



**Auditor of State  
Betty Montgomery**



CITY OF MOUNT VERNON  
KNOX COUNTY

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**CITY OF MOUNT VERNON  
KNOX COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grants	A-F-00-149-1 A-F-01-149-1 A-F-02-149-1 A-C-99-149-1 A-C-01-149-1 A-T-01-149-1	14.228	\$ 307,208
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
<i>Passed Through Ohio Office of Criminal Justice Services:</i>			
Violence Against Women Formula Grants	WF-VA3-8123	16.588	3,155
<b><u>FEDERAL HIGHWAY ADMINISTRATION</u></b>			
<i>Passed Through Ohio Department of Transportation</i>			
Highway Planning and Construction Grant	N049-13930	20.205	<u>2,364,513</u>
<b>Total Federal Expenditures</b>			<b><u>\$ 2,674,876</u></b>

*The accompanying notes to this schedule are an integral part of this schedule.*

**CITY OF MOUNT VERNON  
KNOX COUNTY**

**FISCAL YEAR ENDED DECEMBER 31, 2002**

**NOTES TO THE FEDERAL SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

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**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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



## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

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

We have audited the accompanying general-purpose financial statements of the City of Mount Vernon, Knox County, Ohio, (the City), as of and for the year ended December 31, 2002, and have issued our report thereon dated June 24, 2003. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated June 24, 2003.

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Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

This report is intended for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

**BETTY MONTGOMERY**  
Auditor of State

June 24, 2003





## Auditor of State Betty Montgomery

### 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 SCHEDULE OF FEDERAL AWARDS EXPENDITURES

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

#### 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 are applicable to its major federal program for the year ended December 31, 2002. The City's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City's management. 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 obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that 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 are applicable to its major federal program for the year ended December 31, 2002.

#### Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with 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 have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

### **Schedule of Federal Awards Expenditures**

We have audited the general-purpose financial statements of the City as of and for the year ended December 31, 2002, and have issued our report thereon dated June 24, 2003. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

This report is intended for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



**BETTY MONTGOMERY**  
Auditor of State

June 24, 2003

**CITY OF MOUNT VERNON  
KNOX COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
DECEMBER 31, 2002**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Highway Planning and Construction grant – CFDA # 20.205
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

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

NONE

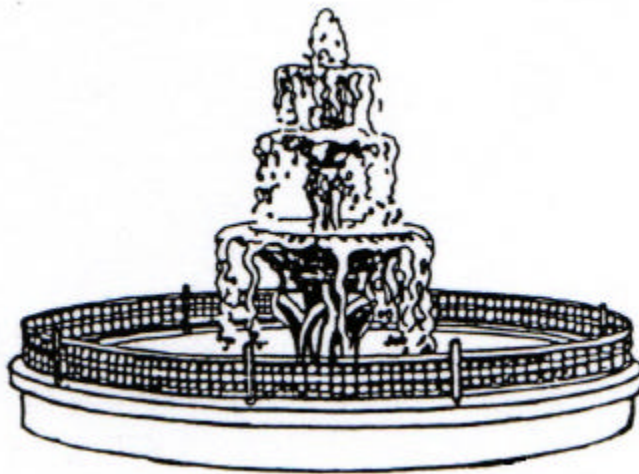
**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

NONE



***THE CITY OF MOUNT VERNON, OHIO***

KNOX COUNTY



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2002



**THE CITY OF MOUNT VERNON, OHIO**

KNOX COUNTY

COMPREHENSIVE  
ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2002

Prepared by:  
Mr. Terry Scott  
City Auditor

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## *INTRODUCTORY SECTION*

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# City of Mount Vernon, Ohio

40 Public Square

Mount Vernon, Ohio 43050

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June 24, 2003

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, 2002. The report has been prepared in conformity with generally accepted accounting principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

## **Introduction**

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

### *THE REPORT:*

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

1. *The Introductory Section* includes the table of contents, this letter of transmittal which presents the City's organization, operational structure and accomplishments, an organizational chart, a list of principal elected officials and a list of principal administrative personnel.
2. *The Financial Section* contains the City's general purpose financial statements which include explanatory notes thereto; the combining and individual fund and account group financial statements and schedules and the Independent Accountants' Report.
3. *The Statistical Section* presents social, economic and historical data in a multi-year format which can be used to identify financial trends and data relative to the fiscal capacity of the City.

*THE REPORTING ENTITY:*

The accompanying general purpose 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, planning, zoning, street maintenance, and other governmental services. In addition, the City owns and operates the water treatment and distribution system and the wastewater treatment and collection system, each of which is reported as an enterprise fund.

The Knox County Emergency Management Agency (EMA) is a jointly governed organization whose board is composed of seven members; one county commissioner, five chief executive officers representing municipal corporations or townships and one non-elected representative. The agency was organized to coordinate all civil defense functions within the county to help insure the most effective use of resources during an emergency. The City did not appoint a majority of the members of the board of the EMA nor is the City accountable for any operating deficits of the EMA. Knox County is the fiscal agent for the EMA. The City appropriated \$6,000 for an operating grant to the EMA for 2002.

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 \$40,000 for an operating grant to MOTA for 2002.

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 \$38,000 for operations of the combined District for 2002.

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

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

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

### **The City of Mount Vernon:**

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

### **The Management:**

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

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

Fire Department - The department is comprised of twenty-five firefighters, six paramedics and one executive secretary. All Fire Department services including all basic fire protection, emergency medical and rescue services are tax supported. There is no charge levied for any of the services described above.



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

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

Recreation and Pool Departments - These departments employ part-time and seasonal employees, only. In the summertime, forty-four people are hired to coordinate and administer organized recreational programs in the City's two major parks and to operate the two municipal swimming pools.

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

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

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

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

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

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

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.

### **The Reporting Standards:**

The City's accounts are organized as funds and account groups. Each fund and account group is a separate accounting entity with its own self-balancing set of accounts; assets, liabilities and fund equity. Following are the titles of these funds and account groups with a brief description.

#### Governmental funds:

The general fund is the general operating fund of the City. It is used to account for all financial resources traditionally associated with government which are not required to be accounted for in another fund.

The special revenue funds are used to account for revenues derived from specific taxes, grants or other restricted revenue sources. The uses and limitations of each special revenue fund are specified by local legislation or state or federal statutes. During 2002, the City maintained seventeen special revenue funds.

The debt service fund is used to account for the accumulation of resources used for, and the payment of, general long-term principal, interest and related costs. During 2002, the City had one debt service fund.

The capital project funds are used to account for financial resources used for the acquisition or construction of major capital facilities other than those financed by proprietary funds. During 2002, the City utilized three capital project funds.

Proprietary funds:

The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City operated two enterprise funds in 2002.

The internal service fund is used to account for the City's self-insured group health benefits program to employees and their eligible dependents. The monies paid into the Self-Insured Fund are available to pay claims and administrative costs. The City operated one internal service fund in 2002. On May 31, 2000, the City terminated its group health benefits to employees through a self-insured program. Effective June 1, 2000, health benefits to employees were provided by a fully insured group health benefit program. The bank accounts will be closed out in 2003.

Fiduciary funds:

Fiduciary funds include trust and agency funds. Trust funds are used to account for assets held by the City in a trustee capacity. Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds. The City had four expendable and one nonexpendable trust fund, and one agency fund.

General fixed assets account group:

Fixed assets of the City, other than those accounted for in the proprietary funds, are accounted for in the general fixed assets account group. General fixed assets included in this report of \$13,412,313 exclude the City's infrastructure. Infrastructure fixed assets are further explained in Note 1 of the general purpose financial statements.

General long-term obligations account group:

All long-term debt of the City, except that accounted for in the proprietary funds, is accounted for in this account group. These obligations include the accrued vacation and sick leave benefits due to employees in non-proprietary funds payable only upon termination of employment or subsequent thereto of \$607,879. These obligations are further explained in Notes 1, 10, and 11.

**Bases of Accounting:**

Except for that used for budgetary purposes, the basis of accounting used by the City are in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units and are consistent with GASB Codified Section 1600, "Basis of Accounting." All governmental and expendable trust funds are accounted for using a current financial resources (current assets and current liabilities) measurement focus. The modified accrual basis of accounting is utilized for the governmental, expendable trust and agency funds. Revenues are recognized when they are susceptible to accrual; both measurable and available. Expenditures are recognized when that related liability is incurred except for interest on long-term debt which is recorded when due.

The measurement focus for the City's proprietary funds and nonexpendable trust fund is on the flow of economic resources (all assets and all liabilities). The accrual basis of accounting is utilized which recognizes revenues when earned and expenses when incurred.

The City's basis of accounting for budgetary purposes differs from generally accepted accounting principles in that revenues are recognized when received, rather than when susceptible to accrual (measurable and available) and encumbrances are recorded as expenditures rather than as reservations of fund balances. A reconciliation of the results of these two methods appears in Note 1. During 2002 all accounting policies were applied consistently with those of 2001. Accounting policies are further explained in Note 1.

### **Economic Outlook**

While economic issues and foreign affairs topped the nation's headlines, transportation, traffic and orange barrels were the main focus for the City of Mount Vernon in 2002. One of the largest monetary road widening projects in the City's history began unfolding. Approximately 1.1 miles of roadway was completely torn up, removed, and a five lane highway was relayed. Traffic lights began to appear at various intersections allowing for a smoother flow of traffic. Sidewalks began to appear and the project site became a true reality near the end of the year.

Asphalting roads are always an improvement for traffic flow, however the City has over eight miles of brick streets. In 2002, City Council gave authorization to improve approximately two hundred feet of brick roadway on McKenzie Street. This section of McKenzie Street was originally laid with a concrete base and covered with brick in 1916. Over eighty-five years of wear and tear finally took its toll on the original base. The road was raised, a new concrete base was poured, and the original bricks were relaid by hand. The overall project was a tremendous success, and a great improvement to the business district. This restoration prototype will be used throughout the City as additional improvements are made to the remaining brick streets over the next several years.

In early June, the Wastewater Treatment Plant began the undertaking of a new maintenance facility building. This much needed structure will provide for sufficient work space and storage of equipment for the maintenance employees who help operate the plant and the grounds. Completion is expected to be in early March of 2003.

The renovations to the former bank building the City acquired in 2001 were completed during 2002. This newly renovated structure will provide space for the Income Tax department and the Customer and Billing Services of the Water and Wastewater departments. The respective departments began moving into the building in September.

In an active approach to historical preservation, the City acquired the former Baltimore & Ohio Railroad Depot from CSX Railroad Corporation. A combination of public and private funds was made to allow for this acquisition. The City has mounted a campaign to raise funds to restore the building. While restoring the building to its 1907 appearance is a big part of the plan, it will have to be functional for the 21<sup>st</sup>-century. The future use of the building has not yet been determined, however, it could be used for a visitor's center, rented for business use, used as a community center or house some of the City's departments. The renovation process is expected to take five years, however all of the costs associated is expected to be from volunteer labor and services in conjunction with private donations. This will be a remarkable historical structure once it is completed.

New businesses began breaking ground and the announcement of a new Lowe's retail store was uncovered during the year. Ruby Tuesday's began working on a site set to open for business in early April of 2003. This added addition to our commercial/retail district will help supplement the lack of family style restaurants within our community. Also located in the same area, the Green Leaf restaurant opened its doors for business in early 2002. The former Ames department store, which closed its doors in 2001, will become the site for a Lowe's Home Improvement center. The plans are to dispose of the existing building and construct a new facility capable of handling their products in a customer friendly layout. The opening is scheduled for the fall of 2003.

The City had design plans prepared for the proposed improvements that will be made at the new 86 acre site of Foundation Park. The City acquired this nature trail park land in 2001 and will be looking to implement shelter houses, picnic areas, and a bridge structure to connect the two lakes together over the next several years. While fishing, hiking, and picnic areas will be permissible swimming and recreational activities such as soccer, baseball, and tennis will not be allowed. The City intends for this park to remain as a nature preserve type of park. There will be no charge to the public for use of the park, as it is taxpayer supported.

On going work continues on the proposed road improvements to the South Main/Newark Road area of town. A new intersection will be constructed at Mount Vernon Avenue and a portion of the road will be widened allowing for a center turn lane. Acquisition of right-of-way properties will be undertaken during 2003, and the actual construction of the road is proposed for 2004.

Continued design plans for South Main Street roadway improvements are still on going. Roadway widening and improvements to Mount Vernon Avenue intersection are the major items to be performed. Right-of-way acquisitions will be made during the year of 2003, and construction is estimated to be in 2004. The State of Ohio has confirmed their financial support in the amount of \$1 million towards this project.

Thanks to the foresight of City management, coupled with the cooperation of the City's department heads, the growth in the local economy resulted in a favorable impact on the City's ability to provide quality services to the public. The Engineering Department issued two hundred six building permits in 2002 and two hundred fourteen in 2001, a decrease of eight permits.

### **Employee Relations:**

The City of Mount Vernon completed the third year of a three year contract with the City's three unions. All union contracts were effective January 1, 2000, through December 31, 2002, with annual raises on January 1st of each year. The first, the Dan Emmett Chapter of the Ohio Civil Service Employees Association (OCSEA), Local 11/American Federation of State, County and Municipal Employees, AFL-CIO, which consists of fifty-three members from the public service departments (Engineering, Public Building and Land, Parks, Street, Cemetery, Water and Wastewater). The second is the Ohio Association of Professional Firefighters, The Mount Vernon Firefighters and Paramedics Local 3712 which consists of twenty-four members of the fire department. The final bargaining unit is the Kokosing Chapter of the Fraternal Order of Police, Ohio Labor Council, Inc. (FOP) which consists of twenty-four members of the police department. The remaining departments along with all the department heads are not represented by any union.

The City continues to experience a good working relationship with these three unions for the betterment of the citizens of this community. Negotiations were started in October and continued through the remaining months of the year. In December, the OCSEA union and the Firefighters union had reached agreements which were ratified and accepted by the City. The FOP and the City will have on going negotiations into the new year.

### **Unemployment Rates:**

The City of Mount Vernon's economic outlook continued to be stable for 2002. In 2002, the unemployment rate was on a continuous roller coaster ride, at one time reaching over five percent during the year but managed to level out with an increase of seven tenths of a percent (0.7%) over 2001. The 2001 unemployment rate of 3.9 percent increased to 4.6 percent in 2002. This increase in unemployment was the result of economic effects of the sluggish economy. It is evident that terrorism has a lasting effect on the nation's economy and the citizen's comfort level.

## **Major Initiatives**

### **Municipal Court:**

The Municipal Court received some much needed renovations to the courtroom. Additional security was installed, a new judge's bench was constructed, and other miscellaneous improvements were made.

Due to the new county jail being constructed, video arraignments were implemented in December. This provides the possibility of arraigning those individuals in jail without the necessity of transporting prisoners. Not only will this reduce the expense of having officers and their vehicles occupied while transporting prisoners, but can also provide for the safety and security of prisoners and officers as well.

A new public access system was installed allowing the public, attorneys, and law enforcement officials to check the status of cases filed, outstanding warrants and other related information. The creation of the court's web site [mountveronmunicipalcourt.org](http://mountveronmunicipalcourt.org), allows anyone to complete background checks, research status of cases and access court schedules.

Traffic cases filed numbered 7,749, an increase of 811 from those filed in 2001, while criminal case filings of 1,178 decreased by two cases from those filed in 2001. There was an increase in civil case filings, 1,029 in 2002 compared to 942 in 2001.

### **Fire Department:**

The Fire Department received a new ambulance in the early part of 2002. Additional turn out gear was acquired along with a new radio system. Various pieces of other equipment for the department were purchased throughout the year. Training and certification of paramedics continue to be major concentrations for the department. Each paramedic is required to maintain continued education and recertification every two years. Each firefighter holds Emergency Medical Technician certification which requires recertification and continued education also.

**Police Department:**

The department continued its program of managed capital replacement with the purchase of three marked police cruisers. Total criminal, traffic and juvenile citations and charges filed by the department for 2002 equals 3,494, a decrease of 336 from 2001. Radio transmission equipment was installed to help combat the on going problem of communication between the officers and the dispatch center. The City continues to evaluate the situation. A replacement vehicle was acquired for the Police Chief during the year. Law enforcement within the City maintains a safe and secure environment for all of its citizens and visitors.

**Street Department:**

The Street Department was the recipient of continuous equipment replacement in 2002. The department received a new truck mounted asphalt roller and a new ditch bucket for their backhoe. With a continuous snow fall during the months of winter purchasing road salt was a major expense for the department. However, the department managed to maintain a moderate financial base into the next year. Other routine projects completed by the Street Department included street sweeping, traffic line painting, traffic signals repairs, traffic sign replacement and leaf pick-up. The on going street resurfacing program provided for the resurfacing of a total of 21 streets in 2002.

**Cemetery Department:**

The Cemetery Department continued a restoration project on the chapel located within the cemetery. This structure has been dated back to as early as 1884, and is currently being petitioned for recognition as a historical structure in Ohio. This structure will undergo extensive improvements in the coming years. The department received new lawn care equipment and carpeting for the office. Section names and numbers on cemetery roadways were repainted. New gutters and downspouts were installed on the mausoleum.

**Engineering Department:**

The Engineering Department continued to serve the needs of new construction within the City in 2002. Two hundred six building permits, representing over thirteen million dollars in increased property values were issued in 2002. The Engineering department provided assistance for all new construction and upgrade projects that were conducted by the City in 2002. The department continues to work with consultants who are developing a GIS (Geographical Information System) system for the entire city. In conjunction with Knox County, the layers of information will include topography of land elevations, property zoning, utility line locations, fire hydrant locations and traffic control devices. Due to various relocations of other City departments, it is anticipated the Engineering Department will be relocated to the west wing of the first floor in City Hall in early 2003.

**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. Several parks received new or upgraded fencing throughout the year. An observation deck and bridge was installed at Foundation Park this year. Additional improvements will be made in the coming years to this park.

Total renovations were started and completed at the 3 North Gay Street building which will be occupied by the Income Tax department and the Customer Service and Billing division of the utility operations.

**Water Department:**

The Water Distribution Division of the Water Department performed various maintenance activities to the lines in 2002. Wellhead protection continues to be a major concern for the City and in the next year, a well-head protection plan design is anticipated to be completed to deter water contamination into our supply of raw water. Backflow prevention has been implemented to prevent contaminants through the water service connection into the public water system. High risk consumers will be the first users the City will require to comply with these new regulations. Future service connections to be required will be industrial, commercial and residential users. This will include current and new service connections.

As security continues to be a critical issue worldwide, protecting our water supply has been a major concern for the City. During this year, an electronic slide gate was installed at the main entrance of the plant. Visitors and suppliers who seek entrance into the facility must receive activation clearance from personnel within the plant.

**Wastewater Department:**

The Wastewater Treatment Plant Division of the Wastewater Department performed routine maintenance of the facility and equipment throughout 2002. The construction of a new maintenance facility was started mid-year and is expected to be occupied in early March of 2003, an equalization basin for inflow of surface water is being studied and engineered for the next two years.

**Financial Information****Internal Control, Budgetary Control and the Accounting System:**

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

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



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

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

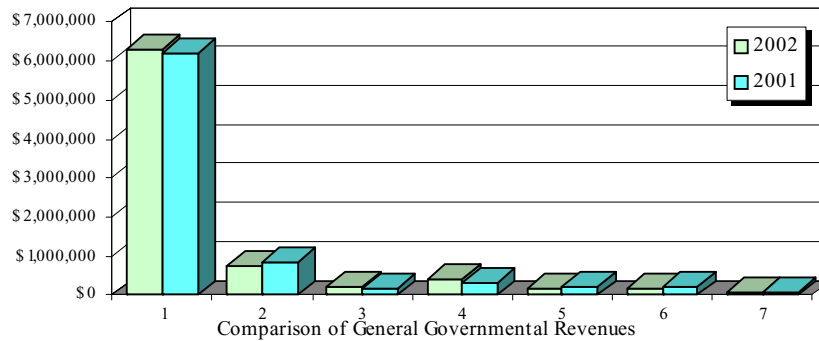
All internal control evaluations occur within this framework. It is the belief of the administration and financial management personnel that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by Mount Vernon City Council. All funds are included in the annual appropriated budget. The level of budgetary control (that is, the levels at which expenditures cannot legally exceed the appropriated amount) is at the object level within each department. Budgetary control is maintained within the personal services, operating expenses, and capital outlay categories with each department through the encumbering of estimated purchase amounts prior to the release of formal purchase orders to vendors. Encumbered appropriations carry forward to the following year(s) until expended or liquidated. Unencumbered amounts lapse at year end. Open encumbrances as of December 31, 2002, 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.

