



**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, 2003**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed Through Ohio Department of Development:</i>			
Community Development Block Grants	A-F-01-149-1	14.228	\$ 80,900
	A-F-02-149-1		82,828
	A-F-03-149-1		6,500
	A-C-01-149-1		139,422
	A-C-03-149-1		8,000
	A-C-01-149-2		36,110
	A-C-03-149-2		2,000
	A-X-02-149-1		19,500
	A-T-01-149-1		<u>244,912</u>
<b>Total Federal Expenditures</b>			<b><u>\$ 620,172</u></b>

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

**CITY OF MOUNT VERNON  
KNOX COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FISCAL YEAR ENDED DECEMBER 31, 2003**

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

To the Members of City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mount Vernon, Knox County, Ohio, (the City), as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements and have issued our report thereon dated September 28, 2004, in which we noted the City adopted Governmental Accounting Standards Board Statement No. 34. 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 tested its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-001.

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

In planning and performing our audit, we considered the City's internal control over financial reporting to determine our auditing procedures 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 the City's management in a separate letter dated September 28, 2004.

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This report is intended for the information and use of the audit committee, management, the 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

September 28, 2004





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

To the Members of City Council:

#### Compliance

We have audited the compliance of the City of Mount Vernon, Knox County, Ohio, (the City), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2003. 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 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, 2003. We noted a certain instance of noncompliance that does not require inclusion in this report that we have reported to the management of the City in a separate letter dated September 28, 2004.

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### **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.

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 basic financial statements of the City, and have issued our report thereon dated September 28, 2004, in which we noted the City adopted Governmental Accounting Standards Board Statement No. 34. Our audit was performed for the purpose of forming an opinion on the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended for the information and use of the audit committee, management, the 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

September 28, 2004

**CITY OF MOUNT VERNON  
KNOX COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
DECEMBER 31, 2003**

**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>	Yes
<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>	Community Development Block Grants— CFDA # 14.228
<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

**CITY OF MOUNT VERNON  
KNOX COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
DECEMBER 31, 2003  
(Continued)**

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

<b>Finding Number</b>	2003-001
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**Finding For Recovery**

Article 46 of the Agreement Between the City of Mount Vernon and the Dan Emmett Chapter of/and the Ohio Civil Service Employees Association, Local 11/American Federation of State, County, and Municipal Employees, AFL-CIO, provides provisions for the additional payment for Class II and Class III water and wastewater operators licenses obtained. However, the Class I Operator's license is included in the base pay stated in the salary schedule. On May 21, 2001, Mathias Orndorf obtained a Class I operator's license and started to receive a \$.25 per hour pay increase. This pay rate increase did not comply with the above stated agreement. In 2001, 2002, and 2003 Mathias Orndorf was overpaid by the following amounts:

		Total Hours Worked	Amount Overpaid Per Hour	Total Overpayment
<b>2001</b>	<i>Regular Hours</i>	1258	\$.25	\$314.50
	<i>Overtime Hours</i>	121	\$.375	45.38
				<b>\$359.88</b>
<b>2002</b>	<i>Regular Hours</i>	2080	\$.25	520.00
	<i>Overtime Hours</i>	232.5	\$.375	87.19
	<i>Double Time Hours</i>	44	\$.50	22.00
				<b>\$629.19</b>
<b>2003</b>	<i>Regular Hours</i>	2108.7	\$.25	527.18
	<i>Overtime Hours</i>	494	\$.375	185.25
	<i>Double Time Hours</i>	48	\$.50	24.00
				<b>\$736.43</b>
			Preliminary Total	<b>\$1,725.50</b>
			<i>Less Miscellaneous Payroll Errors</i>	<b>(2.82)</b>
			Final Total	<b>\$1,722.68</b>

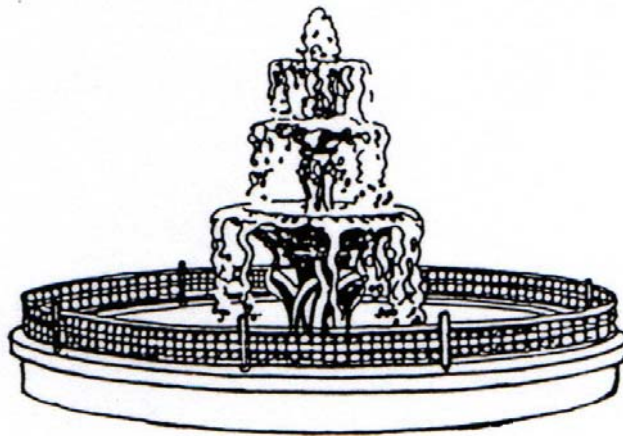
In accordance with the forgoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Mathias Orndorf, water department employee and Tina Doup, payroll clerk at the time the pay increase was calculated, in the amount of one thousand seven hundred twenty-two dollars and sixty-eight cents (\$1,722.68), and the Ohio Casualty Group Insurance, jointly and severally, in favor of the City of Mount Vernon Water Fund.

The City Auditor's Payroll Department should complete thorough reviews of all payroll standing data changes and forward to the City Auditor for final approval. This would aid in ensuring the proper pay rates are used for all employees based on the provisions outlined in the negotiated agreements between the City and the employee bargaining units.

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

None

*Knox County, Ohio*



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2003





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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2003

*Prepared by the Auditor's Office*

Terry Scott  
City Auditor



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KNOX COUNTY, OHIO

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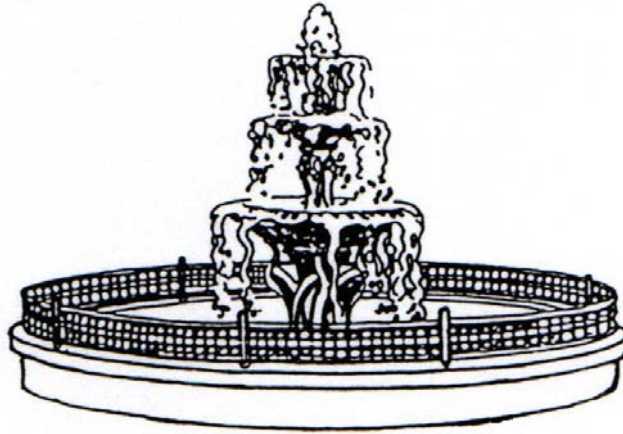
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## *INTRODUCTORY SECTION*

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# CITY OF MOUNT VERNON

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

phone (740) 393-9523

fax (740)-397-5288

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September 28, 2004

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, 2003. The report has been prepared in conformity with generally accepted accounting principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

## Introduction

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

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

### *THE REPORT:*

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

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

## ***CITY OF MOUNT VERNON, OHIO***

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### ***Letter of Transmittal For the Year Ended December 31, 2003***

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#### ***THE REPORTING ENTITY:***

The accompanying basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all the organizations, activities, functions and component units for which the City (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the City's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide financial benefit to or impose a financial burden on the City. There were no potential component units that met the criteria imposed by GASB 14 to be included in the City's reporting entity. Therefore, the reporting entity of the City includes the following services: police protection, parks and recreation, 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 2003.

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 2003.

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 \$40,000 for operations of the combined District for 2003.

## ***CITY OF MOUNT VERNON, OHIO***

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### ***Letter of Transmittal***

***For the Year Ended December 31, 2003***

---

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

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

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

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

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

### **The Management:**

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

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

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

## ***CITY OF MOUNT VERNON, OHIO***

---

### ***Letter of Transmittal***

***For the Year Ended December 31, 2003***

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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-nine 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, and one part-time employee, who in conjunction with the City Auditor, are responsible for the accounting and financial administration functions, including recording all revenues, investing idle funds, debt service management, accounts payable processing, payroll, expenditure tracking, financial records administration, budgeting and financial reporting.

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

## ***CITY OF MOUNT VERNON, OHIO***

---

### ***Letter of Transmittal***

***For the Year Ended December 31, 2003***

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

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

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

### **Economic Outlook**

While economic issues and foreign affairs continued to top the nation's headlines, transportation, traffic and orange barrels were the main focus for the City of Mount Vernon in 2003. With the completion of Coshocton Road Improvements ending, the downtown business district became a victim of what many could have described as "being ripped open with a can opener." The entire business district had its sidewalks removed, street lighting removed, and overgrown trees removed. Much conversation was heard regarding people trying to remember when downtown looked so open and bare. It had been over twenty-five years since the last time such renovations had taken place. The improvements this year were a welcome display of historical lighting, brick cross walks, level sidewalks, flower planters and street signs. The improvements totaled over \$700,000 of which \$165,000 was supplemented by a grant from the Ohio Department of Development.

New asphalt roads are always an improvement for traffic flow throughout the City. During 2003, the Ohio Department of Transportation resurfaced the entire State Route 36 in and through town while adding handicap ramps at all related street crossings. This resurfacing project included over four miles of roadway of which the City contributed twenty percent of the cost.

Storm sewer continues to be an on going issue throughout the City. During 2003, the City completed two drainage projects. Curtis Run drainage improvements were completed on the north side of the city, while Howard Street drainage improvements on the east side of the city were also completed. These improvements will afford much better surface drainage in residential areas for our citizens. The City intends to continue additional drainage projects during the next year.

The undertaking of a new maintenance facility building at the Wastewater Treatment Plant was completed and put into service during 2003. This much needed structure will provide for sufficient workspace and storage of equipment for the maintenance employees who help operate the plant and the grounds. During the upcoming year, the City will begin designing for improvements to the Influent Screening and Aeration Facilities upgrade at the Wastewater Plant. The actual improvements are scheduled to be performed during 2005.

## ***CITY OF MOUNT VERNON, OHIO***

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### ***Letter of Transmittal***

***For the Year Ended December 31, 2003***

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In an active approach to historical preservation, the City acquired the former Baltimore & Ohio Railroad Depot from CSX Railroad Corporation in 2002. Restoration improvements began during 2003. The entire outside structure was cleaned, repaired and painted. New windowpanes were installed through the generous donation of a local glass vendor. Copper gutters and downspouts were installed, and the tile roof was repaired to its original condition. 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.

