increase
	Revenues	Revenues	(Decrease)
Property and Other Taxes	\$8,995,938	\$8,701,298	\$294,640
Intergovernmental Revenue	1,014,489	1,215,015	(200,526)
Charges for Services	1,361,044	624,560	736,484
Licenses and Permits	20,302	24,956	(4,654)
Investment Earnings	580,971	401,924	179,047
Fines and Forfeitures	637,414	653,265	(15,851)
All Other Revenue	107,048	83,167	23,881
Total	<u>\$12,717,206</u>	<u>\$11,704,185</u>	<u>\$1,013,021</u>

General Fund revenues in 2007 increased approximately 8.66% compared to revenues in fiscal year 2006. The increase is a combination of an increase in city income tax revenues, estate tax revenues, investment earnings, water park revenues and emergency medical service billing revenues.

	2007	2006	Increase
	Expenditures	Expenditures	(Decrease)
Security of Persons and Property	\$4,587,920	\$4,559,100	\$28,820
Public Health and Welfare Services	363,838	275,329	88,509
Leisure Time Activities	607,905	365,682	242,223
Community Environment	21,376	25,212	(3,836)
Transportation	43,723	40,555	3,168
General Government	4,476,095	4,084,747	391,348
Debt Service:			
Principal Retirement	8,513	8,163	350
Interest and Fiscal Charges	19,362	19,712	(350)
Total	<u>\$10,128,732</u>	<u>\$9,378,500</u>	<u>\$750,232</u>

General Fund expenditures increased by \$750,232 or 8.0% compared to the prior year primarily due to the opening of a new water park/pool complex, increased health insurance costs, increased income tax refunds, housing of prisoners, and employee retirements.

CITY OF MOUNT VERNON, OHIO

***Management's Discussion and Analysis
For the Year Ended December 31, 2007***

Unaudited

General Bond Retirement Fund – The General Debt Retirement Fund balance changed slightly because the reserve balance was applied to current debt obligations during the year.

Capital Improvement Fund - The Capital Improvement Fund balance increased from \$272,247 to \$1,696,288 due to public support towards a newly constructed water park/pool complex and transfers from the General Fund.

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

During the course of fiscal year 2007 the City amended its General Fund budget several times. The major beneficiaries of these amendments were for establishing transfers in the capital improvement fund, salaries, income tax refunds, maintenance of equipment and employee health insurance expenses. Actual expenditures were less than the final budget because of conservative fiscal management practices.

For the General Fund, final budget basis revenue of \$11,904,385 changed over the original budget estimates of \$10,929,978 due to exceeded estimated revenues for local government tax, personal property tax, investment earnings, court collections, income tax, water park revenues and emergency medical service billing revenues.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal 2007 the City had \$73,733,142 net of accumulated depreciation invested in buildings, infrastructure, equipment and vehicles. Of this total, \$41,880,768 was related to governmental activities and \$31,852,374 to the business-type activities. The following table shows fiscal year 2007 and 2006 balances:

	Governmental Activities		Increase (Decrease)
	2007	2006	
Land	\$10,691,060	\$10,616,060	\$75,000
Construction In Progress	78,205	2,328,282	(2,250,077)
Buildings	10,344,359	6,061,785	4,282,574
Improvements Other than Buildings	594,690	542,574	52,116
Infrastructure	33,206,842	31,177,794	2,029,048
Machinery and Equipment	5,602,391	5,461,194	141,197
Less: Accumulated Depreciation	(18,636,779)	(17,431,949)	(1,204,830)
Totals	<u>\$41,880,768</u>	<u>\$38,755,740</u>	<u>\$3,125,028</u>

CITY OF MOUNT VERNON, OHIO

**Management's Discussion and Analysis
For the Year Ended December 31, 2007**

Unaudited

Land increased due to the acquisition of approximately 33 acres from business type activities. Constructions in Progress decreased due to the completion of a new aquatic water park/pool complex. Infrastructures increased due to additional roads being resurfaced in 2007, and drainage projects performed during the year.

	Business-Type Activities		Increase (Decrease)
	2007	2006	
Land	\$819,311	\$894,311	(\$75,000)
Construction in Progress	292,307	2,560,570	(2,268,263)
Buildings and Improvements	25,391,136	22,309,197	3,081,939
Utility Structures in Service	23,172,548	22,230,977	941,571
Machinery and Equipment	3,305,003	3,195,963	109,040
Less: Accumulated Depreciation	(21,127,931)	(19,804,312)	(1,323,619)
Totals	\$31,852,374	\$31,386,706	\$465,668

Business type capital assets increased as a result of construction of new influent screening and aeration system improvements. Construction in Progress decreased due to the completion of new influent screening and aeration system improvements. Utility Structures in Service increased due to a new major water line being installed along with a wastewater line improvement project being put into service during the year. Additional information on the City's capital assets can be found in Note 6.

Debt

At December 31, 2007, the City had \$17,945,000 in bonds outstanding, \$1,054,564 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2007 and 2006:

	2007	2006
Governmental Activities:		
General Obligation Bonds Payable	\$5,715,065	\$2,868,065
Ohio Public Works Commission Loan	350,625	371,875
Police and Firemen's Pension Accrued Liability	449,153	457,666
Compensated Absences	842,421	788,948
Total Governmental Activities	7,357,264	4,486,554
Business-Type Activities:		
Mortgage Revenue Bonds Payable	5,410,000	5,790,000
General Obligation Bonds Payable	12,229,935	9,461,935
Compensated Absences	294,164	263,467
Total Business-Type Activities	17,934,099	15,515,402
Totals	\$25,291,363	\$20,001,956

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, 2007, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 9.

ECONOMIC FACTORS

The Central Ohio Technical College (COTC) opened its doors to a new campus facility located in the downtown central business district. The campus is located in a former movie theater, of which the college is currently undertaking a capital campaign to renovate the structure to better suite the needs of the students. While COTC already offered some off campus courses in Mount Vernon, this initiative will allow the College to establish a full service campus where students can remain in the area and achieve their degree without having to travel to Newark, Ohio. COTC's main campus is located in Newark, Ohio in conjunction with the Ohio State University campus. COTC also maintains campus locations in Coshocton and Pataskala. The college has signed agreements with Mount Vernon Nazarene University and Kenyon College, two higher education facilities located in or near Mount Vernon to allow COTC students to transfer earned college credits as they progress to their four year degrees.

Mount Vernon Nazarene University (MVNU), a liberal arts, Christian Based University has announced they will be expanding their campus in the downtown central business district. They intend to renovate the existing facility to provide for classrooms and an art studio. A substantial portion of the facility will be for the art department as the university expands its current art program. MVNU has indicated the renovations will begin in the summer of 2008 with completion estimated to be in early 2009.

Rolls-Royce, a local gas turbine and compressor manufacturing business that has had roots in Mount Vernon since the late 1800's has announced it will invest approximately \$22 million dollars in the Mount Vernon plant. In conjunction with the investment, Rolls-Royce has indicated approximately 100 new jobs will be forthcoming. The improvements are directed towards consolidating the business' energy products assembly and test capabilities at the Mount Vernon plant. Rolls-Royce is one of the top ten employers within the City, and we look forward to assisting them where needed during the improvement process.

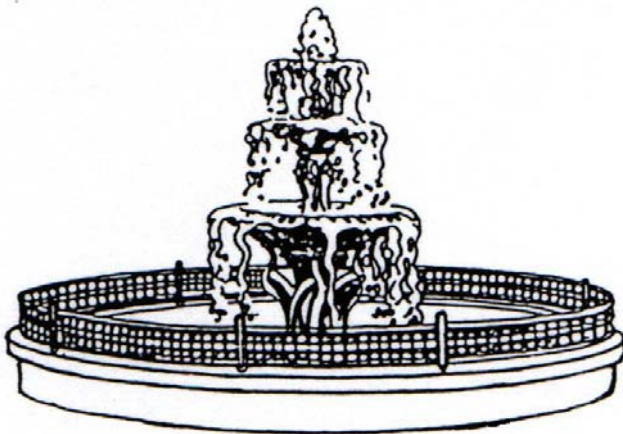
Development continues to prosper within the community. Fourteen commercial/industrial permits were issued in 2007, contributing an estimated \$5.7 million in tax valuation. Residential developments provided approximately \$8 million in tax valuation with sixty-three permits being issued. Overall development continues to provide enhancements throughout the community and with such diversification; this helps to support our tax base and also helps to provide additional employment within the community.

Unemployment for the year was very modest. Starting out the year with 4.9 percent, it managed a continuous climb to 5.9 percent by midyear, and finally leveled out for the third quarter at 5.3 percent, then shot to 6.1 percent by year end. The impact of such increases and decreases throughout the year are minimal due to the diverse mix of employers throughout the City.

REQUESTS FOR INFORMATION

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





CITY OF MOUNT VERNON, OHIO

Statement of Net Assets
December 31, 2007

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and Cash Equivalents	\$ 4,100,142	\$ 1,656,987	\$ 5,757,129
Investments	3,473,390	3,474,954	6,948,344
Receivables:			
Taxes	4,755,439	0	4,755,439
Accounts	105,044	1,257,344	1,362,388
Intergovernmental	1,039,321	0	1,039,321
Interest	6,258	0	6,258
Inventory of Supplies	12,043	79,334	91,377
Prepaid Items	45,906	4,346	50,252
Deferred Charge	66,162	70,238	136,400
Restricted Assets:			
Cash and Cash Equivalents	328,679	0	328,679
Cash and Cash Equivalents with Fiscal Agent	4,920	726,955	731,875
Capital Assets			
Capital Assets not Being Depreciated	10,769,265	1,111,618	11,880,883
Capital Assets Being Depreciated	31,111,503	30,740,756	61,852,259
Total Assets	55,818,072	39,122,532	94,940,604
Liabilities:			
Accounts Payable	222,816	57,810	280,626
Accrued Wages and Benefits	710,123	160,976	871,099
Contracts Payable	80,660	315,392	396,052
Matured Bonds & Interest Payable	0	650	650
Unearned Revenue	2,199,309	0	2,199,309
Accrued Interest Payable	0	18,868	18,868
Noncurrent liabilities:			
Due within one year	533,580	1,241,119	1,774,699
Due in more than one year	6,823,684	16,692,980	23,516,664
Total Liabilities	10,570,172	18,487,795	29,057,967

CITY OF MOUNT VERNON, OHIO

	Governmental Activities	Business-Type Activities	Total
Net Assets:			
Invested in Capital Assets, Net of Related Debt	35,789,973	13,897,047	49,687,020
Restricted For:			
Capital Projects	2,751,870	582,465	3,334,335
Debt Service	0	809,411	809,411
Perpetual Care, Nonexpendable	334,058	0	334,058
Security of Persons and Property	304,389	0	304,389
Leisure Time Activities	53,488	0	53,488
Community Environment	155,151	0	155,151
Transportation	904,573	0	904,573
Unrestricted	4,954,398	5,345,814	10,300,212
Total Net Assets	\$ 45,247,900	\$ 20,634,737	\$ 65,882,637

See accompanying notes to the basic financial statements

CITY OF MOUNT VERNON, OHIO

**Statement of Activities
For the Year Ended December 31, 2007**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
Security of Persons and Property	\$ 5,599,365	\$ 939,779	\$ 0	\$ 0
Public Health and Welfare Services	666,167	54,678	0	0
Leisure Time Activities	777,880	294,296	0	781,015
Community Environment	745,733	953	0	273,000
Transportation	2,097,746	1,400	865,162	454,133
General Government	4,627,294	897,668	6,757	0
Interest and Fiscal Charges	355,174	0	0	0
Total Governmental Activities	14,869,359	2,188,774	871,919	1,508,148
Business-Type Activities:				
Water	3,216,980	3,197,165	0	0
Sewer	2,873,468	2,675,408	0	0
Total Business-Type Activities	6,090,448	5,872,573	0	0
Totals	\$ 20,959,807	\$ 8,061,347	\$ 871,919	\$ 1,508,148

General Revenues

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

See accompanying notes to the basic financial statements

CITY OF MOUNT VERNON, OHIO

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (4,659,586)	\$ 0	\$ (4,659,586)
(611,489)	0	(611,489)
297,431	0	297,431
(471,780)	0	(471,780)
(777,051)	0	(777,051)
(3,722,869)	0	(3,722,869)
(355,174)	0	(355,174)
<u>(10,300,518)</u>	<u>0</u>	<u>(10,300,518)</u>
0	(19,815)	(19,815)
<u>0</u>	<u>(198,060)</u>	<u>(198,060)</u>
<u>0</u>	<u>(217,875)</u>	<u>(217,875)</u>
<u>(10,300,518)</u>	<u>(217,875)</u>	<u>(10,518,393)</u>
736,982	0	736,982
181,624	0	181,624
1,058,750	0	1,058,750
9,260,355	0	9,260,355
106,968	0	106,968
1,057,943	0	1,057,943
675,429	187,399	862,828
177,197	0	177,197
<u>13,255,248</u>	<u>187,399</u>	<u>13,442,647</u>
2,954,730	(30,476)	2,924,254
<u>42,293,170</u>	<u>20,665,213</u>	<u>62,958,383</u>
<u>\$ 45,247,900</u>	<u>\$ 20,634,737</u>	<u>\$ 65,882,637</u>

CITY OF MOUNT VERNON, OHIO

**Balance Sheet
Governmental Funds
December 31, 2007**

	General	General Bond Retirement	Capital Improvement
Assets:			
Cash and Cash Equivalents	\$ 1,071,110	\$ 0	\$ 490,840
Investments	2,352,984	0	1,120,406
Receivables:			
Taxes	3,182,278	0	145,187
Accounts	95,137	0	0
Intergovernmental	620,062	0	0
Interest	6,258	0	0
Due from Other Funds	0	0	11,958
Inventory of Supplies	519	0	0
Prepaid Items	30,620	0	0
Restricted Assets:			
Cash and Cash Equivalents	0	0	0
Cash and Cash Equivalents with Fiscal Agent	0	0	0
Total Assets	\$ 7,358,968	\$ 0	\$ 1,768,391
Liabilities:			
Accounts Payable	\$ 183,447	\$ 0	\$ 2,225
Accrued Wages and Benefits Payable	474,372	0	0
Contracts Payable	0	0	30,179
Due to Other Funds	0	0	0
Deferred Revenue	1,880,951	0	39,699
Total Liabilities	2,538,770	0	72,103
Fund Balances:			
Reserved for Encumbrances	576,180	0	65,556
Reserved for Prepaid Items	30,620	0	0
Reserved for Supplies Inventory	519	0	0
Reserved for Endowments	0	0	0
Undesignated/Unreserved in:			
General Fund	4,212,879	0	0
Special Revenue Funds	0	0	0
Capital Projects Funds	0	0	1,630,732
Total Fund Balances	4,820,198	0	1,696,288
Total Liabilities and Fund Balances	\$ 7,358,968	\$ 0	\$ 1,768,391

See accompanying notes to the basic financial statements

CITY OF MOUNT VERNON, OHIO

<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,538,192	\$ 4,100,142
0	3,473,390
1,427,974	4,755,439
9,907	105,044
419,259	1,039,321
0	6,258
0	11,958
11,524	12,043
15,286	45,906
328,679	328,679
4,920	4,920
<u>\$ 4,755,741</u>	<u>\$ 13,883,100</u>
\$ 37,144	\$ 222,816
235,751	710,123
50,481	80,660
11,958	11,958
<u>1,615,754</u>	<u>3,536,404</u>
<u>1,951,088</u>	<u>4,561,961</u>
229,675	871,411
15,286	45,906
11,524	12,043
334,058	334,058
0	4,212,879
1,189,268	1,189,268
1,024,842	2,655,574
<u>2,804,653</u>	<u>9,321,139</u>
<u>\$ 4,755,741</u>	<u>\$ 13,883,100</u>

CITY OF MOUNT VERNON, OHIO

***Reconciliation Of Total Governmental Fund Balances
To Net Assets Of Governmental Activities
December 31, 2007***

Total Governmental Fund Balances		\$ 9,321,139
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.		41,880,768
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		1,337,095
Bond issuance costs, reported as expenditures in governmental funds are allocated as an expense over the life of the debt on a full accrual basis.		66,162
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds Payable	(5,715,065)	
Ohio Public Works Commission Loan Payable	(350,625)	
Police and Firemen's Pension Accrued Liability	(449,153)	
Compensated Absences Payable	(842,421)	
		<u>(7,357,264)</u>
<i>Net Assets of Governmental Activities</i>		<u>\$ 45,247,900</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, 2007**

	General	General Bond Retirement	Capital Improvement
Revenues:			
Taxes	\$ 8,995,938	\$ 0	\$ 587,908
Intergovernmental Revenues	1,014,489	0	454,133
Charges for Services	1,361,044	0	0
Licenses and Permits	20,302	0	0
Investment Earnings	580,971	85	64,474
Fines and Forfeitures	637,414	0	0
All Other Revenue	107,048	0	652,459
Total Revenue	12,717,206	85	1,758,974
Expenditures:			
Current:			
Security of Persons and Property	4,587,920	0	63,324
Public Health and Welfare Services	363,838	0	0
Leisure Time Activities	607,905	0	46,552
Community Environment	21,376	0	0
Transportation	43,723	0	947,935
General Government	4,476,095	0	3,001,819
Debt Service:			
Principal Retirement	8,513	209,250	0
Interest and Fiscal Charges	19,362	210,845	120,555
Total Expenditures	10,128,732	420,095	4,180,185
Excess (Deficiency) of Revenues Over Expenditures	2,588,474	(420,010)	(2,421,211)
Other Financing Sources (Uses):			
Sale of Capital Assets	15,831	0	0
General Obligation Bonds Issued	0	0	3,035,000
Transfers In	0	419,170	810,252
Transfers Out	(1,423,827)	0	0
Total Other Financing Sources (Uses)	(1,407,996)	419,170	3,845,252
Net Change in Fund Balances	1,180,478	(840)	1,424,041
Fund Balances at Beginning of Year	3,639,558	840	272,247
Increase (Decrease) in Inventory Reserve	162	0	0
Fund Balances End of Year	\$ 4,820,198	\$ 0	\$ 1,696,288