**General Governmental Functions:**

The following schedule presents a summary of general fund revenues for the year ended December 31, 2002 and the percentage of total revenues for 2002 and the amount of increase/(decrease) in relation to 2001's revenue:

Revenue Source	Total 2002 Revenues	Percent of Total	Total 2001 Revenues	Increase (Decrease) over 2001	Percent of Change
1 Taxes	\$6,318,380	77.94%	\$6,197,984	\$120,396	1.94%
2 Intergovernmental Revenue	765,583	9.44%	867,136	(101,553)	(11.71%)
3 Charges for Services	202,831	2.50%	157,343	45,488	28.91%
4 Licenses and Permits	406,384	5.01%	333,894	72,490	21.71%
5 Investment Earnings	163,717	2.02%	229,855	(66,138)	(28.77%)
6 Fines and Forfeitures	177,082	2.19%	217,162	(40,080)	(18.46%)
7 All Other Revenue	73,219	0.90%	71,756	1,463	2.04%
Total	<u>\$8,107,196</u>	<u>100.00%</u>	<u>\$8,075,130</u>	<u>\$32,066</u>	

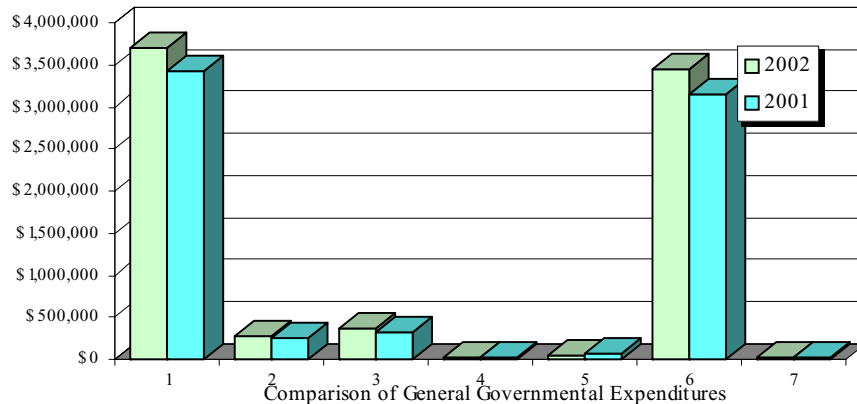


Revenue Narrative:

Taxes continue to be the primary revenue source for governmental fund types. The major source of tax revenue is the city's 1.5% municipal income tax, of which 81% of the 1% portion of the tax is credited to the General fund, as well as 100% of the .5% remaining portion of the tax. The remaining 19% of the 1% portion of the tax is credited as follows: Street Maintenance and Construction 3%, Cemetery Fund 4%, Police Pension Fund 1%, Fire Pension Fund 1%, and Capital Improvement Fund 10%. In 2002, the Municipal Income Tax revenue for all funds totaled \$6,647,129, an increase of \$372,973 over 2001. The growth in the City's income tax base is the primary factor contributing to the overall increase. Intergovernmental revenues decreased due to the freeze of local government funding received from the State of Ohio. Estate tax continues to decline under the new guidelines passed by the Ohio General Assembly. Charges for services had an increase due to an adjustment in a fire service contract and the community pool had an exceptional year due to a scorching summer season. License & permits increased due to a new court cost schedule that was implemented. The continued redirection of interest earnings to the enterprise funds pursuant to the trust indentures on outstanding debt obligations has resulted in a decrease of investment earnings as well as reduced investment rates through out the year. Fines and forfeitures decreased as a result of the aggressive collections of delinquent fines in 2001. The court has been maintaining collections, however fewer individuals carry any past due balances.

The following schedule presents a summary of general fund expenditures for the year ended December 31, 2002, and the percentage of total expenditures for 2002 and the amount of increase/(decrease) in relation to 2001's expenditures:

<u>Expenditures</u>	<u>Total 2002 Expenditures</u>	<u>Percent of Total</u>	<u>Total 2001 Expenditures</u>	<u>Increase (Decrease) over 2001</u>	<u>Percent of Change</u>
1 Security of Persons and Property	\$3,708,140	46.84%	\$3,431,595	\$276,545	8.06%
2 Public Health and Welfare	274,656	3.47%	258,552	16,104	6.23%
3 Leisure Time Activities	376,607	4.76%	311,714	64,893	20.82%
4 Community Environment	23,712	0.31%	23,320	392	1.68%
5 Transportation	47,594	0.60%	66,076	(18,482)	(27.97%)
6 General Government	3,458,060	43.67%	3,158,428	299,632	9.49%
7 Debt Service	27,875	0.35%	27,875	0	0.00%
<b>Total</b>	<b>\$7,916,644</b>	<b>100.00%</b>	<b>\$7,277,560</b>	<b>\$639,084</b>	



**Expenditure Narrative:**

The major increase in expenditures for security of persons and property in 2002 were for personnel costs and maintenance of equipment (primarily fuel costs). Public health and welfare services increased due to increased costs of housing prisoners at the county jail. These services are provided through a contractual arrangement. Maintenance and repair costs at the parks and pool resulted in an increase in leisure time activities expenditures. Transportation costs decreased due to a community contribution awarded in 2002, but was not fully expended in the current year. The same award was made in 2001, but was fully paid in the same year also. The overall increase in general government was the result of the rising costs of group health insurance for employees. 2002 expenditures for insurance increased \$172,912 over 2001.

The general fund balance at year end 2002 was \$2,612,019, which represented a decrease of \$794,343 over 2001.

**Enterprise Operations:**

The City operates two enterprise funds consisting of Water and Sewer Utility.

The Water Utility includes the water treatment plant and the water distribution system. In 2002, the water treatment plant treated 956,010,000 gallons of water which was more than the 904,298,085 gallons treated in 2001. The increase of 51,711,915 is attributable to varying weather conditions between the two years and increased development through out the City.

The Wastewater Utility includes a sewerage treatment plant and a collection system. In 2002, the wastewater treatment plant treated 1,014,714,100 gallons of sewage, compared to the 916,566,100 gallons treated in 2001. The increase of 98,147,900 gallons is indicative of the reduction caused by very low rainfall during the year. Infiltration and inflow problem continue to be a concern in years of high rainfall due to the age of the sanitary sewer lines.

**Fiduciary Operations:**

The Perpetual Care Fund is used for care of the Cemetery. When the City sells a grave lot, approximately 37% of the revenue from the sale goes for Perpetual Care. In 2002, the City received \$7,282 compared to \$9,204 in 2001, which is a decrease of approximately 21%.

The Bond and Inspection Fee Trust Fund is used to insure construction is completed to City code and is held until inspected by the City. In 2002, the City received \$3,900 compared to \$4,900 in 2001 and released \$3,400 in 2002 compared to \$800 in 2001.

The Mausoleum Trust Fund is used to care for the Mausoleum in the Cemetery. All the crypts have been sold, but the City now charges for services for the upkeep and receives income from interest. In 2002 and 2001, charges for services was zero respectively. Interest earned was \$24 compared to \$64 in 2001.

The Insurance Trust Fund is used to insure clean up of damaged property. The insurance company is required to deposit 10% to the City as a retainer. The City received \$8,000 in 2002 and zero in 2001 and released \$8,000 in 2002 and zero in 2001.

**Debt Administration**

The debt service fund accumulates resources for the payment of principal, interest and associated administrative costs on the City's general and special assessment long-term debt. Resources are derived from property taxes (real and personal), income taxes and operating transfers. The total bonded debt of the City as of December 31, 2002 was as follows:

Unvoted General Obligation Bonds	\$0
Voted General Obligation Bonds	0
General Obligation Bonds which are Self-Supporting	7,640,000

The ratio of property tax supported general bonded debt to assessed value and the amount of bonded debt per capita are considered to be good indicators to municipal managers, citizens and investors in general governmental debt of the City's debt position. The City's debt position as of December 31, 2002 was as follows:

Overall Legal Debt Margin	\$29,796,437
Unvoted Legal Debt Margin	15,607,658
Gross General Obligation Bonded Debt Payable from Property Taxes	0

The statistical section of this report presents more detailed information about the debt position of the City.

**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 Gallagher Pipino, Inc. for all 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. Bower's Insurance Agency provides protection for honesty bonding requirements. Due to the circumstances directly related to the terrorism, the insurance industry has continued to increase rates. This year the City experienced another rate increase. It is the second increase in nine years. While claims activity contributed to some of the increase, the majority is attributed to the insurance industry's approach to insuring commercial properties.

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

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

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

**Cash Management**

Cash temporarily idle during the year was invested in certificates of deposit, money market savings and interest bearing checking accounts. As of December 31, 2002, the City's cash resources were divided between cash and investments as follows:

<u>Cash Resources</u>	<u>Amount</u>	<u>Percentage</u>
Cash	\$7,074,649	57.49%
STAR Ohio	5,230,526	42.51%
Totals	<u>\$12,305,175</u>	<u>100.00%</u>

The City implemented an investment policy in 1997 and requires all depositories to comply with its deposit and investment ordinance and with state law governing collateralization of deposits. See Note 3 to the financial statements for additional information on deposits and investments.

**Other Information**

**Independent Audit:**

This report of the City of Mount Vernon was audited by the Auditor of the State of Ohio. They have audited the general purpose 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, 2001. 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 eleven consecutive years (fiscal years ended 1991-2001). I believe this current report continues to conform to the Certificate of Achievement program requirements, and I am submitting it to GFOA.

**Public Disclosure:**

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

**Acknowledgments:**

I would like to thank my staff and extend special recognition to all related departments within the City, who assisted with the preparation of the 2002 Comprehensive Annual Financial Report and annual independent audit.

Special appreciation is extended to, Tonya Mickley and Matt Walsh auditors of the City's audit by the Auditor of the State of Ohio, for their assistance and review during this project.

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

Respectfully,



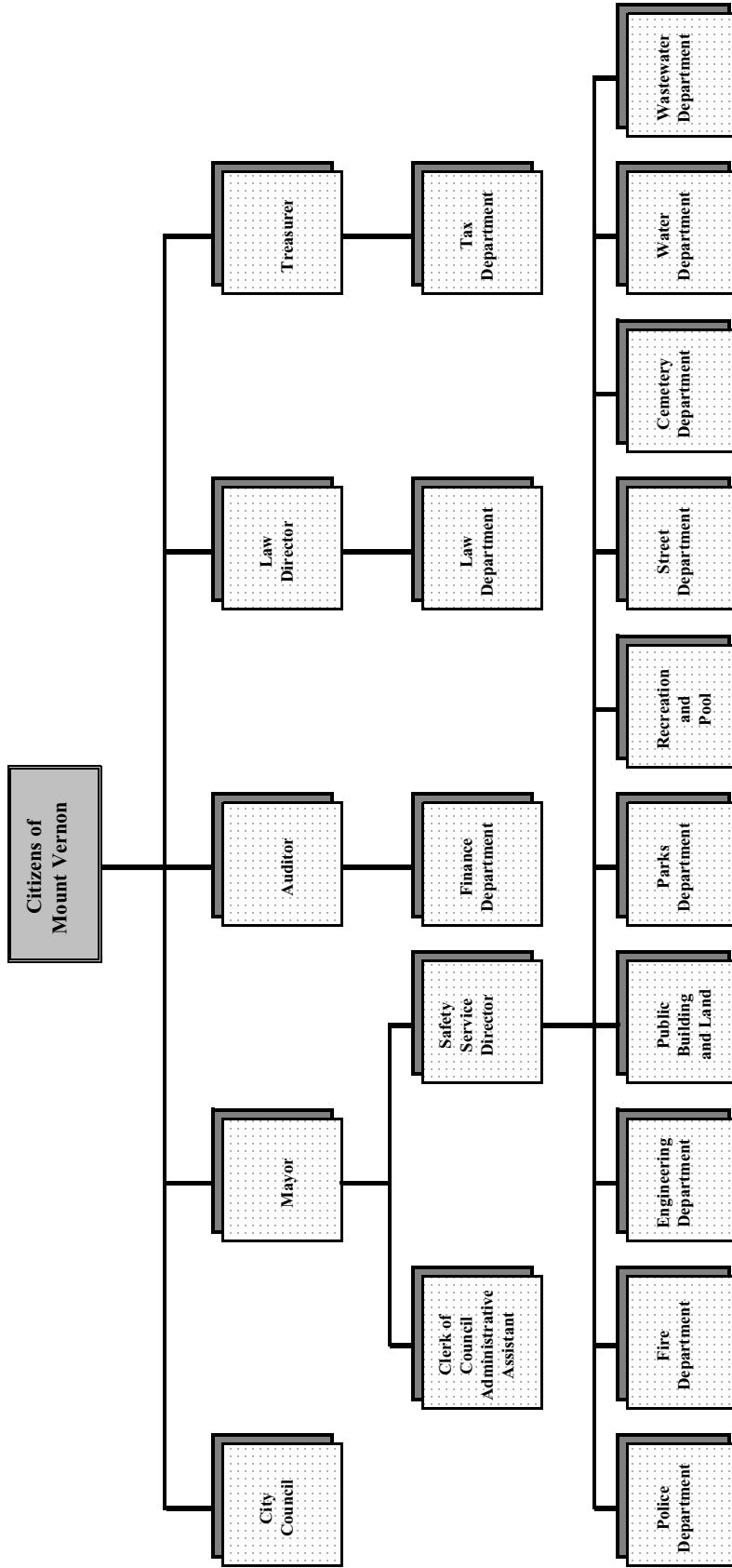
Terry Scott,  
City Auditor

**THE CITY OF MOUNT VERNON, OHIO**  
**LIST OF PRINCIPAL OFFICIALS**  
**SHOWING YEARS OF MUNICIPAL SERVICE**  
**DECEMBER 31, 2002**

<u>NAME</u>	<u>TITLE</u>	<u>YEARS OF SERVICE</u>
<u>City Council</u>		
Conard J. Conway	President	1
Paula Barone	First Ward Member	5
Charles K. Dice	Second Ward Member	4
Bruce Hawkins	Third Ward Member	3
John Fair	Fourth Ward Member	3
Anna M. Kinnard	Member At-Large	9
Larry Schafer	Member At-Large	3
Burt Hanson	Member At-Large	2
<u>City Administration</u>		
Richard K. Mavis	Mayor	7
Terry Scott	Auditor	8
William D. Smith	Law Director	22
James Shipley	Treasurer	3
Joel Daniels, II	Safety-Service Director	7
Janet M. Brown	Clerk of Council	10
<u>Department Heads</u>		
Burma Van Winkle	Income Tax Administrator	14
Thomas E. Bartlett	Police Chief	39
James P. Clifford	Fire Chief	23
James Petrak	City Engineer	4
Paul G. Oliver	Parks, Public Buildings and Land Superintendent	20
David Carpenter	Street Superintendent	11
Deborah S. Briscoe	Cemetery Foreman	22
Pam Murault	Water and Wastewater Meter and Customer Service Administrator	22
Judith Scott	Water and Wastewater Treatment and Distribution Administrator	20

# The City of Mount Vernon, Ohio

## Organizational Chart





# 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, 2001

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.



A handwritten signature in black ink, reading "William Patrick Pate".

President

A handwritten signature in black ink, reading "Jeffrey R. Emer".

Executive Director

## *FINANCIAL SECTION*

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

We have audited the accompanying general-purpose financial statements of the City of Mount Vernon, Knox County, Ohio, (the City) as of and for the year ended December 31, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Mount Vernon, Knox County, Ohio, as of December 31, 2002, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust 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 24, 2003, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for additional analysis and are not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements. In our opinion, it is fairly stated in all material respects, in relation to the general-purpose financial statements taken as a whole.

We did not audit the data included in the introductory and statistical sections of this report and therefore express no opinion thereon.

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

**BETTY MONTGOMERY**  
Auditor of State of Ohio

June 24, 2003

## *GENERAL PURPOSE FINANCIAL STATEMENTS*

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*THE FOLLOWING GENERAL PURPOSE FINANCIAL STATEMENTS, ALONG WITH THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, PRESENT AN OVERVIEW OF THE CITY'S FINANCIAL POSITION AT DECEMBER 31, 2002 AND THE RESULTS OF OPERATIONS AND CASH FLOWS OF ITS PROPRIETARY FUNDS FOR THE YEAR THEN ENDED.*

**MOUNT VERNON, OHIO  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
DECEMBER 31, 2002**

	<b>Governmental Fund Types</b>			<b>Proprietary Fund Types</b>		<b>Fiduciary Fund Types</b>		<b>Account Groups</b>		Totals (Memorandum Only)
	General Fund	Special Revenue Funds	Capital Projects Funds	Enterprise Funds	Internal Service Fund	Trust and Agency Funds	General Fixed Assets	General Long-Term Obligations		
<b>Assets and Other Debits:</b>										
<b>Assets:</b>										
Cash and Cash Equivalents	\$1,726,560	\$775,781	\$2,384,638	\$6,492,175	\$22,866	\$67,645	\$0	\$0	\$0	\$11,469,665
Receivables (net of allowance for doubtful accounts):										
Taxes		260,213	530,352	0	0	0	0	0	0	2,817,374
Accounts	2,675	4,498	0	1,140,103	0	4,327	0	0	0	1,151,603
Interest	10,644	0	0	0	0	0	0	0	0	10,644
Due from Other Funds	42,719	7,426	0	0	0	0	0	0	0	50,145
Intergovernmental Receivables	330,154	1,130,314	24,700	0	0	0	0	0	0	1,485,168
Inventory of Supplies at Cost	27	7,732	0	86,015	0	0	0	0	0	93,774
Prepaid Items	77,145	8,110	0	14,520	0	0	0	0	0	99,775
Restricted Assets:										
Cash and Cash Equivalents	0	0	146,300	284,343	0	404,867	0	0	0	835,510
Cash with Fiscal Agents	0	21,073	0	959,091	0	0	0	0	0	980,164
Fixed Assets (net of accumulated depreciation)	0	0	0	31,848,231	0	0	13,382,107	0	0	45,230,338
Construction in Progress	0	0	0	265,243	0	0	30,206	0	0	295,449
<b>Other Debits:</b>										
Amount to be Provided for General Long-Term Obligations	0	0	0	0	0	0	0	4,886,234	0	4,886,234
Total Assets and Other Debits	\$4,216,733	\$2,215,147	\$3,085,990	\$41,089,721	\$22,866	\$476,839	\$13,412,313	\$4,886,234	\$69,405,843	

(Continued)

**MOUNT VERNON, OHIO**  
**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**DECEMBER 31, 2002**

	Governmental			Proprietary		Fiduciary		Account		
	Fund Types			Fund Types		Fund Types		Groups		
	General Fund	Special Revenue Funds	Capital Projects Funds	Enterprise Funds	Internal Service Fund	Trust and Agency Funds	General Fixed Assets	Long-Term Obligations	Totals (Memorandum Only)	
<b>Liabilities, Equity and Other Credits:</b>										
<b>Liabilities:</b>										
Accounts Payable	\$178,376	\$28,627	\$8,878	\$125,117	\$0	\$0	\$0	\$0	\$340,998	
Accrued Wages and Benefits	281,613	177,200	0	111,042	0	0	0	0	569,855	
Contracts Payable	0	0	283,639	132,949	0	0	0	0	416,588	
Retainage Payable	0	0	146,300	0	0	0	0	0	146,300	
Due to Other Funds	0	0	0	0	0	50,145	0	0	50,145	
Intergovernmental Payables	0	0	0	0	0	31,561	0	0	31,561	
Due to Others	0	0	0	0	0	35,776	0	0	35,776	
Matured Bonds and Interest Payable	0	0	0	2,275	0	0	0	0	2,275	
Accrued Interest Payable	0	0	23,866	44,861	0	0	0	0	68,727	
Deferred Revenue	1,101,069	1,238,951	477,551	0	0	0	0	0	2,817,571	
Long-Term General Obligation Notes Payable	0	0	0	2,195,000	0	0	0	3,790,000	5,985,000	
Compensated Absences Payable	43,656	4,903	0	232,899	0	0	0	607,879	889,337	
General Obligation Bonds Payable	0	0	0	7,640,000	0	0	0	0	7,640,000	
Mortgage Revenue Bonds Payable	0	0	0	8,935,000	0	0	0	0	8,935,000	
Police and Fire Pension Accrued Liability	0	0	0	0	0	0	0	488,355	488,355	
Total Liabilities	1,604,714	1,449,681	940,234	19,419,143	0	117,482	0	4,886,234	28,417,488	
<b>Equity and Other Credits:</b>										
Investment in General Fixed Assets	0	0	0	0	0	0	13,412,313	0	13,412,313	
Contributed Capital	0	0	0	4,753,810	0	0	0	0	4,753,810	
Retained Earnings:										
Reserved for Revenue Bond Indenture	0	0	0	959,091	0	0	0	0	959,091	
Unreserved	0	0	0	15,957,677	22,866	0	0	0	15,980,543	
Total Retained Earnings	0	0	0	16,916,768	22,866	0	0	0	16,939,634	
Fund Balances:										
Reserved for Encumbrances	375,443	184,181	575,952	0	0	4,800	0	0	1,140,376	
Reserved for Supplies Inventory	27	7,732	0	0	0	0	0	0	7,759	
Reserved for Prepaid Items	77,145	8,110	0	0	0	0	0	0	85,255	
Reserved for Endowments	0	0	0	0	0	291,712	0	0	291,712	
Unreserved:										
Undesignated	2,159,404	565,443	1,569,804	0	0	62,845	0	0	4,357,496	
Total Equity and Other Credits	2,612,019	765,466	2,145,756	21,670,578	22,866	359,357	13,412,313	0	40,988,355	
Total Liabilities, Equity and Other Credits	\$4,216,733	\$2,215,147	\$3,085,990	\$41,089,721	\$22,866	\$476,839	\$13,412,313	\$4,886,234	\$69,405,843	

The notes to the general purpose financial statements are an integral part of this statement.