On the horizon will be the road improvements for Newark Road. The City has been designing and evaluating the project for ten years, and during 2003, the first major task was completed. The City was able to acquire the related right-of-way land to allow for the widening of the road. Over \$477,000 was spent to acquire the land and the improvements will include a new intersection at Mount Vernon Avenue, South Main Street, and State Routes 586 & 13. The Ohio Department of Transportation has provided us with a grant of \$1 million dollars towards the project. Construction will take place in the spring of 2004.

The opening of a new Lowe's Home Improvement Center took place in the fall of 2003. This new facility is a welcome addition to the City, as prior retail trade would traffic out of town to make their purchases. Wal-Mart has announced it will be expanding its current location into a Super Center. The construction is planned to begin in the summer of 2004, and opening estimated to take place during the last quarter of 2004.

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 thirteen building permits in 2003 and two hundred six in 2002, an increase of seven permits.

### **Employee Relations:**

The City of Mount Vernon began a new three year contract with the City's three unions. All union contracts were effective January 1, 2003, through December 31, 2005, with annual raises on January 1st of each year. The first, 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.

***Letter of Transmittal  
For the Year Ended December 31, 2003***

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**Unemployment Rates:**

The City of Mount Vernon's economic outlook continued to be stable for 2003. In 2003, the unemployment rate was on a continuous roller coaster ride, at one time reaching over six and one half percent during the year but managed to level out with an increase of seven tenths of a percent (0.7%) over 2002. The 2002 unemployment rate of 4.6 percent increased to 5.3 percent in 2003. This increase in unemployment was the result of continuous economic effects of the sluggish economy.

**Major Initiatives**

**Municipal Court:**

The Municipal Court received new court recording equipment.

Implementation of a new "Underage Consumption of Alcohol Diversion Program" was initiated in May. This program is open only to first time offenders. The participant must enter a plea of "guilty" to the charge, pay court costs, pay a \$100 participation fee, submit to a five panel drug screen, complete eight hours of community service and complete a drug and alcohol assessment. Upon satisfactory completion of all requirements, the charges are dismissed.

By completing the program, a first time offender will not have a criminal conviction record. The funds for the participation fee, by statute, are used by the Probation Department for the purchase of necessary equipment, drug screens and other permitted expenses.

Traffic cases filed numbered 6,620, a decrease of 1,129 from those filed in 2002, while criminal case filings of 1,335 increased by 157 cases from those filed in 2002. There was an increase in civil case filings, 1,085 in 2003 compared to 1,029 in 2002.

**Fire Department:**

The Fire Department received additional turn out gear along with new portable radios for the employees. 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 2003 equals 3,466, a decrease of 28 from 2002. New radios were acquired for the cruisers during the year and three new radar detectors were purchased. Law enforcement within the City maintains a safe and secure environment for all of its citizens and visitors.

***Letter of Transmittal  
For the Year Ended December 31, 2003***

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**Street Department:**

The Street Department was the recipient of continuous equipment replacement in 2003. The department received a new pickup truck. An older dump truck was rehabilitated at a substantial reduced cost than the price of a replacement truck. The department also acquired a liquid calcium/salt brine storage tank and pump station for prewetting salt during snow removal. 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 signal repairs, traffic sign replacement and leaf pick-up. The on going street resurfacing program provided for the resurfacing of a total of 18 streets in 2003.

**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 replacement windows for the office building. A new roof was installed on the mausoleum due to storm damage.

**Engineering Department:**

The Engineering Department continued to serve the needs of new construction within the City in 2003. Two hundred thirteen building permits, representing over sixteen million dollars in increased property values were issued in 2003. The Engineering department provided assistance for all new construction and upgrade projects that were conducted by the City in 2003. 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. In the spring, the Engineering Department relocated to the west wing of the first floor in City Hall. This location will provide better access for those individuals conducting business with the Engineering office.

**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. Riverside Park received a new handicap parking lot, and the swimming pool received a much needed filtration system in 2003. Several parks received updated ball field lighting throughout the year.

**Water Department:**

The Water Distribution Division of the Water Department performed various maintenance activities to the lines in 2003. Backflow prevention has been implemented to prevent contaminates 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.



***Letter of Transmittal***

***For the Year Ended December 31, 2003***

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As security continues to be a critical issue worldwide, protecting our water supply has been a major concern for the City. Some measures were taken during the prior year in this area, however a vulnerability assessment will be performed during the upcoming year to determine the next phase of security measures the City should implement. Homeland Security funds are being applied for to help defer some of the costs of necessary equipment and improvements.

**Wastewater Department:**

The Wastewater Treatment Plant Division of the Wastewater Department performed routine maintenance of the facility and equipment throughout 2003. The construction of a new maintenance facility was completed in the spring of 2003. This department will also be included in the upcoming vulnerability assessment, scheduled to be performed in 2004. The request to design a lab/administrative building was approved during the year. The department will seek the legislative approval to construct the building during 2004. This project will not require the need for any additional debt. Sufficient funds are on hand to complete the project.

**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 within 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.

## ***CITY OF MOUNT VERNON, OHIO***

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### ***Letter of Transmittal***

***For the Year Ended December 31, 2003***

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Unencumbered amounts lapse at year end. Open encumbrances as of December 31, 2003, that have not been included as an accrued item are reported as reservations of fund balances with this report.

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

### **Risk Management:**

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

The City has contracted with 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. Evans & Muir 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 third increase in ten 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 capital assets, an up-to-date risk profile is made available to all of our insurance carriers.

### **Cash Management**

Cash temporarily idle during the year was invested in certificates of deposit, federal securities, money market savings and interest bearing checking accounts. As of December 31, 2003, the City's cash resources were divided between cash and investments as follows:

<u>Cash Resources</u>	<u>Amount</u>	<u>Percentage</u>
Cash	\$5,070,674	54.18%
Federal Securities	1,003,190	10.72%
STAR Ohio	3,285,578	35.10%
Totals	<u>\$9,359,442</u>	<u>100.00%</u>

***Letter of Transmittal  
For the Year Ended December 31, 2003***

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

**Awards:**

The Government Finance Officers Association of the United State and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mount Vernon, Ohio for its comprehensive annual financial report for the fiscal year ended December 31, 2002. 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 twelve consecutive years (fiscal years ended 1991-2002). 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.

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

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***Letter of Transmittal  
For the Year Ended December 31, 2003***

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**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 2003 Comprehensive Annual Financial Report and annual independent audit.

Special appreciation is extended to, Stacie Scholl 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,

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

Terry Scott,  
City Auditor

**CITY OF MOUNT VERNON, OHIO**

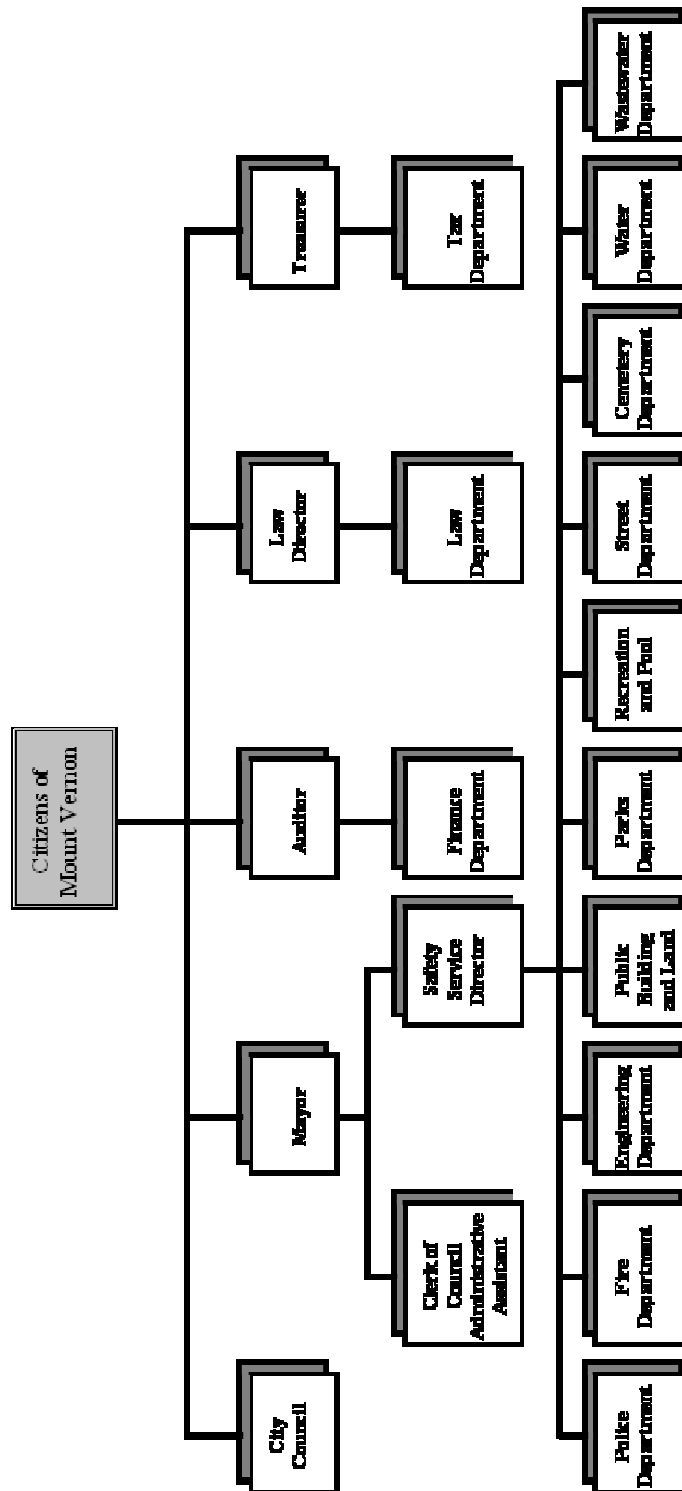
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***List of Principal Officials  
For the Year Ended December 31, 2003***

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<u>NAME</u>	<u>TITLE</u>	<u>YEARS OF SERVICE</u>
<u><i>City Council</i></u>		
Conard J. Conway	President	2
Paula Barone	First Ward Member	6
Charles K. Dice	Second Ward Member	5
Bruce Hawkins	Third Ward Member	4
John Fair	Fourth Ward Member	4
Anna M. Kinnard	Member At-Large	10
Larry Schafer	Member At-Large	4
Burt Hanson	Member At-Large	3
<u><i>City Administration</i></u>		
Richard K. Mavis	Mayor	8
Terry Scott	Auditor	9
William D. Smith	Law Director	23
James Shipley	Treasurer	4
Joel Daniels, II	Safety-Service Director	8
Janet M. Brown	Clerk of Council	11
<u><i>Department Heads</i></u>		
Burma Van Winkle	Income Tax Administrator	15
Thomas E. Bartlett	Police Chief	40
James P. Clifford	Fire Chief	24
James Petrak	City Engineer	5
Paul G. Oliver	Parks, Public Buildings and Land Superintendent	21
David Carpenter	Street Superintendent	12
Deborah S. Briscoe	Cemetery Foreman	23
Pam Muralt	Water and Wastewater Meter and Customer Service Administrator	23
Judith Scott	Water and Wastewater Treatment and Distribution Administrator	21

City Organizational Chart  
For the Year Ended December 31, 2003



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, 2002

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.