See accompanying notes to the basic financial statements

CITY OF MOUNT VERNON, OHIO

Other Governmental Funds	Total Governmental Funds
\$ 1,856,881	\$ 11,440,727
1,669,855	3,138,477
61,386	1,422,430
1,484	21,786
29,899	675,429
124,048	761,462
23,387	782,894
<u>3,766,940</u>	<u>18,243,205</u>
623,026	5,274,270
290,617	654,455
1,032	655,489
724,357	745,733
1,401,440	2,393,098
243,108	7,721,022
0	217,763
0	350,762
<u>3,283,580</u>	<u>18,012,592</u>
483,360	230,613
7,857	23,688
0	3,035,000
483,560	1,712,982
(289,155)	(1,712,982)
<u>202,262</u>	<u>3,058,688</u>
685,622	3,289,301
2,126,040	6,038,685
(7,009)	(6,847)
<u>\$ 2,804,653</u>	<u>\$ 9,321,139</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, 2007***

Net Change in Fund Balances - Total Governmental Funds \$ 3,289,301

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

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

Capital Outlay	4,745,106	
Depreciation Expense	<u>(1,491,347)</u>	3,253,759

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

In the statement of activities, only the gain on the sale of capital assets is reported. However, in governmental funds, the proceeds from the sale increase financial resources.	(23,688)	
---	----------	--

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>(105,043)</u>	(128,731)
--	------------------	-----------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(577,630)
--	--	-----------

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

General Obligation Bonds Issued	<u>(3,035,000)</u>	(3,035,000)
---------------------------------	--------------------	-------------

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

General Obligation Bond Principal Payment	188,000	
Ohio Public Works Commission Loan Payment	21,250	
Police Firemen's Pension Accrued Liability Principal Payment	<u>8,513</u>	217,763

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	(53,473)	
Amortization of Issuance Costs	(4,412)	
Change in Inventory	<u>(6,847)</u>	<u>(64,732)</u>

<i>Change in Net Assets of Governmental Activities</i>		<u><u>\$ 2,954,730</u></u>
---	--	-----------------------------------

See accompanying notes to the basic financial statements

CITY OF MOUNT VERNON, OHIO

**Statement of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
For the Year Ended December 31, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 8,561,900	\$ 8,561,900	\$ 8,994,236	\$ 432,336
Intergovernmental Revenue	721,728	1,025,737	969,338	(56,399)
Charges for Services	925,950	989,868	1,268,095	278,227
Licenses and Permits	15,400	15,400	20,302	4,902
Investment Earnings	200,000	553,210	578,551	25,341
Fines and Forfeitures	400,000	636,270	636,270	0
All Other Revenues	105,000	122,000	116,940	(5,060)
Total Revenues	<u>10,929,978</u>	<u>11,904,385</u>	<u>12,583,732</u>	<u>679,347</u>
Expenditures:				
Current:				
Security of Persons and Property	5,009,613	5,227,594	4,991,497	236,097
Public Health and Welfare Services	347,416	408,239	408,238	1
Leisure Time Activities	609,790	713,606	685,763	27,843
Community Environment	25,677	30,533	21,826	8,707
Transportation	48,500	63,677	44,423	19,254
General Government	5,200,690	5,461,477	4,629,085	832,392
Total Expenditures	<u>11,241,686</u>	<u>11,905,126</u>	<u>10,780,832</u>	<u>1,124,294</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(311,708)	(741)	1,802,900	1,803,641
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	15,831	15,831
Transfers Out	<u>(1,448,000)</u>	<u>(2,227,352)</u>	<u>(1,423,827)</u>	<u>803,525</u>
Total Other Financing Sources (Uses):	<u>(1,448,000)</u>	<u>(2,227,352)</u>	<u>(1,407,996)</u>	<u>819,356</u>
Net Change in Fund Balance	(1,759,708)	(2,228,093)	394,904	2,622,997
Fund Balance at Beginning of Year	1,772,159	1,772,159	1,772,159	0
Prior Year Encumbrances	468,387	468,387	468,387	0
Fund Balance at End of Year	<u>\$ 480,838</u>	<u>\$ 12,453</u>	<u>\$ 2,635,450</u>	<u>\$ 2,622,997</u>

See accompanying notes to the basic financial statements

CITY OF MOUNT VERNON, OHIO

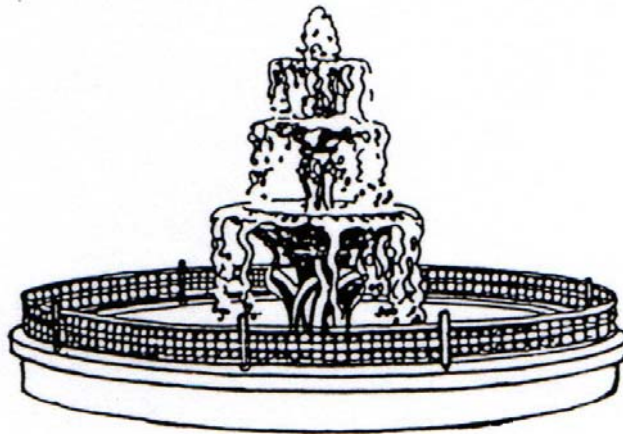
**Statement of Net Assets
Proprietary Funds
December 31, 2007**

	Business-Type Activities		Total
	Enterprise Funds		
	Water	Sewer	
ASSETS			
Current assets:			
Cash and Cash Equivalents	\$ 515,683	\$ 1,141,304	\$ 1,656,987
Investments	869,782	2,605,172	3,474,954
Accounts receivable (net of allowance for uncollectibles)	697,095	560,249	1,257,344
Inventory of Supplies	43,921	35,413	79,334
Prepaid Items	2,172	2,174	4,346
Total current assets	<u>2,128,653</u>	<u>4,344,312</u>	<u>6,472,965</u>
Noncurrent assets:			
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	<u>726,955</u>	<u>0</u>	<u>726,955</u>
Total restricted assets	<u>726,955</u>	<u>0</u>	<u>726,955</u>
Deferred Charges	0	70,238	70,238
Capital assets:			
Capital Assets Not Being Depreciated	443,869	667,749	1,111,618
Capital Assets Being Depreciated	<u>18,206,794</u>	<u>12,533,962</u>	<u>30,740,756</u>
Total capital assets	<u>18,650,663</u>	<u>13,201,711</u>	<u>31,852,374</u>
Total noncurrent assets	<u>19,377,618</u>	<u>13,271,949</u>	<u>32,649,567</u>
Total assets	<u>21,506,271</u>	<u>17,616,261</u>	<u>39,122,532</u>

CITY OF MOUNT VERNON, OHIO

	Business-Type Activities		Total
	Enterprise Funds		
	Water	Sewer	
LIABILITIES			
Current liabilities:			
Accounts Payable	23,321	34,489	57,810
Accrued Wages and Benefits	80,548	80,428	160,976
Contracts Payable	204,931	110,461	315,392
Matured Bonds and Interest Payable	650	0	650
Accrued Interest Payable	9,403	9,465	18,868
General Obligation Bonds Payable - Current	451,225	308,725	759,950
Revenue Bond Payable - Current	395,000	0	395,000
Compensated Absences Payable - Current	38,638	47,531	86,169
Total Current Liabilities	1,203,716	591,099	1,794,815
Noncurrent Liabilities:			
General Obligation Bonds Payable	5,951,665	5,518,320	11,469,985
Revenue Bonds Payable	5,015,000	0	5,015,000
Compensated Absences Payable	105,168	102,827	207,995
Total noncurrent liabilities	11,071,833	5,621,147	16,692,980
Total Liabilities	12,275,549	6,212,246	18,487,795
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	6,632,842	7,264,205	13,897,047
Restricted for Capital Projects	582,465	0	582,465
Restricted for Debt Service	809,411	0	809,411
Unrestricted	1,206,004	4,139,810	5,345,814
Total Net Assets	\$ 9,230,722	\$ 11,404,015	\$ 20,634,737

See accompanying notes to the basic financial statements



CITY OF MOUNT VERNON, OHIO

**Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Year Ended December 31, 2007**

	Business-Type Activities		Total
	Enterprise Funds		
	Water	Sewer	
Operating Revenues:			
Charges for Services	\$ 3,191,002	\$ 2,626,149	\$ 5,817,151
Other Operating Revenues	6,163	49,259	55,422
Total Operating Revenues	3,197,165	2,675,408	5,872,573
Operating Expenses:			
Personal Services	1,139,355	1,183,546	2,322,901
Contractual Services	118,834	429,399	548,233
Materials and Supplies	359,987	287,728	647,715
Utilities	166,679	223,700	390,379
Depreciation	906,182	477,693	1,383,875
Total Operating Expenses	2,691,037	2,602,066	5,293,103
Operating Income	506,128	73,342	579,470
Non-Operating Revenues (Expenses):			
Interest Income	151,524	35,875	187,399
Interest and Fiscal Charges	(525,943)	(280,303)	(806,246)
Gain on Sale of Capital Assets	0	8,901	8,901
Total Non-Operating Revenues (Expenses)	(374,419)	(235,527)	(609,946)
Change in Net Assets	131,709	(162,185)	(30,476)
Net Assets Beginning of Year	9,099,013	11,566,200	20,665,213
Net Assets End of Year	\$ 9,230,722	\$ 11,404,015	\$ 20,634,737

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, 2007**

	Business-Type Activities		Total
	Enterprise Funds		
	Water	Sewer	
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$3,111,688	\$2,633,581	\$5,745,269
Cash Payments for Goods and Services	(468,576)	(1,180,315)	(1,648,891)
Cash Payments to Employees	(1,106,791)	(1,151,880)	(2,258,671)
Net Cash Provided by Operating Activities	1,536,321	301,386	1,837,707
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Proceeds from Sale of Capital Assets	75,000	8,901	83,901
Proceeds from General Obligation Bonds	6,305,000	2,890,000	9,195,000
Acquisition and Construction of Assets	(650,673)	(1,219,409)	(1,870,082)
Principal Paid on General Obligation Notes	0	(3,200,000)	(3,200,000)
Principal Paid on General Obligation Bonds	(6,221,000)	(206,000)	(6,427,000)
Principal Paid on Revenue Bonds	(380,000)	0	(380,000)
Interest Paid on All Debt	(540,105)	(367,623)	(907,728)
Net Cash Used for Capital and Related Financing Activities	(1,411,778)	(2,094,131)	(3,505,909)
<u>Cash Flows from Investing Activities:</u>			
Purchase of Investments	(475,003)	(644,748)	(1,119,751)
Receipt of Interest	151,524	35,875	187,399
Net Cash Used by Investing Activities	(323,479)	(608,873)	(932,352)
Net Decrease in Cash and Cash Equivalents	(198,936)	(2,401,618)	(2,600,554)
Cash and Cash Equivalents at Beginning of Year	1,441,574	3,542,922	4,984,496
Cash and Cash Equivalents at End of Year	\$1,242,638	\$1,141,304	\$2,383,942
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$515,683	\$1,141,304	\$1,656,987
Restricted Cash with Fiscal Agent	726,955	0	726,955
Cash and Cash Equivalents at End of Year	\$1,242,638	\$1,141,304	\$2,383,942

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	\$506,128	\$73,342	\$579,470
Adjustments to Reconcile Operating Income to			
Net Cash Provided by Operating Activities:			
Depreciation Expense	906,182	477,693	1,383,875
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(85,477)	(41,827)	(127,304)
Decrease in Inventory	54,022	56,700	110,722
Increase in Prepaid Items	(1,312)	(1,314)	(2,626)
Decrease in Accounts Payable	(9,397)	(2,905)	(12,302)
Increase in Accrued Wages and Benefits	17,735	15,798	33,533
Increase (Decrease) in Contracts Payable	133,611	(291,969)	(158,358)
Increase in Compensated Absences	14,829	15,868	30,697
Total Adjustments	1,030,193	228,044	1,258,237
Net Cash Provided by Operating Activities	\$1,536,321	\$301,386	\$1,837,707

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2007 the Water and Sewer Funds had outstanding liabilities of \$63,989 and \$5,044 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, 2007***

	<u>Agency</u>
Assets:	
Cash and Cash Equivalents	\$ 104,107
Total Assets	<u>\$ 104,107</u>
Liabilities:	
Intergovernmental Payable	\$ 25,228
Due to Others	<u>78,879</u>
Total Liabilities	<u>\$ 104,107</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

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, 2007 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 2007.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

The City did not appoint a majority of the members of the Board, nor is the City accountable for any operating deficits of MOTA. The MOTA Board is responsible for the fiscal operation of MOTA. The City appropriated \$20,000 for an operating grant to MOTA for 2007.

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

The combined Knox County General Health District Board is responsible for the fiscal operations of the District. Under a contractual arrangement, the District sets the amount the City shall contribute on an annual basis. The remaining funding necessary for the District shall be apportioned by the County Auditor on the basis of taxable valuations among each township and village. Any fees charged for services by the District shall be placed in the District Health Fund. The City appropriated \$43,285 for operations of the combined District for 2007.

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

B. Basis of Presentation - Fund Accounting

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

Governmental Funds

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

Proprietary Funds

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

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

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

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

Fiduciary Funds

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

C. Basis of Presentation – Financial Statements

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation – Financial Statements (Continued)

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

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

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

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

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

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

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

Property taxes measurable as of December 31, 2007 but which are not intended to finance 2007 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenues.

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

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

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

1. Tax Budget

By July 15, the Mayor submits an annual 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 2007.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

3. Appropriations

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

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

4. Encumbrances

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

5. Lapsing of Appropriations

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process (Continued)

6. Budgetary Basis of Accounting

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

	<u>Net Change in Fund Balance</u>
	<u>General Fund</u>
GAAP Basis (as reported)	\$1,180,478
Increase (Decrease):	
Accrued Revenues at December 31, 2007 received during 2008	(2,063,472)
Accrued Revenues at December 31, 2006 received during 2007	1,940,834
Accrued Expenditures at December 31, 2007 paid during 2008	657,819
Accrued Expenditures at December 31, 2006 paid during 2007	(540,330)
2006 Prepays for 2007	5,415
2007 Prepays for 2008	(30,620)
Adjustment to Fair Value	(10,836)
Outstanding Encumbrances	(744,384)
Budget Basis	<u><u>\$394,904</u></u>

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits, the State Treasury Assets Reserve (STAR Ohio), and certificates of deposit and investments with original maturities of less than three months. The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 2, "Cash, Cash Equivalents and Investments."

G. Investments

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City reports its investments at fair value. Federal securities consist of Federal Home Loan Mortgage and Federal Home Loan Bank securities. Fair value is determined by quoted market prices, except for nonparticipating investment contracts (certificates of deposit) which are reported at cost. All investment income, including changes in the fair value of investments are recognized as revenue in the operating statements. The City allocates interest among the various funds based upon state statutes and City legislation. See Note 2, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2007. 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, 2007.

H. Inventory

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2007, 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, 2007**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Capital Assets and Depreciation

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

1. Capital Assets - Governmental Activities

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

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

2. Capital Assets – Business Type Activities

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

3. Depreciation

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Long-Term Obligations

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	General Bond Retirement Fund Water Fund Sewer Fund
Mortgage Revenue Bonds	Water Fund
Ohio Public Works Loan	General Bond Retirement Fund
Police and Fire Pension Accrued Liability	General Fund
Compensated Absences	General Fund, 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, 2007***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences (Continued)

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

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

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

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

M. Net Assets

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

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

N. Pensions

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

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. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund activity has been eliminated from the government-wide financial statements.

P. Reservations of Fund Balance

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

Q. Restricted Assets

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

R. Operating Revenues and Expenses

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

S. Bond Issuance Costs

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

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

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

A. Deposits

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

At year end the carrying amount of the City's deposits was \$11,281,936 and the bank balance \$11,497,416. The Federal Deposit Insurance Corporation (FDIC) covered \$300,000 of the bank balance and a Bank Deposit Guarantee Bond covered \$1,000,000 of the bank balance. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$10,197,416</u>
Total Balance	<u><u>\$10,197,416</u></u>

Investment earnings of \$398,263 earned by other funds was credited to the General Fund as required by state statute.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

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

B. Investments

The City's investments at December 31, 2007 are summarized below:

	<u>Fair Value</u>	<u>Credit Rating</u>	Investment Maturities (in Years) <u>less than 1</u>
STAR Ohio	\$1,407,979	AAAm ¹	\$1,407,979
Federal Home Loan Mortgage (a)	248,282	AAA ¹ , Aaa ²	248,282
Federal Home Loan Bank (a)	200,062	AAA ¹ , Aaa ²	200,062
Total Investments	<u>\$1,856,323</u>		<u>\$1,856,323</u>

¹ Standard & Poor's

² Moody's Investor Service

^a Call Options – Callable anytime at par value.

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, 76% are STAR Ohio, 11% are FHLB, and 13% are FHLM.