**THE CITY OF MOUNT VERNON, OHIO**  
**COMBINED STATEMENT OF REVENUES,**  
**EXPENDITURES AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	<b>Governmental</b>			<b>Fiduciary</b>		Totals (Memorandum Only)
	<b>Fund Types</b>			<b>Fund Type</b>		
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund	Expendable Trust Funds	
<b>Revenues:</b>						
Tax Revenues	\$6,318,380	\$495,913	\$0	\$519,174	\$0	\$7,333,467
Intergovernmental Revenues	765,583	883,945	0	712,168	0	2,361,696
Charges for Services	202,831	112,326	0	0	2,850	318,007
Licenses and Permits	406,384	3,725	0	0	0	410,109
Investment Earnings	163,717	6,158	781	1,707	263	172,626
Fines and Forfeitures	177,082	92,458	0	0	0	269,540
All Other Revenues	73,219	14,644	0	120,078	11,900	219,841
Total Revenues	<u>8,107,196</u>	<u>1,609,169</u>	<u>781</u>	<u>1,353,127</u>	<u>15,013</u>	<u>11,085,286</u>
<b>Expenditures:</b>						
<b>Current:</b>						
Security of Persons and Property	3,708,140	607,437	0	9,887	0	4,325,464
Public Health and Welfare Services	274,656	216,494	0	24,602	8,980	524,732
Leisure Time Activities	376,607	0	0	0	0	376,607
Community Environment	23,712	307,050	0	0	4,728	335,490
Transportation	47,594	835,368	0	3,208,178	0	4,091,140
General Government	3,458,060	75,270	0	514,728	0	4,048,058
<b>Debt Service:</b>						
Principal Retirement	6,899	0	3,366,094	0	0	3,372,993
Interest and Fiscal Charges	20,976	0	113,589	19,882	0	154,447
Total Expenditures	<u>7,916,644</u>	<u>2,041,619</u>	<u>3,479,683</u>	<u>3,777,277</u>	<u>13,708</u>	<u>17,228,931</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	190,552	(432,450)	(3,478,902)	(2,424,150)	1,305	(6,143,645)
<b>Other Financing Sources (Uses):</b>						
Proceeds from General Obligation Notes	0	0	0	3,790,000	0	3,790,000
Proceeds from SIB Loan	0	0	0	2,565,620	0	2,565,620
Proceeds from Sale of Fixed Assets	14,619	10,297	0	0	0	24,916
Operating Transfers In	49,500	245,943	3,438,690	794,300	0	4,528,433
Operating Transfers Out	<u>(1,048,898)</u>	<u>0</u>	<u>0</u>	<u>(3,430,035)</u>	<u>0</u>	<u>(4,478,933)</u>
Total Other Financing Sources (Uses)	<u>(984,779)</u>	<u>256,240</u>	<u>3,438,690</u>	<u>3,719,885</u>	<u>0</u>	<u>6,430,036</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(794,227)	(176,210)	(40,212)	1,295,735	1,305	286,391
Fund Balance Beginning of Year	3,406,362	948,487	40,212	850,021	66,340	5,311,422
Decrease in Inventory Reserve	<u>(116)</u>	<u>(6,811)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(6,927)</u>
Fund Balance End of Year	<u>\$2,612,019</u>	<u>\$765,466</u>	<u>\$0</u>	<u>\$2,145,756</u>	<u>\$67,645</u>	<u>\$5,590,886</u>

The notes to the general purpose financial statements are an integral part of this statement.

**THE CITY OF MOUNT VERNON, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**ALL GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
Tax Revenues	\$6,500,903	\$6,405,205	(\$95,698)	\$492,980	\$503,371	\$10,391
Intergovernmental Revenues	605,706	806,406	200,700	1,605,939	874,158	(731,781)
Charges for Services	165,500	202,831	37,331	109,700	111,975	2,275
Licenses and Permits	349,788	398,038	48,250	2,500	3,725	1,225
Investment Earnings	241,450	153,104	(88,346)	11,000	6,158	(4,842)
Fines and Forfeitures	160,000	180,332	20,332	92,000	89,207	(2,793)
All Other Revenues	50,259	73,646	23,387	10,396	14,644	4,248
Total Revenues	8,073,606	8,219,562	145,956	2,324,515	1,603,238	(721,277)
<b>Expenditures:</b>						
<i>Current:</i>						
Security of Persons and Property	4,223,676	3,824,537	399,139	910,711	718,006	192,705
Public Health and Welfare Services	312,226	305,823	6,403	329,308	234,635	94,673
Leisure Time Activities	422,813	400,364	22,449	31,255	0	31,255
Community Environment	32,139	23,962	8,177	1,066,475	309,780	756,695
Basic Utility Services	0	0	0	0	0	0
Transportation	72,950	67,744	5,206	1,086,576	878,961	207,615
General Government	4,055,861	3,694,096	361,765	130,726	84,891	45,835
<i>Debt Service:</i>						
Principal Retirement	6,900	6,899	1	0	0	0
Interest and Fiscal Charges	21,075	20,976	99	0	0	0
Total Expenditures	9,147,640	8,344,401	803,239	3,555,051	2,226,273	1,328,778
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,074,034)	(124,839)	949,195	(1,230,536)	(623,035)	607,501
<b>Other Financing Sources (Uses):</b>						
Proceeds from State Infrastructure Bank Loan	0	0	0	0	0	0
Proceeds from General Obligation Notes	0	0	0	0	0	0
Proceeds from Sale of Fixed Assets	0	14,619	14,619	0	10,297	10,297
Operating Transfers In	49,500	49,500	0	312,491	245,943	(66,548)
Operating Transfers Out	(1,253,857)	(1,041,398)	212,459	0	0	0
Advances In	0	500,000	500,000	0	0	0
Advances Out	0	(500,000)	(500,000)	0	0	0
Total Other Financing Sources (Uses)	(1,204,357)	(977,279)	227,078	312,491	256,240	(56,251)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,278,391)	(1,102,118)	1,176,273	(918,045)	(366,795)	551,250
Fund Balance at Beginning of Year	1,766,530	1,766,530	0	716,507	716,507	0
Prior Year Encumbrances	517,861	517,861	0	213,262	213,262	0
Fund Balance at End of Year	\$6,000	\$1,182,273	\$1,176,273	\$11,724	\$562,974	\$551,250

The notes to the general purpose financial statements are an integral part of this statement.

**THE CITY OF MOUNT VERNON, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**ALL GOVERNMENTAL FUND TYPES**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

<i>Debt Service Fund</i>			<i>Capital Projects Fund</i>			<i>Totals (Memorandum Only)</i>		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$210,000	\$22,228	(\$187,772)	\$478,244	\$527,461	\$49,217	\$7,682,127	\$7,458,265	(\$223,862)
0	0	0	1,060,855	712,168	(348,687)	3,272,500	2,392,732	(879,768)
0	0	0	0	0	0	275,200	314,806	39,606
0	0	0	0	0	0	352,288	401,763	49,475
2,000	781	(1,219)	0	1,707	1,707	254,450	161,750	(92,700)
0	0	0	0	0	0	252,000	269,539	17,539
0	0	0	118,010	120,078	2,068	178,665	208,368	29,703
212,000	23,009	(188,991)	1,657,109	1,361,414	(295,695)	12,267,230	11,207,223	(1,060,007)
0	0	0	10,500	10,287	213	5,144,887	4,552,830	592,057
0	0	0	0	0	0	641,534	540,458	101,076
0	0	0	47,200	47,101	99	501,268	447,465	53,803
0	0	0	0	0	0	1,098,614	333,742	764,872
210,000	21,775	188,225	0	0	0	210,000	21,775	188,225
0	0	0	5,376,815	4,120,580	1,256,235	6,536,341	5,067,285	1,469,056
500	453	47	623,465	588,270	35,195	4,810,552	4,367,710	442,842
7,134,712	7,003,030	131,682	0	0	0	7,141,612	7,009,929	131,683
1,129,834	864,202	265,632	0	0	0	1,150,909	885,178	265,731
8,475,046	7,889,460	585,586	6,057,980	4,766,238	1,291,742	27,235,717	23,226,372	4,009,345
(8,263,046)	(7,866,451)	396,595	(4,400,871)	(3,404,824)	996,047	(14,968,487)	(12,019,149)	2,949,338
0	0	0	2,439,136	2,565,620	126,484	2,439,136	2,565,620	126,484
2,690,000	2,690,000	0	3,290,000	3,290,000	0	5,980,000	5,980,000	0
0	0	0	0	0	0	0	24,916	24,916
5,532,834	5,136,239	(396,595)	323,300	794,300	471,000	6,218,125	6,225,982	7,857
0	0	0	(3,498,973)	(3,430,035)	68,938	(4,752,830)	(4,471,433)	281,397
0	0	0	500,000	500,000	0	500,000	1,000,000	500,000
0	0	0	(500,000)	(500,000)	0	(500,000)	(1,000,000)	(500,000)
8,222,834	7,826,239	(396,595)	2,553,463	3,219,885	666,422	9,884,431	10,325,085	440,654
(40,212)	(40,212)	0	(1,847,408)	(184,939)	1,662,469	(5,084,056)	(1,694,064)	3,389,992
40,212	40,212	0	1,619,175	1,619,175	0	4,142,424	4,142,424	0
0	0	0	228,233	228,233	0	959,356	959,356	0
\$0	\$0	\$0	\$0	\$1,662,469	\$1,662,469	\$17,724	\$3,407,716	\$3,389,992



**THE CITY OF MOUNT VERNON, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN RETAINED EARNINGS/FUND BALANCES**  
**ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Type</i>	<i>Totals (Memorandum Only)</i>
	Enterprise Funds	Internal Service Fund	Non- expendable Trust Fund	
<u>Operating Revenues:</u>				
Charges for Services	\$5,188,643	\$7,109	\$7,282	\$5,203,034
Other Operating Revenues	61,986	0	0	61,986
Total Operating Revenues	5,250,629	7,109	7,282	5,265,020
<u>Operating Expenses:</u>				
Personal Services	1,782,674	0	0	1,782,674
Materials and Supplies	966,615	0	0	966,615
Contractual Services	342,663	806	0	343,469
Utilities	376,331	0	0	376,331
Depreciation	1,299,518	0	0	1,299,518
Other Operating Expenses	4,367	0	0	4,367
Total Operating Expenses	4,772,168	806	0	4,772,974
Operating Income	478,461	6,303	7,282	492,046
<u>Nonoperating Revenues (Expenses):</u>				
Investment Earnings	129,141	217	0	129,358
Interest and Fiscal Charges	(829,614)	0	0	(829,614)
Gain on Disposal of Fixed Assets	6,576	0	0	6,576
Loss on Disposal of Fixed Assets	(93,688)	0	0	(93,688)
Total Nonoperating Revenues (Expenses)	(787,585)	217	0	(787,368)
Income Before Operating Transfers	(309,124)	6,520	7,282	(295,322)
<u>Operating Transfers:</u>				
Operating Transfers Out	(49,500)	0	0	(49,500)
Total Operating Transfers	(49,500)	0	0	(49,500)
Net Income	(358,624)	6,520	7,282	(344,822)
Retained Earnings /				
Fund Balance at Beginning of Year	17,275,392	16,346	284,430	17,576,168
Retained Earnings/Fund Balance at End of Year	\$16,916,768	\$22,866	\$291,712	\$17,231,346

The notes to the general purpose financial statements are an integral part of this statement.

**THE CITY OF MOUNT VERNON, OHIO**  
**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	<b>Proprietary Fund Types</b>		<b>Fiduciary Fund Type</b>	Totals (Memorandum Only)
	Enterprise Funds	Internal Service Fund	Non- expendable Trust Fund	
<b><u>Cash Flows from Operating Activities:</u></b>				
Cash Received from Customers	\$5,248,313	\$7,109	\$6,890	\$5,262,312
Cash Payments for Goods and Services	(1,751,492)	0	0	(1,751,492)
Cash Payments to Employees	(1,753,777)	(1,271)	0	(1,755,048)
Net Cash Provided by Operating Activities	<u>1,743,044</u>	<u>5,838</u>	<u>6,890</u>	<u>1,755,772</u>
<b><u>Cash Flows from Noncapital Financing Activities:</u></b>				
Transfers Out to Other Funds	(49,500)	0	0	(49,500)
Net Cash Used for Noncapital Financing Activities	<u>(49,500)</u>	<u>0</u>	<u>0</u>	<u>(49,500)</u>
<b><u>Cash Flows from Capital and Related Financing Activities:</u></b>				
Proceeds from General Obligation Notes	2,195,000	0	0	2,195,000
Proceeds from Sale of Fixed Assets	6,576	0	0	6,576
Acquisition and Construction of Assets	(357,472)	0	0	(357,472)
Principal Paid on General Obligation Notes	(2,500,000)	0	0	(2,500,000)
Principal Paid on General Obligation Bonds	(320,000)	0	0	(320,000)
Principal Paid on Revenue Bonds	(440,000)	0	0	(440,000)
Interest Paid on All Debt	(843,244)	0	0	(843,244)
Net Cash Used for Capital and Related Financing Activities	<u>(2,259,140)</u>	<u>0</u>	<u>0</u>	<u>(2,259,140)</u>
<b><u>Cash Flows from Investing Activities:</u></b>				
Receipt of Interest	129,141	217	0	129,358
Net Cash Provided by Investing Activities	<u>129,141</u>	<u>217</u>	<u>0</u>	<u>129,358</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(436,455)	6,055	6,890	(423,510)
Cash and Cash Equivalents at Beginning of Year	<u>8,172,064</u>	<u>16,811</u>	<u>280,495</u>	<u>8,469,370</u>
Cash and Cash Equivalents at End of Year	<u><u>\$7,735,609</u></u>	<u><u>\$22,866</u></u>	<u><u>\$287,385</u></u>	<u><u>\$8,045,860</u></u>
<b><u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u></b>				
Cash and Cash Equivalents	\$6,492,175	\$22,866	\$67,645	\$6,582,686
Restricted Cash and Cash Equivalents	284,343	0	404,867	689,210
Restricted Cash with Fiscal Agent	959,091	0	0	959,091
Less: Cash and Cash Equivalents in Expendable Trust Funds	0	0	(67,645)	(67,645)
Less: Restricted Cash in Agency Fund	0	0	(117,482)	(117,482)
Cash and Cash Equivalents at End of Year	<u><u>\$7,735,609</u></u>	<u><u>\$22,866</u></u>	<u><u>\$287,385</u></u>	<u><u>\$8,045,860</u></u>

(Continued)

**THE CITY OF MOUNT VERNON, OHIO**  
**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	<i>Proprietary Fund Types</i>		<i>Fiduciary Fund Type</i>	Totals (Memorandum Only)
	Enterprise Funds	Internal Service Fund	Non- expendable Trust Fund	
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>				
Operating Income	\$478,461	\$6,303	\$7,282	\$492,046
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation Expense	1,299,518	0	0	1,299,518
Changes in Assets and Liabilities:				
Increase in Accounts Receivable	(2,316)	0	(392)	(2,708)
Decrease in Inventory	45,035	0	0	45,035
Decrease in Prepaid Items	1,785	0	0	1,785
Increase in Accounts Payable	13,658	0	0	13,658
Increase in Accrued Wages and Benefits	22,106	0	0	22,106
Increase in Contracts Payable	106,293	0	0	106,293
Decrease in Retainage Payable	(228,287)	0	0	(228,287)
Increase in Compensated Absences	6,791	0	0	6,791
Decrease in Claims Payable	0	(465)	0	(465)
Total Adjustments	<u>1,264,583</u>	<u>(465)</u>	<u>(392)</u>	<u>1,263,726</u>
Net Cash Provided by Operating Activities	<u>\$1,743,044</u>	<u>\$5,838</u>	<u>\$6,890</u>	<u>\$1,755,772</u>

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2002 the Water and Sewer Funds had outstanding liabilities of \$11,338 and \$11,685, respectively, for the purchase of capital assets.

The notes to the general purpose financial statements are an integral part of this statement.

**THE CITY OF MOUNT VERNON, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

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**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 accompanying general purpose financial statements of the City present the financial position of the various fund types and account groups, the results of operations of the various fund types and the cash flows of the proprietary and nonexpendable trust funds. The financial statements are presented as of December 31, 2002 and for the year then ended and have been prepared in conformity with generally accepted accounting principles (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 general purpose 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, account groups, 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 2002.

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. The City did not appoint a majority of the members of the Board, nor is the



**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

City accountable for any operating deficits of MOTA. The MOTA Board is responsible for the fiscal operation of MOTA. The City appropriated \$40,000 for an operating grant to MOTA for 2002.

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 \$38,000 for operations of the combined District for 2002.

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 and account groups, 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 equity, revenues and expenditures/expenses. The various funds are summarized by type in the general purpose financial statements. The following fund types and account groups are used by the City:

***Governmental Funds***

The Governmental Funds are those funds through which most governmental functions are typically 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 upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the City's governmental fund types:

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.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**B. Basis of Presentation - Fund Accounting** (Continued)

Debt Service Fund - This fund is used for the accumulation of resources for the payment of general long-term debt principal and interest. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

Capital Projects Funds - These funds are 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***

The proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and liabilities associated with the operation of the proprietary funds are included on the balance sheet. Fund equity (i.e., net assets) is segregated into contributed capital and retained earnings components. The proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Internal Service Fund - This fund is used to account for the financing of services provided by one department to other departments or agencies of the governmental unit or to other governmental units on a cost-reimbursement basis.