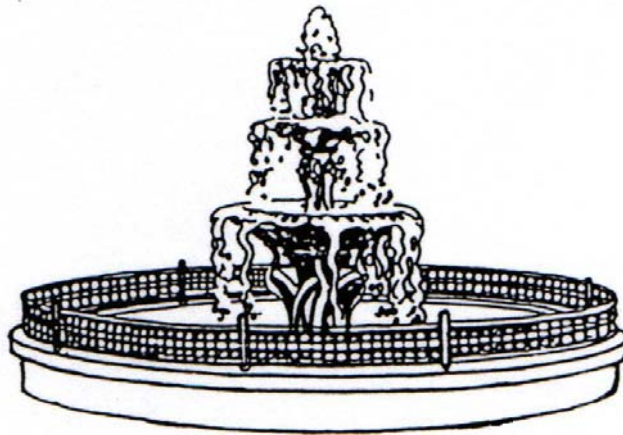


*Edward Henry*

President

*Jeffrey R. Emer*

Executive Director





## *FINANCIAL SECTION*

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mount Vernon, Knox County, Ohio, (the City), as of and for the year ended December 31, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mount Vernon, Knox County, Ohio, as of December 31, 2003, and the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparisons for the General Fund and the Community Development Block Grant Fund, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2, during the year ended December 31, 2003, the City implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements- and Management's Discussion and Analysis- for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2004, 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

**Betty Montgomery**  
Auditor of State

September 28, 2004

The discussion and analysis of the City of Mount Vernon's financial performance provides an overall review of the City's financial activities for the fiscal year ended December 31, 2003. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

## **FINANCIAL HIGHLIGHTS**

Key financial highlights for 2003 are as follows:

- ❑ In total, net assets decreased \$1,190,580. Net assets of governmental activities decreased \$421,075 which represents a 4.0% decrease from 2002. Net assets of business-type activities decreased \$769,505 or 3.4% from 2002.
- ❑ General revenues accounted for \$8,509,910 in revenue or 52% of all revenues. Program specific revenues in the form of charges for services, and grants and contributions accounted for \$7,848,998, 48% of total revenues of \$16,358,908.
- ❑ The City had \$11,772,621 in expenses related to governmental activities; only \$2,792,136 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$8,509,910 were also used to provide for these programs.
- ❑ Among major funds, the general fund had \$7,996,596 in revenues and other financing sources and \$8,742,986 in expenditures and other financing uses. The general fund's fund balance decreased from \$2,634,885 to \$1,888,488.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

These statements are as follows:

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

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

### **Government-wide Statements**

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

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

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

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

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

### **Fund Financial Statements**

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

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

**CITY OF MOUNT VERNON, OHIO**

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**Management's Discussion and Analysis  
For the Year Ended December 31, 2003**

**Unaudited**

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

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

**FINANCIAL ANALYSIS OF THE CITY AS A WHOLE**

This is the first year for government-wide financial statements using the full accrual basis of accounting, therefore a comparison with prior year's information is not available. A comparative analysis will be provided in future years when prior year's information is available.

	Governmental Activities	Business-type Activities	Total
	2003	2003	2003
Current and other assets	\$8,240,461	\$8,300,577	\$16,541,038
Capital assets, Net	9,218,257	30,940,576	40,158,833
Total assets	17,458,718	39,241,153	56,699,871
Long-term debt outstanding	5,059,658	18,245,952	23,305,610
Other liabilities	2,332,970	344,128	2,677,098
Total liabilities	7,392,628	18,590,080	25,982,708
Net assets			
Invested in capital assets, net of related debt	5,354,235	12,939,598	18,293,833
Restricted	3,083,896	707,033	3,790,929
Unrestricted	1,627,959	7,004,442	8,632,401
Total net assets	\$10,066,090	\$20,651,073	\$30,717,163

**CITY OF MOUNT VERNON, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2003**

**Unaudited**

**Changes in Net Assets** – The following table shows the changes in net assets for the fiscal year 2003:

	Governmental Activities	Business-type Activities	Total
	2003	2003	2003
Revenues			
Program revenues:			
Charges for Services and Sales	\$1,036,350	\$5,056,862	\$6,093,212
Operating Grants and Contributions	1,571,916	0	1,571,916
Capital Grants and Contributions	183,870	0	183,870
General revenues:			
Property Taxes	1,118,341	0	1,118,341
Income Taxes	6,373,436	0	6,373,436
Other Local Taxes	125,688	0	125,688
Shared Revenues	723,556	0	723,556
Investment Earnings	93,876	0	93,876
Miscellaneous	75,013	0	75,013
Total revenues	11,302,046	5,056,862	16,358,908
Program Expenses			
Security of Persons and Property	4,764,413	0	4,764,413
Public Health and Welfare Services	559,211	0	559,211
Leisure Time Activities	394,372	0	394,372
Community Environment	668,592	0	668,592
Transportation	1,400,899	0	1,400,899
General Government	3,851,104	0	3,851,104
Interest and Fiscal Charges	134,030	0	134,030
Water	0	3,256,836	3,256,836
Wastewater	0	2,520,031	2,520,031
Total expenses	11,772,621	5,776,867	17,549,488
Change in Net Assets before transfers	(470,575)	(720,005)	(1,190,580)
Transfers	49,500	(49,500)	0
Total Change in Net Assets	(421,075)	(769,505)	(1,190,580)
Restated Beginning Net Assets	10,487,165	21,420,578	31,907,743
Ending Net Assets	\$10,066,090	\$20,651,073	\$30,717,163

**Governmental Activities**

Net assets of the City's governmental activities decreased by \$421,075. The decrease in Net Assets is the result of the routine depreciation of capital assets.

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

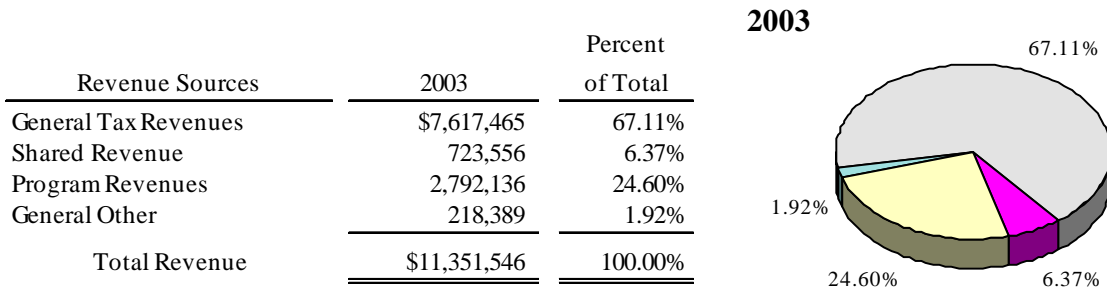


**CITY OF MOUNT VERNON, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2003**

**Unaudited**

Income taxes and property taxes made up 56% and 11% respectively of revenues for governmental activities for the City in fiscal year 2003. The City's reliance upon tax revenues is demonstrated by the following graph indicating 67.7% of total revenues from general tax revenues:



**Business-Type Activities**

Net assets of the business type activities decreased by \$769,505. This decrease was primarily the result of a reduction in charges for services due to a major user installing conservation equipment for testing purposes and a local municipality user isolating line leaks within their system and an increase in expenditures.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

The City's governmental funds reported a combined fund balance of \$3,701,490, which is a decrease from last year's balance of \$5,899,513. The schedule below indicates the fund balance and the total change in fund balance by fund type as of December 31, 2003 and 2002:

	Fund Balance December 31, 2003	Fund Balance December 31, 2002	Increase (Decrease)
General	\$1,888,488	\$2,634,885	(\$746,397)
Community Development			
Block Grant	125,998	40,615	85,383
General Bond Retirement	0	0	0
Capital Improvement	604,242	1,788,536	(1,184,294)
Other Governmental	1,082,762	1,435,477	(352,715)
<b>Total</b>	<b>\$3,701,490</b>	<b>\$5,899,513</b>	<b>(\$2,198,023)</b>

**CITY OF MOUNT VERNON, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2003**

**Unaudited**

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

	2003 Revenues	2002 Revenues	Increase (Decrease)
Property and Other Taxes	\$6,351,447	\$6,318,380	\$33,067
Intergovernmental Revenue	641,083	765,583	(124,500)
Charges for Services	243,644	247,986	(4,342)
Licenses and Permits	17,900	26,274	(8,374)
Investment Earnings	88,001	163,717	(75,716)
Fines and Forfeitures	556,760	557,192	(432)
All Other Revenue	41,197	28,064	13,133
<b>Total</b>	<b>\$7,940,032</b>	<b>\$8,107,196</b>	<b>(\$167,164)</b>

General Fund revenues in 2003 decreased approximately 2% compared to revenues in fiscal year 2002. The decrease is a combination of a decrease in interest rates earned on investments and a decrease in estate tax revenues.