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 \$4,920 being held by Knox County and the City had cash with fiscal agents in the amount of \$726,955 for bond reserve accounts, of which \$100,000 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, 2007**

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

D. Reconciliation of Cash, Cash Equivalents and Investments

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

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per GASB Statement No. 9	\$6,189,915	\$6,948,344
Certificates of Deposit (with maturities of more than 3 months)	6,500,000	(6,500,000)
Investments:		
STAR Ohio	(1,407,979)	1,407,979
Per GASB Statement No. 3	<u>\$11,281,936</u>	<u>\$1,856,323</u>

NOTE 3 - TAXES

A. Property Taxes

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2007 were levied after October 1, 2006 on assessed values as of January 1, 2006, the lien date. Assessed values were established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years, and equalization adjustments are made in the third year following reappraisal. The last revaluation was completed in 2002. Real property taxes are payable annually or semi-annually. The first payment is due January 31; the remainder is payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 12.5% of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually: the first payment is due April 30; the remainder payable by September 20.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 3 - TAXES (Continued)

A. Property Taxes (Continued)

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Mount Vernon. The County Auditor periodically remits to the City its portion of the taxes collected. The full tax rate for all City operations for the year ended December 31, 2007 was \$3.20 per \$1,000 of assessed value. The 2007 assessed value was \$285,828,244. This amount constitutes \$230,867,040 in real property assessed value, \$6,143,530 in public utility assessed value and \$48,817,674 in tangible personal property assessed value.

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

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.

NOTE 4 - RECEIVABLES

Receivables at December 31, 2007 consisted of taxes, accounts, interest, and intergovernmental receivables. All receivables are collectible in full and within one year except for allowance for doubtful accounts related to billings for governmental and proprietary funds.

CITY OF MOUNT VERNON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

NOTE 4 – RECEIVABLES (Continued)

A summary of the principal items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amount</u>
General Fund	
Cigarette Tax	\$122
Estate Tax	321,201
Homestead and Rollback Reimbursement	36,972
Liquor Permits	132
Local Government	261,292
Lodging Tax	343
Total General Fund	<u>620,062</u>
Nonmajor Special Revenue Funds:	
Street Construction, Maintenance and Repair Fund	
Cents Per Gallon	28,391
Gasoline Tax	217,702
Motor Vehicle Tax	46,866
Total Street Construction, Maintenance and Repair Fund	<u>292,959</u>
State Highway Improvement Fund	
Gasoline Tax	19,954
Motor Vehicle Tax	3,800
Total State Highway Improvement Fund	<u>23,754</u>
CDBG Fund - CDBG Grants	78,550
Permissive Auto License Tax Fund - Permissive Tax	15,462
Police Pension Fund - Homestead and Rollback Reimbursement	4,267
Fire Pension Fund - Homestead and Rollback Reimbursement	4,267
Total Nonmajor Special Revenue Funds	<u>419,259</u>
Total Governmental Fund Types	<u>\$1,039,321</u>

NOTE 5 - TRANSFERS

Following is a summary of Transfers in and out for all funds for 2007:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$0	\$1,423,827
General Bond Retirement Fund	419,170	0
Capital Improvement Fund	810,252	0
Other Governmental Funds	483,560	289,155
Total Governmental Funds	<u>\$1,712,982</u>	<u>\$1,712,982</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.

CITY OF MOUNT VERNON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

NOTE 6 - CAPITAL ASSETS

A. Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets as of December 31, 2007:

Historical Cost:

Class	December 31, 2006	Additions	Deletions	December 31, 2007
Capital assets not being depreciated:				
Land	\$10,616,060	\$75,000	\$0	\$10,691,060
Construction in Progress	2,328,282	59,405	(2,309,482)	78,205
Subtotal	12,944,342	134,405	(2,309,482)	10,769,265
Capital assets being depreciated:				
Buildings	6,061,785	4,282,574	0	10,344,359
Improvements Other than Buildings	542,574	52,116	0	594,690
Infrastructure	31,177,794	2,077,595	(48,547)	33,206,842
Machinery and Equipment	5,461,194	507,898	(366,701)	5,602,391
Subtotal	43,243,347	6,920,183	(415,248)	49,748,282
Total Cost	\$56,187,689	\$7,054,588	(\$2,724,730)	\$60,517,547

Accumulated Depreciation:

Class	December 31, 2006	Additions	Deletions	December 31, 2007
Buildings	(\$2,917,290)	(\$260,736)	\$0	(\$3,178,026)
Improvements	(467,743)	(4,467)	0	(472,210)
Infrastructure	(9,943,225)	(918,293)	14,445	(10,847,073)
Machinery and Equipment	(4,103,691)	(307,851)	272,072	(4,139,470)
Total Depreciation	(\$17,431,949)	(\$1,491,347) *	\$286,517	(\$18,636,779)
Net Value:	\$38,755,740			\$41,880,768

* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$ 266,237
Leisure Time Activities	122,148
Public Health & Welfare	13,290
Transportation	988,957
General Government	100,715
Total Depreciation Expense	<u>\$1,491,347</u>

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

NOTE 6 – CAPITAL ASSETS (Continued)

B. Business-Type Activities Capital Assets

Summary by category of changes in business-type activities capital assets as of December 31, 2007:

Historical Cost:

Class	December 31, 2006	Additions	Deletions	December 31, 2007
<i>Capital assets not being depreciated:</i>				
Land	\$894,311	\$0	(\$75,000)	\$819,311
Construction in Progress	2,560,570	201,773	(2,470,036)	292,307
Subtotal	3,454,881	201,773	(2,545,036)	1,111,618
<i>Capital assets being depreciated:</i>				
Buildings	22,309,197	3,081,939	0	25,391,136
Utility Structures in Service	22,230,977	941,571	0	23,172,548
Machinery and Equipment	3,195,963	169,296	(60,256)	3,305,003
Subtotal	47,736,137	4,192,806	(60,256)	51,868,687
Total Cost	\$51,191,018	\$4,394,579	(\$2,605,292)	\$52,980,305

Accumulated Depreciation:

Class	December 31, 2006	Additions	Deletions	December 31, 2007
Buildings	(\$6,395,798)	(\$905,317)	\$0	(\$7,301,115)
Utility Structures in Service	(10,693,548)	(342,517)	0	(11,036,065)
Machinery and Equipment	(2,714,966)	(136,041)	60,256	(2,790,751)
Total Depreciation	(\$19,804,312)	(\$1,383,875)	\$60,256	(\$21,127,931)
<i>Net Value:</i>	\$31,386,706			\$31,852,374

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 7 - DEFINED BENEFIT PENSION PLANS AND POSTEMPLOYMENT BENEFITS

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

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

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

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

The Ohio PERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits, 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 the Ohio PERS. Interested parties may obtain a copy by making a written request to OPERS, Attention: Finance Director, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2007, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 9.5%. The 2007 employer contribution rate for local government employer units was 13.85%, of covered payroll. From January 1 through June 30, 2007, 8.85% was allocated to fund the pension and 5.0% to fund health care and from July 1, 2007 through December 31, 2007, 7.85% was allocated to fund the pension and 6.0% to fund health care. The contribution requirements of plan members and the City are established and may be amended by the Public Employees Retirement Board. The City's contributions to the Ohio PERS for the years ending December 31, 2007, 2006, and 2005 were \$598,683, \$555,834 and \$548,587, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The Ohio PERS provides postemployment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit under the TP and CO plans and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2007 employer contribution rate (identified above) that was used to fund health care was 5.0% from January 1 through June 30, 2007 and 6.0% from July 1 through December 31, 2007, of covered payroll which amounted to \$237,745.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System's latest actuarial review performed as of December 31, 2006. The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor. The investment assumption rate for 2006 was 6.5%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually plus an additional factor ranging from .50% to 5% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants for the TP and CO Plans was 374,979. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2006 is \$12.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$30.7 billion and \$18.7 billion, respectively.

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 7 – DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 2007, 2006, and 2005 were \$223,081, \$227,528 and \$225,062 for police and \$383,633, \$353,205 and \$359,027 for firefighters, respectively, which were equal to the required contributions for each year.

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

The portion of the 2007 covered payroll that was used to fund postemployment health care benefits was \$90,994 representing 6.75% of covered payroll for police and \$297,315 representing 6.75% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions. As of December 31, 2006, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 14,120 for police and 10,563 for firefighters. The OP&F Fund does not provide separate data on the funded status and funding progress of postemployment health care benefits. The Fund's total health care expenses for the year ended December 31, 2006 were \$120,373,722, which was net of member contributions of \$58,532,848.

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

NOTE 8 – NOTES PAYABLE

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. All of the City’s bond anticipation notes are backed by the full faith and credit of the City and have a maturity of one year. Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or from available funds of the City or a combination of these sources. The City retired its notes by the issuance of long-term bonds on September 23, 2007.

	Maturity Date	Balance January 1, 2007	Additions	(Reductions)	Balance December 31, 2007
Capital Projects Notes Payable:					
3.65% Aquatic Water Park	3/22/2007	\$4,000,000	\$0	(\$4,000,000)	\$0
3.69% Aquatic Water Park	9/5/2007	\$0	\$4,000,000	(\$4,000,000)	\$0
Total Capital Projects Notes Payable		<u>\$4,000,000</u>	<u>\$4,000,000</u>	<u>(\$8,000,000)</u>	<u>\$0</u>
Enterprise Funds Notes Payable:					
3.58% Influent Screening & Aeration Systems	3/22/2007	\$3,200,000	\$0	(\$3,200,000)	\$0
3.69% Influent Screening & Aeration Systems	9/5/2007	\$0	\$3,200,000	(\$3,200,000)	\$0
Total Enterprise Notes Payable		<u>\$3,200,000</u>	<u>\$3,200,000</u>	<u>(\$6,400,000)</u>	<u>\$0</u>

This space intentionally left blank.

CITY OF MOUNT VERNON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

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

Long-term debt and other long-term obligations of the City at December 31, 2007 were as follows:

		Balance December 31, 2006	Additions	(Reductions)	Balance December 31, 2007	Amounts Due Within One Year		
Business-Type Activities:								
Mortgage Revenue Bonds:								
3.00 - 4.75%	Water	1999	\$5,790,000	\$0	(\$380,000)	\$5,410,000	\$395,000	
General Obligation Bonds:								
6.525%	Waterworks	1997	6,215,000	0	(6,215,000)	0	0	
2.00 - 4.200%	Wastewater Improvements	2003	1,780,897	0	(116,000)	1,664,897	120,350	
2.00 - 4.200%	Wastewater-Refunding 1992	2003	1,258,258	0	(84,000)	1,174,258	87,150	
2.00 - 4.200%	Water-Building Project	2003	103,890	0	(6,000)	97,890	6,225	
2.00 - 4.200%	Wastewater-Building Project	2003	103,890	0	(6,000)	97,890	6,225	
4.00 - 5.500%	Waterworks Refunding 1997	2007	0	5,785,000	0	5,785,000	430,000	
3.75 - 4.350%	Waterworks	2007	0	520,000	0	520,000	15,000	
3.75 - 4.350%	W/W Treatment Facility	2007	0	2,890,000	0	2,890,000	95,000	
Total General Obligation Bonds Payable			9,461,935	9,195,000	(6,427,000)	12,229,935	759,950	
Compensated Absences			263,467	210,947	(180,250)	294,164	86,169	
Total Business-Type Activities			<u>\$15,515,402</u>	<u>\$9,405,947</u>	<u>(\$6,987,250)</u>	<u>\$17,934,099</u>	<u>\$1,241,119</u>	
Governmental Activities:								
General Obligation Bond:								
2.00 - 4.200%	Building Project	2003	\$206,395	\$0	(\$12,000)	\$194,395	\$12,014	
2.00 - 4.200%	Highway Project	2003	2,661,670	0	(176,000)	2,485,670	182,600	
3.75 - 4.350%	Water Park Facility	2007	0	3,035,000	0	3,035,000	100,000	
Total General Obligation Bonds Payable			2,868,065	3,035,000	(188,000)	5,715,065	294,614	
Ohio Public Works Commission Loan Payable			2003	371,875	0	(21,250)	350,625	21,250
Compensated Absences			788,948	1,344,986	(1,291,513)	842,421	208,837	
Police and Firemen's Pension Accrued Liability			457,666	0	(8,513)	449,153	8,879	
Total Governmental Activities			<u>\$4,486,554</u>	<u>\$4,379,986</u>	<u>(\$1,509,276)</u>	<u>\$7,357,264</u>	<u>\$533,580</u>	

A. Long-term Debt Purpose

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

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

CITY OF MOUNT VERNON, OHIO

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

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

B. Police and Firemen's Pension Fund

The City's liability for past service costs related to the Police and Firemen's Pension Fund at December 31, 2007 was \$765,294 in principal and interest payments through the year 2035.

C. Principal and Interest Requirements

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2007 are as follows:

Business-type Activities:

Years	General		Mortgage	
	Obligation Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest
2008	\$759,950	\$499,381	\$395,000	\$241,612
2009	790,696	472,777	410,000	225,615
2010	821,007	443,870	430,000	208,600
2011	851,317	413,123	445,000	190,325
2012	881,938	380,638	465,000	171,190
2013-2017	4,417,335	1,398,154	2,655,000	524,576
2018-2022	2,582,256	522,393	610,000	28,975
2023-2027	1,125,436	150,004	0	0
Totals	\$12,229,935	\$4,280,340	\$5,410,000	\$1,590,893

Governmental Activities:

Years	General		Police/Fire Pension Liability		Ohio Public Works Commission Loan	
	Obligation Bonds				Commission Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$294,614	\$223,901	\$8,879	\$18,996	\$21,250	\$0
2009	304,304	215,470	9,260	18,614	21,250	0
2010	313,993	205,677	9,658	18,216	21,250	0
2011	318,683	194,939	10,073	17,801	21,250	0
2012	333,062	183,571	10,505	17,369	21,250	0
2013-2017	1,417,665	751,800	59,694	79,676	106,250	0
2018-2022	1,722,744	442,382	73,666	65,705	106,250	0
2023-2027	1,010,000	135,053	90,905	48,466	31,875	0
2028-2032	0	0	112,181	27,193	0	0
2033-2035	0	0	64,332	4,105	0	0
Totals	\$5,715,065	\$2,352,793	\$449,153	\$316,141	\$350,625	\$0

**Notes to the Basic Financial Statements
For the Year Ended December 31, 2007**

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

D. Current Refunding

In September 2007, the City refunded \$5,820,000 of General Obligation Bonds for Water System Improvements dated December 1, 1997 (the "1997 Bonds") through the issuance of \$5,785,000 of General Obligation Bonds for Water System Refunding Bonds (the "2007 Bonds"). The proceeds of the 2007 Bonds were placed in an escrow account and were used to call the bonds. The current refunding was undertaken to reduce total debt service payments over the next 10 years by \$293,829 and resulted in an economic gain of \$235,460 in the Water Fund. The acquisition price exceeded the net carrying amount of the old debt by \$58,200. This amount is considered immaterial and is not being amortized.

NOTE 10 – COMPENSATED ABSENCES

The City provides a liability for accumulated unpaid sick leave, vacation and compensatory time benefits when earned by employees. Accrued employee benefits for Governmental Funds not currently due and payable at yearend are recorded as Long-Term Obligations in the government-wide statements. At December 31, 2007, the total accumulated unpaid sick, vacation and compensatory time recorded was as follows:

	<u>Hours</u>	<u>Amount</u>
Sick Leave	59,708	\$588,589
Vacation	10,995	208,837
Compensatory Time	<u>2,440</u>	<u>44,995</u>
Total	<u><u>73,143</u></u>	<u><u>\$842,421</u></u>

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

NOTE 11 - RISK MANAGEMENT

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 11 - RISK MANAGEMENT (Continued)

Casualty Coverage

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

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 11 - RISK MANAGEMENT (Continued)

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006 (the latest information available):

	<u>2007</u>	<u>2006</u>
Assets	\$ 37,560,071	\$ 36,123,194
Liabilities	<u>17,340,825</u>	<u>16,738,904</u>
Net Assets	<u>\$ 20,219,246</u>	<u>\$ 19,384,290</u>

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, 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 \$143,704. This payable includes the subsequent year's contribution due if the City terminates participation, as described in the last paragraph below.

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

	<u>Contributions to PEP</u>
2006	\$ 98,000
2007	124,960

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

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

***Notes to the Basic Financial Statements
For the Year Ended December 31, 2007***

NOTE 12 - CONTINGENCIES

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

*COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES*

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Street Construction, Maintenance and Repair Fund

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

State Highway Improvement Fund

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

Permissive Auto License Tax Fund

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

Cemetery Fund

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

Park Development Fund

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

Community Development Block Grant Fund

To account for federal grants designated for community environment improvements.

Parking Fund

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

Law Enforcement Trust Fund

To account for the proceeds from the confiscation of contraband.

Drug Enforcement Trust Fund

To account for mandatory fines collected for drug offenses.