***Fiduciary Funds***

Trust and Agency Funds - These funds are used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The City maintains expendable trust funds, a nonexpendable trust fund and an agency fund. The expendable trust funds are accounted for and reported similarly to a governmental fund. The nonexpendable trust fund is accounted for and reported similarly to proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

***Account Groups*** - To make a clear distinction between fixed assets related to specific funds and those of general government and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for fixed assets of the City other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term debt and other long-term liabilities of the City except those accounted for in the proprietary funds.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. 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 and expendable trust and agency 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 for the City is 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 withheld by employers, 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, income taxes other than those withheld by employers and miscellaneous revenues, are recorded as revenues when received in cash because generally these revenues are not measurable until received.

Property taxes measurable as of December 31, 2002 but which are not intended to finance 2002 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue.

The accrual basis of accounting is utilized for reporting purposes by the proprietary and non-expendable trust funds. Revenues are recognized when they are earned and expenses are recognized when they are incurred.

Pursuant to GASB Statement No. 20, *"Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting,"* the City follows GASB guidance as applicable to proprietary funds and 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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. 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 governmental funds are required to be reported. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by an ordinance of the City Council.

1. Tax Budget

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

2. Estimated Resources

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. 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 budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during 2002.

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 appropriation 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.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Process** (Continued)

3. Appropriations (Continued)

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

4. Encumbrances

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

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## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**D. 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 governmental funds:

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
GAAP Basis (as reported)	(\$794,227)	(\$176,210)	(\$40,212)	\$1,295,735
Increase (Decrease):				
Accrued Revenues at December 31, 2002 received during 2003	(1,311,932)	(184,573)	0	(77,501)
Accrued Revenues at December 31, 2001 received during 2002	1,424,298	178,642	0	85,788
Accrued Expenditures at December 31, 2002 paid during 2003	503,645	210,730	0	462,683
Accrued Expenditures at December 31, 2001 paid during 2002	(373,824)	(182,667)	0	(583,175)
2001 Prepays for 2002	70,544	8,200	0	0
2002 Prepays for 2003	(77,145)	(8,110)	0	0
Note Retirements	0	0	0	(500,000)
Outstanding Encumbrances	(543,477)	(212,807)	0	(868,469)
Budget Basis	<u>(\$1,102,118)</u>	<u>(\$366,795)</u>	<u>(\$40,212)</u>	<u>(\$184,939)</u>

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits, the State Treasury Assets Reserve (STAR Ohio), 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 3, "Cash, Cash Equivalents and Investments."

**F. 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. The City allocates interest among the various funds based upon the fund's cash balance at the date of investment. See Note 3, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2002. 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, 2002.

**G. 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. The costs of inventory items are recorded as expenditures in the governmental funds when purchased and as expenses in the proprietary funds when used.

**H. Fixed Assets and Depreciation**

The accounting and reporting treatment applied to fixed assets is determined by the ultimate use:

**1. Property, Plant and Equipment - General Governmental Purposes**

Fixed assets acquired or constructed for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received.

Fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems, have not been capitalized. Such assets normally are immovable and of value only to the City; therefore, the purpose of stewardship for capital expenditures can be satisfied without recording these assets.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Fixed Assets and Depreciation (Continued)**

**1. Property, Plant and Equipment - General Governmental Purposes (Continued)**

General fixed asset values were initially determined at December 31, 1986 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 fixed assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

The City has elected not to record depreciation in the General Fixed Assets Account Group.

**2. Property, Plant and Equipment - Proprietary Fund**

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees when applicable. Contributed fixed assets are recorded at fair market value at the date received.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (in years)</u>
Machinery, Equipment, Furniture and Fixtures	5 - 20
Buildings	15 - 25
Improvements Other Than Buildings	25 - 65

**I. 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
Mortgage Revenue Bonds	Water Fund Sewer Fund
State Infrastructure Bank Loan	General Bond Retirement Fund
Police and Fire Pension Accrued Liability	General Fund
Compensated Absences	General Fund Water Fund Sewer Fund
General Obligation Notes	Capital Improvement Fund TIF District-Coshocton Road Fund Wastewater Fund



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**J. Compensated Absences**

City employees earn vacation at varying rates based upon length of service. A maximum of two 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 and 1,296 hours for 48 hour employees with ten or more years of service.

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

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

For governmental funds, the portion of unpaid compensated absences expected to be paid using expendable, available resources is 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 long-term portion of the liability is reported in the General Long-Term Obligations Account Group.

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

**K. Pensions**

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

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Interfund Transactions**

During the course of normal operations, the City has numerous transactions between funds. Interfund transactions are generally classified as follows:

- Operating transfers are reported as Other Financing Sources and Uses in the governmental funds, as "Operating transfers-in" by the recipient fund, and "Operating transfers-out" by the disbursing fund.
- Residual Equity Transfers are nonroutine or nonrecurring transfers between funds and are reported as additions to or deductions from the fund equity balance. The City did not perform any residual equity transfers in 2002.

Transactions that would be treated as revenues and expenditures if the transactions involved organizations external to the City are similarly treated when involving other funds of the City. The City also advances cash from one fund to another as necessary to meet current obligations.

**M. 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.

**N. Contributed Capital**

Proprietary fund type contributed capital is recorded at the fair market value of the related assets at the date received. Depreciation on contributed fixed assets resulting from grants, entitlements and shared revenues is recorded as an operating expense and closed along with other operating expenses directly to retained earnings. Capital contributions received after December 31, 2000 are recorded as revenue in the proprietary funds.

**O. Total Columns on Combined Financial Statements - Overview**

Total columns on the "Combined Financial Statements-Overview" are captioned "Memorandum Only" to indicate they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**P. Restricted Assets**

Certain assets are classified as restricted cash on the balance sheet because these funds are being held by a trustee as designated by a bond indenture, or in a trustee capacity for perpetual care and municipal court functions.

**NOTE 2 - COMPLIANCE AND ACCOUNTABILITY**

***Estimated Resources Exceeded by Appropriations*** - For the year ended December 31, 2002, the City Council adopted appropriations that exceeded the estimated resources as certified by the Knox County Budget Commission by \$4,246 for the Community Development Fund (special revenue fund).

**NOTE 3 - CASH, CASH EQUIVALENTS AND INVESTMENTS**

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. In addition, investments are separately held by a number of individual funds.

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

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

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

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

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

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

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

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the City places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 105% of the carrying value of all public deposits held by each institution. Obligations that may be pledged as collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, "*Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements*," collateral held in single financial institution collateral pools with securities being held by the pledging financial institution's agent in the pool's name are classified as Category 3.

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

*Deposits:*

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

*Investments:*

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

**A. Deposits**

At year end the carrying amount of the City's deposits was \$7,074,649 and the bank balance \$7,145,735. The Federal Deposit Insurance Corporation (FDIC) covered \$100,000 of the bank balance. All remaining deposits were classified as Category 3.

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

**B. Investments**

The City's investments at December 31, 2002 are summarized below:

<u>Non-Categorized Investments</u>	<u>Fair Value</u>
STAR Ohio (Uncollateralized investment pool)	<u>\$5,230,526</u>

**C. Cash with Fiscal Agents**

In addition to deposits and investments, the City had cash with fiscal agents in the amount of \$980,164 for bond reserve accounts, of which \$100,000 was insured by the FDIC and the remaining deposits were uninsured and uncollateralized.

**D. Reconciliation of Cash, Cash Equivalents and Investments**

The classification of cash, cash equivalents and investments on the combined 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 Combined Balance Sheet	\$12,305,175	\$0
Investments:		
STAR Ohio	(5,230,526)	5,230,526
Per GASB Statement No. 3	<u>\$7,074,649</u>	<u>\$5,230,526</u>

**NOTE 4 - TAXES**

**A. Property Taxes**

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the City. Real property taxes (other than public utility) collected during 2002 were levied after October 1, 2001 on assessed values as of January 1, 2001, 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 1999. Real property taxes are payable annually or semi-annually. The first payment is due January 31; the remainder is payable by June 20.

**NOTE 4 - TAXES (Continued)**

**A. Property Taxes (Continued)**

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25% of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually: the first payment is due April 30; the remainder payable by September 20.

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Mount Vernon. The County Auditor periodically remits to the City its portion of the taxes collected. The full tax rate for all City operations for the year ended December 31, 2002 was \$3.20 per \$1,000 of assessed value. The 2002 assessed value was \$283,775,593. This amount constitutes \$201,833,110 in real property assessed value, \$7,071,540 in public utility assessed value and \$74,870,943 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 100% of the tax paid to another municipality to a maximum of the total amount assessed.

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

**NOTE 5 - RECEIVABLES**

Receivables at December 31, 2002 consisted of taxes, accounts, interest, interfund and intergovernmental receivables.

**NOTE 6 - OPERATING TRANSFERS**

Following is a summary of operating transfers in and out for all funds for 2002:

Fund	Transfer In	Transfer Out
General Fund	\$49,500	\$1,048,898
Special Revenue Funds:		
Park Development Fund	5,060	0
Parking Fund	5,000	0
Law Enforcement Trust Fund	7,500	0
Police Pension Fund	100,000	0
Fire Pension Fund	125,000	0
SVAW Fund	3,383	0
Total Special Revenue Funds	245,943	0
Debt Service Fund:		
General Bond Retirement Fund	3,438,690	0
Capital Projects Funds:		
Capital Improvement Fund	794,300	0
TIF District-Coshocton Road	0	3,430,035
Total Capital Projects Funds	794,300	3,430,035
Enterprise Funds:		
Water Fund	0	24,500
Sewer Fund	0	25,000
Total Enterprise Funds	0	49,500
Totals	<u>\$4,528,433</u>	<u>\$4,528,433</u>

**NOTE 7 - INTERFUND RECEIVABLES AND PAYABLES**

Interfund balances at December 31, 2002 consist of the following individual fund receivables and payables:

Fund	Due from Other Funds	Due to Other Funds
General Fund	\$42,719	\$0
Special Revenue Funds:		
Indigent Drivers Alcohol Treatment Fund	3,225	0
DUI Enforcement and Education Fund	60	0
Court Computerization Fund	4,141	0
Total Special Revenue Funds	7,426	0
Agency Fund:		
Municipal Court Fund	0	50,145
Totals	<u>\$50,145</u>	<u>\$50,145</u>

## NOTE 8 - FIXED ASSETS

**A. General Fixed Assets**

Summary by category of changes in general fixed assets:

Category	December 31, 2001	Additions	Deletions	December 31, 2002
Land	\$1,421,932	\$0	(\$600)	\$1,421,332
Buildings and Improvements	5,859,235	736,062	(109,070)	6,486,227
Improvements Other Than Buildings	544,424	3,850	0	548,274
Machinery and Equipment	4,874,741	365,554	(314,021)	4,926,274
Construction in Progress	36,442	0	(6,236)	30,206
Totals	\$12,736,774	\$1,105,466	(\$429,927)	\$13,412,313

Schedule of General Fixed Assets at December 31, 2002:

General Fixed Assets	Investment in General Fixed Assets
Land	General Fund \$5,599,987
Buildings and Improvements	Special Revenue Funds 298,000
Improvements Other Than Buildings	Capital Projects Fund 7,232,699
Machinery and Equipment	Proprietary Funds 84,846
Construction in Progress	Contributions 15,058
Total	Federal Grants 103,827
	State Grants 77,896
	Total \$13,412,313

**B. Proprietary Fixed Assets**

Summary by category at December 31, 2002:

Category	Historic Cost	Accumulated Depreciation	Book Value
Land	\$894,311	\$0	\$894,311
Buildings and Improvements	21,109,219	(3,447,133)	17,662,086
Utility Structures in Services	22,112,104	(9,353,743)	12,758,361
Machinery and Equipment	2,800,767	(2,267,294)	533,473
Construction in Progress	265,243	0	265,243
Property, Plant and Equipment	\$47,181,644	(\$15,068,170)	\$32,113,474



**NOTE 9 - DEFINED BENEFIT PENSION PLANS**

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

**A. Ohio Public Employees Retirement System (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 the Ohio PERS, a cost-sharing multiple employer defined benefit pension plan. The Ohio PERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for the Ohio PERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5%. The 2002 employer contribution rate for local government employer units was 13.55%, of covered payroll, 8.55% to fund the pension and 5.0% 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, 2002, 2001 and 2000 were \$500,022, \$487,160 and \$364,785, respectively, which were equal to the required contributions for each year.

The Ohio PERS provides postemployment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. 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 2002 employer contribution rate (identified above) that was used to fund health care for the year 2002 was 5.0% of covered payroll which amounted to \$184,510.

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, 2001. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market

**NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2001 was 8.0%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually.

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 402,041. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2001 is \$11.6 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

**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, 2002, 2001 and 2000 were \$205,678, \$195,373 and \$181,847 for police and \$285,781, \$261,241 and \$220,962 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.

## NOTE 9 – DEFINED BENEFIT PENSION PLANS (Continued)

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

The portion of the 2002 covered payroll that was used to fund postemployment health care benefits was \$81,744 representing 7.75% of covered payroll for police and \$92,283 representing 7.75% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. As of December 31, 2001, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,174 for police and 10,239 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, 2001 were \$122,298,771, which was net of member contributions of \$6,874,699.

## NOTE 10 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

Long-term debt and other long-term obligations of the City at December 31, 2002 were as follows:

		Balance December 31, 2001	Issued (Retired)	Balance December 31, 2002	
<b>Enterprise Funds:</b>					
Mortgage Revenue Bonds:					
3.00 - 4.75%	Water	1999	\$7,485,000	(\$315,000)	\$7,170,000
3.00 - 6.00%	Sewer	1992	1,890,000	(125,000)	1,765,000
Total Mortgage Revenue Bonds Payable			9,375,000	(440,000)	8,935,000
General Obligation Bonds:					
6.525%	Waterworks	1997	7,960,000	(320,000)	7,640,000
Long-term General Obligation Notes:					
1.80%	Wastewater Improvement	2002	0	2,195,000	2,195,000
Total Enterprise Long-Term Debt			\$17,335,000	\$1,435,000	\$18,770,000
<b>General Long-Term Debt:</b>					
General Obligation Bond:					
5.875%	Plaza Building	1987	\$40,000	(\$40,000)	\$0
State Infrastructure Bank Loan		2001	760,474	2,565,620	
				(3,326,094)	0
Long-term General Obligation Notes:					
1.80%	Building Project	2002	0	500,000	500,000
1.80%	Highway Project	2002	0	3,290,000	3,290,000
Total General Obligation Notes Payable			0	3,790,000	3,790,000
Total General Long-Term Debt			800,474	2,989,526	3,790,000
<b>Other Long-Term Obligations:</b>					
Compensated Absences			591,966	15,913	607,879
Police and Firemen's Pension Accrued Liability			495,254	(6,899)	488,355
Total Other Long-Term Obligations			1,087,220	9,014	1,096,234
Total General Long-Term Debt and Other Long-Term Obligations			\$1,887,694	\$2,998,540	\$4,886,234

**NOTE 10 - LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)**

The Long-Term General Obligation Notes Payable are recorded in the General Long Term Debt Account Group because they were refinanced in March 2003 as General Obligation Bonds Payable that mature in 2022.

**A. Police and Firemen's Pension Fund**

The City's liability for past service costs related to the Police and Firemen's Pension Fund at December 31, 2002 was \$904,773 in principal and interest payments through the year 2035. Only the principal amount is included in the General Long-Term Obligations Account Group.

**B. Principal and Interest Requirements**

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2002 are as follows:

Years	General Obligation Bonds		Mortgage Revenue Bonds	
	Principal	Interest	Principal	Interest
2003	\$335,000	\$368,374	\$460,000	\$414,042
2004	345,000	354,136	480,000	394,458
2005	365,000	339,128	500,000	373,558
2006	380,000	322,886	525,000	351,258
2007	395,000	305,786	550,000	327,422
2008-2012	2,275,000	1,237,286	3,155,000	1,226,044
2013-2017	2,880,000	626,902	2,655,000	524,578
2018-2035	665,000	34,082	610,000	28,976
Totals	<u>\$7,640,000</u>	<u>\$3,588,580</u>	<u>\$8,935,000</u>	<u>\$3,640,336</u>

Years	Police/Fire Pension Liability		Totals	
	Principal	Interest	Principal	Interest
2003	\$7,194	\$20,680	\$802,194	\$803,096
2004	7,504	20,370	832,504	768,964
2005	7,827	20,148	872,827	732,834
2006	8,163	19,712	913,163	693,856
2007	8,513	19,362	953,513	652,570
2008-2012	48,376	90,999	5,478,376	2,554,329
2013-2017	59,698	79,678	5,594,698	1,231,158
2018-2035	341,080	145,469	1,616,080	208,527
Totals	<u>\$488,355</u>	<u>\$416,418</u>	<u>\$17,063,355</u>	<u>\$7,645,334</u>

**NOTE 11 – COMPENSATED ABSENCES**

The City provides a liability for accumulated unpaid sick leave, vacation and compensatory time benefits when earned by employees. Accrued employee benefits for Governmental Funds not currently due and payable at year end are recorded in the General Long-Term Obligations Account Group. At December 31, 2002, the total accumulated unpaid sick, vacation and compensatory time recorded in the General Long-Term Obligations Account Group and governmental funds was as follows:

	<u>Hours</u>	<u>Amount</u>
Sick Leave	55,402	\$460,789
Vacation	10,728	173,111
Compensatory Time	<u>1,489</u>	<u>22,538</u>
Total	<u>67,619</u>	656,438
Less: Current Portion		<u>(48,559)</u>
Other Long-Term Obligations		<u>\$607,879</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 12 - NOTES PAYABLE**

The Ohio Revised Code provides that notes and 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. Any period in excess of five years must be deducted from the permitted maximum maturity of the bonds anticipated, and portions of the principal amount of notes outstanding for more than five years must be retired in amounts at least equal to and payable no later than the principal maturities required if the bonds had been issued at the expiration of the initial five year period.

Below is a summary of notes payable activity during 2002:

	<u>Balance January 1, 2002</u>	<u>Issued (Retired)</u>	<u>Balance December 31, 2002</u>
Capital Projects Notes Payable			
Capital Improvement Fund:			
2.87% Building Project	\$500,000	(\$500,000)	\$0
Enterprise Notes Payable:			
Wastewater Fund:			
2.87% Wastewater Improvement	<u>2,500,000</u>	<u>(2,500,000)</u>	<u>0</u>
Total Notes Payable	<u>\$3,000,000</u>	<u>(\$3,000,000)</u>	<u>\$0</u>

**NOTE 13 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

Included in the services provided by the City financed primarily by user charges are water treatment and distribution and wastewater collection and treatment. The key financial information for the year ended December 31, 2002 for these enterprise activities is as follows:

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Operating Revenues	\$2,818,500	\$2,432,129	\$5,250,629
Depreciation Expense	896,274	403,244	1,299,518
Operating Income	224,078	254,383	478,461
Operating Transfers Out	(24,500)	(25,000)	(49,500)
Net Income (Loss)	(489,117)	130,493	(358,624)
Property, Plant and Equipment:			
Additions	60,618	257,043	317,661
Deletions	(639,194)	(10,006)	(649,200)
Total Assets	25,083,574	16,006,147	41,089,721
Net Working Capital	2,288,860	2,834,984	5,123,844
Bonds Payable	14,810,000	1,765,000	16,575,000
Total Equity	10,009,159	11,661,419	21,670,578

**NOTE 14 - CONTRIBUTED CAPITAL**

There were no changes to contributed capital in the enterprise funds during the year. Contributed capital balances as of year end were as follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Contributed Capital at December 31, 2002	<u>\$853,938</u>	<u>\$3,899,872</u>	<u>\$4,753,810</u>

**NOTE 15 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During 2002 the City contracted with one insurance provider for various insurance coverages as follows:

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

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

**NOTE 15 - RISK MANAGEMENT (Continued)**

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.