	2003 Expenditures	2002 Expenditures	Increase (Decrease)
Security of Persons and Property	\$3,703,136	\$3,708,140	(\$5,004)
Public Health and Welfare Services	286,950	274,656	12,294
Leisure Time Activities	323,467	376,607	(53,140)
Community Environment	21,184	23,712	(2,528)
Transportation	90,479	47,594	42,885
General Government	3,688,524	3,458,060	230,464
Debt Service:			
Principal Retirement	7,195	6,899	296
Interest and Fiscal Charges	20,680	20,976	(296)
<b>Total</b>	<b>\$8,141,615</b>	<b>\$7,916,644</b>	<b>\$224,971</b>

General Fund expenditures increased by \$224,971 or 2.8% compared to the prior year primarily due to increased salaries and wages as well as increased health insurance premiums.

*Community Development Block Grant Fund* – The Community Development Block Grant Fund balance has increased because the City received additional grant funds for rehabilitation housing programs.

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

**CITY OF MOUNT VERNON, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2003**

**Unaudited**

*Capital Improvement Fund* - The Capital Improvement Fund balance decreased from \$1,788,536 to \$604,242 as a result of land acquisitions, downtown streetscape improvements, and road resurfacing.

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

During the course of fiscal year 2003 the City amended its General Fund budget several times. The major beneficiaries of these amendments were for establishing transfers in the general fund to the fire pension fund and the capital improvement fund, and for increases in employee health insurance expense.

For the General Fund, final budget basis revenue of \$7,785,647 changed over the original budget estimates of \$7,289,108 due to exceeded estimated revenues for local government tax, real property tax, personal property tax, court collections, and income tax.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal 2003 the City had \$40,158,833 net of accumulated depreciation invested in buildings, equipment and vehicles. Of this total, \$9,218,257 was related to governmental activities and \$30,940,576 to the business-type activities. The following table shows fiscal year 2003 and 2002 balances:

	Governmental Activities		Increase (Decrease)
	2003	2002	
Land	\$1,899,323	\$1,421,332	\$477,991
Construction In Progress	18,800	30,206	(11,406)
Buildings	6,564,106	6,486,227	77,879
Improvements Other than Buildings	548,274	548,274	0
Infrastructure	1,960,791	0	1,960,791
Machinery and Equipment	4,954,830	4,926,274	28,556
Less: Accumulated Depreciation	(6,727,867)	(6,183,741)	(544,126)
Totals	\$9,218,257	\$7,228,572	\$1,989,685

The primary increase occurred in infrastructure due to the implementation of GASB 34 for reporting year 2003 only. Retroactive infrastructures will be brought onto the financial statements in 2004.

	Business-Type Activities		Increase (Decrease)
	2003	2002	
Land	\$894,311	\$894,311	\$0
Construction in Progress	111,528	265,243	(153,715)
Buildings and Improvements	21,321,875	21,109,219	212,656
Utility Structures in Service	22,082,897	22,112,104	(29,207)
Machinery and Equipment	2,919,684	2,800,767	118,917
Less: Accumulated Depreciation	(16,389,719)	(15,068,170)	(1,321,549)
Totals	\$30,940,576	\$32,113,474	(\$1,172,898)

## **CITY OF MOUNT VERNON, OHIO**

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### **Management's Discussion and Analysis For the Year Ended December 31, 2003**

**Unaudited**

Business type capital assets decreased as a result of depreciation expense. The additions to buildings and improvements include a new maintenance building. The major addition to machinery and equipment was a generator for water well. Additional information on the City's capital assets can be found in Note 7.

#### **Debt**

At December 31, 2003, the City had \$21,440,000 in bonds outstanding, \$1,070,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2003 and 2002:

	<u>2003</u>	<u>2002</u>
Governmental Activities:		
General Obligation Bonds Payable	\$3,439,022	\$0
Long-term General Obligation Notes Payable	0	3,540,000
Ohio Public Works Commission Loan	425,000	0
Police and Firemen's Pension Accrued Liability	481,160	488,355
Compensated Absences	714,476	607,879
Total Governmental Activities	<u>5,059,658</u>	<u>4,636,234</u>
Business-Type Activities:		
Mortgage Revenue Bonds Payable	6,845,000	8,935,000
General Obligation Bonds Payable	11,155,978	7,640,000
Long-term General Obligation Notes Payable	0	2,445,000
Compensated Absences	244,974	232,899
Total Business-Type Activities	<u>18,245,952</u>	<u>19,252,899</u>
Totals	<u>\$23,305,610</u>	<u>\$23,889,133</u>

Under current state statutes, the City's general obligation bonded debt issues are subject to a legal limitation based on 10.5% of the total assessed value of real and personal property. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total assessed value of property. At December 31, 2003, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 9.

#### **ECONOMIC FACTORS**

During 2003, the Ohio Department of Transportation resurfaced the entire State Route 36 in and through town while adding handicap ramps at all related street crossings. This resurfacing project included over four miles of roadway of which the City contributed twenty percent of the cost. Downtown central business district was the recipient of a face-lift makeover. The entire business district had its sidewalks removed, street lighting removed, and overgrown trees removed. A welcome display of historical lighting, brick cross walks, level sidewalks, flower planters and street signs outlined the improvements.

Surface water and drainage continues to be an issue facing the City. In 2003, Curtis Run drainage improvements were completed on the north side of the city, while Howard Street drainage improvements on the east side of the city were also completed. These improvements will afford much better surface drainage in residential areas for our citizens.

The renovations to the historical 1907 Baltimore & Ohio Railroad Depot were started. The entire outside structure was cleaned, repaired and painted. New windowpanes were installed through the generous donation of a local glass vendor. Copper gutters and downspouts were installed, and the tile roof was repaired to its original condition. Right-of-way land was purchased in 2003 for upcoming improvements to the South Main Street/Newark Road project.

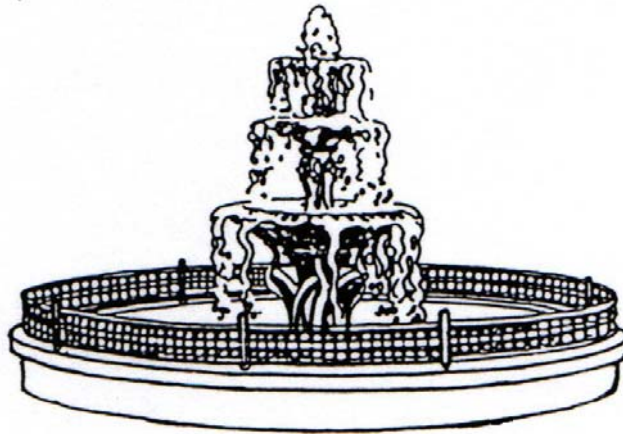
The undertaking of a new maintenance facility building at the Wastewater Treatment Plant was completed and put into service during 2003. This much needed structure will provide for sufficient workspace and storage of equipment for the maintenance employees who help operate the plant and the grounds.

Four major businesses opened their doors during 2003. Lowe's Home Improvement Center completed their new building and opened for business during the fall. Ruby Tuesday's was a welcomed addition to our much needed restaurants in the city. First Knox National Bank, a long serving local financial institution opened another branch office on the south side of town. Time Warner Cable constructed and opened a customer service center during the year. This facility affords them additional space for both their customer service center staff and their installation/repair staff. The City is grateful to have these new operations located here as it builds our tax base and affords additional employment opportunities for our citizens.

Unemployment for the year was like a roller coaster ride. Starting out the year with 6.7 percent, it managed to drop to 5.9 percent by midyear, and finally leveled out to 5.3 percent by year end. The impact of such increases and decreases throughout the year are minimal due to the diverse mix of employers throughout the city.

## **REQUESTS FOR INFORMATION**

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



**CITY OF MOUNT VERNON, OHIO**

**Statement of Net Assets  
December 31, 2003**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 1,505,185	\$ 6,356,059	\$ 7,861,244
Investments	1,003,190	0	1,003,190
Receivables:			
Taxes	3,252,374	0	3,252,374
Accounts	9,390	1,039,156	1,048,546
Intergovernmental	1,871,840	0	1,871,840
Interest	1,475	0	1,475
Inventory of Supplies	11,060	93,525	104,585
Prepaid Items	95,781	15,826	111,607
Deferred Charge	83,810	88,978	172,788
Restricted Assets:			
Cash and Cash Equivalents	406,356	0	406,356
Cash and Cash Equivalents with Fiscal Agent	0	707,033	707,033
Capital Assets (net of Accumulated Depreciation):			
Capital Assets not Being Depreciated	1,918,123	1,005,839	2,923,962
Capital Assets Being Depreciated	7,300,134	29,934,737	37,234,871
<b>Total Assets</b>	<b>17,458,718</b>	<b>39,241,153</b>	<b>56,699,871</b>
<b>Liabilities:</b>			
Accounts Payable	200,200	176,130	376,330
Accrued Wages and Benefits Payable	429,647	97,932	527,579
Contracts Payable	271,214	36,763	307,977
Retainage Payable	111,117	0	111,117
Matured Bonds and Interest Payable	0	650	650
Deferred Revenue	1,316,629	0	1,316,629
Accrued Interest Payable	4,163	32,653	36,816
Noncurrent liabilities:			
Due within one year	381,789	960,770	1,342,559
Due in more than one year	4,677,869	17,285,182	21,963,051
<b>Total Liabilities</b>	<b>7,392,628</b>	<b>18,590,080</b>	<b>25,982,708</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	5,354,235	12,939,598	18,293,833
Restricted For:			
Capital Projects	693,402	0	693,402
Debt Service	0	707,033	707,033
Perpetual Care, Nonexpendable	298,764	0	298,764
Other Purposes	2,091,730	0	2,091,730
Unrestricted	1,627,959	7,004,442	8,632,401
<b>Total Net Assets</b>	<b>\$ 10,066,090</b>	<b>\$ 20,651,073</b>	<b>\$ 30,717,163</b>