Permissive License Registration Fund

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

(Continued)

Special Revenue Funds

Indigent Drivers Alcohol Treatment Fund

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

DUI - Enforcement and Education Fund

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

Court Computerization Fund

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

Probation Services Fund

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

Lodging Excise Tax Fund

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

Police Pension Fund

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

Fire Pension Fund

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

Mausoleum Fund

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

Veterans Honor Walkway Fund

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

Capital Projects Funds

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

TIF District-Coshocton Road Fund

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

Baltimore and Ohio (B&O) Railroad Depot Fund

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

Permanent Fund

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

Perpetual Care Fund

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

CITY OF MOUNT VERNON, OHIO

**Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2007**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 1,513,350	\$ 1,024,842	\$ 0	\$ 2,538,192
Receivables:				
Taxes	352,217	1,075,757	0	1,427,974
Accounts	4,528	0	5,379	9,907
Intergovernmental	419,259	0	0	419,259
Inventory of Supplies	11,524	0	0	11,524
Prepaid Items	15,286	0	0	15,286
Restricted Assets:				
Cash and Cash Equivalents	0	0	328,679	328,679
Cash and Cash Equivalents with Fiscal Agent	4,920	0	0	4,920
Total Assets	\$ 2,321,084	\$ 2,100,599	\$ 334,058	\$ 4,755,741
Liabilities:				
Accounts Payable	\$ 37,144	\$ 0	\$ 0	\$ 37,144
Accrued Wages and Benefits Payable	235,751	0	0	235,751
Contracts Payable	50,481	0	0	50,481
Due to Other Funds	11,958	0	0	11,958
Deferred Revenue	539,997	1,075,757	0	1,615,754
Total Liabilities	875,331	1,075,757	0	1,951,088
Fund Balances:				
Reserved for Encumbrances	229,675	0	0	229,675
Reserved for Prepaid Items	15,286	0	0	15,286
Reserved for Supplies Inventory	11,524	0	0	11,524
Reserved for Endowments	0	0	334,058	334,058
Undesignated/Unreserved				
Special Revenue Funds	1,189,268	0	0	1,189,268
Capital Projects Funds	0	1,024,842	0	1,024,842
Total Fund Balances	1,445,753	1,024,842	334,058	2,804,653
Total Liabilities and Fund Balances	\$ 2,321,084	\$ 2,100,599	\$ 334,058	\$ 4,755,741

CITY OF MOUNT VERNON, OHIO

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2007**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
Revenues:				
Taxes	\$ 796,255	\$ 1,060,626	\$ 0	\$ 1,856,881
Intergovernmental Revenues	1,669,855	0	0	1,669,855
Charges for Services	61,386	0	0	61,386
Licenses and Permits	1,484	0	0	1,484
Investment Earnings	29,899	0	0	29,899
Fines and Forfeitures	124,048	0	0	124,048
All Other Revenue	14,239	100	9,048	23,387
Total Revenue	2,697,166	1,060,726	9,048	3,766,940
Expenditures:				
Current:				
Security of Persons and Property	623,026	0	0	623,026
Public Health and Welfare Services	290,617	0	0	290,617
Leisure Time Activities	1,032	0	0	1,032
Community Environment	724,357	0	0	724,357
Transportation	1,035,993	365,447	0	1,401,440
General Government	194,446	48,662	0	243,108
Total Expenditures	2,869,471	414,109	0	3,283,580
Excess (Deficiency) of Revenues Over Expenditures	(172,305)	646,617	9,048	483,360
Other Financing Sources (Uses):				
Sale of Capital Assets	7,857	0	0	7,857
Transfers In	483,560	0	0	483,560
Transfers Out	0	(289,155)	0	(289,155)
Total Other Financing Sources (Uses)	491,417	(289,155)	0	202,262
Net Change in Fund Balances	319,112	357,462	9,048	685,622
Fund Balances at Beginning of Year	1,133,650	667,380	325,010	2,126,040
Decrease in Inventory Reserve	(7,009)	0	0	(7,009)
Fund Balances End of Year	\$ 1,445,753	\$ 1,024,842	\$ 334,058	\$ 2,804,653

CITY OF MOUNT VERNON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2007**

	Street Construction, Maintenance and Repair	State Highway Improvement	Permissive Auto License Tax	Cemetery
Assets:				
Cash and Cash Equivalents	\$ 410,286	\$ 130,256	\$ 23,125	\$ 101,266
Receivables:				
Taxes	43,556	0	0	58,074
Accounts	134	0	0	4,394
Intergovernmental	292,959	23,754	0	0
Inventory of Supplies	10,817	0	0	707
Prepaid Items	594	0	0	178
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	0	0	4,920	0
Total Assets	\$ 758,346	\$ 154,010	\$ 28,045	\$ 164,619
Liabilities:				
Accounts Payable	\$ 24,156	\$ 2,620	\$ 0	\$ 1,492
Accrued Wages and Benefits Payable	45,880	0	0	14,807
Contracts Payable	0	0	0	0
Due to Other Funds	0	0	0	0
Deferred Revenue	207,216	15,836	4,920	15,879
Total Liabilities	277,252	18,456	4,920	32,178
Fund Balances:				
Reserved for Encumbrances	25,977	1,182	0	7,494
Reserved for Prepaid Items	594	0	0	178
Reserved for Supplies Inventory	10,817	0	0	707
Unreserved, Undesignated in:				
Special Revenue Funds	443,706	134,372	23,125	124,062
Total Fund Balances	481,094	135,554	23,125	132,441
Total Liabilities and Fund Balances	\$ 758,346	\$ 154,010	\$ 28,045	\$ 164,619

CITY OF MOUNT VERNON, OHIO

<u>Park Development</u>	<u>Community Development Block Grant</u>	<u>Parking</u>	<u>Law Enforcement Trust</u>	<u>Drug Enforcement Trust</u>	<u>Permissive License Registration</u>	<u>Indigent Drivers Alcohol Treatment</u>
\$ 53,488	\$ 133,289	\$ 20,633	\$ 8,137	\$ 17,130	\$ 46,891	\$ 771
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	78,550	0	0	0	15,462	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>\$ 53,488</u>	<u>\$ 211,839</u>	<u>\$ 20,633</u>	<u>\$ 8,137</u>	<u>\$ 17,130</u>	<u>\$ 62,353</u>	<u>\$ 771</u>
\$ 0	\$ 0	\$ 1,006	\$ 0	\$ 0	\$ 6,249	\$ 0
0	0	118	0	0	0	0
0	44,730	0	0	0	0	0
0	11,958	0	0	0	0	0
0	64,650	0	0	0	0	0
<u>0</u>	<u>121,338</u>	<u>1,124</u>	<u>0</u>	<u>0</u>	<u>6,249</u>	<u>0</u>
0	2,033	115	0	0	11,048	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>53,488</u>	<u>88,468</u>	<u>19,394</u>	<u>8,137</u>	<u>17,130</u>	<u>45,056</u>	<u>771</u>
<u>53,488</u>	<u>90,501</u>	<u>19,509</u>	<u>8,137</u>	<u>17,130</u>	<u>56,104</u>	<u>771</u>
<u>\$ 53,488</u>	<u>\$ 211,839</u>	<u>\$ 20,633</u>	<u>\$ 8,137</u>	<u>\$ 17,130</u>	<u>\$ 62,353</u>	<u>\$ 771</u>

(Continued)

CITY OF MOUNT VERNON, OHIO

**Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2007**

	DUI Enforcement and Education	Court Computerization	Probation Services	Lodging Excise Tax
Assets:				
Cash and Cash Equivalents	\$ 36,353	\$ 88,233	\$ 19,539	\$ 118
Receivables:				
Taxes	0	0	0	6,527
Accounts	0	0	0	0
Intergovernmental	0	0	0	0
Inventory of Supplies	0	0	0	0
Prepaid Items	0	14,514	0	0
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
Total Assets	\$ 36,353	\$ 102,747	\$ 19,539	\$ 6,645
Liabilities:				
Accounts Payable	\$ 0	\$ 1,621	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0
Contracts Payable	0	0	0	5,751
Due to Other Funds	0	0	0	0
Deferred Revenue	0	0	0	0
Total Liabilities	0	1,621	0	5,751
Fund Balances:				
Reserved for Encumbrances	0	5,676	0	0
Reserved for Prepaid Items	0	14,514	0	0
Reserved for Supplies Inventory	0	0	0	0
Unreserved, Undesignated in:				
Special Revenue Funds	36,353	80,936	19,539	894
Total Fund Balances	36,353	101,126	19,539	894
Total Liabilities and Fund Balances	\$ 36,353	\$ 102,747	\$ 19,539	\$ 6,645

CITY OF MOUNT VERNON, OHIO

<u>Police Pension</u>	<u>Fire Pension</u>	<u>Mausoleum</u>	<u>Veterans Honor Walkway</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 190,222	\$ 160,760	\$ 4,617	\$ 68,236	\$ 1,513,350
122,030	122,030	0	0	352,217
0	0	0	0	4,528
4,267	4,267	0	0	419,259
0	0	0	0	11,524
0	0	0	0	15,286
0	0	0	0	4,920
<u>\$ 316,519</u>	<u>\$ 287,057</u>	<u>\$ 4,617</u>	<u>\$ 68,236</u>	<u>\$ 2,321,084</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 37,144
60,436	114,510	0	0	235,751
0	0	0	0	50,481
0	0	0	0	11,958
115,748	115,748	0	0	539,997
<u>176,184</u>	<u>230,258</u>	<u>0</u>	<u>0</u>	<u>875,331</u>
59,250	116,900	0	0	229,675
0	0	0	0	15,286
0	0	0	0	11,524
81,085	(60,101)	4,617	68,236	1,189,268
140,335	56,799	4,617	68,236	1,445,753
<u>\$ 316,519</u>	<u>\$ 287,057</u>	<u>\$ 4,617</u>	<u>\$ 68,236</u>	<u>\$ 2,321,084</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, 2007**

	Street Construction, Maintenance and Repair	State Highway Improvement	Permissive Auto License Tax	Cemetery
Revenues:				
Taxes	\$ 176,372	\$ 0	\$ 0	\$ 235,162
Intergovernmental Revenues	639,599	51,860	68,744	0
Charges for Services	0	0	0	45,630
Licenses and Permits	1,400	0	0	0
Investment Earnings	9,934	3,570	0	15,931
Fines and Forfeitures	0	0	0	0
All Other Revenue	4,138	0	0	479
Total Revenue	831,443	55,430	68,744	297,202
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare Services	0	0	0	290,617
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	785,593	39,994	79,000	0
General Government	0	0	0	0
Total Expenditures	785,593	39,994	79,000	290,617
Excess (Deficiency) of Revenues Over Expenditures	45,850	15,436	(10,256)	6,585
Other Financing Sources (Uses):				
Sale of Capital Assets	7,857	0	0	0
Transfers In	0	0	0	0
Total Other Financing Sources (Uses)	7,857	0	0	0
Net Change in Fund Balances	53,707	15,436	(10,256)	6,585
Fund Balances at Beginning of Year	434,873	120,118	33,381	125,379
Increase (Decrease) in Inventory Reserve	(7,486)	0	0	477
Fund Balances End of Year	\$ 481,094	\$ 135,554	\$ 23,125	\$ 132,441

CITY OF MOUNT VERNON, OHIO

Park Development	Community Development Block Grant	Parking	Law Enforcement Trust	Drug Enforcement Trust	Permissive License Registration	Indigent Drivers Alcohol Treatment
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	790,505	0	0	0	103,773	0
5,559	0	167	0	0	0	0
0	0	84	0	0	0	0
0	40	0	0	0	0	0
0	0	1,593	755	26,879	0	19,865
0	9,622	0	0	0	0	0
<u>5,559</u>	<u>800,167</u>	<u>1,844</u>	<u>755</u>	<u>26,879</u>	<u>103,773</u>	<u>19,865</u>
0	0	23,771	50	12,187	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	724,357	0	0	0	0	0
0	0	0	0	0	131,406	0
0	0	0	0	0	0	19,707
<u>0</u>	<u>724,357</u>	<u>23,771</u>	<u>50</u>	<u>12,187</u>	<u>131,406</u>	<u>19,707</u>
5,559	75,810	(21,927)	705	14,692	(27,633)	158
0	0	0	0	0	0	0
<u>5,560</u>	<u>0</u>	<u>28,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>5,560</u>	<u>0</u>	<u>28,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
11,119	75,810	6,073	705	14,692	(27,633)	158
42,369	14,691	13,436	7,432	2,438	83,737	613
0	0	0	0	0	0	0
<u>\$ 53,488</u>	<u>\$ 90,501</u>	<u>\$ 19,509</u>	<u>\$ 8,137</u>	<u>\$ 17,130</u>	<u>\$ 56,104</u>	<u>\$ 771</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, 2007**

	DUI Enforcement and Education	Court Computerization	Probation Services	Lodging Excise Tax
Revenues:				
Taxes	\$ 0	\$ 0	\$ 0	\$ 100,609
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	8,190	0
Licenses and Permits	0	0	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	2,247	72,709	0	0
All Other Revenue	0	0	0	0
Total Revenue	<u>2,247</u>	<u>72,709</u>	<u>8,190</u>	<u>100,609</u>
Expenditures:				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare Services	0	0	0	0
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	0	0	0	0
General Government	0	62,251	4,857	104,925
Total Expenditures	<u>0</u>	<u>62,251</u>	<u>4,857</u>	<u>104,925</u>
Excess (Deficiency) of Revenues Over Expenditures	2,247	10,458	3,333	(4,316)
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	0	0
Transfers In	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	2,247	10,458	3,333	(4,316)
Fund Balances at Beginning of Year	34,106	16,206	90,668	5,210
Increase (Decrease) in Inventory Reserve	0	0	0	0
Fund Balances End of Year	<u>\$ 36,353</u>	<u>\$ 26,664</u>	<u>\$ 94,001</u>	<u>\$ 894</u>

CITY OF MOUNT VERNON, OHIO

<u>Police Pension</u>	<u>Fire Pension</u>	<u>Mausoleum</u>	<u>Veterans Honor Walkway</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 142,056	\$ 142,056	\$ 0	\$ 0	\$ 796,255
7,687	7,687	0	0	1,669,855
0	0	0	1,840	61,386
0	0	0	0	1,484
0	0	217	207	29,899
0	0	0	0	124,048
0	0	0	0	14,239
<u>149,743</u>	<u>149,743</u>	<u>217</u>	<u>2,047</u>	<u>2,697,166</u>
215,199	371,819	0	0	623,026
0	0	0	0	290,617
0	0	0	1,032	1,032
0	0	0	0	724,357
0	0	0	0	1,035,993
1,353	1,353	0	0	194,446
<u>216,552</u>	<u>373,172</u>	<u>0</u>	<u>1,032</u>	<u>2,869,471</u>
(66,809)	(223,429)	217	1,015	(172,305)
0	0	0	0	7,857
<u>150,000</u>	<u>300,000</u>	<u>0</u>	<u>0</u>	<u>483,560</u>
<u>150,000</u>	<u>300,000</u>	<u>0</u>	<u>0</u>	<u>491,417</u>
83,191	76,571	217	1,015	319,112
57,144	(19,772)	4,400	67,221	1,133,650
0	0	0	0	(7,009)
<u>\$ 140,335</u>	<u>\$ 56,799</u>	<u>\$ 4,617</u>	<u>\$ 68,236</u>	<u>\$ 1,445,753</u>

CITY OF MOUNT VERNON, OHIO

**Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2007**

	TIF District- Coshocton Road	B&O Railroad Depot	Total Nonmajor Capital Projects Funds
Assets:			
Cash and Cash Equivalents	\$ 1,016,508	\$ 8,334	\$ 1,024,842
Receivables:			
Taxes	<u>1,075,757</u>	<u>0</u>	<u>1,075,757</u>
Total Assets	<u>\$ 2,092,265</u>	<u>\$ 8,334</u>	<u>\$ 2,100,599</u>
Liabilities:			
Deferred Revenue	<u>\$ 1,075,757</u>	<u>0</u>	<u>1,075,757</u>
Total Liabilities	<u>1,075,757</u>	<u>0</u>	<u>1,075,757</u>
Fund Balances:			
Unreserved, Undesignated in:			
Capital Projects Funds	<u>1,016,508</u>	<u>8,334</u>	<u>1,024,842</u>
Total Fund Balances	<u>1,016,508</u>	<u>8,334</u>	<u>1,024,842</u>
Total Liabilities and Fund Balances	<u>\$ 2,092,265</u>	<u>\$ 8,334</u>	<u>\$ 2,100,599</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, 2007***