In 1997, the City elected to provide group health benefits to employees and their eligible dependents through a self-insured program. Premiums are paid into an internal service fund by all funds having compensated employees based on the number of active participating employees. The monies paid into the Self-Insurance Fund (internal service fund) are available to pay claims and administrative costs. The claims liability of \$0 reported in the fund at December 31, 2002 is based on requirements of GASB No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the claim can be reasonable estimated. Changes in the fund's claims liability amount in 2002 were:

<u>Fiscal Year</u>	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claims Payments</u>	<u>End of Year Liability</u>
2001	\$16,621	\$769	\$16,925	\$465
2002	465	806	1,271	-

On May 31, 2000, the City terminated its group health benefits to employees through a self-insured program. Effective June 1, 2000, health benefits to employees were provided by a fully insured group health benefit program. The bank accounts will be closed out in 2003.

**NOTE 16 - CONSTRUCTION COMMITMENTS**

As of December 31, 2002, the City had the following contracts with respect to capital projects:

<u>Capital Projects</u>	<u>Remaining Construction Contract</u>	<u>Expected Date of Completion</u>
Coshocton Road Widening and Reconstruction Project	\$539,928	February 2003
Upper Gilchrist Road Improvement	15,490	April 2003
Adams Run Drainage Project	616,150	March 2003

**NOTE 17 - CONTINGENCIES**

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

**NOTE 18 – SUBSEQUENT EVENTS**

On March 1, 2003, the City issued \$7,730,000 Various Purpose Bonds, Series 2003. The bonds were issued to finance the cost of constructing a major wastewater line from the plant to the industrial park, to acquire a building and make certain renovations to house the city income tax department and the customer service office of the water and wastewater department (\$2,695,000), and to finance the costs of improving Coshocton Road between Vernonview Drive and Upper Gilchrist Road by widening, curbing, paving draining, providing traffic controls, relocating a water line and acquiring necessary right-of-way (\$3,290,000). Additionally, a refunding of a prior bond issue, Sewer System Improvement Revenue Bond, Series 1992 (\$1,745,000) was incorporated into this issue. The issue received an A2 bond rating from Moody's Investors Service.



*COMBINING AND INDIVIDUAL FUND AND ACCOUNT GROUP  
STATEMENTS AND SCHEDULES*

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*THE FOLLOWING COMBINING STATEMENTS AND SCHEDULES INCLUDE THE  
GENERAL FUND, SPECIAL REVENUE FUNDS, DEBT SERVICE FUNDS,  
CAPITAL PROJECTS FUNDS, ENTERPRISE FUNDS, FIDUCIARY FUNDS AND  
THE GENERAL FIXED ASSETS ACCOUNT GROUP.*



***GENERAL FUND***

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The General Fund is used to account for government resources which are not accounted for in any other 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.

**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**GENERAL FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Tax Revenues:			
Property Taxes	\$648,000	\$550,893	(\$97,107)
Municipal Income Tax	5,852,603	5,852,347	(256)
Other Local Taxes	300	1,965	1,665
Total Tax Revenues	6,500,903	6,405,205	(95,698)
Intergovernmental Revenues:			
State Levied Shared Taxes	605,106	800,229	195,123
Intergovernmental Revenues	600	6,177	5,577
Total Intergovernmental Revenues	605,706	806,406	200,700
Charges for Services	165,500	202,831	37,331
Licenses and Permits	349,788	398,038	48,250
Investment Earnings	241,450	153,104	(88,346)
Fines and Forfeitures	160,000	180,332	20,332
All Other Revenues	50,259	73,646	23,387
Total Revenues	8,073,606	8,219,562	145,956
<u>Expenditures:</u>			
Security of Persons and Property:			
Police Division:			
Personal Services	1,233,014	1,200,478	32,536
Travel and Transportation	19,160	14,739	4,421
Contractual Services	2,600	2,600	0
Supplies and Materials	181,175	163,263	17,912
Capital Outlay	136,288	87,032	49,256
Total Police Division	1,572,237	1,468,112	104,125
Fire and E.M.S. Division:			
Personal Services	1,779,915	1,776,283	3,632
Travel and Transportation	57,530	25,441	32,089
Contractual Services	2,500	2,500	0
Supplies and Materials	196,121	169,777	26,344
Capital Outlay	434,000	205,755	228,245
Total Fire and E.M.S. Division	2,470,066	2,179,756	290,310

(Continued)

**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**GENERAL FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Miscellaneous:			
Street Lighting/Radio Repair/Sirens			
Supplies and Materials	178,373	173,669	4,704
Public Defender			
Contract Services	3,000	3,000	0
Debt Services:			
Principal Retirement	6,900	6,899	1
Interest and Fiscal Charges	21,075	20,976	99
Total Miscellaneous	<u>209,348</u>	<u>204,544</u>	<u>4,804</u>
Total Security of Persons and Property	<u>4,251,651</u>	<u>3,852,412</u>	<u>399,239</u>
Public Health and Welfare Services:			
Police Division:			
Contractual Services	221,363	215,000	6,363
Total Police Division	<u>221,363</u>	<u>215,000</u>	<u>6,363</u>
Humane Officer:			
Contractual Services	26,017	26,017	0
Supplies and Materials	26,346	26,306	40
Total Humane Officer	<u>52,363</u>	<u>52,323</u>	<u>40</u>
Health Department:			
Contractual Services	38,500	38,500	0
Total Health Department	<u>38,500</u>	<u>38,500</u>	<u>0</u>
Total Public Health and Welfare Services	<u>312,226</u>	<u>305,823</u>	<u>6,403</u>
Leisure Time Activities:			
Parks:			
Personal Services	154,785	144,152	10,633
Travel and Transportation	887	591	296
Supplies and Materials	126,438	118,865	7,573
Capital Outlay	12,013	12,000	13
Total Parks	<u>294,123</u>	<u>275,608</u>	<u>18,515</u>

(Continued)

**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**GENERAL FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Recreation:</b>			
Personal Services	14,500	14,490	10
Contractual Services	7,500	7,500	0
Supplies and Materials	6,180	5,438	742
Total Recreation	<u>28,180</u>	<u>27,428</u>	<u>752</u>
<b>Pool:</b>			
Personal Services	50,000	49,859	141
Supplies and Materials	46,790	44,622	2,168
Capital Outlay	3,720	2,847	873
Total Pool	<u>100,510</u>	<u>97,328</u>	<u>3,182</u>
Total Leisure Time Activities	<u>422,813</u>	<u>400,364</u>	<u>22,449</u>
<b>Community Environment:</b>			
Miscellaneous Area Development, Tree Care and Trimming, Planning and Zoning: Supplies and Materials	<u>32,139</u>	<u>23,962</u>	<u>8,177</u>
Total Community Environment	<u>32,139</u>	<u>23,962</u>	<u>8,177</u>
<b>Transportation:</b>			
Miscellaneous: Rivers and Harbors, Airport, Yauger Road Project, and Kokosing Gap Trail: Supplies and Materials	<u>72,950</u>	<u>67,744</u>	<u>5,206</u>
Total Transportation	<u>72,950</u>	<u>67,744</u>	<u>5,206</u>
<b>General Government:</b>			
<b>Council:</b>			
Personal Services	51,128	50,988	140
Travel and Transportation	10,000	2,862	7,138
Contractual Services	650	613	37
Supplies and Materials	12,139	10,338	1,801
Total Council	<u>73,917</u>	<u>64,801</u>	<u>9,116</u>

(Continued)

**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**GENERAL FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Mayor:			
Personal Services	78,001	78,001	0
Travel and Transportation	600	393	207
Supplies and Materials	9,243	7,000	2,243
Other Expenditures	200	183	17
Total Mayor	<u>88,044</u>	<u>85,577</u>	<u>2,467</u>
Auditor:			
Personal Services	237,296	191,168	46,128
Travel and Transportation	2,500	1,884	616
Contractual Services	13,000	12,999	1
Supplies and Materials	28,040	22,612	5,428
Total Auditor	<u>280,836</u>	<u>228,663</u>	<u>52,173</u>
Treasurer:			
Personal Services	6,391	6,391	0
Supplies and Materials	1,000	917	83
Total Treasurer	<u>7,391</u>	<u>7,308</u>	<u>83</u>
Law Director:			
Personal Services	174,702	173,452	1,250
Travel and Transportation	1,000	0	1,000
Supplies and Materials	57,713	44,424	13,289
Total Law Director	<u>233,415</u>	<u>217,876</u>	<u>15,539</u>
Income Tax:			
Personal Services	97,000	92,843	4,157
Travel and Transportation	3,600	1,859	1,741
Supplies and Materials	167,536	161,287	6,249
Capital Outlay	5,000	3,091	1,909
Total Income Tax	<u>273,136</u>	<u>259,080</u>	<u>14,056</u>
Municipal Court:			
Personal Services	397,650	367,835	29,815
Travel and Transportation	9,200	3,886	5,314
Supplies and Materials	58,615	55,003	3,612
Total Municipal Court	<u>465,465</u>	<u>426,724</u>	<u>38,741</u>

(Continued)

**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**GENERAL FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Civil Service:			
Personal Services	6,500	6,150	350
Travel and Transportation	100	0	100
Supplies and Materials	8,130	6,958	1,172
Total Civil Service	14,730	13,108	1,622
Safety Service:			
Personal Services	87,589	86,976	613
Travel and Transportation	1,007	639	368
Contractual Services	43,920	40,237	3,683
Supplies and Materials	13,130	10,789	2,341
Total Safety Service	145,646	138,641	7,005
Engineering:			
Personal Services	267,950	258,281	9,669
Travel and Transportation	3,399	1,768	1,631
Contractual Services	319,525	241,766	77,759
Supplies and Materials	26,470	20,792	5,678
Capital Outlay	7,900	6,679	1,221
Total Engineering	625,244	529,286	95,958
Public Land and Buildings:			
Personal Services	68,250	66,946	1,304
Travel and Transportation	555	225	330
Contractual Services	73,200	73,097	103
Supplies and Materials	292,019	269,774	22,245
Total Public Land and Buildings	434,024	410,042	23,982
Miscellaneous:			
Personal Services	1,123,123	1,064,926	58,197
Contractual Services	6,000	6,000	0
Supplies and Materials	284,890	242,064	42,826
Total Miscellaneous	1,414,013	1,312,990	101,023
Total General Government	4,055,861	3,694,096	361,765
Total Expenditures	9,147,640	8,344,401	803,239

(Continued)



**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**GENERAL FUND**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Excess (Deficiency) of Revenues Over Expenditures	(1,074,034)	(124,839)	949,195
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	0	14,619	14,619
Operating Transfers In	49,500	49,500	0
Operating Transfers Out	(1,253,857)	(1,041,398)	212,459
Advances In	0	500,000	500,000
Advances Out	0	(500,000)	(500,000)
Total Other Financing Sources (Uses):	(1,204,357)	(977,279)	227,078
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	(2,278,391)	(1,102,118)	1,176,273
Fund Balance at Beginning of Year	1,766,530	1,766,530	0
Prior Year Encumbrances	517,861	517,861	0
Fund Balance at End of Year	<u>\$6,000</u>	<u>\$1,182,273</u>	<u>\$1,176,273</u>

**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.

**Cemeteries Fund**

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

**Park Development Fund**

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

**Community Development Block Grant Fund**

To account for state grants designated for community environmental improvements.

**Parking Fund**

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

**Law Enforcement Trust Fund**

To account for the proceeds from the confiscation of contraband.

**Drug Enforcement Trust Fund**

To account for mandatory fines collected for drug offenses.

**Permissive License Registration Fund**

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

(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.

**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. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

**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.

**Court Computerization Fund**

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

**Stop Violence Against Women (SVAW) Grant Fund**

To account for federal grant monies designated for use in programs to stop domestic violence. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

**THE CITY OF MOUNT VERNON, OHIO**  
**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2002**

	Street Construction, Maintenance and Repair	State Highway Improvement	Permissive Auto License Tax	Cemeteries
<u>Assets:</u>				
Cash and Cash Equivalents	\$96,980	\$72,206	\$12,236	\$130,463
Receivables (net of allowance for doubtful accounts):				
Taxes	25,044	0	0	33,395
Accounts	0	0	0	4,498
Due from Other Funds	0	0	0	0
Intergovernmental Receivables	173,863	14,100	0	0
Inventory of Supplies at Cost	7,547	0	0	185
Prepaid Items	7,233	0	0	877
Restricted Assets:				
Cash with Fiscal Agents	0	0	21,073	0
Total Assets	<u>\$310,667</u>	<u>\$86,306</u>	<u>\$33,309</u>	<u>\$169,418</u>
<u>Liabilities and Fund Equity:</u>				
Liabilities:				
Accounts Payable	\$4,572	\$1,822	\$0	\$1,781
Accrued Wages and Benefits	30,189	0	0	11,686
Deferred Revenue	117,693	9,400	21,073	2,395
Compensated Absences Payable	2,441	0	0	2,362
Total Liabilities	<u>154,895</u>	<u>11,222</u>	<u>21,073</u>	<u>18,224</u>
Fund Equity:				
Reserved for Encumbrances	25,586	1,253	6,703	17,968
Reserved for Supplies Inventory	7,547	0	0	185
Reserved for Prepaid Items	7,233	0	0	877
Unreserved	115,406	73,831	5,533	132,164
Total Fund Equity	<u>155,772</u>	<u>75,084</u>	<u>12,236</u>	<u>151,194</u>
Total Liabilities and Fund Equity	<u>\$310,667</u>	<u>\$86,306</u>	<u>\$33,309</u>	<u>\$169,418</u>

**THE CITY OF MOUNT VERNON, OHIO**  
**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2002**

Park Development	Community Development Block Grant	Parking	Law Enforcement Trust	Drug Enforcement Trust	Permissive License Registration
\$31,375	\$17,285	\$7,243	\$14,226	\$1,744	\$133,150
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	919,876	0	0	0	15,275
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>\$31,375</u>	<u>\$937,161</u>	<u>\$7,243</u>	<u>\$14,226</u>	<u>\$1,744</u>	<u>\$148,425</u>
\$0	\$1,630	\$784	\$0	\$0	\$18,038
0	0	4,511	0	0	0
0	894,916	0	0	0	0
0	0	100	0	0	0
0	<u>896,546</u>	<u>5,395</u>	<u>0</u>	<u>0</u>	<u>18,038</u>
0	2,730	2,304	0	0	5,326
0	0	0	0	0	0
0	0	0	0	0	0
<u>31,375</u>	<u>37,885</u>	<u>(456)</u>	<u>14,226</u>	<u>1,744</u>	<u>125,061</u>
<u>31,375</u>	<u>40,615</u>	<u>1,848</u>	<u>14,226</u>	<u>1,744</u>	<u>130,387</u>
<u>\$31,375</u>	<u>\$937,161</u>	<u>\$7,243</u>	<u>\$14,226</u>	<u>\$1,744</u>	<u>\$148,425</u>

(Continued)

**THE CITY OF MOUNT VERNON, OHIO**  
**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2002**

	Indigent Drivers Alcohol Treatment	DUI Enforcement and Education	Police Pension	Fire Pension
<u>Assets:</u>				
Cash and Cash Equivalents	\$0	\$24,928	\$135,426	\$82,707
Receivables (net of allowance for doubtful accounts):				
Taxes	0	0	100,887	100,887
Accounts	0	0	0	0
Due from Other Funds	3,225	60	0	0
Intergovernmental Receivables	0	0	3,600	3,600
Inventory of Supplies at Cost	0	0	0	0
Prepaid Items	0	0	0	0
Restricted Assets:				
Cash with Fiscal Agents	0	0	0	0
Total Assets	<u>\$3,225</u>	<u>\$24,988</u>	<u>\$239,913</u>	<u>\$187,194</u>
<u>Liabilities and Fund Equity:</u>				
Liabilities:				
Accounts Payable	\$0	\$0	\$0	\$0
Accrued Wages and Benefits	0	0	52,023	78,791
Deferred Revenue	0	0	96,737	96,737
Compensated Absences Payable	0	0	0	0
Total Liabilities	<u>0</u>	<u>0</u>	<u>148,760</u>	<u>175,528</u>
Reserved for Encumbrances	0	0	48,000	70,500
Reserved for Supplies Inventory	0	0	0	0
Reserved for Prepaid Items	0	0	0	0
Unreserved	3,225	24,988	43,153	(58,834)
Total Fund Equity	<u>3,225</u>	<u>24,988</u>	<u>91,153</u>	<u>11,666</u>
Total Liabilities and Fund Equity	<u>\$3,225</u>	<u>\$24,988</u>	<u>\$239,913</u>	<u>\$187,194</u>

**THE CITY OF MOUNT VERNON, OHIO**  
**COMBINING BALANCE SHEET**  
**SPECIAL REVENUE FUNDS**  
**DECEMBER 31, 2002**

Court Computerization	Total
\$15,812	\$775,781
0	260,213
0	4,498
4,141	7,426
0	1,130,314
0	7,732
0	8,110
0	21,073
<u>\$19,953</u>	<u>\$2,215,147</u>
\$0	\$28,627
0	177,200
0	1,238,951
0	4,903
<u>0</u>	<u>1,449,681</u>
3,811	184,181
0	7,732
0	8,110
16,142	565,443
<u>19,953</u>	<u>765,466</u>
<u>\$19,953</u>	<u>\$2,215,147</u>

**THE CITY OF MOUNT VERNON, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Street Construction, Maintenance and Repair	State Highway Improvement	Permissive Auto License Tax	Cemeteries
<u>Revenues:</u>				
Tax Revenues	\$123,007	\$0	\$0	\$164,008
Intergovernmental Revenues	397,242	32,209	53,895	0
Charges for Services	0	0	0	50,004
Licenses and Permits	633	0	0	0
Investment Earnings	212	1,371	0	4,530
Fines and Forfeitures	0	0	0	0
All Other Revenues	0	0	0	0
Total Revenues	521,094	33,580	53,895	218,542
<u>Expenditures:</u>				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare Services	0	0	0	216,494
Community Environment	0	0	0	0
Transportation	553,443	47,415	134,781	0
General Government	0	0	0	0
Total Expenditures	553,443	47,415	134,781	216,494
Excess (Deficiency) of Revenues Over (Under) Expenditures	(32,349)	(13,835)	(80,886)	2,048
<u>Other Financing Sources (Uses):</u>				
Proceeds from Sale of Fixed Assets	8,126	0	0	2,171
Operating Transfers In	0	0	0	0
Total Other Financing Sources (Uses)	8,126	0	0	2,171
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(24,223)	(13,835)	(80,886)	4,219
Fund Balance at Beginning of Year	186,727	88,919	93,122	147,054
Increase in Inventory Reserve	(6,732)	0	0	(79)
Fund Balance at End of Year	\$155,772	\$75,084	\$12,236	\$151,194



**THE CITY OF MOUNT VERNON, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

Park Development	Community Development Block Grant	Parking	Law Enforcement Trust	Drug Enforcement Trust	Permissive License Registration
\$0	\$0	\$0	\$0	\$0	\$0
0	273,384	0	0	0	106,531
5,060	0	57,262	0	0	0
0	0	3,092	0	0	0
0	45	0	0	0	0
0	0	24,498	0	0	0
0	12,359	2	2,283	0	0
5,060	285,788	84,854	2,283	0	106,531
0	0	94,344	10,096	0	0
0	0	0	0	0	0
0	307,050	0	0	0	0
0	0	0	0	0	99,729
0	0	0	0	0	0
0	307,050	94,344	10,096	0	99,729
5,060	(21,262)	(9,490)	(7,813)	0	6,802
0	0	0	0	0	0
5,060	0	5,000	7,500	0	0
5,060	0	5,000	7,500	0	0
10,120	(21,262)	(4,490)	(313)	0	6,802
21,255	61,877	6,338	14,539	1,744	123,585
0	0	0	0	0	0
\$31,375	\$40,615	\$1,848	\$14,226	\$1,744	\$130,387

(Continued)