See accompanying notes to the basic financial statements

**CITY OF MOUNT VERNON, OHIO**

**Statement of Activities  
For the Year Ended December 31, 2003**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities:</b>				
Security of Persons and Property	\$ 4,764,413	\$ 226,591	\$ 0	\$ 0
Public Health and Welfare Services	559,211	53,979	0	0
Leisure Time Activities	394,372	69,984	0	0
Community Environment	668,592	2,637	807,860	97,700
Transportation	1,400,899	446	673,615	86,170
General Government	3,851,104	682,713	90,441	0
Interest and Fiscal Charges	134,030	0	0	0
<b>Total Governmental Activities</b>	<b>11,772,621</b>	<b>1,036,350</b>	<b>1,571,916</b>	<b>183,870</b>
<b>Business-Type Activities:</b>				
Water	3,256,836	2,678,308	0	0
Sewer	2,520,031	2,378,554	0	0
<b>Total Business-Type Activities</b>	<b>5,776,867</b>	<b>5,056,862</b>	<b>0</b>	<b>0</b>
<b>Totals</b>	<b>\$ 17,549,488</b>	<b>\$ 6,093,212</b>	<b>\$ 1,571,916</b>	<b>\$ 183,870</b>

**General Revenues**

Property Taxes Levied for:  
 General Purposes  
 Special Purposes  
 Capital Outlay  
 Municipal Income Tax  
 Other Local Taxes  
 Shared Revenues  
 Investment Earnings  
 Miscellaneous  
 Transfers  
 Total General Revenues and Transfers  
 Change in Net Assets  
 Restated Net Assets Beginning of Year  
 Net Assets End of Year

See accompanying notes to the basic financial statements



**CITY OF MOUNT VERNON, OHIO**

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Net (Expense) Revenue  
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (4,537,822)	\$ 0	\$ (4,537,822)
(505,232)	0	(505,232)
(324,388)	0	(324,388)
239,605	0	239,605
(640,668)	0	(640,668)
(3,077,950)	0	(3,077,950)
(134,030)	0	(134,030)
<u>(8,980,485)</u>	<u>0</u>	<u>(8,980,485)</u>
0	(578,528)	(578,528)
<u>0</u>	<u>(141,477)</u>	<u>(141,477)</u>
0	(720,005)	(720,005)
<u>(8,980,485)</u>	<u>(720,005)</u>	<u>(9,700,490)</u>
548,109	0	548,109
127,596	0	127,596
442,636	0	442,636
6,373,436	0	6,373,436
125,688	0	125,688
723,556	0	723,556
93,876	0	93,876
75,013	0	75,013
49,500	(49,500)	0
<u>8,559,410</u>	<u>(49,500)</u>	<u>8,509,910</u>
(421,075)	(769,505)	(1,190,580)
<u>10,487,165</u>	<u>21,420,578</u>	<u>31,907,743</u>
<u>\$ 10,066,090</u>	<u>\$ 20,651,073</u>	<u>\$ 30,717,163</u>

**CITY OF MOUNT VERNON, OHIO**

**Balance Sheet  
Governmental Funds  
December 31, 2003**

	General	Community Development Block Grant Fund	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Cash and Cash Equivalents	\$ 290,188	\$ 123,218	\$ 316,211	\$ 775,568	\$ 1,505,185
Investments	538,121	0	465,069	0	1,003,190
Receivables:					
Taxes	2,350,789	0	111,075	790,510	3,252,374
Accounts	1,662	0	0	7,728	9,390
Intergovernmental	453,921	1,101,888	0	316,031	1,871,840
Interest	1,475	0	0	0	1,475
Inventory of Supplies	20	0	0	11,040	11,060
Prepaid Items	87,358	0	0	8,423	95,781
Restricted Assets:					
Cash and Cash Equivalents	0	0	0	406,356	406,356
<b>Total Assets</b>	<b>\$ 3,723,534</b>	<b>\$ 1,225,106</b>	<b>\$ 892,355</b>	<b>\$ 2,315,656</b>	<b>\$ 8,156,651</b>
<b>Liabilities:</b>					
Accounts Payable	\$ 144,267	\$ 26,340	\$ 5,496	\$ 24,097	\$ 200,200
Accrued Wages and Benefits Payable	257,771	0	0	171,876	429,647
Contracts Payable	0	0	251,795	19,419	271,214
Retainage Payable	0	0	0	111,117	111,117
Deferred Revenue	1,433,008	1,072,768	30,532	902,512	3,438,820
Accrued Interest Payable	0	0	290	3,873	4,163
<b>Total Liabilities</b>	<b>1,835,046</b>	<b>1,099,108</b>	<b>288,113</b>	<b>1,232,894</b>	<b>4,455,161</b>
<b>Fund Balances:</b>					
Reserved for Encumbrances	213,455	89,330	44,336	258,441	605,562
Reserved for Prepaid Items	87,358	0	0	8,423	95,781
Reserved for Supplies Inventory	20	0	0	11,040	11,060
Reserved for Endowments	0	0	0	298,764	298,764
Undesignated/Unreserved in:					
General Fund	1,587,655	0	0	0	1,587,655
Special Revenue Funds	0	36,668	0	571,030	607,698
Capital Projects Funds	0	0	559,906	(64,936)	494,970
<b>Total Fund Balances</b>	<b>1,888,488</b>	<b>125,998</b>	<b>604,242</b>	<b>1,082,762</b>	<b>3,701,490</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 3,723,534</b>	<b>\$ 1,225,106</b>	<b>\$ 892,355</b>	<b>\$ 2,315,656</b>	<b>\$ 8,156,651</b>

See accompanying notes to the basic financial statements

**CITY OF MOUNT VERNON, OHIO**

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***Reconciliation Of Total Governmental Fund Balances  
To Net Assets Of Governmental Activities  
December 31, 2003***

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**Total Governmental Fund Balances** \$ 3,701,490

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

Capital Assets used in governmental activities are not  
resources and therefore are not reported in the funds. 9,218,257

Other long-term assets are not available to pay for current-  
period expenditures and therefore are deferred in the funds. 2,206,001

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

General Obligation Bonds Payable	(3,439,022)	
Ohio Public Works Commission Loan Payable	(425,000)	
Police and Firemen's Pension Accrued Liability	(481,160)	
Compensated Absences Payable	(714,476)	
	<u>(5,059,658)</u>	(5,059,658)

***Net Assets of Governmental Activities*** \$ 10,066,090

See accompanying notes to the basic financial statements

**CITY OF MOUNT VERNON, OHIO**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended December 31, 2003**

	General	Community Development Block Grant Fund	General Bond Retirement Fund	Capital Improvement Fund
<b>Revenues:</b>				
Taxes	\$ 6,351,447	\$ 0	\$ 0	\$ 400,500
Intergovernmental Revenues	641,083	727,708	0	86,170
Charges for Services	243,644	0	0	0
Licenses and Permits	17,900	0	0	0
Investment Earnings	88,001	33	932	12
Fines and Forfeitures	556,760	0	0	0
All Other Revenue	41,197	5,050	0	0
<b>Total Revenue</b>	<b>7,940,032</b>	<b>732,791</b>	<b>932</b>	<b>486,682</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	3,703,136	0	0	10,933
Public Health and Welfare Services	286,950	0	0	6,760
Leisure Time Activities	323,467	0	0	11,440
Community Environment	21,184	647,408	0	0
Transportation	90,479	0	0	1,814,707
General Government	3,688,524	0	0	71,446
Debt Service:				
Principal Retirement	7,195	0	3,729,200	0
Interest and Fiscal Charges	20,680	0	192,997	290
<b>Total Expenditures</b>	<b>8,141,615</b>	<b>647,408</b>	<b>3,922,197</b>	<b>1,915,576</b>
Excess (Deficiency) of Revenues Over Expenditures	(201,583)	85,383	(3,921,265)	(1,428,894)
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	7,064	0	0	0
Public Works Commission Loan	0	0	0	0
General Obligation Bonds Issued	0	0	3,628,222	0
Transfers In	49,500	0	293,043	244,600
Transfers Out	(601,371)	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(544,807)</b>	<b>0</b>	<b>3,921,265</b>	<b>244,600</b>
Net Change in Fund Balances	(746,390)	85,383	0	(1,184,294)
<b>Fund Balances at Beginning of Year</b>	<b>2,634,885</b>	<b>40,615</b>	<b>0</b>	<b>1,788,536</b>
Increase (Decrease) in Inventory Reserve	(7)	0	0	0
<b>Fund Balances End of Year</b>	<b>\$ 1,888,488</b>	<b>\$ 125,998</b>	<b>\$ 0</b>	<b>\$ 604,242</b>

See accompanying notes to the basic financial statements

**CITY OF MOUNT VERNON, OHIO**

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Other Governmental Funds	Total Governmental Funds
\$ 953,236	\$ 7,705,183
736,606	2,191,567
127,202	370,846
4,596	22,496
4,898	93,876
78,696	635,456
109,498	155,745
<u>2,014,732</u>	<u>11,175,169</u>
654,703	4,368,772
241,119	534,829
837	335,744
0	668,592
1,816,263	3,721,449
143,791	3,903,761
0	3,736,395
3,873	217,840
<u>2,860,586</u>	<u>17,487,382</u>
(845,854)	(6,312,213)
1,103	8,167
425,000	425,000
0	3,628,222
301,255	888,398
(237,527)	(838,898)
<u>489,831</u>	<u>4,110,889</u>
(356,023)	(2,201,324)
1,435,477	5,899,513
3,308	3,301
<u>\$ 1,082,762</u>	<u>\$ 3,701,490</u>

**CITY OF MOUNT VERNON, OHIO**

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**Reconciliation Of The Statement Of Revenues, Expenditures  
And Changes In Fund Balances Of Governmental Funds  
To The Statement Of Activities  
For the Year Ended December 31, 2003**

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**Net Change in Fund Balances - Total Governmental Funds** \$ (2,201,324)

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

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

Capital Outlay	2,687,860	
Depreciation Expense	<u>(674,675)</u>	2,013,185

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

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

(8,167)

The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets.