	TIF District- Coshocton Road	B&O Railroad Depot	Total Nonmajor Capital Project Funds
Revenues:			
Taxes	\$ 1,060,626	\$ 0	\$ 1,060,626
All Other Revenue	0	100	100
Total Revenue	<u>1,060,626</u>	<u>100</u>	<u>1,060,726</u>
Expenditures:			
Current:			
Transportation	365,447	0	365,447
General Government	0	48,662	48,662
Total Expenditures	<u>365,447</u>	<u>48,662</u>	<u>414,109</u>
Excess (Deficiency) of Revenues Over Expenditures	695,179	(48,562)	646,617
Other Financing Sources (Uses):			
Transfers Out	(289,155)	0	(289,155)
Total Other Financing Sources (Uses)	<u>(289,155)</u>	<u>0</u>	<u>(289,155)</u>
Net Change in Fund Balances	406,024	(48,562)	357,462
Fund Balances at Beginning of Year	<u>610,484</u>	<u>56,896</u>	<u>667,380</u>
Fund Balances End of Year	<u>\$ 1,016,508</u>	<u>\$ 8,334</u>	<u>\$ 1,024,842</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, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 647,500	\$ 647,500	\$ 667,811	\$ 20,311
Municipal Income Tax	7,909,400	7,909,400	8,320,066	410,666
Other Local Taxes	5,000	5,000	6,359	1,359
Total Tax Revenues	<u>8,561,900</u>	<u>8,561,900</u>	<u>8,994,236</u>	<u>432,336</u>
Intergovernmental Revenues:				
State Levied Shared Taxes	629,228	928,830	847,859	(80,971)
Intergovernmental Revenues	92,500	96,907	121,479	24,572
Total Intergovernmental Revenues	<u>721,728</u>	<u>1,025,737</u>	<u>969,338</u>	<u>(56,399)</u>
Charges for Services	925,950	989,868	1,268,095	278,227
Licenses and Permits	15,400	15,400	20,302	4,902
Investment Earnings	200,000	553,210	578,551	25,341
Fines and Forfeitures	400,000	636,270	636,270	0
All Other Revenues	105,000	122,000	116,940	(5,060)
Total Revenues	<u>10,929,978</u>	<u>11,904,385</u>	<u>12,583,732</u>	<u>679,347</u>
Expenditures:				
Security of Persons and Property:				
Police Division:				
Personal Services	1,365,740	1,368,790	1,303,791	64,999
Travel and Transportation	27,000	34,532	32,988	1,544
Materials and Supplies	47,500	52,171	45,999	6,172
Contractual Services	165,500	195,781	160,008	35,773
Capital Outlay	167,000	239,037	224,969	14,068
Total Police Division	<u>1,772,740</u>	<u>1,890,311</u>	<u>1,767,755</u>	<u>122,556</u>
Fire and E.M.S. Division:				
Personal Services	2,507,200	2,493,180	2,434,383	58,797
Travel and Transportation	43,000	39,050	34,380	4,670
Materials and Supplies	81,500	85,840	79,461	6,379
Contractual Services	168,173	150,023	128,019	22,004
Capital Outlay	216,000	304,090	301,471	2,619
Total Fire and E.M.S. Division	<u>3,015,873</u>	<u>3,072,183</u>	<u>2,977,714</u>	<u>94,469</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, 2007***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Miscellaneous:				
Street Lighting/Radio Repair/Sirens:				
Materials and Supplies	27,000	33,300	23,660	9,640
Contractual Services	160,000	191,800	182,493	9,307
Public Defender:				
Contractual Services	6,000	12,000	12,000	0
Debt Services:				
Principal Retirement	8,600	8,600	8,513	87
Interest and Fiscal Charges	19,400	19,400	19,362	38
Total Miscellaneous	<u>221,000</u>	<u>265,100</u>	<u>246,028</u>	<u>19,072</u>
Total Security of Persons and Property	<u>5,009,613</u>	<u>5,227,594</u>	<u>4,991,497</u>	<u>236,097</u>
Public Health and Welfare Services:				
Police Division:				
Contractual Services	269,131	311,851	311,851	0
Total Police Division	<u>269,131</u>	<u>311,851</u>	<u>311,851</u>	<u>0</u>
Humane Officer:				
Travel and Transportation	10,000	17,394	17,394	0
Contractual Services	25,000	35,709	35,708	1
Total Humane Officer	<u>35,000</u>	<u>53,103</u>	<u>53,102</u>	<u>1</u>
Health Department:				
Contractual Services	43,285	43,285	43,285	0
Total Health Department	<u>43,285</u>	<u>43,285</u>	<u>43,285</u>	<u>0</u>
Total Public Health and Welfare Services	<u>347,416</u>	<u>408,239</u>	<u>408,238</u>	<u>1</u>
Leisure Time Activities:				
Parks:				
Personal Services	193,540	193,385	188,773	4,612
Travel and Transportation	400	406	202	204
Materials and Supplies	5,300	5,433	4,790	643
Contractual Services	124,500	144,025	138,070	5,955
Capital Outlay	12,000	11,750	10,299	1,451
Total Parks	<u>335,740</u>	<u>354,999</u>	<u>342,134</u>	<u>12,865</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, 2007***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Recreation:				
Personal Services	12,000	12,000	11,854	146
Materials and Supplies	3,700	5,815	4,578	1,237
Contractual Services	8,500	11,000	11,000	0
Total Recreation	<u>24,200</u>	<u>28,815</u>	<u>27,432</u>	<u>1,383</u>
Pool:				
Personal Services	172,000	183,339	182,932	407
Travel and Transportation	2,000	4,500	4,198	302
Materials and Supplies	43,350	83,840	76,706	7,134
Contractual Services	27,500	50,500	45,428	5,072
Capital Outlay	5,000	7,613	6,933	680
Total Pool	<u>249,850</u>	<u>329,792</u>	<u>316,197</u>	<u>13,595</u>
Total Leisure Time Activities	<u>609,790</u>	<u>713,606</u>	<u>685,763</u>	<u>27,843</u>
Community Environment:				
Miscellaneous Area Development, Tree Care and Trimming, Planning and Zoning:				
Materials and Supplies	22,000	22,450	21,826	624
Contractual Services	3,677	8,083	0	8,083
Total Community Environment	<u>25,677</u>	<u>30,533</u>	<u>21,826</u>	<u>8,707</u>
Transportation:				
Miscellaneous:				
Rivers and Harbors, Airport, Yauger Road Project, and Kokosing Gap Trail:				
Materials and Supplies	38,500	48,500	39,000	9,500
Contractual Services	10,000	15,177	5,423	9,754
Total Transportation	<u>48,500</u>	<u>63,677</u>	<u>44,423</u>	<u>19,254</u>
General Government:				
Council:				
Personal Services	59,552	59,552	59,552	0
Travel and Transportation	8,000	5,000	0	5,000
Materials and Supplies	10,000	13,013	11,480	1,533
Contractual Services	700	700	179	521
Total Council	<u>78,252</u>	<u>78,265</u>	<u>71,211</u>	<u>7,054</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, 2007***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Mayor:				
Personal Services	93,901	96,983	96,983	0
Travel and Transportation	200	200	29	171
Materials and Supplies	5,450	5,842	5,090	752
Contractual Services	450	550	362	188
Total Mayor	100,001	103,575	102,464	1,111
Auditor:				
Personal Services	253,454	259,354	218,223	41,131
Travel and Transportation	750	800	763	37
Materials and Supplies	11,600	15,105	14,319	786
Contractual Services	20,100	22,844	20,960	1,884
Total Auditor	285,904	298,103	254,265	43,838
Treasurer:				
Personal Services	7,444	7,444	7,444	0
Materials and Supplies	200	200	199	1
Total Treasurer	7,644	7,644	7,643	1
Law Director:				
Personal Services	241,396	236,396	228,835	7,561
Travel and Transportation	2,000	2,000	400	1,600
Materials and Supplies	27,500	31,678	28,250	3,428
Contractual Services	8,000	16,000	7,684	8,316
Total Law Director	278,896	286,074	265,169	20,905
Income Tax:				
Personal Services	116,000	111,500	111,365	135
Travel and Transportation	6,000	3,000	2,728	272
Materials and Supplies	18,650	20,920	20,678	242
Contractual Services	115,850	223,426	220,243	3,183
Capital Outlay	3,000	15,924	15,924	0
Total Income Tax	259,500	374,770	370,938	3,832

(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, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Municipal Court:				
Personal Services	514,250	517,632	467,410	50,222
Travel and Transportation	5,200	5,650	3,735	1,915
Materials and Supplies	43,800	45,258	41,934	3,324
Contractual Services	2,500	3,600	3,131	469
Total Municipal Court	<u>565,750</u>	<u>572,140</u>	<u>516,210</u>	<u>55,930</u>
Civil Services:				
Personal Services	7,370	7,513	7,513	0
Materials and Supplies	7,450	14,523	12,275	2,248
Total Civil Services	<u>14,820</u>	<u>22,036</u>	<u>19,788</u>	<u>2,248</u>
Safety Service:				
Personal Services	103,000	103,297	102,792	505
Travel and Transportation	500	203	0	203
Materials and Supplies	6,700	7,420	7,186	234
Contractual Services	83,000	110,480	107,317	3,163
Total Safety Service	<u>193,200</u>	<u>221,400</u>	<u>217,295</u>	<u>4,105</u>
Engineering:				
Personal Services	282,300	278,324	222,922	55,402
Travel and Transportation	1,500	1,303	182	1,121
Materials and Supplies	8,000	10,358	8,626	1,732
Contractual Services	366,700	372,200	245,324	126,876
Capital Outlay	5,000	4,136	2,521	1,615
Total Engineering	<u>663,500</u>	<u>666,321</u>	<u>479,575</u>	<u>186,746</u>
Public Land and Buildings:				
Personal Services	77,440	77,675	70,493	7,182
Travel and Transportation	300	303	3	300
Materials and Supplies	19,800	30,775	28,068	2,707
Contractual Services	339,000	418,149	394,366	23,783
Total Public Land and Buildings	<u>436,540</u>	<u>526,902</u>	<u>492,930</u>	<u>33,972</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, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Miscellaneous:				
Personal Services	1,637,000	1,664,045	1,503,598	160,447
Materials and Supplies	25,183	25,640	7,150	18,490
Contractual Services	654,500	614,562	320,849	293,713
Total Miscellaneous	<u>2,316,683</u>	<u>2,304,247</u>	<u>1,831,597</u>	<u>472,650</u>
Total General Government	<u>5,200,690</u>	<u>5,461,477</u>	<u>4,629,085</u>	<u>832,392</u>
Total Expenditures	<u>11,241,686</u>	<u>11,905,126</u>	<u>10,780,832</u>	<u>1,124,294</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(311,708)	(741)	1,802,900	1,803,641
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	15,831	15,831
Transfers Out	<u>(1,448,000)</u>	<u>(2,227,352)</u>	<u>(1,423,827)</u>	<u>803,525</u>
Total Other Financing Sources (Uses)	<u>(1,448,000)</u>	<u>(2,227,352)</u>	<u>(1,407,996)</u>	<u>819,356</u>
Net Change in Fund Balance	(1,759,708)	(2,228,093)	394,904	2,622,997
Fund Balance at Beginning of Year	1,772,159	1,772,159	1,772,159	0
Prior Year Encumbrances	<u>468,387</u>	<u>468,387</u>	<u>468,387</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 480,838</u>	<u>\$ 12,453</u>	<u>\$ 2,635,450</u>	<u>\$ 2,622,997</u>

CITY OF MOUNT VERNON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Debt Service Fund – General Bond Retirement Fund
For the Year Ended December 31, 2007**

	GENERAL BOND RETIREMENT			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property Taxes	\$ 30,000	\$ 66,372	\$ 66,372	\$ 0
Investment Earnings	0	51,669	51,689	20
Total Revenues	<u>30,000</u>	<u>118,041</u>	<u>118,061</u>	<u>20</u>
Expenditures:				
Basic Utility Service:				
Supplies and Materials	50,000	65,048	65,048	0
General Government:				
Contractual Services	850	2,850	1,324	1,526
Debt Service:				
Principal Retirement	1,346,410	14,217,500	21,417,500	(7,200,000)
Interest and Fiscal Charges	750,000	1,355,173	1,337,644	17,529
Total Expenditures	<u>2,147,260</u>	<u>15,640,571</u>	<u>22,821,516</u>	<u>(7,180,945)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,117,260)	(15,522,530)	(22,703,455)	(7,180,925)
Other Financing Sources (Uses):				
General Obligation Notes Issued	0	0	7,200,000	7,200,000
General Obligation Bonds Issued	0	11,882,711	11,856,565	(26,146)
Transfers In	2,116,420	3,638,979	3,701,273	62,294
Transfers Out	0	0	0	0
Advances In	0	0	0	0
Advances Out	0	0	0	0
Total Other Financing Sources (Uses)	<u>2,116,420</u>	<u>15,521,690</u>	<u>22,757,838</u>	<u>7,236,148</u>
Net Change in Fund Balance	(840)	(840)	54,383	55,223
Fund Balance at Beginning of Year	840	840	840	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 55,223</u>	<u>\$ 55,223</u>



CITY OF MOUNT VERNON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Project Funds – Capital Improvements Fund
For the Year Ended December 31, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Municipal Income Taxes	\$ 574,000	\$ 574,000	\$ 594,026	\$ 20,026
Intergovernmental Revenues	450,000	474,000	454,133	(19,867)
Investment Earnings	15,000	62,090	64,474	2,384
All Other Revenues	0	638,301	640,501	2,200
Total Revenues	1,039,000	1,748,391	1,753,134	4,743
Expenditures:				
Security of Persons and Property:				
Police:				
Capital Outlay	45,300	50,300	48,700	1,600
Fire:				
Capital Outlay	0	20,500	20,024	476
Total Security of Persons and Property	45,300	70,800	68,724	2,076
Public Health and Welfare:				
Capital Outlay	8,000	0	0	0
Total Public Health and Welfare	8,000	0	0	0
Leisure Time Activities:				
Parks:				
Capital Outlay	20,000	20,000	19,398	602
Total Leisure Time Activities	20,000	20,000	19,398	602
Transportation:				
Street:				
Capital Outlay	1,335,394	1,445,814	1,068,904	376,910
Total Transportation	1,335,394	1,445,814	1,068,904	376,910
General Government:				
Mayor:				
Capital Outlay	4,000	50	29	21
Auditor:				
Capital Outlay	2,000	5,125	5,116	9

CITY OF MOUNT VERNON, OHIO

***Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Major Funds – Capital Project Funds – Capital Improvements Fund
For the Year Ended December 31, 2007***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Law Director:				
Capital Outlay	7,500	6,232	6,109	123
Income Tax:				
Capital Outlay	22,000	30,640	30,640	0
Municipal Court:				
Capital Outlay	1,300	400	368	32
Safety - Service:				
Capital Outlay	0	58,500	58,339	161
Engineering:				
Capital Outlay	20,000	8,000	7,269	731
Public Lands and Buildings:				
Capital Outlay	4,240,277	3,875,113	3,577,101	298,012
Total General Government	<u>4,297,077</u>	<u>3,984,060</u>	<u>3,684,971</u>	<u>299,089</u>
Total Expenditures	<u>5,705,771</u>	<u>5,520,674</u>	<u>4,841,997</u>	<u>678,677</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,666,771)	(3,772,283)	(3,088,863)	683,420
Other Financing Sources (Uses):				
Transfers In	0	0	810,252	810,252
Transfers Out	0	(1,085,556)	(1,085,555)	1
Total Other Financing Sources (Uses)	<u>0</u>	<u>(1,085,556)</u>	<u>(275,303)</u>	<u>810,253</u>
Net Change in Fund Balance	(4,666,771)	(4,857,839)	(3,364,166)	1,493,673
Fund Balance at Beginning of Year	4,694,839	4,694,839	4,694,839	0
Prior Year Encumbrances	191,067	191,067	191,067	0
Fund Balance at End of Year	<u>\$ 219,135</u>	<u>\$ 28,067</u>	<u>\$ 1,521,740</u>	<u>\$ 1,493,673</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, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
STREET CONSTRUCTION, MAINTENANCE AND REPAIR				
Revenues:				
Municipal Income Taxes	\$ 172,200	\$ 172,200	\$ 178,208	\$ 6,008
Intergovernmental Revenues	601,600	601,600	639,056	37,456
Licenses and Permits	0	0	1,400	1,400
Investment Earnings	1,500	1,500	9,934	8,434
All Other Revenues	0	2,500	4,004	1,504
Total Revenues	<u>775,300</u>	<u>777,800</u>	<u>832,602</u>	<u>54,802</u>
Expenditures:				
Transportation:				
Personal Services	642,000	668,300	652,223	16,077
Travel and Transportation	2,500	2,536	1,259	1,277
Materials and Supplies	144,800	142,108	97,123	44,985
Contractual Services	64,900	73,550	45,588	27,962
Capital Outlay	30,000	14,850	1,694	13,156
Total Expenditures	<u>884,200</u>	<u>901,344</u>	<u>797,887</u>	<u>103,457</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(108,900)	(123,544)	34,715	158,259
Other Financing Sources (Uses):				
Sale of Capital Assets	0	0	7,857	7,857
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>7,857</u>	<u>7,857</u>
Net Change in Fund Balance	(108,900)	(123,544)	42,572	166,116
Fund Balance at Beginning of Year	304,937	304,937	304,937	0
Prior Year Encumbrances	14,644	14,644	14,644	0
Fund Balance at End of Year	<u>\$ 210,681</u>	<u>\$ 196,037</u>	<u>\$ 362,153</u>	<u>\$ 166,116</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, 2007***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 50,000	\$ 50,000	\$ 51,816	\$ 1,816
Investment Earnings	100	100	3,570	3,470
Total Revenues	<u>50,100</u>	<u>50,100</u>	<u>55,386</u>	<u>5,286</u>
Expenditures:				
Transportation:				
Capital Outlay	<u>161,007</u>	<u>163,001</u>	<u>41,833</u>	<u>121,168</u>
Total Expenditures	<u>161,007</u>	<u>163,001</u>	<u>41,833</u>	<u>121,168</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(110,907)	(112,901)	13,553	126,454
Fund Balance at Beginning of Year	110,907	110,907	110,907	0
Prior Year Encumbrances	<u>1,994</u>	<u>1,994</u>	<u>1,994</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,994</u>	<u>\$ 0</u>	<u>\$ 126,454</u>	<u>\$ 126,454</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, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 95,000	\$ 95,000	\$ 68,744	\$ (26,256)
Total Revenues	<u>95,000</u>	<u>95,000</u>	<u>68,744</u>	<u>(26,256)</u>
Expenditures:				
Transportation:				
Capital Outlay	<u>154,381</u>	<u>154,381</u>	<u>105,000</u>	<u>49,381</u>
Total Expenditures	<u>154,381</u>	<u>154,381</u>	<u>105,000</u>	<u>49,381</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(59,381)	(59,381)	(36,256)	23,125
Fund Balance at Beginning of Year	<u>59,381</u>	<u>59,381</u>	<u>59,381</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 23,125</u>	<u>\$ 23,125</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, 2007**

	CEMETERY			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Municipal Income Taxes	\$ 229,600	\$ 229,600	\$ 237,610	\$ 8,010
Charges for Services	50,000	50,000	43,172	(6,828)
Investment Earnings	10,000	10,000	15,931	5,931
All Other Revenues	0	0	412	412
Total Revenues	<u>289,600</u>	<u>289,600</u>	<u>297,125</u>	<u>7,525</u>
Expenditures:				
Public Health and Welfare Services:				
Personal Services	267,013	269,121	244,499	24,622
Travel and Transportation	300	460	460	0
Materials and Supplies	10,300	24,584	20,844	3,740
Contractual Services	31,150	37,014	30,486	6,528
Capital Outlay	<u>67,092</u>	<u>52,493</u>	<u>2,627</u>	<u>49,866</u>
Total Expenditures	<u>375,855</u>	<u>383,672</u>	<u>298,916</u>	<u>84,756</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(86,255)	(94,072)	(1,791)	92,281
Fund Balance at Beginning of Year	86,255	86,255	86,255	0
Prior Year Encumbrances	<u>7,817</u>	<u>7,817</u>	<u>7,817</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 7,817</u>	<u>\$ 0</u>	<u>\$ 92,281</u>	<u>\$ 92,281</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, 2007**