**THE CITY OF MOUNT VERNON, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Indigent Drivers Alcohol Treatment	DUI Enforcement and Education	Probation Services	Police Pension
<u>Revenues:</u>				
Tax Revenues	\$0	\$0	\$0	\$104,449
Intergovernmental Revenues	0	0	0	6,741
Charges for Services	0	0	0	0
Licenses and Permits	0	0	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	15,677	1,829	0	0
All Other Revenues	0	0	0	0
Total Revenues	15,677	1,829	0	111,190
<u>Expenditures:</u>				
Current:				
Security of Persons and Property	0	0	0	209,719
Public Health and Welfare Services	0	0	0	0
Community Environment	0	0	0	0
Transportation	0	0	0	0
General Government	12,855	0	53	0
Total Expenditures	12,855	0	53	209,719
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,822	1,829	(53)	(98,529)
<u>Other Financing Sources (Uses):</u>				
Proceeds from Sale of Fixed Assets	0	0	0	0
Operating Transfers In	0	0	0	100,000
Total Other Financing Sources (Uses)	0	0	0	100,000
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,822	1,829	(53)	1,471
Fund Balance at Beginning of Year	403	23,159	53	89,682
Increase in Inventory Reserve	0	0	0	0
Fund Balance at End of Year	\$3,225	\$24,988	\$0	\$91,153

**THE CITY OF MOUNT VERNON, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

Fire Pension	Court Computerization	Stop Violence Against Women	Totals
\$104,449	\$0	\$0	\$495,913
6,741	0	7,202	883,945
0	0	0	112,326
0	0	0	3,725
0	0	0	6,158
0	50,454	0	92,458
0	0	0	14,644
<u>111,190</u>	<u>50,454</u>	<u>7,202</u>	<u>1,609,169</u>
293,278	0	0	607,437
0	0	0	216,494
0	0	0	307,050
0	0	0	835,368
0	48,136	14,226	75,270
<u>293,278</u>	<u>48,136</u>	<u>14,226</u>	<u>2,041,619</u>
(182,088)	2,318	(7,024)	(432,450)
0	0	0	10,297
<u>125,000</u>	<u>0</u>	<u>3,383</u>	<u>245,943</u>
<u>125,000</u>	<u>0</u>	<u>3,383</u>	<u>256,240</u>
(57,088)	2,318	(3,641)	(176,210)
68,754	17,635	3,641	948,487
0	0	0	(6,811)
<u>\$11,666</u>	<u>\$19,953</u>	<u>\$0</u>	<u>\$765,466</u>

**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**STREET CONSTRUCTION, MAINTENANCE AND REPAIR**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Municipal Income Taxes	\$110,727	\$125,492	\$14,765
Intergovernmental Revenues	392,200	396,002	3,802
License and Permits	0	633	633
Investment Earnings	500	212	(288)
Total Revenues	<u>503,427</u>	<u>522,339</u>	<u>18,912</u>
<u>Expenditures:</u>			
Transportation:			
Personal Services	521,150	507,725	13,425
Travel and Transportation	1,060	1,044	16
Supplies and Materials	90,758	65,303	25,455
Capital Outlay	6,779	5,891	888
Total Expenditures	<u>619,747</u>	<u>579,963</u>	<u>39,784</u>
Excess (Deficiency) of Revenues Over Expenditures	(116,320)	(57,624)	58,696
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	0	8,126	8,126
Total Other Financing Sources (Uses):	<u>0</u>	<u>8,126</u>	<u>8,126</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	(116,320)	(49,498)	66,822
Fund Balance at Beginning of Year	90,607	90,607	0
Prior Year Encumbrances	25,713	25,713	0
Fund Balance at End of Year	<u>\$0</u>	<u>\$66,822</u>	<u>\$66,822</u>

**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**STATE HIGHWAY IMPROVEMENT**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$30,000	\$30,949	\$949
Investment Earnings	500	1,371	871
Total Revenues	30,500	32,320	1,820
<u>Expenditures:</u>			
<u>Transportation:</u>			
Supplies and Materials	119,770	52,458	67,312
Total Expenditures	119,770	52,458	67,312
Excess (Deficiency) of Revenues Over Expenditures	(89,270)	(20,138)	69,132
Fund Balance at Beginning of Year	84,566	84,566	0
Prior Year Encumbrances	4,704	4,704	0
Fund Balance at End of Year	\$0	\$69,132	\$69,132

**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**PERMISSIVE AUTO LICENSE TAX**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$50,000	\$53,895	\$3,895
Total Revenues	50,000	53,895	3,895
<u>Expenditures:</u>			
<u>Transportation:</u>			
Supplies and Materials	143,122	141,484	1,638
Total Expenditures	143,122	141,484	1,638
Excess (Deficiency) of Revenues Over Expenditures	(93,122)	(87,589)	5,533
Fund Balance at Beginning of Year	93,122	93,122	0
Fund Balance at End of Year	\$0	\$5,533	\$5,533

**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**CEMETERIES**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Municipal Income Taxes	\$147,635	\$167,323	\$19,688
Charges for Services	50,000	49,653	(347)
Investment Earnings	10,000	4,530	(5,470)
Total Revenues	207,635	221,506	13,871
<u>Expenditures:</u>			
Public Health and Welfare Services:			
Personal Services	214,557	192,160	22,397
Travel and Transportation	645	252	393
Contractual Services	13,000	7,320	5,680
Supplies and Materials	29,559	21,814	7,745
Other Expenses	1,000	702	298
Capital Outlay	70,547	12,387	58,160
Total Expenditures	329,308	234,635	94,673
Excess (Deficiency) of Revenues Over Expenditures	(121,673)	(13,129)	108,544
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sales of Fixed Assets	0	2,171	2,171
Total Other Financing Sources (Uses):	0	2,171	2,171
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	(121,673)	(10,958)	110,715
Fund Balance at Beginning of Year	102,257	102,257	0
Prior Year Encumbrances	19,416	19,416	0
Fund Balance at End of Year	\$0	\$110,715	\$110,715

**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**PARK DEVELOPMENT**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$5,000	\$5,060	\$60
Total Revenues	5,000	5,060	60
<u>Expenditures:</u>			
Leisure Time Activities:			
Supplies and Material	31,255	0	31,255
Total Expenditures	31,255	0	31,255
Excess (Deficiency) of Revenues Over Expenditures	(26,255)	5,060	31,315
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	5,000	5,060	60
Total Other Financing Sources (Uses):	5,000	5,060	60
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	(21,255)	10,120	31,375
Fund Balance at Beginning of Year	21,255	21,255	0
Fund Balance at End of Year	\$0	\$31,375	\$31,375



**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**COMMUNITY DEVELOPMENT BLOCK GRANT**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$1,010,539	\$266,724	(\$743,815)
Investment Earnings	0	45	45
All Other Revenues	8,113	12,359	4,246
Total Revenues	1,018,652	279,128	(739,524)
<u>Expenditures:</u>			
Community Environment:			
Contractual Services	1,066,475	309,780	756,695
Total Expenditures	1,066,475	309,780	756,695
Excess (Deficiency) of Revenues Over Expenditures	(47,823)	(30,652)	17,171
Fund Balance at Beginning of Year	24,754	24,754	0
Prior Year Encumbrances	18,823	18,823	0
Fund Balance at End of Year	(\$4,246)	\$12,925	\$17,171

**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**PARKING**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$54,500	\$57,262	\$2,762
License and Permits	2,500	3,092	592
Fines and Forfeitures	28,000	24,498	(3,502)
All Other Revenues	0	2	2
Total Revenues	85,000	84,854	(146)
<u>Expenditures:</u>			
Security of Persons and Property:			
Personal Services	82,301	79,240	3,061
Supplies and Materials	29,826	23,586	6,240
Total Expenditures	112,127	102,826	9,301
Excess (Deficiency) of Revenues Over Expenditures	(27,127)	(17,972)	9,155
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	10,000	5,000	(5,000)
Total Other Financing Sources (Uses):	10,000	5,000	(5,000)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	(17,127)	(12,972)	4,155
Fund Balance at Beginning of Year	15,038	15,038	0
Prior Year Encumbrances	2,089	2,089	0
Fund Balance at End of Year	\$0	\$4,155	\$4,155

**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**LAW ENFORCEMENT TRUST**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
All Other Revenues	\$2,283	\$2,283	\$0
Total Revenues	2,283	2,283	0
<u>Expenditures:</u>			
Security of Persons and Property:			
Contractual Services	10,096	10,096	0
Total Expenditures	10,096	10,096	0
Excess (Deficiency) of Revenues Over Expenditures	(7,813)	(7,813)	0
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	7,500	7,500	0
Total Other Financing Sources (Uses):	7,500	7,500	0
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	(313)	(313)	0
Fund Balance at Beginning of Year	14,539	14,539	0
Fund Balance at End of Year	\$14,226	\$14,226	\$0

**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**DRUG ENFORCEMENT TRUST**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Total Revenues	\$0	\$0	\$0
<u>Expenditures:</u>			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balance at Beginning of Year	1,744	1,744	0
Fund Balance at End of Year	<u>\$1,744</u>	<u>\$1,744</u>	<u>\$0</u>

**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**PERMISSIVE LICENSE REGISTRATION**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$95,000	\$105,904	\$10,904
Total Revenues	95,000	105,904	10,904
<u>Expenditures:</u>			
Transportation:			
Supplies and Materials	203,937	105,056	98,881
Total Expenditures	203,937	105,056	98,881
Excess (Deficiency) of Revenues Over Expenditures	(108,937)	848	109,785
Fund Balance at Beginning of Year	80,670	80,670	0
Prior Year Encumbrances	28,267	28,267	0
Fund Balance at End of Year	\$0	\$109,785	\$109,785

**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**INDIGENT DRIVERS ALCOHOL TREATMENT**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$15,000	\$12,855	(\$2,145)
Total Revenues	15,000	12,855	(2,145)
<u>Expenditures:</u>			
General Government:			
Supplies and Materials	15,000	12,855	2,145
Total Expenditures	15,000	12,855	2,145
Excess (Deficiency) of Revenues Over Expenditures	0	0	0
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$0	\$0	\$0

**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**DUI - ENFORCEMENT AND EDUCATION**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$2,000	\$1,819	(\$181)
Total Revenues	2,000	1,819	(181)
<u>Expenditures:</u>			
General Government:			
Supplies and Materials	25,109	0	25,109
Total Expenditures	25,109	0	25,109
Excess (Deficiency) of Revenues Over Expenditures	(23,109)	1,819	24,928
Fund Balance at Beginning of Year	23,109	23,109	0
Fund Balance at End of Year	\$0	\$24,928	\$24,928

**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**PROBATION SERVICES**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Charges for Services	\$200	\$0	(\$200)
Total Revenues	200	0	(200)
<u>Expenditures:</u>			
General Government:			
Supplies and Materials	253	53	200
Total Expenditures	253	53	200
Excess (Deficiency) of Revenues Over Expenditures	(53)	(53)	0
Fund Balance at Beginning of Year	53	53	0
Fund Balance at End of Year	\$0	\$0	\$0



**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**POLICE PENSION**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$74,400	\$63,447	(\$10,953)
Municipal Income Taxes	42,909	41,831	(1,078)
Intergovernmental Revenues	6,600	6,741	141
Total Revenues	123,909	112,019	(11,890)
<u>Expenditures:</u>			
Security of Persons and Property:			
Personal Services	382,685	253,967	128,718
General Government:			
Supplies and Materials	2,000	1,402	598
Total Expenditures	384,685	255,369	129,316
Excess (Deficiency) of Revenues Over Expenditures	(260,776)	(143,350)	117,426
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	130,000	100,000	(30,000)
Total Other Financing Sources (Uses):	130,000	100,000	(30,000)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	(130,776)	(43,350)	87,426
Fund Balance at Beginning of Year	83,776	83,776	0
Prior Year Encumbrances	47,000	47,000	0
Fund Balance at End of Year	\$0	\$87,426	\$87,426

**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**FIRE PENSION**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$74,400	\$63,447	(\$10,953)
Municipal Income Taxes	42,909	41,831	(1,078)
Intergovernmental Revenues	6,600	6,741	141
Total Revenues	123,909	112,019	(11,890)
<u>Expenditures:</u>			
Security of Persons and Property:			
Personal Services	401,303	348,313	52,990
General Government:			
Supplies and Materials	2,500	1,402	1,098
Total Expenditures	403,803	349,715	54,088
Excess (Deficiency) of Revenues Over Expenditures	(279,894)	(237,696)	42,198
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	154,991	125,000	(29,991)
Total Other Financing Sources (Uses):	154,991	125,000	(29,991)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	(124,903)	(112,696)	12,207
Fund Balance at Beginning of Year	62,903	62,903	0
Prior Year Encumbrances	62,000	62,000	0
Fund Balance at End of Year	\$0	\$12,207	\$12,207

**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**COURT COMPUTERIZATION**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Fines and Forfeitures	\$47,000	\$50,035	\$3,035
Total Revenues	47,000	50,035	3,035
<u>Expenditures:</u>			
General Government:			
Supplies and Materials	66,163	57,197	8,966
Total Expenditures	66,163	57,197	8,966
Excess (Deficiency) of Revenues Over Expenditures	(19,163)	(7,162)	12,001
Fund Balance at Beginning of Year	13,913	13,913	0
Prior Year Encumbrances	5,250	5,250	0
Fund Balance at End of Year	\$0	\$12,001	\$12,001

**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**STOP VIOLENCE AGAINST WOMEN**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Intergovernmental Revenues	\$15,000	\$7,202	(\$7,798)
Total Revenues	15,000	7,202	(7,798)
<u>Expenditures:</u>			
General Government:			
Personal Services	24,201	14,786	9,415
Total Expenditures	24,201	14,786	9,415
Excess (Deficiency) of Revenues Over Expenditures	(9,201)	(7,584)	1,617
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	5,000	3,383	(1,617)
Total Other Financing Sources (Uses):	5,000	3,383	(1,617)
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	(4,201)	(4,201)	0
Fund Balance at Beginning of Year	4,201	4,201	0
Fund Balance at End of Year	\$0	\$0	\$0

***DEBT SERVICE FUND***

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The Debt Service Fund is used to account for retirement of the City's general obligation and special assessment bonds.

**General Bond Retirement Fund**

To account for payment of principal and interest on the City's general obligation bonds which are recorded in the general long-term debt group of accounts. Revenues for this purpose include ad valorem property taxes and investment income.

**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**DEBT SERVICE FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**GENERAL BOND RETIREMENT**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$210,000	\$22,228	(\$187,772)
Investment Earnings	2,000	781	(1,219)
Total Revenues	212,000	23,009	(188,991)
<u>Expenditures:</u>			
Basic Utility Service:			
Supplies and Materials	210,000	21,775	188,225
General Government:			
Supplies and Materials	500	453	47
Debt Service:			
Principal Retirement	7,134,712	7,003,030	131,682
Interest and Fiscal Charges	1,129,834	864,202	265,632
Total Expenditures	8,475,046	7,889,460	585,586
Excess (Deficiency) of Revenues over Expenditures	(8,263,046)	(7,866,451)	396,595
<u>Other Financing Sources (Uses):</u>			
Proceeds of General Obligation Notes	2,690,000	2,690,000	0
Operating Transfers In	5,532,834	5,136,239	(396,595)
Total Other Financing Sources (Uses):	8,222,834	7,826,239	(396,595)
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Uses	(40,212)	(40,212)	0
Fund Balance at Beginning of Year	40,212	40,212	0
Fund Balance at End of Year	\$0	\$0	\$0

## **CAPITAL PROJECTS FUND**

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

### **Capital Improvement Fund**

To account for financial resources used for the improvement of City property.

### **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.

**THE CITY OF MOUNT VERNON, OHIO**  
**COMBINING BALANCE SHEET**  
**CAPITAL PROJECTS FUNDS**  
**DECEMBER 31, 2002**

	<u>Capital Improvement</u>	<u>TIF District- Coshocton Road</u>	<u>B&amp;O Railroad Depot</u>	<u>Totals</u>
<u>Assets:</u>				
Cash and Cash Equivalents	\$1,789,500	\$565,206	\$29,932	\$2,384,638
Receivables (net of allowances for doubtful accounts)				
Taxes	83,488	446,864	0	530,352
Intergovernmental Receivables	0	24,700	0	24,700
<u>Restricted Assets:</u>				
Cash and Cash Equivalents	<u>0</u>	<u>146,300</u>	<u>0</u>	<u>146,300</u>
Total Assets	<u><u>\$1,872,988</u></u>	<u><u>\$1,183,070</u></u>	<u><u>\$29,932</u></u>	<u><u>\$3,085,990</u></u>
<u>Liabilities and Fund Equity:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$8,878	\$0	\$0	\$8,878
Contracts Payable	59,946	223,693	0	283,639
Retainage Payable	0	146,300	0	146,300
Accrued Interest Payable	9,641	14,225	0	23,866
Deferred Revenue	<u>5,987</u>	<u>471,564</u>	<u>0</u>	<u>477,551</u>
Total Liabilities	<u>84,452</u>	<u>855,782</u>	<u>0</u>	<u>940,234</u>
<u>Fund Equity:</u>				
Reserved for Encumbrances	156,819	405,561	13,572	575,952
Unreserved	<u>1,631,717</u>	<u>(78,273)</u>	<u>16,360</u>	<u>1,569,804</u>
Total Fund Equity	<u>1,788,536</u>	<u>327,288</u>	<u>29,932</u>	<u>2,145,756</u>
Total Liabilities and Fund Equity	<u><u>\$1,872,988</u></u>	<u><u>\$1,183,070</u></u>	<u><u>\$29,932</u></u>	<u><u>\$3,085,990</u></u>



**THE CITY OF MOUNT VERNON, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**CAPITAL PROJECT FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Capital Improvement</u>	<u>TIF District- Coshocton Road</u>	<u>B&amp;O Railroad Depot</u>	<u>Totals</u>
<b>Revenues:</b>				
Tax Revenues	\$410,019	\$109,155	\$0	\$519,174
Intergovernmental Revenues	34,442	677,726	0	712,168
Investment Earnings	573	1,134	0	1,707
All Other Revenues	30	0	120,048	120,078
<b>Total Revenues</b>	<b>445,064</b>	<b>788,015</b>	<b>120,048</b>	<b>1,353,127</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	9,887	0	0	9,887
Public Health and Welfare Services	24,602	0	0	24,602
Transportation	426,211	2,781,967	0	3,208,178
General Government	424,612	0	90,116	514,728
Debt Service:				
Interest and Fiscal Charges	5,657	14,225	0	19,882
<b>Total Expenditures</b>	<b>890,969</b>	<b>2,796,192</b>	<b>90,116</b>	<b>3,777,277</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(445,905)	(2,008,177)	29,932	(2,424,150)
<b>Other Financing Sources (Uses):</b>				
Proceeds from General Obligation Notes	500,000	3,290,000	0	3,790,000
Proceeds from SIB Loan	0	2,565,620	0	2,565,620
Operating Transfers In	794,300	0	0	794,300
Operating Transfers Out	0	(3,430,035)	0	(3,430,035)
<b>Total Other Financing Sources (Uses)</b>	<b>1,294,300</b>	<b>2,425,585</b>	<b>0</b>	<b>3,719,885</b>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	848,395	417,408	29,932	1,295,735
Fund Balance at Beginning of Year	940,141	(90,120)	0	850,021
<b>Fund Balance at End of Year</b>	<b>\$1,788,536</b>	<b>\$327,288</b>	<b>\$29,932</b>	<b>\$2,145,756</b>

**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**CAPITAL IMPROVEMENT**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>			
Municipal Income Taxes	\$369,089	\$418,306	\$49,217
Intergovernmental Revenues	0	34,442	34,442
Investment Earnings	0	573	573
All Other Revenues	0	30	30
Total Revenues	369,089	453,351	84,262
<b>Expenditures:</b>			
Security of Persons and Property:			
Police:			
Capital Outlay	10,500	10,287	213
Total Security of Persons and Property	10,500	10,287	213
Leisure Time Activities:			
Parks:			
Capital Outlay	47,200	47,101	99
Total Leisure Time Activities	47,200	47,101	99
Transportation:			
Street:			
Contractual Services	293,875	256,058	37,817
Capital Outlay	1,291,542	344,224	947,318
Total Transportation	1,585,417	600,282	985,135
General Government:			
Auditor:			
Capital Outlay	42,000	41,479	521
Income Tax:			
Capital Outlay	300	295	5
Safety - Service:			
Capital Outlay	3,200	3,200	0
Engineering:			
Contractual Services	50,000	47,742	2,258
Capital Outlay	500	495	5
Public Buildings and Land:			
Contractual Services	19,000	18,023	977
Capital Outlay	392,730	373,348	19,382
Total General Government	507,730	484,582	23,148
Total Expenditures	2,150,847	1,142,252	1,008,595