(15,333) (23,500)

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

126,877

The issuance of long-term debt (e.g. notes, leases) provides current financial resources to government funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net assets. Also governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

General Obligation Bonds Issued	(3,628,222)	
Ohio Public Works Commission Loan	(425,000)	
Issuance Costs Deferred	<u>88,222</u>	(3,965,000)

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

General Obligation Bond Principal Payment	189,200	
Long-term General Obligation Note Principal Payment	3,540,000	
Police Firemen's Pension Accrued Liability Principal Payment	<u>7,195</u>	3,736,395

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Compensated Absences	(106,597)	
Amortization of Issuance Costs	(4,412)	
Change in Inventory	<u>3,301</u>	(107,708)

**Change in Net Assets of Governmental Activities** \$ (421,075)

See accompanying notes to the basic financial statements

**CITY OF MOUNT VERNON, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
General Fund  
For the Year Ended December 31, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 6,005,161	\$ 6,156,661	\$ 6,195,073	\$ 38,412
Intergovernmental Revenue	541,497	667,290	681,649	14,359
Charges for Services	195,700	227,728	243,644	15,916
Licenses and Permits	16,250	16,250	23,342	7,092
Investment Earnings	80,000	93,700	94,955	1,255
Fines and Forfeitures	400,000	556,840	556,941	101
All Other Revenues	1,000	17,678	42,210	24,532
Total Revenues	<u>7,239,608</u>	<u>7,736,147</u>	<u>7,837,814</u>	<u>101,667</u>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	4,077,247	4,051,348	3,832,937	218,411
Public Health and Welfare Services	307,831	302,731	302,481	250
Leisure Time Activities	406,632	390,082	365,665	24,417
Community Environment	29,745	29,303	21,832	7,471
Transportation	85,650	93,400	92,829	571
General Government	3,572,849	4,027,969	3,978,932	49,037
Total Expenditures	<u>8,479,954</u>	<u>8,894,833</u>	<u>8,594,676</u>	<u>300,157</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,240,346)	(1,158,686)	(756,862)	401,824
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	7,064	7,064
Transfers In	49,500	49,500	49,500	0
Transfers Out	(213,000)	(594,661)	(593,871)	790
Advances Out	(300,000)	0	0	0
Total Other Financing Sources (Uses):	<u>(463,500)</u>	<u>(545,161)</u>	<u>(537,307)</u>	<u>7,854</u>
Net Change in Fund Balance	(1,703,846)	(1,703,847)	(1,294,169)	409,678
Fund Balance at Beginning of Year	1,182,273	1,182,273	1,182,273	0
Prior Year Encumbrances	543,477	543,477	543,477	0
Fund Balance at End of Year	<u>\$ 21,904</u>	<u>\$ 21,903</u>	<u>\$ 431,581</u>	<u>\$ 409,678</u>

See accompanying notes to the basic financial statements

**CITY OF MOUNT VERNON, OHIO**

**Statement of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Special Revenue Fund – Community Development Block Grant Fund  
For the Year Ended December 31, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 370,000	\$ 2,095,876	\$ 723,548	\$ (1,372,328)
Investment Earnings	0	0	33	33
All Other Revenues	0	0	5,050	5,050
Total Revenues	<u>370,000</u>	<u>2,095,876</u>	<u>728,631</u>	<u>(1,367,245)</u>
<b>Expenditures:</b>				
Community Environment	<u>387,285</u>	<u>2,113,161</u>	<u>738,368</u>	<u>1,374,793</u>
Total Expenditures	<u>387,285</u>	<u>2,113,161</u>	<u>738,368</u>	<u>1,374,793</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,285)	(17,285)	(9,737)	7,548
Fund Balance at Beginning of Year	12,925	12,925	12,925	0
Prior Year Encumbrances	<u>4,360</u>	<u>4,360</u>	<u>4,360</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,548</u>	<u>\$ 7,548</u>

See accompanying notes to the basic financial statements



**CITY OF MOUNT VERNON, OHIO**

**Statement of Net Assets  
Proprietary Funds  
December 31, 2003**

	Business-Type Activities		
	Enterprise Funds		Total
	Water	Sewer	
<b>ASSETS</b>			
Current assets:			
Cash and Cash Equivalents	\$ 1,735,737	\$ 4,620,322	\$ 6,356,059
Accounts receivable (net of allowance for uncollectibles)	513,339	525,817	1,039,156
Inventory of Supplies	51,164	42,361	93,525
Prepaid Items	5,326	10,500	15,826
Total current assets	2,305,566	5,199,000	7,504,566
Noncurrent assets:			
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	707,033	0	707,033
Deferred Charges	0	88,978	88,978
Capital assets:			
Capital Assets Not Being Depreciated	480,801	525,038	1,005,839
Capital Assets Being Depreciated	20,334,707	9,600,030	29,934,737
Total capital assets (net of accumulated depreciation)	20,815,508	10,125,068	30,940,576
Total noncurrent assets	21,522,541	10,214,046	31,736,587
Total assets	23,828,107	15,413,046	39,241,153
<b>LIABILITIES</b>			
Current liabilities:			
Accounts Payable	83,642	92,488	176,130
Accrued Wages and Benefits Payable	47,650	50,282	97,932
Contracts Payable	0	36,763	36,763
Matured Bonds and Interest Payable	650	0	650
Accrued Interest Payable	27,279	5,374	32,653
General Obligation Bonds Payable - Current	350,775	198,275	549,050
Revenue Bonds Payable - Current	340,000	0	340,000
Compensated Absences Payable - Current	33,591	38,129	71,720
Total Current Liabilities	883,587	421,311	1,304,898
Noncurrent Liabilities:			
General Obligation Bonds Payable	7,075,740	3,531,188	10,606,928
Revenue Bonds Payable	6,505,000	0	6,505,000
Compensated Absences Payable	82,649	90,605	173,254
Total noncurrent liabilities	13,663,389	3,621,793	17,285,182
<b>Total Liabilities</b>	14,546,976	4,043,104	18,590,080
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	6,543,993	6,395,605	12,939,598
Restricted for Debt Service	707,033	0	707,033
Unrestricted	2,030,105	4,974,337	7,004,442
Total Net Assets	\$ 9,281,131	\$ 11,369,942	\$ 20,651,073

See accompanying notes to the basic financial statements

**CITY OF MOUNT VERNON, OHIO**

**Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended December 31, 2003**

	Business-Type Activities		Total
	Enterprise Funds		
	Water	Sewer	
<b>Operating Revenues:</b>			
Charges for Services	\$ 2,649,910	\$ 2,347,957	\$ 4,997,867
Other Operating Revenues	4,486	8,566	13,052
<b>Total Operating Revenues</b>	<b>2,654,396</b>	<b>2,356,523</b>	<b>5,010,919</b>
<b>Operating Expenses:</b>			
Personal Services	977,417	1,059,269	2,036,686
Contractual Services	155,093	466,733	621,826
Materials and Supplies	338,532	104,387	442,919
Utilities	173,393	243,353	416,746
Depreciation	929,821	402,844	1,332,665
<b>Total Operating Expenses</b>	<b>2,574,256</b>	<b>2,276,586</b>	<b>4,850,842</b>
<b>Operating Income</b>	<b>80,140</b>	<b>79,937</b>	<b>160,077</b>
<b>Non-Operating Revenue (Expenses):</b>			
Interest Income	23,912	22,031	45,943
Interest and Fiscal Charges	(682,580)	(202,363)	(884,943)
Loss on Disposal of Capital Assets	0	(41,082)	(41,082)
<b>Total Non-Operating Revenues (Expenses)</b>	<b>(658,668)</b>	<b>(221,414)</b>	<b>(880,082)</b>
<b>Loss Before Transfers</b>	<b>(578,528)</b>	<b>(141,477)</b>	<b>(720,005)</b>
Transfers Out	(24,500)	(25,000)	(49,500)
<b>Change in Net Assets</b>	<b>(603,028)</b>	<b>(166,477)</b>	<b>(769,505)</b>
Restated Net Assets Beginning of Year	9,884,159	11,536,419	21,420,578
<b>Net Assets End of Year</b>	<b>\$ 9,281,131</b>	<b>\$ 11,369,942</b>	<b>\$ 20,651,073</b>

See accompanying notes to the basic financial statements

**CITY OF MOUNT VERNON, OHIO**

**Statement of Cash Flows  
Proprietary Funds  
For the Year Ended December 31, 2003**

	Business-Type Activities		
	Enterprise Funds		Total
	Water	Sewer	
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$2,698,667	\$2,413,611	\$5,112,278
Cash Payments for Goods and Services	(656,312)	(856,809)	(1,513,121)
Cash Payments to Employees	(949,651)	(1,057,723)	(2,007,374)
Net Cash Provided by Operating Activities	<u>1,092,704</u>	<u>499,079</u>	<u>1,591,783</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 Bonds	128,115	3,973,663	4,101,778
Proceeds from Sale of Capital Assets	0	515	515
Acquisition and Construction of Assets	(101,038)	(153,444)	(254,482)
Principal Paid on General Obligation Notes	(125,000)	(2,320,000)	(2,445,000)
Principal Paid on General Obligation Bonds	(343,225)	(244,200)	(587,425)
Principal Paid on Revenue Bonds	(325,000)	(1,765,000)	(2,090,000)
Bond Issuance Costs Paid	(3,115)	(93,663)	(96,778)
Interest Paid on All Debt	(681,115)	(208,236)	(889,351)
Net Cash Used for Capital and Related Financing Activities	<u>(1,450,378)</u>	<u>(810,365)</u>	<u>(2,260,743)</u>
<u>Cash Flows from Investing Activities:</u>			
Receipt of Interest	23,912	22,031	45,943
Net Cash Provided by Investing Activities	<u>23,912</u>	<u>22,031</u>	<u>45,943</u>
Net Decrease in Cash and Cash Equivalents	(358,262)	(314,255)	(672,517)
Cash and Cash Equivalents at Beginning of Year	2,801,032	4,934,577	7,735,609
Cash and Cash Equivalents at End of Year	<u>\$2,442,770</u>	<u>\$4,620,322</u>	<u>\$7,063,092</u>
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$1,735,737	\$4,620,322	\$6,356,059
Restricted Cash with Fiscal Agent	707,033	0	707,033
Cash and Cash Equivalents at End of Year	<u>\$2,442,770</u>	<u>\$4,620,322</u>	<u>\$7,063,092</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>			
Operating Income	\$80,140	\$79,937	\$160,077
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	929,821	402,844	1,332,665
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	43,859	57,088	100,947
Increase in Inventory	(2,410)	(5,100)	(7,510)
Increase in Prepaid Items	(646)	(660)	(1,306)
Increase in Accounts Payable	46,685	45,761	92,446
Decrease in Accrued Wages and Benefits	(5,472)	(7,638)	(13,110)
Decrease in Contracts Payable	(2,163)	(82,338)	(84,501)
Increase in Compensated Absences	2,890	9,185	12,075
Total Adjustments	1,012,564	419,142	1,431,706
Net Cash Provided by Operating Activities	<u>\$1,092,704</u>	<u>\$499,079</u>	<u>\$1,591,783</u>

See accompanying notes to the basic financial statements

**CITY OF MOUNT VERNON, OHIO**

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***Statement of Net Assets  
Fiduciary Funds  
December 31, 2003***

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	<u>Agency</u>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 88,652
<b>Total Assets</b>	<u>88,652</u>
<b>Liabilities:</b>	
Intergovernmental Payable	21,918
Due to Others	<u>66,734</u>
<b>Total Liabilities</b>	<u>88,652</u>
<b>Total Net Assets</b>	<u><u>\$ 0</u></u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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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 financial statements are presented as of December 31, 2003 and for the year then ended and have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) applicable to local governments. The Governmental Accounting Standards Board (the "GASB") is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification).