PARK DEVELOPMENT

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 5,000	\$ 5,000	\$ 5,560	\$ 560
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>5,560</u>	<u>560</u>
Expenditures:				
Leisure Time Activities:				
Capital Outlay	50,184	52,684	316	52,368
Total Expenditures	<u>50,184</u>	<u>52,684</u>	<u>316</u>	<u>52,368</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(45,184)	(47,684)	5,244	52,928
Other Financing Sources (Uses):				
Transfers In	5,000	5,000	5,560	560
Total Other Financing Sources (Uses)	<u>5,000</u>	<u>5,000</u>	<u>5,560</u>	<u>560</u>
Net Change in Fund Balance	(40,184)	(42,684)	10,804	53,488
Fund Balance at Beginning of Year	40,184	40,184	40,184	0
Prior Year Encumbrances	2,500	2,500	2,500	0
Fund Balance at End of Year	<u>\$ 2,500</u>	<u>\$ 0</u>	<u>\$ 53,488</u>	<u>\$ 53,488</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, 2007**

COMMUNITY DEVELOPMENT BLOCK GRANT

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental Revenues	\$ 325,000	\$ 901,000	\$ 866,295	\$ (34,705)
Investment Earnings	0	0	40	40
All Other Revenues	0	0	9,622	9,622
Total Revenues	<u>325,000</u>	<u>901,000</u>	<u>875,957</u>	<u>(25,043)</u>
Expenditures:				
Community Environment:				
Contractual Services	325,138	910,535	798,966	111,569
Total Expenditures	<u>325,138</u>	<u>910,535</u>	<u>798,966</u>	<u>111,569</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(138)	(9,535)	76,991	86,526
Fund Balance at Beginning of Year	137	137	137	0
Prior Year Encumbrances	9,398	9,398	9,398	0
Fund Balance at End of Year	<u>\$ 9,397</u>	<u>\$ 0</u>	<u>\$ 86,526</u>	<u>\$ 86,526</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, 2007**

	PARKING			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Charges for Services	\$ 0	\$ 0	\$ 167	\$ 167
Licenses and Permits	0	0	84	84
Fines and Forfeitures	500	500	1,593	1,093
Total Revenues	<u>500</u>	<u>500</u>	<u>1,844</u>	<u>1,344</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	15,010	15,410	2,805	12,605
Materials and Supplies	3,364	3,364	1,310	2,054
Contractual Services	23,410	23,760	19,993	3,767
Total Expenditures	<u>41,784</u>	<u>42,534</u>	<u>24,108</u>	<u>18,426</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(41,284)	(42,034)	(22,264)	19,770
Other Financing Sources (Uses):				
Transfers In	<u>28,000</u>	<u>28,000</u>	<u>28,000</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>28,000</u>	<u>28,000</u>	<u>28,000</u>	<u>0</u>
Net Change in Fund Balance	(13,284)	(14,034)	5,736	19,770
Fund Balance at Beginning of Year	13,284	13,284	13,284	0
Prior Year Encumbrances	<u>750</u>	<u>750</u>	<u>750</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 750</u>	<u>\$ 0</u>	<u>\$ 19,770</u>	<u>\$ 19,770</u>

CITY OF MOUNT VERNON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 755	\$ 755	\$ 755	\$ 0
Total Revenues	<u>755</u>	<u>755</u>	<u>755</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	<u>50</u>	<u>50</u>	<u>50</u>	<u>0</u>
Total Expenditures	<u>50</u>	<u>50</u>	<u>50</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	705	705	705	0
Fund Balance at Beginning of Year	<u>7,432</u>	<u>7,432</u>	<u>7,432</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 8,137</u>	<u>\$ 8,137</u>	<u>\$ 8,137</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, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 26,879	\$ 26,879	\$ 26,879	\$ 0
Total Revenues	<u>26,879</u>	<u>26,879</u>	<u>26,879</u>	<u>0</u>
Expenditures:				
Security of Persons and Property:				
Contractual Services	<u>12,187</u>	<u>12,187</u>	<u>12,187</u>	<u>0</u>
Total Expenditures	<u>12,187</u>	<u>12,187</u>	<u>12,187</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	14,692	14,692	14,692	0
Fund Balance at Beginning of Year	<u>2,438</u>	<u>2,438</u>	<u>2,438</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 17,130</u>	<u>\$ 17,130</u>	<u>\$ 17,130</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, 2007***

	PERMISSIVE LICENSE REGISTRATION			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
Revenues:				
Intergovernmental Revenues	\$ 100,000	\$ 100,000	\$ 104,393	\$ 4,393
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>104,393</u>	<u>4,393</u>
Expenditures:				
Transportation:				
Materials and Supplies	114,887	130,152	127,684	2,468
Contractual Services	<u>40,000</u>	<u>43,500</u>	<u>20,673</u>	<u>22,827</u>
Total Expenditures	<u>154,887</u>	<u>173,652</u>	<u>148,357</u>	<u>25,295</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(54,887)	(73,652)	(43,964)	29,688
Fund Balance at Beginning of Year	54,886	54,886	54,886	0
Prior Year Encumbrances	<u>18,766</u>	<u>18,766</u>	<u>18,766</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 18,765</u>	<u>\$ 0</u>	<u>\$ 29,688</u>	<u>\$ 29,688</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, 2007**

INDIGENT DRIVERS ALCOHOL TREATMENT

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 15,000	\$ 19,707	\$ 19,707	\$ 0
Total Revenues	<u>15,000</u>	<u>19,707</u>	<u>19,707</u>	<u>0</u>
Expenditures:				
General Government:				
Contractual Services	<u>15,000</u>	<u>19,707</u>	<u>19,707</u>	<u>0</u>
Total Expenditures	<u>15,000</u>	<u>19,707</u>	<u>19,707</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

CITY OF MOUNT VERNON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
DUI - ENFORCEMENT AND EDUCATION				
Revenues:				
Fines and Forfeitures	\$ 2,000	\$ 2,000	\$ 2,150	\$ 150
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>2,150</u>	<u>150</u>
Expenditures:				
General Government:				
Contractual Services	<u>36,089</u>	<u>36,089</u>	<u>0</u>	<u>36,089</u>
Total Expenditures	<u>36,089</u>	<u>36,089</u>	<u>0</u>	<u>36,089</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(34,089)	(34,089)	2,150	36,239
Fund Balance at Beginning of Year	<u>34,089</u>	<u>34,089</u>	<u>34,089</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 36,239</u>	<u>\$ 36,239</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, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Fines and Forfeitures	\$ 60,000	\$ 60,000	\$ 72,779	\$ 12,779
Total Revenues	<u>60,000</u>	<u>60,000</u>	<u>72,779</u>	<u>12,779</u>
Expenditures:				
General Government:				
Contractual Services	<u>112,026</u>	<u>145,466</u>	<u>82,066</u>	<u>63,400</u>
Total Expenditures	<u>112,026</u>	<u>145,466</u>	<u>82,066</u>	<u>63,400</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(52,026)	(85,466)	(9,287)	76,179
Fund Balance at Beginning of Year	52,026	52,026	52,026	0
Prior Year Encumbrances	<u>33,440</u>	<u>33,440</u>	<u>33,440</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 33,440</u>	<u>\$ 0</u>	<u>\$ 76,179</u>	<u>\$ 76,179</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, 2007**

	PROBATION SERVICES			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Charges for Services	\$ 8,500	\$ 8,500	\$ 8,190	\$ (310)
Total Revenues	<u>8,500</u>	<u>8,500</u>	<u>8,190</u>	<u>(310)</u>
Expenditures:				
General Government:				
Materials and Supplies	24,647	25,857	6,008	19,849
Total Expenditures	<u>24,647</u>	<u>25,857</u>	<u>6,008</u>	<u>19,849</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(16,147)	(17,357)	2,182	19,539
Fund Balance at Beginning of Year	16,147	16,147	16,147	0
Prior Year Encumbrances	1,210	1,210	1,210	0
Fund Balance at End of Year	<u>\$ 1,210</u>	<u>\$ 0</u>	<u>\$ 19,539</u>	<u>\$ 19,539</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, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Other Local Taxes	\$ 95,000	\$ 99,174	\$ 99,292	\$ 118
Total Revenues	<u>95,000</u>	<u>99,174</u>	<u>99,292</u>	<u>118</u>
Expenditures:				
General Government:				
Contractual Services	<u>95,000</u>	<u>107,621</u>	<u>107,621</u>	<u>0</u>
Total Expenditures	<u>95,000</u>	<u>107,621</u>	<u>107,621</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(8,447)	(8,329)	118
Fund Balance at Beginning of Year	0	0	0	0
Prior Year Encumbrances	<u>8,447</u>	<u>8,447</u>	<u>8,447</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 8,447</u>	<u>\$ 0</u>	<u>\$ 118</u>	<u>\$ 118</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, 2007**

	POLICE PENSION			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property Taxes	\$ 87,100	\$ 87,100	\$ 83,264	\$ (3,836)
Municipal Income Taxes	57,400	57,400	59,403	2,003
Intergovernmental Revenues	7,300	7,300	7,687	387
Total Revenues	<u>151,800</u>	<u>151,800</u>	<u>150,354</u>	<u>(1,446)</u>
Expenditures:				
Security of Persons and Property				
Personal Services	315,812	369,012	284,937	84,075
General Government:				
Contractual Services	2,500	2,500	1,353	1,147
Total Expenditures	<u>318,312</u>	<u>371,512</u>	<u>286,290</u>	<u>85,222</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(166,512)	(219,712)	(135,936)	83,776
Other Financing Sources (Uses):				
Transfers In	102,804	102,804	150,000	47,196
Total Other Financing Sources (Uses)	<u>102,804</u>	<u>102,804</u>	<u>150,000</u>	<u>47,196</u>
Net Change in Fund Balance	(63,708)	(116,908)	14,064	130,972
Fund Balance at Beginning of Year	63,708	63,708	63,708	0
Prior Year Encumbrances	53,200	53,200	53,200	0
Fund Balance at End of Year	<u>\$ 53,200</u>	<u>\$ 0</u>	<u>\$ 130,972</u>	<u>\$ 130,972</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, 2007**

	FIRE PENSION			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Property Taxes	\$ 87,100	\$ 87,100	\$ 83,264	\$ (3,836)
Municipal Income Taxes	57,400	57,400	59,403	2,003
Intergovernmental Revenues	7,300	7,300	7,687	387
Total Revenues	<u>151,800</u>	<u>151,800</u>	<u>150,354</u>	<u>(1,446)</u>
Expenditures:				
Security of Persons and Property:				
Personal Services	411,439	521,289	491,806	29,483
Contractual Services	2,500	2,500	1,353	1,147
Total Expenditures	<u>413,939</u>	<u>523,789</u>	<u>493,159</u>	<u>30,630</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(262,139)	(371,989)	(342,805)	29,184
Other Financing Sources (Uses):				
Transfers In	<u>260,324</u>	<u>285,324</u>	<u>300,000</u>	<u>14,676</u>
Total Other Financing Sources (Uses)	<u>260,324</u>	<u>285,324</u>	<u>300,000</u>	<u>14,676</u>
Net Change in Fund Balance	(1,815)	(86,665)	(42,805)	43,860
Fund Balance at Beginning of Year	1,815	1,815	1,815	0
Prior Year Encumbrances	<u>84,850</u>	<u>84,850</u>	<u>84,850</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 84,850</u>	<u>\$ 0</u>	<u>\$ 43,860</u>	<u>\$ 43,860</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, 2007**

	MAUSOLEUM			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues:				
Investment Earnings	\$ 100	\$ 100	\$ 217	\$ 117
Total Revenues	<u>100</u>	<u>100</u>	<u>217</u>	<u>117</u>
Expenditures:				
Public Health and Welfare Services:				
Contractual Services	<u>4,500</u>	<u>4,500</u>	<u>0</u>	<u>4,500</u>
Total Expenditures	<u>4,500</u>	<u>4,500</u>	<u>0</u>	<u>4,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,400)	(4,400)	217	4,617
Fund Balance at Beginning of Year	<u>4,400</u>	<u>4,400</u>	<u>4,400</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,617</u>	<u>\$ 4,617</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, 2007**

VETERANS HONOR WALKWAY

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Charges for Services	\$ 2,400	\$ 2,400	\$ 1,840	\$ (560)
Investment Earnings	100	100	207	107
Total Revenues	<u>2,500</u>	<u>2,500</u>	<u>2,047</u>	<u>(453)</u>
Expenditures:				
Leisure Time Activities				
Materials and Supplies	67,721	67,721	1,032	66,689
Contractual Services	2,000	2,000	0	2,000
Total Expenditures	<u>69,721</u>	<u>69,721</u>	<u>1,032</u>	<u>68,689</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(67,221)	(67,221)	1,015	68,236
Fund Balance at Beginning of Year	<u>67,221</u>	<u>67,221</u>	<u>67,221</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 68,236</u>	<u>\$ 68,236</u>

CITY OF MOUNT VERNON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2007**

TIF DISTRICT-COSHOCTON ROAD				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Property Taxes	\$ 950,000	\$ 950,000	\$ 1,060,626	\$ 110,626
Total Revenues	<u>950,000</u>	<u>950,000</u>	<u>1,060,626</u>	<u>110,626</u>
Expenditures:				
Transportation:				
Street:				
Contractual Services	290,500	310,500	297,494	13,006
Capital Outlay	<u>1,001,984</u>	<u>960,829</u>	<u>67,953</u>	<u>892,876</u>
Total Expenditures	<u>1,292,484</u>	<u>1,271,329</u>	<u>365,447</u>	<u>905,882</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(342,484)	(321,329)	695,179	1,016,508
Other Financing Sources (Uses):				
Transfers Out	<u>(268,000)</u>	<u>(289,155)</u>	<u>(289,155)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(268,000)</u>	<u>(289,155)</u>	<u>(289,155)</u>	<u>0</u>
Net Change in Fund Balance	(610,484)	(610,484)	406,024	1,016,508
Fund Balance at Beginning of Year	<u>610,484</u>	<u>610,484</u>	<u>610,484</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,016,508</u>	<u>\$ 1,016,508</u>

CITY OF MOUNT VERNON, OHIO

**Schedule of Revenues, Expenditures and Changes in
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2007**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 0	\$ 0	\$ 100	\$ 100
Total Revenues	<u>0</u>	<u>0</u>	<u>100</u>	<u>100</u>
Expenditures:				
General Government:				
Contractual Services	58,296	58,296	50,804	7,492
Materials and Supplies	<u>1,000</u>	<u>1,000</u>	<u>258</u>	<u>742</u>
Total Expenditures	<u>59,296</u>	<u>59,296</u>	<u>51,062</u>	<u>8,234</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(59,296)</u>	<u>(59,296)</u>	<u>(50,962)</u>	<u>8,334</u>
Net Change in Fund Balance	(59,296)	(59,296)	(50,962)	8,334
Fund Balance at Beginning of Year	<u>59,296</u>	<u>59,296</u>	<u>59,296</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,334</u>	<u>\$ 8,334</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, 2007**

PERPETUAL CARE

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Revenues:				
All Other Revenues	\$ 5,000	\$ 5,000	\$ 6,783	\$ 1,783
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>6,783</u>	<u>1,783</u>
Expenditures:				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,000	5,000	6,783	1,783
Fund Balance at Beginning of Year	<u>321,896</u>	<u>321,896</u>	<u>321,896</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 326,896</u>	<u>\$ 326,896</u>	<u>\$ 328,679</u>	<u>\$ 1,783</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, 2007**

	Balance December 31, 2006	Additions	Deductions	Balance December 31, 2007
<u>Insurance Trust Fund</u>				
Assets:				
Cash and Cash Equivalents	\$10,800	\$10,000	(\$6,000)	\$14,800
Total Assets	\$10,800	\$10,000	(\$6,000)	\$14,800
Liabilities:				
Due to Others	\$10,800	\$10,000	(\$6,000)	\$14,800
Total Liabilities	\$10,800	\$10,000	(\$6,000)	\$14,800
<u>Bonds and Inspection Fee Trust Fund</u>				
Assets:				
Cash	\$19,651	\$22,000	(\$21,000)	\$20,651
Total Assets	\$19,651	\$22,000	(\$21,000)	\$20,651
Liabilities:				
Due to Others	19,651	22,000	(21,000)	20,651
Total Liabilities	\$19,651	\$22,000	(\$21,000)	\$20,651
<u>Municipal Court Fund</u>				
Assets:				
Cash and Cash Equivalents	\$53,843	\$880,977	(\$866,164)	\$68,656
Total Assets	\$53,843	\$880,977	(\$866,164)	\$68,656
Liabilities:				
Intergovernmental Payable	\$25,135	\$395,101	(\$395,008)	\$25,228
Due to Others	28,708	485,876	(471,156)	43,428
Total Liabilities	\$53,843	\$880,977	(\$866,164)	\$68,656
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$84,294	\$912,977	(\$893,164)	\$104,107
Total Assets	\$84,294	\$912,977	(\$893,164)	\$104,107
Liabilities:				
Intergovernmental Payables	\$25,135	\$395,101	(\$395,008)	\$25,228
Due to Others	59,159	517,876	(498,156)	78,879
Total Liabilities	\$84,294	\$912,977	(\$893,164)	\$104,107

*CAPITAL ASSETS USED IN THE
OPERATION OF GOVERNMENTAL FUNDS*

CITY OF MOUNT VERNON, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule by Source
December 31, 2007***

Capital Assets

Land	\$10,691,060
Construction In Progress	53,100
Buildings	10,344,360
Improvements Other than Buildings	594,690
Infrastructure	33,231,947
Machinery and Equipment	5,602,390
Total Capital Assets	<u>\$60,517,547</u>

Investment in Capital Assets

General Fund	\$5,460,289
Special Revenue Funds	410,083
Capital Projects Fund	48,989,620
Proprietary Funds	84,846
Contributions	126,454
Federal Grants	849,895
State Grants	4,596,360
Total Investment in Capital Assets	<u>\$60,517,547</u>