(Continued)

**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**CAPITAL IMPROVEMENT**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Excess (Deficiency) of Revenues over Expenditures	(1,781,758)	(688,901)	1,092,857
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	323,300	794,300	471,000
Total Other Financing Sources (Uses):	323,300	794,300	471,000
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Uses	(1,458,458)	105,399	1,563,857
Fund Balance at Beginning of Year	1,316,414	1,316,414	0
Prior Year Encumbrances	142,044	142,044	0
Fund Balance at End of Year	<u>\$0</u>	<u>\$1,563,857</u>	<u>\$1,563,857</u>

**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**TIF DISTRICT-COSHOCTON ROAD**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$109,155	\$109,155	\$0
Intergovernmental Revenues	1,060,855	677,726	(383,129)
Investment Earnings	0	1,134	1,134
Total Revenues	1,170,010	788,015	(381,995)
<u>Expenditures:</u>			
Transportation:			
Street:			
Contractual Services	38,000	32,872	5,128
Supplies and Materials	1,950	1,936	14
Capital Outlay	3,749,173	3,485,490	263,683
Total Expenditures	3,789,123	3,520,298	268,825
Excess (Deficiency) of Revenues over Expenditures	(2,619,113)	(2,732,283)	(113,170)
<u>Other Financing Sources (Uses):</u>			
Proceeds from State Infrastructure Bank Loan	2,439,136	2,565,620	126,484
Proceeds from General Obligation Notes	3,290,000	3,290,000	0
Operating Transfers Out	(3,498,973)	(3,430,035)	68,938
Advances In	500,000	500,000	0
Advances Out	(500,000)	(500,000)	0
Total Other Financing Sources (Uses):	2,230,163	2,425,585	195,422
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Uses	(388,950)	(306,698)	82,252
Fund Balance at Beginning of Year	302,761	302,761	0
Prior Year Encumbrances	86,189	86,189	0
Fund Balance at End of Year	\$0	\$82,252	\$82,252

**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

**B & O RAILROAD DEPOT**

	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<u>Revenues:</u>			
All Other Revenues	\$118,010	\$120,048	\$2,038
Total Revenues	118,010	120,048	2,038
<u>Expenditures:</u>			
General Government:			
Public Land and Buildings:			
Contractual Services	27,970	15,822	12,148
Supplies and Materials	3,200	1,306	1,894
Capital Outlay	86,840	86,560	280
Total Expenditures	118,010	103,688	14,322
Excess (Deficiency) of Revenues over Expenditures	0	16,360	16,360
Fund Balance at Beginning of Year	0	0	0
Fund Balance at End of Year	\$0	\$16,360	\$16,360



## ***ENTERPRISE FUNDS***

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The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, whereby the intent of the City is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or when the City has decided that periodic determination of net income is appropriate for accountability purposes.

### **Water Fund**

To account for the operation of the City's water service.

### **Sewer Fund**

To account for the operation of the City's sanitary sewer service.

**THE CITY OF MOUNT VERNON, OHIO**  
**COMBINING BALANCE SHEET**  
**ENTERPRISE FUNDS**  
**DECEMBER 31, 2002**

	Water Fund	Sewer Fund	Totals
<u>Assets:</u>			
Cash and Cash Equivalents	\$1,827,018	\$4,665,157	\$6,492,175
Receivables (net of allowances for doubtful accounts):			
Accounts	557,198	582,905	1,140,103
Inventory of Supplies at Cost	48,754	37,261	86,015
Prepaid Items	4,680	9,840	14,520
Restricted Assets:			
Cash and Cash Equivalents	276,841	7,502	284,343
Cash with Fiscal Agents	697,173	261,918	959,091
Property Plant and Equipment	27,510,640	19,405,761	46,916,401
Less Accumulated Depreciation	(5,862,620)	(9,205,550)	(15,068,170)
Net Fixed Assets	21,648,020	10,200,211	31,848,231
Construction in Progress	23,890	241,353	265,243
Total Assets	<u>\$25,083,574</u>	<u>\$16,006,147</u>	<u>\$41,089,721</u>
<u>Liabilities and Fund Equity:</u>			
Liabilities:			
Accounts Payable	\$64,576	\$60,541	\$125,117
Accrued Wages and Benefits	53,122	57,920	111,042
Contracts Payable	2,163	130,786	132,949
Matured Bonds and Interest Payable	2,275	0	2,275
Accrued Interest Payable	28,929	15,932	44,861
General Obligation Notes Payable	0	2,195,000	2,195,000
Compensated Absences Payable	113,350	119,549	232,899
General Obligation Bonds Payable	7,640,000	0	7,640,000
Revenue Bonds Payable	7,170,000	1,765,000	8,935,000
Total Liabilities	<u>15,074,415</u>	<u>4,344,728</u>	<u>19,419,143</u>
Fund Equity:			
Contributed Capital	853,938	3,899,872	4,753,810
Retained Earnings:			
Reserved for Revenue Bond Indenture	697,173	261,918	959,091
Unreserved	8,458,048	7,499,629	15,957,677
Total Retained Earnings	<u>9,155,221</u>	<u>7,761,547</u>	<u>16,916,768</u>
Total Fund Equity	<u>10,009,159</u>	<u>11,661,419</u>	<u>21,670,578</u>
Total Liabilities and Fund Equity	<u>\$25,083,574</u>	<u>\$16,006,147</u>	<u>\$41,089,721</u>



**THE CITY OF MOUNT VERNON, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Water Fund	Sewer Fund	Totals
<u>Operating Revenues:</u>			
Charges for Services	\$2,756,572	\$2,432,071	\$5,188,643
Other Operating Revenues	61,928	58	61,986
Total Operating Revenues	<u>2,818,500</u>	<u>2,432,129</u>	<u>5,250,629</u>
<u>Operating Expenses:</u>			
Personal Services	846,226	936,448	1,782,674
Materials and Supplies	632,974	333,641	966,615
Contractual Services	50,193	292,470	342,663
Utilities	166,618	209,713	376,331
Depreciation	896,274	403,244	1,299,518
Other Operating Expenses	2,137	2,230	4,367
Total Operating Expenses	<u>2,594,422</u>	<u>2,177,746</u>	<u>4,772,168</u>
Operating Income	224,078	254,383	478,461
<u>Nonoperating Revenues (Expenses):</u>			
Investment Earnings	53,062	76,079	129,141
Interest and Fiscal Charges	(654,637)	(174,977)	(829,614)
Gain on Disposal of Fixed Assets	6,566	10	6,576
Loss on Disposal of Fixed Assets	(93,686)	(2)	(93,688)
Total Nonoperating Revenues (Expenses)	<u>(688,695)</u>	<u>(98,890)</u>	<u>(787,585)</u>
Income (Loss) Before Operating Transfers	(464,617)	155,493	(309,124)
<u>Operating Transfers:</u>			
Operating Transfers Out	(24,500)	(25,000)	(49,500)
Total Operating Transfers	<u>(24,500)</u>	<u>(25,000)</u>	<u>(49,500)</u>
Net Income (Loss)	(489,117)	130,493	(358,624)
Restated Retained Earnings at Beginning of Year	9,644,338	7,631,054	17,275,392
Retained Earnings at End of Year	<u>\$9,155,221</u>	<u>\$7,761,547</u>	<u>\$16,916,768</u>

**THE CITY OF MOUNT VERNON, OHIO**  
**COMBINING STATEMENT OF CASH FLOWS**  
**ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Water	Sewer	Total
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$2,827,580	\$2,420,733	\$5,248,313
Cash Payments for Goods and Services	(1,051,865)	(699,627)	(1,751,492)
Cash Payments to Employees	(825,611)	(928,166)	(1,753,777)
Net Cash Provided by Operating Activities	<u>950,104</u>	<u>792,940</u>	<u>1,743,044</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Transfers Out to Other Funds	(24,500)	(25,000)	(49,500)
Net Cash Used by Noncapital Financing Activities	<u>(24,500)</u>	<u>(25,000)</u>	<u>(49,500)</u>
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Proceeds from General Obligation Notes	0	2,195,000	2,195,000
Proceeds from Sale of Fixed Assets	6,566	10	6,576
Acquisition and Construction of Assets	(101,554)	(255,918)	(357,472)
Principal Paid on General Obligation Notes	0	(2,500,000)	(2,500,000)
Principal Paid on General Obligation Bonds	(320,000)	0	(320,000)
Principal Paid on Revenue Bonds	(315,000)	(125,000)	(440,000)
Interest Paid on All Debt	(655,437)	(187,807)	(843,244)
Net Cash Used for Capital and Related Financing Activities	<u>(1,385,425)</u>	<u>(873,715)</u>	<u>(2,259,140)</u>
<u>Cash Flows from Investing Activities:</u>			
Receipt of Interest	53,062	76,079	129,141
Net Cash Provided by Investing Activities	<u>53,062</u>	<u>76,079</u>	<u>129,141</u>
Net Decrease in Cash and Cash Equivalents	(406,759)	(29,696)	(436,455)
Cash and Cash Equivalents at Beginning of Year	3,207,791	4,964,273	8,172,064
Cash and Cash Equivalents at End of Year	<u>\$2,801,032</u>	<u>\$4,934,577</u>	<u>\$7,735,609</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>			
Operating Income	\$224,078	\$254,383	\$478,461
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	896,274	403,244	1,299,518
Changes in Assets and Liabilities:			
Increase (Decrease) in Accounts Receivable	9,080	(11,396)	(2,316)
Decrease in Inventory	34,549	10,486	45,035
Decrease in Prepaid Items	1,103	682	1,785
Increase in Accounts Payable	5,500	8,158	13,658
Increase in Accrued Wages and Benefits	10,387	11,719	22,106
Increase (Decrease) in Contracts Payable	(12,808)	119,101	106,293
Decrease in Retainage Payable	(228,287)	0	(228,287)
Increase (Decrease) in Compensated Absences	10,228	(3,437)	6,791
Total Adjustments	<u>726,026</u>	<u>538,557</u>	<u>1,264,583</u>
Net Cash Provided by Operating Activities	<u>\$950,104</u>	<u>\$792,940</u>	<u>\$1,743,044</u>

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2002 the Water and Sewer Funds had outstanding liabilities of \$11,338 and \$11,685, respectively, for the purchase of capital assets.

## **FIDUCIARY FUND TYPES**

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.

### **EXPENDABLE TRUST FUNDS**

#### **Mausoleum Trust Fund**

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

#### **Insurance Trust Fund**

To account for insurance funds on deposit to insure the clean up of damaged property. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

#### **Bonds and Inspection Fee Trust Fund**

To account for funds on deposit as required by City ordinance for subdivision construction.

#### **Veterans Honor Walk Trust 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.

### **NONEXPENDABLE TRUST FUND**

#### **Perpetual Care Trust Fund**

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

### **AGENCY FUND**

#### **Municipal Court Fund**

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

**THE CITY OF MOUNT VERNON, OHIO**  
**COMBINING BALANCE SHEET**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2002**

	<i>Expendable Trust Funds</i>			<i>Nonexpendable Trust Fund</i>	<i>Agency Fund</i>	<u>Totals</u>
	<u>Mausoleum Trust</u>	<u>Bonds and Inspection Fee Trust</u>	<u>Veterans Honor Walk Trust</u>	<u>Perpetual Care Trust</u>	<u>Municipal Court</u>	
<u>Assets:</u>						
Cash and Cash Equivalents	\$830	\$5,951	\$60,864	\$0	\$0	\$67,645
Receivables (net of allowance for doubtful accounts):						
Accounts	0	0	0	4,327	0	4,327
Restricted Assets:						
Cash and Cash Equivalents	0	0	0	287,385	117,482	404,867
Total Assets	<u>\$830</u>	<u>\$5,951</u>	<u>\$60,864</u>	<u>\$291,712</u>	<u>\$117,482</u>	<u>\$476,839</u>
<u>Liabilities and Fund Equity:</u>						
Liabilities:						
Due to Other Funds	\$0	\$0	\$0	\$0	\$50,145	\$50,145
Intergovernmental Payables	0	0	0	0	31,561	31,561
Due to Others	0	0	0	0	35,776	35,776
Total Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>117,482</u>	<u>117,482</u>
Fund Equity:						
Reserved for Encumbrances	0	4,800	0	0	0	4,800
Reserved for Endowments	0	0	0	291,712	0	291,712
Unreserved	830	1,151	60,864	0	0	62,845
Total Fund Equity	<u>830</u>	<u>5,951</u>	<u>60,864</u>	<u>291,712</u>	<u>0</u>	<u>359,357</u>
Total Liabilities and Fund Equity	<u>\$830</u>	<u>\$5,951</u>	<u>\$60,864</u>	<u>\$291,712</u>	<u>\$117,482</u>	<u>\$476,839</u>

**THE CITY OF MOUNT VERNON, OHIO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**EXPENDABLE TRUST FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Mausoleum Trust	Insurance Trust	Bonds and Inspection Fee Trust	Veterans Honor Walk Trust	Totals
<u>Revenues:</u>					
Charges for Services	\$0	\$0	\$0	\$2,850	\$2,850
Investment Earnings	24	0	0	239	263
All Other Revenues	0	8,000	3,900	0	11,900
Total Revenues	<u>24</u>	<u>8,000</u>	<u>3,900</u>	<u>3,089</u>	<u>15,013</u>
<u>Expenditures:</u>					
Public Health and Welfare	980	8,000	0	0	8,980
Community Environment	0	0	3,400	1,328	4,728
Total Expenditures	<u>980</u>	<u>8,000</u>	<u>3,400</u>	<u>1,328</u>	<u>13,708</u>
Excess (Deficiency) of Revenues Over Expenditures	(956)	0	500	1,761	1,305
Fund Balance at Beginning of Year	1,786	0	5,451	59,103	66,340
Fund Balance at End of Year	<u>\$830</u>	<u>\$0</u>	<u>\$5,951</u>	<u>\$60,864</u>	<u>\$67,645</u>

**THE CITY OF MOUNT VERNON, OHIO**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

	Balance December 31, 2001	Additions	Deductions	Balance December 31, 2002
<u>Municipal Court</u>				
Assets:				
Restricted Assets:				
Cash and Cash Equivalents	\$84,665	\$1,615,609	(\$1,582,792)	\$117,482
Total Assets	<u>\$84,665</u>	<u>\$1,615,609</u>	<u>(\$1,582,792)</u>	<u>\$117,482</u>
Liabilities:				
Due to Other Funds	\$41,798	\$1,023,498	(\$1,015,151)	\$50,145
Intergovernmental Payables	29,577	471,017	(469,033)	31,561
Due to Others	13,290	121,094	(98,608)	35,776
Total Liabilities	<u>\$84,665</u>	<u>\$1,615,609</u>	<u>(\$1,582,792)</u>	<u>\$117,482</u>

**GENERAL FIXED ASSETS ACCOUNT GROUP**

General Fixed Assets Account Group is used to account for fixed assets other than those accounted for in the Proprietary Funds.

**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF GENERAL FIXED ASSETS**  
**BY SOURCE**  
**DECEMBER 31, 2002**

General Fixed Assets

Land	\$1,421,332
Buildings and Improvements	6,486,227
Improvements Other Than Buildings	548,274
Machinery and Equipment	4,926,274
Construction In Progress	30,206
Total General Fixed Assets	\$13,412,313

Investment in General Fixed Assets

General Fund	\$5,599,987
Special Revenue Funds	298,000
Capital Projects Fund	7,232,699
Proprietary Funds	84,846
Contributions	15,058
Federal Grants	103,827
State Grants	77,896
Total Investment in General Fixed Assets	\$13,412,313



**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF GENERAL FIXED ASSETS**  
**BY CATEGORY**  
**DECEMBER 31, 2002**

Function and Activity	Land	Buildings and Improvements	Improvements Other Than Buildings	Machinery and Equipment	Construction In Progress	Total
<u>General Government:</u>						
Administration	\$109,375	\$1,158,167	\$7,752	\$0	\$0	\$1,275,294
City Council	0	3,990	0	11,240	0	15,230
Mayor	0	0	0	4,720	0	4,720
City Auditor	0	0	0	85,745	0	85,745
Law Director	0	0	0	28,407	0	28,407
Income Tax	0	0	0	20,430	0	20,430
Municipal Court	0	12,995	0	203,047	0	216,042
Civil Service	0	0	0	1,543	0	1,543
Safety and Service	0	0	0	57,697	0	57,697
Engineer	0	0	0	432,130	0	432,130
Public Lands and Buildings	0	940,674	3,143	117,344	0	1,061,161
Total	<u>109,375</u>	<u>2,115,826</u>	<u>10,895</u>	<u>962,303</u>	<u>0</u>	<u>3,198,399</u>
<u>Security of Persons and Property:</u>						
Police	0	255,058	0	686,855	0	941,913
Fire	809,550	2,614,705	4,056	1,781,667	0	5,209,978
Total	<u>809,550</u>	<u>2,869,763</u>	<u>4,056</u>	<u>2,468,522</u>	<u>0</u>	<u>6,151,891</u>
<u>Transportation:</u>						
Street	0	119,855	20,437	998,841	11,406	1,150,539
<u>Leisure Time Activities:</u>						
Parks and Recreation	454,372	1,299,472	423,627	339,472	18,800	2,535,743
<u>Public Health and Welfare:</u>						
Cemetery	48,035	81,311	89,259	157,136	0	375,741
Total General Fixed Assets	<u>\$1,421,332</u>	<u>\$6,486,227</u>	<u>\$548,274</u>	<u>\$4,926,274</u>	<u>\$30,206</u>	<u>\$13,412,313</u>

**THE CITY OF MOUNT VERNON, OHIO**  
**SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS**  
**BY FUNCTION AND ACTIVITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2002**

Function and Activity	December 31, 2001	Additions	Deletions	December 31, 2002
<u>General Government:</u>				
Administration	\$1,302,839	\$0	(\$27,545)	\$1,275,294
City Council	13,999	1,231	0	15,230
Mayor	8,911	0	(4,191)	4,720
City Auditor	62,641	23,507	(403)	85,745
Law Director	28,407	0	0	28,407
Income Tax	17,821	2,726	(117)	20,430
Municipal Court	183,295	32,747	0	216,042
Civil Service	0	1,543	0	1,543
Safety and Service	57,697	0	0	57,697
Engineer	399,427	32,703	0	432,130
Public Lands and Buildings	528,586	702,283	(169,708)	1,061,161
Total	<u>2,603,623</u>	<u>796,740</u>	<u>(201,964)</u>	<u>3,198,399</u>
<u>Security of Persons and Property:</u>				
Police	987,174	111,382	(156,643)	941,913
Fire	5,064,641	147,461	(2,124)	5,209,978
Total	<u>6,051,815</u>	<u>258,843</u>	<u>(158,767)</u>	<u>6,151,891</u>
<u>Transportation:</u>				
Street	<u>1,204,595</u>	<u>5,145</u>	<u>(59,201)</u>	<u>1,150,539</u>
<u>Leisure Time Activities:</u>				
Parks and Recreation	<u>2,498,893</u>	<u>36,850</u>	<u>0</u>	<u>2,535,743</u>
<u>Public Health and Welfare:</u>				
Cemetery	<u>377,848</u>	<u>7,888</u>	<u>(9,995)</u>	<u>375,741</u>
Total General Fixed Assets	<u>\$12,736,774</u>	<u>\$1,105,466</u>	<u>(\$429,927)</u>	<u>\$13,412,313</u>