**A. Reporting Entity**

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

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

The City, in conjunction with Knox County, the six villages and the twenty-two townships within Knox County, have created the Knox County Emergency Management Agency (EMA). The EMA is a jointly governed organization whose board is composed of seven members, one county commissioner, five chief executive officers representing municipal corporations or townships and one non-elected representative. The agency was organized to coordinate all civil defense functions within the county to insure the most effective use of resources during an emergency. The City appropriated \$6,000 for operations of the EMA for 2003.

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

**A. Reporting Entity (Continued)**

The City did not appoint a majority of the members of the Board, nor is the City accountable for any operating deficits of MOTA. The MOTA Board is responsible for the fiscal operation of MOTA. The City appropriated \$40,000 for an operating grant to MOTA for 2003.

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 \$40,000 for operations of the combined District for 2003.

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

**B. Basis of Presentation - Fund Accounting**

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

***Governmental Funds***

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

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

Community Development Block Grant Fund – This fund accounts for federal grants designated for community environmental improvements.

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

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

***Proprietary Funds***

All proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund type 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. The City's major enterprise funds are:

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

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

***Fiduciary Funds***

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

**C. Basis of Presentation – Financial Statements**

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

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

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

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

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

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



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

**D. Basis of Accounting**

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

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

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

Property taxes measurable as of December 31, 2003 but which are not intended to finance 2003 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenues.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds and fiduciary 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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

**E. Budgetary Process**

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

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

**1. Tax Budget**

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

**2. Estimated Resources**

The County Budget Commission reviews estimated revenue and determines if the budget substantiates a need to levy all or part of previously authorized taxes. The Budget Commission then certifies its actions to the City by September 1 of each year. As part of the certification process, the City receives an official certificate of estimated resources stating the projected receipts by fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year do not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificates of estimated resources is amended to include any unencumbered fund balances from the preceding year, and are reported as original budget amounts on the budgetary statements. The certificate may be further amended during the year if a new source of revenue is identified or if actual receipts exceed current estimates. The amounts reported on the final budgetary statements reflect the amounts in the final amended official certificate of estimated resources issued during 2003.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

**E. Budgetary Process (Continued)**

**3. Appropriations**

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

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

**4. Encumbrances**

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

**5. Lapsing of Appropriations**

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

**E. Budgetary Process (Continued)**

**6. Budgetary Basis of Accounting**

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

	Net Change in Fund Balance	
	General Fund	Community Development Block Grant Fund
GAAP Basis (as reported)	(\$746,390)	\$85,383
Increase (Decrease):		
Accrued Revenues at December 31, 2003 received during 2004	(1,411,936)	(29,120)
Accrued Revenues at December 31, 2002 received during 2003	1,311,932	24,960
Accrued Expenditures at December 31, 2003 paid during 2004	424,904	26,340
Accrued Expenditures at December 31, 2002 paid during 2003	(503,645)	(1,630)
2002 Prepays for 2003	77,145	0
2003 Prepays for 2004	(87,358)	0
Adjustment to Fair Value	(2,215)	0
Outstanding Encumbrances	(356,606)	(115,670)
Budget Basis	<u>(\$1,294,169)</u>	<u>(\$9,737)</u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

**F. Cash and Cash Equivalents**

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

**G. Investments**

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the City reports its investments at fair value. Federal securities consist of Federal Home Loan Mortgage and Federal Home Loan Bank securities. Fair value is determined by quoted market prices. All investment income, including changes in the fair value of investments are recognized as revenue in the operating statements. The City allocates interest among the various funds based upon the fund's cash balance at the date of investment. See Note 3, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2003. 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, 2003.

**H. Inventory**

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

**I. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2003, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

**J. Capital Assets and Depreciation**

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

**1. Property, Plant and Equipment - Governmental Activities**

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

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

**2. Property, Plant and Equipment – Business Type Activities**

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 where applicable. Contributed capital assets are recorded at fair market value at the date received. These assets are reported in both the Business-Type Activities column of the Government-wide Statement of Net Assets and in the respective funds.

**3. Depreciation**

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

**K. Long-Term Obligations**

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	General Bond Retirement Fund Water Fund Sewer Fund
Mortgage Revenue Bonds	Water Fund Sewer Fund
Ohio Public Works Loan	General 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 Water Fund Sewer Fund

**L. Compensated Absences**

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

**L. Compensated Absences (Continued)**

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

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

Compensated absences accumulated by governmental fund type and proprietary fund type employees are reported as an expense when earned in the government-wide financial statements. For governmental funds, that portion of unpaid compensated absences that is 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 noncurrent portion of the liability is not reported.

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

**M. Net Assets**

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

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



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

**N. Pensions**

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

**O. Interfund Transactions**

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

**P. Reservations of Fund Balance**

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

**Q. Restricted Assets**

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

**R. Operating Revenues and Expenses**

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

**S. Bond Issuance Costs**

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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**NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE**

**A. Changes in Accounting Principles**

For fiscal year 2003, the City has implemented GASB Statement No. 34, “*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*”; GASB Statement No. 37, “*Basic Financial Statements for State and Local Governments: Omnibus*”; GASB Statement No. 38, “*Certain Financial Statement Note Disclosures*”; and GASB Interpretation No. 6, “*Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statement.*” At December 31, 2002, there was no effect on fund balance as a result of implementing GASB Statements 37 and 38, or Interpretation No. 6.

GASB 34 creates new basic financial statements for reporting on the City’s financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column.

The government-wide financial statements split the City’s programs between business-type and governmental activities. Certain funds have been reclassified as a result of implementing GASB 34. The beginning net asset amount for the business-type activities equals fund equity of the enterprise funds from last year. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at December 31, 2002, caused by the conversion to the full accrual basis of accounting.

**B. Prior Period Adjustments**

During the year the City discovered an accounting error in the reporting of the Long-Term Note Payable in the Water and Sewer Funds. The correction of the accounting error resulted in the restatement of the net assets at December 31, 2002 for the enterprise funds as follows:

	Water Fund	Wastewater Fund
Net Assets at December 31, 2002 as reported	\$10,009,159	\$11,661,419
Restate Long-Term Notes Payable	(125,000)	(125,000)
Net Assets at December 31, 2002 as restated	<u>\$9,884,159</u>	<u>\$11,536,419</u>

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

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**NOTE 2 – CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF FUND BALANCE (Continued)**

**C. Restatement of Fund Balance/Retained Earnings**

The transition from fund balance/retained earnings to net assets of the governmental activities and the business-type activities are as follows:

	Governmental Activities	Business Type Activities
Fund Balance/Retained Earnings December 31, 2002	\$5,590,886	\$16,916,768
Adjustments:		
Reclassified funds	308,627	0
Restate Long-term Notes Payable	0	(250,000)
Restated Fund Balance/Retained Earnings	5,899,513	16,666,768
GASB 34 Adjustments:		
Capital Assets	7,228,572	0
Contributed Capital	0	4,753,810
Long-Term Liabilities	(4,636,234)	0
Long-Term (Deferred) Assets	1,995,314	0
Net Assets, December 31, 2002	\$10,487,165	\$21,420,578

**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:

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

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.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

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

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 \$5,070,674 and the bank balance \$5,089,037. The Federal Deposit Insurance Corporation (FDIC) covered \$100,000 of the bank balance. All remaining deposits were classified as Category 3. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

**B. Investments**

The City's investments at December 31, 2003 are summarized below:

<u>Categorized Investments</u>	<u>Category 1</u>	<u>Fair Value</u>
Federal Home Loan Mortgage	\$ 501,315	\$ 501,315
Federal Home Loan Bank	501,875	501,875
	<u>1,003,190</u>	<u>1,003,190</u>
<u>Non-Categorized Investments</u>		
STAR Ohio (Uncollateralized investment pool)	N/A	3,285,578
Total Investments	<u>\$ 1,003,190</u>	<u>\$4,288,768</u>

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

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

**C. Cash with Fiscal Agents**

In addition to deposits and investments, the City had cash with fiscal agents in the amount of \$707,033 for bond reserve accounts, of which \$100,000 was insured by the FDIC and the remaining deposits were uninsured and uncollateralized.

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

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

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per GASB Statement No. 9	\$8,356,252	\$1,003,190
Investments:		
STAR Ohio	(3,285,578)	3,285,578
Per GASB Statement No. 3	<u>\$5,070,674</u>	<u>\$4,288,768</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 2003 were levied after October 1, 2002 on assessed values as of January 1, 2002, 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.

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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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**NOTE 4 - TAXES (Continued)**

**A. Property Taxes (Continued)**

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County including the City of Mount Vernon. The County Auditor periodically remits to the City its portion of the taxes collected. The full tax rate for all City operations for the year ended December 31, 2003 was \$3.20 per \$1,000 of assessed value. The 2003 assessed value was \$285,051,489. This amount constitutes \$206,637,170 in real property assessed value, \$7,032,340 in public utility assessed value and \$71,381,979 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, 2003 consisted of taxes, accounts, interest, and intergovernmental receivables. All receivables are collectible in full and within one year except for allowance for doubtful accounts related to billings for proprietary funds.