CITY OF MOUNT VERNON, OHIO

**Capital Assets Used in the Operation of Governmental Funds
Schedule by Function and Activity
December 31, 2007**

Function and Activity	Land	Construction In Progress	Buildings
<u>General Government:</u>			
Administration	\$109,375	\$0	\$1,158,167
City Council	0	0	3,990
Mayor	0	0	0
City Auditor	0	0	0
Law Director	0	0	0
Income Tax	0	0	0
Municipal Court	0	0	12,995
Civil Service	0	0	0
Safety and Service	0	0	0
Engineer	0	0	0
Public Lands and Buildings	75,000	34,300	1,445,894
Total	<u>184,375</u>	<u>34,300</u>	<u>2,621,046</u>
<u>Security of Persons and Property:</u>			
Police	0	0	255,058
Fire	809,550	0	2,614,705
Total	<u>809,550</u>	<u>0</u>	<u>2,869,763</u>
<u>Transportation:</u>			
Street	8,293,468	0	119,855
<u>Leisure Time Activities:</u>			
Parks and Recreation	1,355,632	18,800	4,631,918
<u>Public Health and Welfare:</u>			
Cemetery	48,035	0	101,778
Total Capital Assets	<u><u>\$10,691,060</u></u>	<u><u>\$53,100</u></u>	<u><u>\$10,344,360</u></u>

CITY OF MOUNT VERNON, OHIO

Improvements Other than Buildings	Infrastructure	Machinery and Equipment	Total
\$7,752	\$0	\$0	\$1,275,294
0	0	10,746	14,736
0	0	1,219	1,219
0	0	120,757	120,757
0	0	31,448	31,448
0	0	35,845	35,845
0	0	253,465	266,460
0	0	1,543	1,543
0	0	53,420	53,420
0	0	409,025	409,025
3,143	0	98,990	1,657,327
<u>10,895</u>	<u>0</u>	<u>1,016,458</u>	<u>3,867,074</u>
0	0	814,798	1,069,856
<u>4,056</u>	<u>0</u>	<u>1,961,350</u>	<u>5,389,661</u>
<u>4,056</u>	<u>0</u>	<u>2,776,148</u>	<u>6,459,517</u>
<u>20,437</u>	<u>33,231,947</u>	<u>1,254,543</u>	<u>42,920,250</u>
<u>470,043</u>	<u>0</u>	<u>397,307</u>	<u>6,873,700</u>
<u>89,259</u>	<u>0</u>	<u>157,934</u>	<u>397,006</u>
<u><u>\$594,690</u></u>	<u><u>\$33,231,947</u></u>	<u><u>\$5,602,390</u></u>	<u><u>\$60,517,547</u></u>

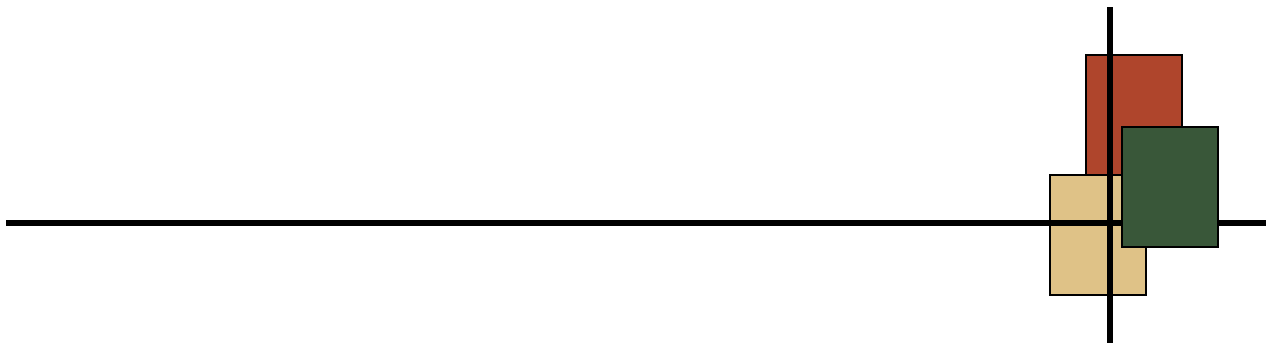
CITY OF MOUNT VERNON, OHIO

***Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
For Year Ended December 31, 2007***

Function and Activity	December 31, 2006	Additions	Deletions	December 31, 2007
<u>General Government:</u>				
Administration	\$1,275,294	\$0	\$0	\$1,275,294
City Council	14,736	0	0	14,736
Mayor	1,219	0	0	1,219
City Auditor	119,587	3,693	(2,523)	120,757
Law Director	27,486	3,962	0	31,448
Income Tax	15,216	20,629	0	35,845
Municipal Court	248,665	20,985	(3,190)	266,460
Civil Service	1,543	0	0	1,543
Safety and Service	53,420	0	0	53,420
Engineer	404,507	6,013	(1,495)	409,025
Public Lands and Buildings	1,360,076	526,584	(229,333)	1,657,327
Total	3,521,749	581,866	(236,541)	3,867,074
<u>Security of Persons and Property:</u>				
Police	944,555	166,105	(40,804)	1,069,856
Fire	5,625,296	67,637	(303,272)	5,389,661
Total	6,569,851	233,742	(344,076)	6,459,517
<u>Transportation:</u>				
Street	41,532,079	2,216,426	(828,255)	42,920,250
<u>Leisure Time Activities:</u>				
Parks and Recreation	4,183,591	4,005,967	(1,315,858)	6,873,700
<u>Public Health and Welfare:</u>				
Cemetery	380,419	16,587	0	397,006
Total Capital Assets	\$56,187,689	\$7,054,588	(\$2,724,730)	\$60,517,547

Statistical Section





STATISTICAL TABLES

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

Contents

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

City of Mount Vernon, Ohio

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

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

Source: City Auditor's Office

City of Mount Vernon, Ohio

2007

\$35,789,973
4,503,529
4,954,398
\$45,247,900

\$13,897,047
1,391,876
5,345,814
\$20,634,737

\$49,687,020
5,895,405
10,300,212
\$65,882,637

City of Mount Vernon, Ohio

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

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

City of Mount Vernon, Ohio

2007

\$5,599,365

666,167

777,880

745,733

2,097,746

4,627,294

355,174

14,869,359

3,216,980

2,873,468

6,090,448

\$20,959,807

\$939,779

54,678

294,296

953

1,400

897,668

871,919

1,508,148

4,568,841

(continued)

City of Mount Vernon, Ohio

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

	2003	2004	2005	2006
Business-type Activities:				
Charges for Services				
Water	2,678,308	3,034,525	2,931,081	2,991,511
Sewer	2,378,554	2,459,814	2,475,962	2,681,466
Operating Grants and Contributions	0	0	14,776	0
<i>Total Business-type Activities Program Revenues</i>	<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 Assets				
Governmental Activities:				
Property Taxes Levied for:				
(General Purposes	\$548,109	\$832,058	\$628,011	\$590,185
) Debt Service	127,596	193,664	151,338	131,866
(Capital Outlay	442,636	510,867	566,001	919,577
Income Taxes	6,373,436	6,988,358	8,018,764	9,035,177
Other Local Taxes	125,688	2,727	2,899	107,926
Grants and Entitlements not				
Restricted to Specific Programs	723,556	939,630	971,834	1,239,375
Investment Earnings	93,876	103,091	214,335	471,742
Miscellaneous	75,013	122,869	107,067	119,322
Transfers	49,500	49,500	0	0
<i>Total Governmental Activities</i>	<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 Assets				
Governmental Activities	(\$421,075)	\$2,791,464	\$2,313,264	\$3,186,773
Business-type Activities	(769,505)	340,079	(229,837)	(96,102)
<i>Total Primary Government Change in Net Assets</i>	<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

3,197,165

2,675,408

0

5,872,573

10,441,414

(10,300,518)

(217,875)

(\$10,518,393)

\$736,982

181,624

1,058,750

9,260,355

106,968

1,057,943

675,429

177,197

0

13,255,248

187,399

0

187,399

\$13,442,647

\$2,954,730

(30,476)

\$2,924,254

City of Mount Vernon, Ohio

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

	1998	1999	2000	2001	2002
General Fund					
Reserved	\$507,188	\$571,294	\$359,446	\$451,473	\$452,615
Unreserved	1,852,938	2,117,738	3,210,612	2,954,889	2,159,404
<i>Total General Fund</i>	<u>2,360,126</u>	<u>2,689,032</u>	<u>3,570,058</u>	<u>3,406,362</u>	<u>2,612,019</u>
All Other Governmental Funds					
Reserved	325,832	767,865	489,955	322,545	775,975
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	575,325	748,751	858,231	753,381	565,443
Debt Service Funds	115,058	71,093	37,143	40,213	0
Capital Projects Funds	4,062,502	1,504,166	605,011	722,580	1,569,804
Permanent Fund	0	0	0	0	0
<i>Total All Other Governmental Funds</i>	<u>5,078,717</u>	<u>3,091,875</u>	<u>1,990,340</u>	<u>1,838,719</u>	<u>2,911,222</u>
<i>Total Governmental Funds</i>	<u>\$7,438,843</u>	<u>\$5,780,907</u>	<u>\$5,560,398</u>	<u>\$5,245,081</u>	<u>\$5,523,241</u>

Source: City Auditor's Office

NOTE: Years 1998-2002 do not include Perpetual Care Fund which was classified as a Fiduciary Fund prior to implementing GASB 34 in 2003

City of Mount Vernon, Ohio

<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$300,833	\$270,566	\$230,254	\$301,509	\$607,319
<u>1,587,655</u>	<u>2,041,286</u>	<u>2,335,202</u>	<u>3,338,049</u>	<u>4,212,879</u>
<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>
411,570	286,964	278,367	371,377	322,041
607,698	701,300	824,716	900,067	1,189,268
0	0	0	840	0
494,970	824,861	1,623,553	801,833	2,655,574
<u>298,764</u>	<u>308,934</u>	<u>318,268</u>	<u>325,010</u>	<u>334,058</u>
<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>
<u>\$3,701,490</u>	<u>\$4,433,911</u>	<u>\$5,610,360</u>	<u>\$6,038,685</u>	<u>\$9,321,139</u>

City of Mount Vernon, Ohio

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

	1998	1999	2000	2001
Revenues:				
Taxes	\$6,458,836	\$6,473,941	\$6,874,972	\$7,162,621
Intergovernmental Revenues	1,959,813	1,767,470	2,281,644	3,299,208
Charges for Services	166,945	179,122	299,651	275,565
Licenses and Permits	246,771	249,816	205,464	337,654
Investment Earnings	545,611	373,343	347,948	243,570
Fines and Forfeitures	234,719	221,500	269,339	296,143
All Other Revenue	202,369	333,256	372,238	100,059
Total Revenue	9,815,064	9,598,448	10,651,256	11,714,820
Expenditures:				
Current:				
Security of Persons and Property	3,253,759	3,410,094	4,269,853	4,030,991
Public Health and Welfare Services	404,899	429,415	420,591	516,857
Leisure Time Activities	317,751	301,104	407,091	457,160
Community Environment	22,345	23,986	25,168	23,320
Basic Utility Services	6,394	11,296	12,265	0
Transportation	1,218,004	1,111,667	1,210,017	3,756,029
General Government	2,594,812	3,099,619	3,552,996	4,292,876
Capital Outlay	1,310,528	2,855,040	955,032	0
Debt Service:				
Principal Retirement	45,831	46,081	46,342	46,615
Interest and Fiscal Charges	33,794	31,194	36,514	37,956
Total Expenditures	9,208,117	11,319,496	10,935,869	13,161,804
Excess (Deficiency) of Revenues Over Expenditures	606,947	(1,721,048)	(284,613)	(1,446,984)

City of Mount Vernon, Ohio

2002	2003	2004	2005	2006	2007
\$7,333,467	\$7,705,183	\$8,243,192	\$9,237,011	\$10,980,389	\$11,440,727
2,361,696	2,191,567	4,128,601	3,329,519	2,995,086	3,138,477
315,157	370,846	385,912	661,031	689,374	1,422,430
410,109	22,496	4,834	34,329	34,776	21,786
172,363	93,876	103,091	214,335	471,742	675,429
269,540	635,456	645,627	656,958	758,950	761,462
207,941	155,745	191,174	174,126	247,003	782,894
<u>11,070,273</u>	<u>11,175,169</u>	<u>13,702,431</u>	<u>14,307,309</u>	<u>16,177,320</u>	<u>18,243,205</u>
4,325,464	4,368,772	4,353,302	4,617,588	5,197,207	5,274,270
515,752	534,829	541,546	578,186	564,521	654,455
376,607	335,744	270,347	287,260	1,325,158	655,489
330,762	668,592	620,049	446,243	301,064	745,733
0	0	0	0	0	0
4,091,140	3,721,449	3,268,392	2,852,792	2,735,444	2,393,098
4,048,058	3,903,761	3,626,077	4,017,230	5,295,380	7,721,022
0	0	0	0	0	0
3,372,993	3,736,395	217,786	212,377	217,413	217,763
154,447	217,840	133,006	125,645	121,678	350,762
<u>17,215,223</u>	<u>17,487,382</u>	<u>13,030,505</u>	<u>13,137,321</u>	<u>15,757,865</u>	<u>18,012,592</u>
(6,144,950)	(6,312,213)	671,926	1,169,988	419,455	230,613

(Continued)

City of Mount Vernon, Ohio

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

	1998	1999	2000	2001
Other Financing Sources (Uses):				
Proceeds from the Sale of Capital Assets	23,330	13,611	15,243	10,658
Ohio Public Works Commission Loan	0	0	0	0
General Obligation Bonds Issued	0	0	0	0
State Infrastructure Bank Loan	0	0	0	760,474
Transfers In	2,038,385	530,828	325,283	1,066,589
Transfers Out	(1,988,885)	(481,328)	(276,283)	(1,017,089)
Total Other Financing Sources (Uses)	<u>72,830</u>	<u>63,111</u>	<u>64,243</u>	<u>820,632</u>
Net Change in Fund Balance	<u>\$679,777</u>	<u>(\$1,657,937)</u>	<u>(\$220,370)</u>	<u>(\$626,352)</u>
 Debt Service as a Percentage of Noncapital Expenditures				
	1.02%	0.99%	0.86%	0.69%

Source: City Auditor's Office

NOTE: Years 1998-2002 do not include Perpetual Care Fund which was classified as a Fiduciary Fund prior to implementing GASB 34 in 2003

City of Mount Vernon, Ohio

2002	2003	2004	2005	2006	2007
24,916	8,167	11,171	4,541	2,784	23,688
0	425,000	0	0	0	0
3,790,000	3,628,222	0	0	0	3,035,000
2,565,620	0	0	0	0	0
4,528,433	888,398	709,532	1,519,676	1,546,311	1,712,982
(4,478,933)	(838,898)	(660,032)	(1,519,676)	(1,546,311)	(1,712,982)
6,430,036	4,110,889	60,671	4,541	2,784	3,058,688
<u>\$285,086</u>	<u>(\$2,201,324)</u>	<u>\$732,597</u>	<u>\$1,174,529</u>	<u>\$422,239</u>	<u>\$3,289,301</u>
28.02%	36.46%	3.53%	3.24%	3.15%	4.48%

City of Mount Vernon, Ohio

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

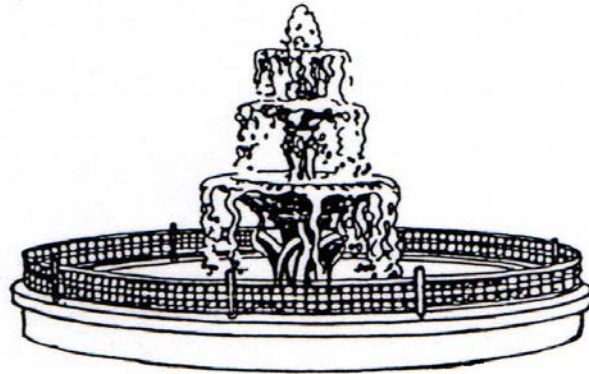
Tax year	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Income Tax Rate	1.50%	1.50%	1.50%	1.50%
Estimated Personal Income (in thousands) (1)	\$310,995	\$314,128	\$353,893	\$361,338
Total Tax Collected	\$5,681,922	\$5,823,099	\$6,065,538	\$6,274,156
Income Tax Receipts				
Withholding	4,637,645	4,711,795	4,977,106	5,113,360
Percentage	81.62%	80.92%	82.06%	81.50%
Corporate	538,782	645,296	530,164	523,418
Percentage	9.48%	11.08%	8.74%	8.34%
Individuals	505,495	466,008	558,268	637,378
Percentage	8.90%	8.00%	9.20%	10.16%

Source: City Income Tax Department

(1) US Department of Commerce, Bureau of Economic Analysis information is only available through 2006 for the presentation of 2007 statistics, the City is using the latest information available.

City of Mount Vernon, Ohio

2002	2003	2004	2005	2006	2007
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
\$366,144	\$373,940	\$393,803	\$400,043	\$421,416	\$421,416
\$6,647,129	\$6,298,338	\$6,693,710	\$7,815,703	\$8,887,353	\$9,448,716
5,374,571	5,254,843	5,563,637	6,142,087	6,571,546	7,098,813
80.86%	83.43%	83.12%	78.59%	73.94%	75.13%
683,293	382,677	489,726	1,032,072	1,555,469	1,696,194
10.28%	6.08%	7.32%	13.21%	17.50%	17.95%
589,265	660,818	640,347	641,544	760,338	653,709
8.86%	10.49%	9.57%	8.21%	8.56%	6.92%



City of Mount Vernon, Ohio

*Income Tax Collections
Current Year and Six Years Ago*

Calendar Year 2007

Income Tax Filers	Taxable Income	Percent of Income	Income Tax Collections	Percent of Income
Top Ten	\$319,427,933	50.71%	\$4,791,419	50.71%
All Others	310,486,467	49.29%	4,657,297	49.29%
Total	\$629,914,400	100.00%	\$9,448,716	100.00%

Calendar Year 2001

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

Source: City Income Tax Department

Information is not available in this format prior to 2001.