*STATISTICAL SECTION*

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## *STATISTICAL TABLES*

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

**THE CITY OF MOUNT VERNON, OHIO**  
**GENERAL FUND EXPENDITURES BY FUNCTION**  
**LAST TEN YEARS**

<b>Year</b>	<b>Security of Persons and Property</b>	<b>Public Health and Welfare</b>	<b>Leisure Time Activities</b>	<b>Community Environment</b>	<b>Trans- portation</b>	<b>General Government</b>	<b>Capital Outlay</b>	<b>Debt Service</b>	<b>Total</b>
1993	\$2,093,070	\$186,384	\$169,492	\$12,469	\$5,604	\$1,883,429	\$60,088	\$27,875	\$4,438,411
1994	2,009,070	199,127	182,262	17,809	16,228	1,990,182	66,472	27,875	4,509,025
1995	2,120,562	182,406	216,522	23,111	35,595	2,054,523	352,973	27,875	5,013,567
1996	2,427,691	192,696	258,487	24,590	122,725	1,994,580	169,034	27,875	5,217,678
1997	2,572,669	188,363	283,896	23,614	76,254	2,198,836 *	124,809	27,875	5,496,316
1998	2,686,857	230,957	304,307	22,345	56,043	2,411,408	177,728	27,875	5,917,520
1999	2,786,548	233,959	301,104	23,986	65,337	2,905,006	373,524	27,875	6,717,339
2000 a	3,319,250	235,312	343,284	25,168	62,485	3,091,945	0	27,874	7,105,318
2001 a	3,431,595	258,552	311,714	23,320	66,076	3,158,428	0	27,875	7,277,560
2002 a	3,708,140	274,656	376,607	23,712	47,594	3,458,060	0	27,875	7,916,644

\* 1997 Includes Other Expenditures

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

Source: Mount Vernon City Auditor

**THE CITY OF MOUNT VERNON, OHIO**  
**GENERAL FUND REVENUES BY SOURCE**  
**LAST TEN YEARS**

<b>Year</b>	<b>Tax Revenues</b>	<b>Inter-Governmental Revenues</b>	<b>Charges for Services</b>	<b>Licenses and Permits</b>	<b>Investment Earnings</b>	<b>Fines and Forfeitures</b>	<b>All Other Revenues</b>	<b>Total</b>
1993	\$4,561,600	\$69,674	\$44,740	\$201,332	\$112,538	\$125,345	\$69,438	\$5,184,667
1994	4,326,449	677,803	53,006	230,432	184,643	143,736	36,072	5,652,141
1995	4,583,336	750,867	54,368	228,939	329,796	156,429	61,685	6,165,420
1996	4,842,514	855,294	49,522	252,530	444,799	162,971	128,751	6,736,381
1997	5,423,778	818,170	43,618	247,298	541,575	172,019	73,181	7,319,639
1998	5,708,650	916,301	49,376	244,308	522,895	170,003	149,156	7,760,689
1999	5,637,207	840,998	153,162	245,069	351,739	153,143	83,365	7,464,683
2000	5,980,396	1,162,416	191,240	201,556	329,032	191,521	145,391	8,201,552
2001	6,197,984	867,136	157,343	333,894	229,855	217,162	71,756	8,075,130
2002	6,318,380	765,583	202,831	406,384	163,717	177,082	73,219	8,107,196

Source: Mount Vernon City Auditor

**THE CITY OF MOUNT VERNON, OHIO**  
**PROPERTY TAX LEVIES AND COLLECTIONS (1)**  
**LAST TEN YEARS**

<b>Collection Year</b>	<b>Total Tax Levy (1)</b>	<b>Current Tax Collections (1)</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections (1)</b>	<b>Percent of Total Tax Collections To Tax Levy</b>
1993	\$5,479,892	\$5,273,904	\$168,034	\$5,441,938	99.31%
1994	6,016,801	5,029,614	181,241	5,210,855	86.61%
1995	6,228,278	5,284,801	167,927	5,452,728	87.55%
1996	6,383,487	5,475,218	216,883	5,692,101	89.17%
1997	7,988,152	6,585,125	176,187	6,761,312	84.64%
1998	7,860,692	6,544,003	234,581	6,778,584	86.23%
1999	7,976,909	6,746,147	267,693	7,013,840	87.93%
2000	8,514,834	7,137,114	260,369	7,397,483	86.88%
2001	8,674,755	7,227,375	253,717	7,481,092	86.24%
2002	8,484,483	7,192,116	304,253	7,496,369	88.35%

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

Source: Knox County Auditor

**THE CITY OF MOUNT VERNON, OHIO**  
**ASSESSED VALUATIONS AND ESTIMATED TRUE VALUES**  
**OF TAXABLE PROPERTY**  
**LAST TEN YEARS**

Tax Year	Real Property (1)		Tangible Personal Property (2)		Total		Assessed Value as a Percent of Actual Value
	Assessed	Actual	Assessed	Actual	Assessed	Actual	
1993	\$117,080,400	\$334,436,816	\$65,153,304	\$141,007,600	\$182,233,704	\$475,444,416	38.33%
1994	115,694,040	330,499,162	65,868,360	232,096,748	181,562,400	562,595,910	32.27%
1995	121,223,370	346,294,787	68,378,788	243,355,677	189,602,158	589,650,464	32.16%
1996	139,825,320	399,500,914	65,661,320	231,981,147	205,486,640	631,482,061	32.54%
1997	140,425,920	401,216,914	73,889,229	266,431,730	214,315,149	667,648,644	32.10%
1998	144,456,903	412,734,009	82,024,998	297,688,660	226,481,901	710,422,669	31.88%
1999	167,620,327	478,915,221	84,346,665	308,947,142	251,966,992	787,862,363	31.98%
2000	172,726,940	493,540,019	104,332,879	389,960,565	277,059,819	883,500,584	31.36%
2001	174,059,290	497,344,385	73,597,841	273,986,671	247,657,131	771,331,056	32.11%
2002	201,833,110	576,701,461	81,942,483	307,484,181	283,775,593	884,185,642	32.09%

The current assessed valuation is computed at approximately the following percentages of estimated true value:  
Real Property-35%, Public Utility Personal Property-88%, and Tangible Personal Property-25%

(1) Includes Public Utility Real Property

(2) Includes Public Utility Personal Property and Tangibles

Source: Knox County Auditor



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

Collection Year	City of Mount Vernon			Total City	Mount Vernon*		Knox County	Special Taxing Districts	Total
	General Fund	Police Pension	Fire Pension		Knox County Career Center**	School District			
1993	2.60	0.30	0.30	3.20	36.20	4.70	8.70	0.80	48.90 *
1994	2.60	0.30	0.30	3.20	36.20	6.40	8.70	0.80	47.90 **
1995	2.60	0.30	0.30	3.20	35.60	6.40	8.70	0.80	48.90 *
1996	2.60	0.30	0.30	3.20	40.59	6.40	8.70	0.80	64.00 **
1997	2.60	0.30	0.30	3.20	39.87	6.40	8.70	0.80	53.29 *
1998	2.60	0.30	0.30	3.20	39.87	6.40	8.70	0.80	64.00 **
1999	2.60	0.30	0.30	3.20	37.54	6.40	8.70	0.80	52.57 *
2000	2.60	0.30	0.30	3.20	36.74	6.40	8.70	0.80	64.00 **
2001	2.60	0.30	0.30	3.20	36.64	6.40	8.70	0.70	50.24 *
2002	2.60	0.30	0.30	3.20	35.43	6.40	9.70	0.70	64.00 **

Source: Knox County Auditor  
Knox County Treasurer

**THE CITY OF MOUNT VERNON, OHIO**  
**COMPUTATION OF LEGAL DEBT MARGIN**  
**DECEMBER 31, 2002**

	<b>Total Debt</b>	<b>Unvoted Debt</b>
Net Assessed Valuation	\$283,775,593	\$283,775,593
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (1)	<u>29,796,437</u>	<u>15,607,658</u>
Applicable City Debt Outstanding (2)	0	0
Less: Applicable Debt Service Fund Amounts	<u>0</u>	<u>0</u>
Net Indebtedness Subject to Limitation	<u>0</u>	<u>0</u>
Legal Debt Margin	<u><u>\$29,796,437</u></u>	<u><u>\$15,607,658</u></u>

(1) Direct Debt Limitation Based Upon Section 133, The Uniform Bond Act of the Ohio Revised Code

(2) City Debt Outstanding Includes Non Self-Supporting General Obligation Bonds Only  
 Enterprise Debt is Not Considered in the Computation of the Legal Debt Margin

**THE CITY OF MOUNT VERNON, OHIO**  
**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED**  
**VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA**  
**LAST TEN YEARS**

Year	Population (1)	Assessed Value (2)	Gross Bonded Debt (3)	Debt Service Funds Available	Net Bonded Debt	Ratio of	
						Net Bonded Debt to Assessed Valuation	Net Bonded Debt Per Capita
1993	14,504	\$182,233,704	\$360,000	\$305,502	\$54,498	0.03%	\$3.76
1994	14,504	181,562,400	320,000	316,902	3,098	0.00%	0.21
1995	14,504	189,602,158	280,000	330,920	0	0.00%	0.00
1996	14,504	205,486,640	240,000	203,592	36,408	0.02%	2.51
1997	14,504	214,315,149	200,000	159,245	40,755	0.02%	2.81
1998	14,504	226,481,901	160,000	115,058	44,942	0.02%	3.10
1999	14,504	251,966,992	120,000	71,093	48,907	0.02%	3.37
2000	15,256	277,059,819	80,000	37,143	42,857	0.02%	2.81
2001	15,256	247,657,131	40,000	40,213	0	0.00%	0.00
2002	15,256	283,775,593	0	0	0	0.00%	0.00

(1) Source: U.S. Bureau of Census, Federal 1990 Census (1993-1999); Federal 2000 Census (2000-2002)

(2) Source: Knox County Auditor

(3) Includes all general obligation bonded debt supported by property taxes

**THE CITY OF MOUNT VERNON, OHIO**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES**  
**FOR GENERAL BONDED DEBT TO TOTAL GENERAL FUND EXPENDITURES**  
**LAST TEN YEARS**

<b>Year</b>	<b>Debt Service on General Tax Supported Debt</b>	<b>Debt Service on Self Supporting Debt</b>	<b>Total Bonded Debt Service</b>	<b>General Fund Expenditures (1)</b>	<b>Ratio of Tax Supported Debt Service to General Fund Expenditures</b>
1993	\$63,499	\$138,975	\$202,474	\$4,438,411	1.43%
1994	61,420	117,925	179,345	4,509,025	1.36%
1995	58,836	112,544	171,380	5,013,567	1.17%
1996	56,449	111,156	167,605	5,217,678	1.08%
1997	54,100	110,298	164,398	5,496,316	0.98%
1998	51,750	468,763	520,513	5,917,520	0.87%
1999	49,400	750,914	800,314	6,717,339	0.74%
2000	47,050	746,806	793,856	7,105,318	0.66%
2001	44,700	742,008	786,708	7,277,560	0.61%
2002	42,350	701,654	744,004	7,916,644	0.53%

(1) Excludes operating transfers-out

**THE CITY OF MOUNT VERNON, OHIO  
COMPUTATION OF ALL DIRECT AND OVERLAPPING  
GOVERNMENTAL DEBT  
DECEMBER 31, 2002**

<u>Jurisdiction (1)</u>	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to City of Mount Vernon</u>	<u>Amount Applicable to City of Mount Vernon</u>
<b>Direct</b>			
City of Mount Vernon	\$0	100.00%	\$0
<b>Overlapping Subdivisions</b>			
Mount Vernon School District	8,945,000	56.33%	5,038,719
Knox County	12,615,000	28.76%	3,628,074
		Subtotal	8,666,793
		Total	\$8,666,793

(1) Knox County Career Center Vocational School District have no outstanding debt supported by a tax levy.

Source: Knox County Auditor and Fiscal Officers of Subdivision

**THE CITY OF MOUNT VERNON, OHIO**  
**REVENUE BOND COVERAGE - WATER AND SEWER MORTGAGE BONDS (1)**  
**LAST TEN YEARS**

<u>Year</u>	<u>Gross Revenues (2)</u>	<u>Direct Operating Expenses (3)</u>	<u>Net Revenue Available For Debt Service</u>	<u>Debt Service Requirement (4)</u>	<u>Coverage</u>
1993	\$3,710,506	\$1,953,376	\$1,757,130	\$315,450	5.57
1994	4,131,732	2,095,788	2,035,944	324,000	6.28
1995	3,953,568	2,404,455	1,549,113	311,120	4.98
1996	3,852,079	2,679,096	1,172,983	313,205	3.75
1997	3,917,152	2,465,050	1,452,102	239,380	6.07
1998	4,142,566	2,316,424	1,826,142	239,730	7.62
1999	4,547,036	2,812,248	1,734,788	801,924	2.16
2000	4,669,162	3,349,298	1,319,864	874,577	1.51
2001	4,996,082	2,982,564	2,013,518	873,862	2.30
2002	5,250,629	3,472,650	1,777,979	872,133	2.04

(1) The Sewer Mortgage Revenue Bonds were issued in 1992, in the amount of \$2,800,000  
The Water Mortgage Revenue Bonds were issued in 1999, in the amount of \$8,370,000

(2) Gross revenues include operating revenues less proceeds from notes

(3) Direct operating expenses include operating expenses less depreciation

(4) Annual debt service requirements include principal and interest on revenue bonds only  
It does not include the general obligation bonds reported in the Water and Sewer Funds

**THE CITY OF MOUNT VERNON, OHIO**  
**DEMOGRAPHIC STATISTICS**  
**LAST TEN YEARS**

<b>Year</b>	<b>City of Mount Vernon Population</b>	<b>Knox County Population</b>	<b>Unemployment Rate Knox County Area</b>	<b>Per Capita Income Knox County Area</b>	<b>School Enrollment Mount Vernon Area Only</b>
1993	14,504	47,473	6.20%	N/A	3,997
1994	14,504	47,473	5.20%	N/A	4,026
1995	14,504	47,473	5.70%	N/A	4,112
1996	14,504	47,473	5.10%	\$10,688	4,127
1997	14,504	47,473	4.50%	10,688	4,021
1998	14,504	47,473	5.50%	10,688	4,126
1999	14,504	47,473	4.20%	10,688	4,169
2000	15,256	54,500	3.80%	17,695	4,162
2001	15,256	54,500	3.90%	17,695	4,194
2002	15,256	54,500	4.60%	17,695	4,263

Sources: U.S. Bureau of Census of Population - Federal 1990 Census (1993-1999), Federal 2000 Census (2000-2002)  
and Department of Job and Family Services,  
Ohio Data Users Center, and Mount Vernon School District, Board of Education

**THE CITY OF MOUNT VERNON, OHIO**  
**PROPERTY VALUE AND CONSTRUCTION PERMITS**  
**LAST TEN YEARS**

<b>Year</b>	<b>Residential (1)</b>		<b>Commercial (1)</b>	
	<b>Number of Permits</b>	<b>Property Value</b>	<b>Number of Permits</b>	<b>Property Value</b>
1993	119	\$2,192,066	131	\$6,149,843
1994	114	1,381,707	122	6,343,790
1995	104	3,076,241	119	11,551,810
1996	116	5,468,084	132	8,487,434
1997	131	6,594,204	126	2,710,931
1998	129	6,031,144	130	3,961,681
1999	122	7,909,815	69	20,734,949
2000	122	3,720,320	81	4,399,818
2001	156	4,825,705	58	17,281,307
2002	137	6,251,354	69	6,863,237

(1) Source: City of Mount Vernon Engineering Department



**THE CITY OF MOUNT VERNON, OHIO  
PRINCIPAL TAXPAYERS (REAL PROPERTY TAX)  
DECEMBER 31, 2002**

	<b>Taxpayer</b>	<b>Type of Business</b>	<b>2002 Assessed Valuation (Tax Duplicate)</b>	<b>Percentage of Total Assessed Valuation</b>
1	American Electric Power	Utility	\$4,407,450	2.18%
2	Cooper Cameron Corporation	Manufacturing	3,354,690	1.66%
3	Glimcher Holdings, L/P	Real Estate	2,887,230	1.43%
4	Sprint	Utility	2,059,510	1.02%
5	Weyerhaeuser Company	Manufacturing	1,950,650	0.97%
6	Ariel Corporation	Manufacturing	1,769,910	0.88%
7	Mount Vernon Shopping Plaza, Inc.	Retail	1,740,880	0.86%
8	Jeld-Wen, Inc.	Manufacturing	1,604,420	0.79%
9	Wal-Mart Stores Inc.	Retail	1,538,940	0.76%
10	TRW Automotive, Inc	Manufacturing	1,255,340	0.62%
	Sub-Total		22,569,020	11.17%
	All Others		179,264,090	88.83%
	Total		<u>\$201,833,110</u>	<u>100.00%</u>

Based on valuation of property taxes levied in 2002

**THE CITY OF MOUNT VERNON, OHIO  
PRINCIPAL EMPLOYERS  
DECEMBER 31, 2002**

	<b>Employer</b>	<b>Type of Business</b>	<b>Number of Employees</b>		
			<b>Full-Time</b>	<b>Part-Time</b>	<b>Total</b>
1	Rolls Royce	Manufacturing	784	0	784
2	Knox Community Hospital	Medical Care	N/A	N/A	560
3	Board of Education (City)	Education	344	186	530
4	Knox County	Government	480	40	520
5	Kelsey-Hayes	Manufacturing	454	2	456
6	Mount Vernon Nazarene College	Education	303	144	447
7	Ariel Corporation	Manufacturing	424	3	427
8	Breon, Inc.	Restaurant	74	222	296
9	Jeld-Wen, Inc.	Manufacturing	260	0	260
10	Wal-Mart	Retail	120	110	230

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

**THE CITY OF MOUNT VERNON, OHIO**  
**MISCELLANEOUS STATISTICS**  
**DECEMBER 31, 2002**

Date of Incorporation	1830	Water System:	
Form of Government	Mayor/Council	Number of Purification Plants	1
Area (square miles)	9.2	Miles of Water Mains	63
Facilities and Services:		Number of Fire Hydrants	484
Miles of Streets	76	Number of Service Connections	6,106
Number of Street Lights	1,470	Average Daily Consumption (gallons)	2,619,205
(per Ohio Power Company)		Maximum Daily Capacity of Plant (gallons)	7,000,000
Police Services:		Sewerage System:	
Number of Stations	1	Number of Treatment Plants	1
Number of Police Personnel and Officers	32	Miles of Sanitary Sewers	62
Number of Patrol Units	6	Miles of Storm Sewers	14
Number of Law Violations:		Number of Service Connections	6,320
Criminal /Juvenile Citations and Charges	1,663	Average Daily Treatment (gallons)	2,780,038
Traffic Citations Issued	2,832	Maximum Daily Capacity of Treatment (gallons)	5,000,000
Parking Tickets Written	19,864	Parking Facilities:	
Fire/Emergency Medical Services:		Off-Street Parking Garages	1
Number of Stations	2	Parking Levels	3
Number of Officers and Fire Personnel	32	Parking Spaces	124
Number of Calls Answered	3,442	Average Daily Cars Parked	111
Number of Inspections	250	Parking Spaces	47
		On-Street Parking Meters	542
		Off-Street Surface Parking Lot	2
		*	
Recreation and Culture:		Education:	
Number of Parks	7	Elementary Schools	7
Park Area (acres)	176.58	Elementary School Students	2,922
Number of Ball Fields:		Elementary School Instructors	203
Lighted	6	Secondary Schools	2
Unlighted	5	Secondary School Students	1,341
Number of Tennis Courts:		Secondary School Instructors	75
Lighted	8	Colleges	1
Unlighted	2	College Students	2,337
Building Permits Issued in 2002:	206	Number of Libraries	1
		(Operated by Knox County)	
Number of Cemeteries	1	Number of Hospitals	1
Cemetery Area (acres)	49.5	Number of Patient Beds	115
		Number of Bassinets	10

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





**Auditor of State  
Betty Montgomery**

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Columbus, Ohio 43216-1140

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**CITY OF MOUNT VERNON**

**KNOX COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 24, 2003**