City of Mount Vernon, Ohio

Ratio of Outstanding Debt By Type Last Ten Years

	1998	1999	2000	2001
Governmental Activities ⁽¹⁾				
Long-Term Notes Payable	\$0	\$0	\$0	\$0
General Obligation Bonds Payable	160,000	120,000	80,000	40,000
Ohio Public Works Commission Loan Payable	0	0	0	0
Police & Firemen's Pension Accrued Liability	514,292	508,211	501,869	495,254
State Infrastructure Bank Loan	0	0	0	760,474
Business-type Activities ⁽¹⁾				
Long-Term Notes Payable	0	0	0	0
General Obligation Bonds Payable	8,965,000	8,640,000	8,305,000	7,960,000
Mortgage Revenue Bonds Payable	2,235,000	10,210,000	9,800,000	9,375,000
Total Primary Government	<u>\$11,874,292</u>	<u>\$19,478,211</u>	<u>\$18,686,869</u>	<u>\$18,630,728</u>
Population ⁽²⁾				
City of Mount Vernon	14,504	14,504	15,256	15,256
Outstanding Debt Per Capita	\$819	\$1,343	\$1,225	\$1,221
Income ⁽³⁾				
Personal (in thousands)	310,995	314,128	353,893	361,338
Percentage of Personal Income	3.82%	6.20%	5.28%	5.16%

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

2002	2003	2004	2005	2006	2007
\$3,790,000	\$0	\$0	\$0	\$0	\$0
0	3,439,022	3,239,365	3,056,065	2,868,065	5,715,065
0	425,000	414,375	393,125	371,875	350,625
488,355	481,160	473,656	465,829	457,666	449,153
0	0	0	0	0	0
2,195,000	0	0	0	0	0
7,640,000	11,155,978	10,625,635	10,053,935	9,461,935	12,229,935
8,935,000	6,845,000	6,505,000	6,155,000	5,790,000	5,410,000
<u>\$23,048,355</u>	<u>\$22,346,160</u>	<u>\$21,258,031</u>	<u>\$20,123,954</u>	<u>\$18,949,541</u>	<u>\$24,154,778</u>
15,256	15,256	15,256	15,256	15,256	15,256
\$1,511	\$1,465	\$1,393	\$1,319	\$1,242	\$1,583
366,144	373,940	393,803	400,043	421,416	421,416
6.29%	5.98%	5.40%	5.03%	4.50%	5.73%

City of Mount Vernon, Ohio

Ratios of General Bonded Debt Outstanding Last Ten Years

Year	1998	1999	2000	2001
Population (1)	14,504	14,504	15,256	15,256
Assessed Value (2)	\$228,556,037	\$251,999,455	\$277,059,819	\$247,657,131
General Bonded Debt (3)				
General Obligation Bonds	\$9,125,000	\$8,760,000	\$8,385,000	\$8,000,000
Resources Available to Pay Principal (4)	\$115,058	\$71,093	\$37,143	\$40,213
Net General Bonded Debt	\$9,009,942	\$8,688,907	\$8,347,857	\$7,959,787
Ratio of Net Bonded Debt to Assessed Value	3.94%	3.45%	3.01%	3.21%
Net Bonded Debt per Capita	\$621.20	\$599.07	\$547.19	\$521.75

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

2002	2003	2004	2005	2006	2007
15,256	15,256	15,256	15,256	15,256	15,256
\$283,775,593	\$285,051,489	\$287,409,437	\$296,485,180	\$282,994,466	\$285,828,244
\$7,640,000	\$14,595,000	\$13,865,000	\$13,110,000	\$12,330,000	\$17,945,000
\$0	\$0	\$2	\$0	\$840	\$0
\$7,640,000	\$14,595,000	\$13,864,998	\$13,110,000	\$12,329,160	\$17,945,000
2.69%	5.12%	4.82%	4.42%	4.36%	6.28%
\$500.79	\$956.67	\$908.82	\$859.33	\$808.15	\$1,176.26



City of Mount Vernon, Ohio

*Computation of Direct and Overlapping
Debt Attributable to Governmental Activities
December 31, 2007*

<u>Jurisdiction (1)</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	\$3,229,395	100.00%	\$3,229,395
Overlapping:			
Knox County	9,122,190	27.23%	2,483,972
Mount Vernon School District	7,100,000	53.36%	3,788,560
		Subtotal	6,272,532
		Total	\$9,501,927

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

Source: Knox County Auditor and Fiscal Officers of Subdivision

City of Mount Vernon, Ohio

*Debt Limitations
Last Ten Years*

Collection Year	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
<u>Total Debt</u>				
Net Assessed Valuation	\$228,556,037	\$251,999,455	\$277,059,819	\$247,657,131
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	23,998,384	26,459,943	29,091,281	26,003,999
City Debt Outstanding (2)	160,000	120,000	80,000	40,000
Less: Applicable Debt Service Fund Amounts	(115,058)	(71,093)	(37,143)	(40,213)
Net Indebtedness Subject to Limitation	<u>44,942</u>	<u>48,907</u>	<u>42,857</u>	<u>(213)</u>
Overall Legal Debt Margin	<u><u>\$23,953,442</u></u>	<u><u>\$26,411,036</u></u>	<u><u>\$29,048,424</u></u>	<u><u>\$26,004,212</u></u>
<u>Unvoted Debt</u>				
Net Assessed Valuation	\$228,556,037	\$251,999,455	\$277,059,819	\$247,657,131
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	12,570,582	13,859,970	15,238,290	13,621,142
City Debt Outstanding (2)	160,000	120,000	80,000	40,000
Less: Applicable Debt Service Fund Amounts	(115,058)	(71,093)	(37,143)	(40,213)
Net Indebtedness Subject to Limitation	<u>44,942</u>	<u>48,907</u>	<u>42,857</u>	<u>(213)</u>
Overall Legal Debt Margin	<u><u>\$12,525,640</u></u>	<u><u>\$13,811,063</u></u>	<u><u>\$15,195,433</u></u>	<u><u>\$13,621,355</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

2002	2003	2004	2005	2006	2007
\$283,775,593	\$285,051,489	\$287,409,437	\$296,485,180	\$282,994,466	\$285,828,244
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
29,796,437	29,930,406	30,177,991	31,130,944	29,714,419	30,011,966
0	243,030	230,095	218,395	4,206,395	3,229,395
0	0	(2)	0	(840)	0
0	243,030	230,093	218,395	4,205,555	3,229,395
<u>\$29,796,437</u>	<u>\$29,687,376</u>	<u>\$29,947,898</u>	<u>\$30,912,549</u>	<u>\$25,508,864</u>	<u>\$26,782,571</u>

\$283,775,593	\$285,051,489	\$287,409,437	\$296,485,180	\$282,994,466	\$285,828,244
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
15,607,658	15,677,832	15,807,519	16,306,685	15,564,696	15,720,553
0	243,030	230,095	218,395	4,206,395	3,229,395
0	0	(2)	0	(840)	0
0	243,030	230,093	218,395	4,205,555	3,229,395
<u>\$15,607,658</u>	<u>\$15,434,802</u>	<u>\$15,577,426</u>	<u>\$16,088,290</u>	<u>\$11,359,141</u>	<u>\$12,491,158</u>

City of Mount Vernon, Ohio

*Pledged Revenue Coverage
Last Ten Years*

	1998	1999	2000
Wastewater Mortgage Revenue Bonds 1992 Series (1 a)			
Gross Revenues (2)	\$2,299,439	\$2,498,705	\$2,564,841
Direct Operating Expenses (3)	(1,364,512)	(1,388,492)	(1,675,101)
Net Revenue Available for Debt Service	934,927	1,110,213	889,740
Annual Debt Service Requirement	239,730	239,585	239,030
Coverage	3.90	4.63	3.72
Water System Bonds 1999 Series (1 b)			
Gross Revenues (2)	\$0	\$2,989,376	\$2,836,361
Direct Operating Expenses (3)	0	(1,423,756)	(1,674,197)
Net Revenue Available for Debt Service	0	1,565,620	1,162,164
Annual Debt Service Requirement	0	562,339	635,548
Coverage	N/A	2.78	1.83
Tax Increment Financing (TIF) Bonds (4)			
Payment In Lieu of Taxes (PILOT) Collections	\$0	\$0	\$0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Coverage	N/A	N/A	N/A

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

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

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

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

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

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

Source: City Auditor's Office

City of Mount Vernon, Ohio

2001	2002	2003	2004	2005	2006	2007
\$2,516,508	\$2,508,208	\$0	\$0	\$0	\$0	\$0
(1,418,787)	(1,774,502)	0	0	0	0	0
1,097,721	733,706	0	0	0	0	0
238,050	236,690	0	0	0	0	0
4.61	3.10	N/A	N/A	N/A	N/A	N/A
\$2,850,267	\$2,871,562	\$2,678,308	\$3,034,525	\$2,931,081	\$3,091,208	\$3,348,689
(1,563,777)	(1,698,148)	(1,644,435)	(1,621,464)	(1,698,652)	(1,648,878)	(1,784,855)
1,286,490	1,173,414	1,033,873	1,413,061	1,232,429	1,442,330	1,563,834
635,813	635,443	634,103	637,078	634,158	635,858	636,623
2.02	1.85	1.63	2.22	1.94	2.27	2.46
\$0	\$0	\$443,561	\$510,867	\$566,671	\$917,141	\$1,060,626
0	0	176,000	186,722	171,600	176,000	176,000
0	0	72,259	102,245	98,857	95,397	91,905
N/A	N/A	1.79	1.77	2.10	3.38	3.96

City of Mount Vernon, Ohio

Demographic and Economic Statistics Last Ten Years

Calendar Year	1998	1999	2000	2001
Population (1)				
City of Mount Vernon	14,504	14,504	15,256	15,256
Knox County	47,473	47,473	54,500	54,500
Income (2) (a)				
Total Personal (in thousands)	310,995	314,128	353,893	361,338
Per Capita	21,442	21,658	23,197	23,685
Unemployment Rate (3)				
Federal	4.9%	4.5%	4.2%	3.8%
State	4.6%	4.3%	4.3%	3.7%
Knox County	4.7%	4.9%	4.0%	3.7%
Civilian Work Force Estimates (3)				
State	5,678,000	5,749,000	5,900,400	5,857,000
Knox County	26,200	26,300	26,000	26,600

Sources:

(1) US Bureau of Census of Population

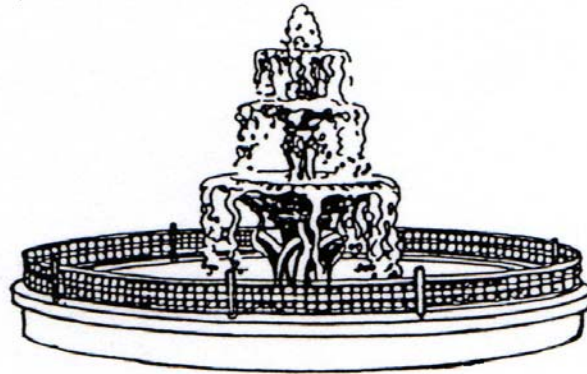
(2) US Department of Commerce, Bureau of Economic Analysis information is only available through 2006 for the presentation of 2007 statistics, the City is using the latest information available.

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

(3) State Department of Labor Statistics

City of Mount Vernon, Ohio

2002	2003	2004	2005	2006	2007
15,256	15,256	15,256	15,256	15,256	15,256
54,500	54,500	54,500	54,500	54,500	54,500
366,144	373,940	393,803	400,043	421,416	421,416
24,000	24,511	25,813	26,222	27,623	27,623
4.8%	5.8%	6.0%	5.5%	5.0%	4.6%
4.3%	5.7%	6.1%	6.0%	5.9%	5.6%
4.7%	5.8%	5.6%	5.4%	5.1%	5.4%
5,828,000	5,915,000	5,875,300	5,900,400	5,934,000	5,976,500
26,900	27,600	29,200	30,100	30,500	31,000



City of Mount Vernon, Ohio

*Principal Employers
Current Year and Nine Years Ago*

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

		1998	
Employer	Nature of Business	Number of Employees	Rank
Cooper Energy Services	Manufacturing	1,038	1
Mount Vernon Nazarene College	Education	663	2
Knox Community Hospital	Medical Care	560	3
Board of Education (City)	Education	528	4
Kelsey-Hayes	Manufacturing	460	5
Knox County	Government	438	6
Ariel Corporation	Manufacturing	427	7
Jeld-Wen, Inc.	Manufacturing	420	8
Breon, Inc.	Restaurant	296	9
Wal-Mart	Retail	193	10
Total		5,023	

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 Eight Years

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

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

Elected Officials have been omitted from this table

Source: City Auditor's Office

City of Mount Vernon, Ohio

<u>2005</u>	<u>2006</u>	<u>2007</u>
1.00	1.00	1.00
2.00	2.00	2.00
4.00	4.00	4.00
3.00	3.00	3.00
10.50	10.50	10.50
2.00	2.00	2.00
0.50	0.50	5.00
5.00	5.50	6.00
1.75	1.75	1.75
29.00	28.50	32.00
31.00	33.00	40.00
12.75	13.00	12.50
16.75	16.75	58.25
5.00	5.00	6.00
17.50	17.50	17.50
19.00	19.00	19.50
<u>160.75</u>	<u>163.00</u>	<u>221.00</u>

City of Mount Vernon, Ohio

*Operating Indicators by Function
Last Ten Years*

	1998	1999	2000	2001
Governmental Activities				
General Government				
Court				
Number of Civil Cases	635	603	764	942
Number of Criminal Cases	1,174	1,235	1,179	1,180
Number of Traffic Cases	7,449	7,015	6,779	6,938
Number of Open Cases	91	118	109	108
Licenses and Permits				
Number of Building Permits	259	191	203	214
Security of Persons and Property				
Police				
Number of Citations Issued	4,445	4,329	4,495	4,495
Fire				
Number of Fire Calls	2,896	3,439	3,335	3,425
Number of EMS Runs				
Number of Inspections	250	250	250	250
Business-Type Activities				
Water				
Number of Service Connections	5,892	5,892	5,962	6,047
Daily Average Consumption (thousands of gallons)	2,281,173	2,682,611	2,685,849	2,477,529
Sewer				
Number of Service Connections	5,939	5,939	6,042	6,217
Daily Average Sewage Treatment (thousands of gallons)	3,103,208	2,869,151	2,999,019	2,511,140

Source: City Auditor's Office

City of Mount Vernon, Ohio

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
1,029	1,085	1,193	1,098	1,078	1,252
1,178	1,335	1,151	1,146	1,170	1,088
7,749	6,620	5,257	6,002	6,571	5,491
143	159	181	210	213	168
206	213	223	218	211	119
4,495	3,466	2,953	3,608	3,322	3,081
3,442	3,826	4,003	4,003	868	752
				2,814	2,911
250	325	325	325	125	375
6,106	6,186	6,249	6,307	6,369	6,421
2,619,205	2,466,822	2,607,683	2,252,603	2,465,836	2,508,356
6,320	6,408	6,488	6,536	6,590	6,637
2,780,038	3,143,844	3,514,664	3,524,293	3,122,181	3,145,699

City of Mount Vernon, Ohio

Capital Asset Statistics by Function Last Ten Years

	1998	1999	2000	2001
Governmental Activities				
General Government				
Public Land and Buildings				
Land (acres)	8.7	8.7	9.2	9.2
Buildings	8	8	8	8
Security of Persons and Property				
Police				
Stations	1	1	1	1
Vehicles	12	12	12	12
Fire				
Stations	2	2	2	2
Vehicles	11	11	11	11
Transportation				
Street				
Streets (lane miles)	76	76	76	76
Street Lights	1,470	1,470	1,470	1,470
Traffic Signals	47	47	47	47
Vehicles	13	13	13	13
Leisure Time Activities				
Parks/Recreation				
Land (acres)	90.19	90.19	176.58	176.58
Buildings	13	13	13	13
Parks	6	6	7	7
Playgrounds	4	4	4	4
Swimming Pools	2	2	2	2
Tennis Courts	10	10	10	10
Baseball/Softball Diamonds	11	11	11	11
Soccer Fields	2	2	2	2
Business-Type Activities				
Utilities				
Water				
Waterlines (Miles)	63	63	63	63
Number of Hydrants	484	484	484	484
Average Daily Consumption	2,281,173	2,682,611	2,685,849	5,477,529
Storage Capacity (thousands of gallons)	5,000	5,000	5,000	5,000
Sewer				
Sewerlines (Miles)	62	62	62	62
Average Daily Treatment	3,103,208	2,869,151	2,999,019	2,511,140
Treatment Capacity (thousands of gallons)	5,000	5,000	5,000	5,000

Source: City Auditor's Office

City of Mount Vernon, Ohio

2002	2003	2004	2005	2006	2007
9.2	9.2	9.2	9.2	9.2	9.2
9	9	9	9	9	9
1	1	1	1	1	1
13	13	13	13	13	13
2	2	2	2	2	2
11	11	11	11	11	11
76	76	82	82	82	82
1,470	1,470	1,470	1,470	1,470	1,470
50	50	50	50	50	51
13	13	13	13	13	13
176.58	176.58	176.58	176.58	210.32	241.86
13	13	14	14	14	14
7	7	8	8	8	8
4	4	4	4	4	4
2	2	2	2	2	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
2,619,205	2,466,822	2,607,683	2,252,603	2,465,836	2,508,356
7,000	7,000	7,000	7,000	7,000	7,000
62	62	62	62	62	62
2,780,038	3,143,844	3,514,664	3,524,293	3,122,181	3,145,699
5,000	5,000	5,000	5,000	5,000	5,000





Mary Taylor, CPA
Auditor of State

CITY OF MOUNT VERNON

KNOX COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 29, 2008**