**CITY OF MOUNT VERNON, OHIO**

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**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

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**NOTE 6 - TRANSFERS**

Following is a summary of Transfers in and out for all funds for 2003:

Fund	Transfer In	Transfer Out
General Fund	\$49,500	\$601,371
General Bond Retirement Fund	293,043	0
Capital Improvement Fund	244,600	0
Other Governmental Funds	301,255	237,527
Total Governmental Funds	<u>888,398</u>	<u>838,898</u>
Enterprise Funds:		
Water Fund	0	24,500
Sewer Fund	0	25,000
Total Enterprise Funds	<u>0</u>	<u>49,500</u>
Totals	<u>\$888,398</u>	<u>\$888,398</u>

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

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**CITY OF MOUNT VERNON, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

**NOTE 7 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at December 31, 2003:

**Historical Cost:**

Class	December 31, 2002	Additions	Deletions	December 31, 2003
<b>Capital assets not being depreciated:</b>				
Land	\$1,421,332	\$477,991	\$0	\$1,899,323
Construction in Progress	30,206	0	(11,406)	18,800
Subtotal	1,451,538	477,991	(11,406)	1,918,123
<b>Capital assets being depreciated:</b>				
Buildings	6,486,227	77,879	0	6,564,106
Improvements Other than Buildings	548,274	0	0	548,274
Infrastructure	0	1,960,791	0	1,960,791
Machinery and Equipment	4,926,274	182,605	(154,049)	4,954,830
Subtotal	11,960,775	2,221,275	(154,049)	14,028,001
Total Cost	\$13,412,313	\$2,699,266	(\$165,455)	\$15,946,124
<b>Accumulated Depreciation:</b>				
Class	Restated December 31, 2002	Additions	Deletions	December 31, 2003
Buildings	(\$2,745,162)	(\$177,112)	\$0	(\$2,922,274)
Improvements	(453,223)	0	0	(453,223)
Infrastructure	0	(23,146)	0	(23,146)
Machinery and Equipment	(2,985,356)	(474,417)	130,549	(3,329,224)
Total Depreciation	(\$6,183,741)	(\$674,675) *	\$130,549	(\$6,727,867)
<b>Net Value:</b>	\$7,228,572			\$9,218,257

\* Depreciation expenses were charged to governmental functions as follows:

Security of Persons and Property	\$331,059
Leisure Time Activities	57,446
Public Health & Welfare	19,404
Transportation	116,308
General Government	150,458
Total Depreciation Expense	\$674,675

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

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**NOTE 7 – CAPITAL ASSETS (Continued)**

**B. Business-Type Activities Capital Assets**

Summary by Category at December 31, 2003:

*Historical Cost:*

Class	December 31, 2002	Additions	Deletions	December 31, 2003
<i>Capital assets not being depreciated:</i>				
Land	\$894,311	\$0	\$0	\$894,311
Construction in Progress	265,243	41,186	(194,901)	111,528
Subtotal	1,159,554	41,186	(194,901)	1,005,839
<i>Capital assets being depreciated:</i>				
Buildings	21,109,826	212,049	0	21,321,875
Utility Structures in Service	22,078,907	3,990	0	22,082,897
Machinery and Equipment	2,833,357	98,266	(11,939)	2,919,684
Subtotal	46,022,090	314,305	(11,939)	46,324,456
Total Cost	\$47,181,644	\$355,491	(\$206,840)	\$47,330,295

*Accumulated Depreciation:*

Class	December 31, 2002	Additions	Deletions	December 31, 2003
Buildings	(\$3,447,133)	(\$850,319)	\$0	(\$4,297,452)
Utility Structures in Service	(9,353,743)	(335,069)	0	(9,688,812)
Machinery and Equipment	(2,267,294)	(147,277)	11,116	(2,403,455)
Total Depreciation	(\$15,068,170)	(\$1,332,665)	\$11,116	(\$16,389,719)
<i>Net Value:</i>	\$32,113,474			\$30,940,576

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***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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**NOTE 8 - DEFINED BENEFIT PENSION PLANS**

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

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

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

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

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2003, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 8.5%. The 2003 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, 2003, 2002 and 2001 were \$527,405, \$500,022 and \$487,160, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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**NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

The Ohio PERS provides postemployment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2003 employer contribution rate (identified above) that was used to fund health care for the year 2003 was 5.0% of covered payroll which amounted to \$194,615.

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, 2002. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2002 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 364,881. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2002 is \$10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$18.7 billion and \$8.7 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.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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**NOTE 8 – DEFINED BENEFIT PENSION PLANS (Continued)**

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

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, 2003, 2002 and 2001 were \$206,850, \$205,678 and \$195,373 for police and \$325,848, \$285,781 and \$261,241 for firefighters, respectively, which were equal to the required contributions for each year.

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

The portion of the 2003 covered payroll that was used to fund postemployment health care benefits was \$84,373 representing 7.75% of covered payroll for police and \$105,222 representing 7.75% of covered payroll for fire. Health care funding and accounting was on a pay-as-you-go basis. In addition, since July 1, 1992 most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions. As of December 31, 2002, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,527 for police and 10,396 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, 2002 were \$141,028,006, which was net of member contributions of \$12,623,875.

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**CITY OF MOUNT VERNON, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

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

Long-term debt and other long-term obligations of the City at December 31, 2003 were as follows:

			Balance December 31, 2002	Additions	(Reductions)	Balance December 31, 2003	Amounts Due Within One Year
<b>Business-Type Activities:</b>							
Mortgage Revenue Bonds:							
3.00 - 4.75%	Water	1999	\$7,170,000	\$0	(\$325,000)	\$6,845,000	\$340,000
3.00 - 6.00%	Sewer	1992	1,765,000	0	(1,765,000)	0	0
Total Mortgage Revenue Bonds Payable			8,935,000	0	(2,090,000)	6,845,000	340,000
General Obligation Bonds:							
6.525%	Waterworks	1997	7,640,000	0	(335,000)	7,305,000	345,000
2.00 - 4.200%	Wastewater Improvements	2003	0	2,249,703	(149,600)	2,100,103	111,650
2.00 - 4.200%	Wastewater-Refunding 1992	2003	0	1,595,845	(88,000)	1,507,845	80,850
2.00 - 4.200%	Water-Building Project	2003	0	128,115	(6,600)	121,515	5,775
2.00 - 4.200%	Wastewater-Building Project	2003	0	128,115	(6,600)	121,515	5,775
Total General Obligation Bonds Payable			7,640,000	4,101,778	(585,800)	11,155,978	549,050
Long-term General Obligation Notes:							
1.80%	Building Project-Water	2002	125,000	0	(125,000)	0	0
1.80%	Building Project-Wastewater	2002	125,000	0	(125,000)	0	0
1.80%	Wastewater Improvement	2002	2,195,000	0	(2,195,000)	0	0
Total General Obligation Notes Payable			2,445,000	0	(2,445,000)	0	0
Compensated Absences			232,899	212,568	(200,493)	244,974	71,720
Total Business-Type Activities			\$19,252,899	\$4,314,346	(\$5,321,293)	\$18,245,952	\$960,770
<b>Governmental Activities:</b>							
General Obligation Bond:							
2.00 - 4.200%	Building Project	2003	\$0	\$256,230	(\$13,200)	\$243,030	\$11,550
2.00 - 4.200%	Highway Project	2003	0	3,371,992	(176,000)	3,195,992	169,400
Total General Obligation Bonds Payable			0	3,628,222	(189,200)	3,439,022	180,950
Long-term General Obligation Notes:							
1.80%	Building Project	2002	250,000	0	(250,000)	0	0
1.80%	Highway Project	2002	3,290,000	0	(3,290,000)	0	0
Total General Obligation Notes Payable			3,540,000	0	(3,540,000)	0	0
Ohio Public Works Commission Loan Payable			0	425,000	0	425,000	0
Compensated Absences			607,879	1,049,122	(942,525)	714,476	193,335
Police and Firemen's Pension Accrued Liability			488,355	0	(7,195)	481,160	7,504
Total Governmental Activities			\$4,636,234	\$5,102,344	(\$4,678,920)	\$5,059,658	\$381,789

**CITY OF MOUNT VERNON, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

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

**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, 2003 was \$876,899 in principal and interest payments through the year 2035.

**B. Principal and Interest Requirements**

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2003 are as follows:

Years	General Obligation Bonds		Mortgage Revenue Bonds		Ohio Public Works Commission Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$730,000	\$586,511	\$340,000	\$297,078	\$0	\$0
2005	755,000	563,804	350,000	284,158	21,250	0
2006	780,000	539,761	365,000	270,858	21,250	0
2007	795,000	514,661	380,000	256,623	21,250	0
2008	830,000	488,489	395,000	241,613	21,250	0
2009-2013	4,450,000	1,951,679	2,235,000	946,460	106,250	0
2014-2018	4,685,000	992,374	2,780,000	402,822	106,250	0
2019-2023	1,570,000	164,335	0	0	106,250	0
2024-2028	0	0	0	0	21,250	0
2028-2032	0	0	0	0	0	0
2033-2035	0	0	0	0	0	0
<b>Totals</b>	<b>\$14,595,000</b>	<b>\$5,801,614</b>	<b>\$6,845,000</b>	<b>\$2,699,612</b>	<b>\$425,000</b>	<b>\$0</b>

Years	Police/Fire Pension Liability		Totals	
	Principal	Interest	Principal	Interest
2004	\$7,504	\$20,370	\$1,077,504	\$903,959
2005	7,827	20,148	1,134,077	868,110
2006	8,163	19,712	1,174,413	830,331
2007	8,513	19,362	1,204,763	790,646
2008	8,879	18,996	1,255,129	749,098
2009-2013	50,453	88,921	6,841,703	2,987,060
2014-2018	69,797	77,114	7,641,047	1,472,310
2019-2023	76,831	62,542	1,753,081	226,877
2024-2028	94,811	44,563	116,061	44,563
2028-2032	116,998	22,375	116,998	22,375
2033-2035	31,384	1,636	31,384	1,636
<b>Totals</b>	<b>\$481,160</b>	<b>\$395,739</b>	<b>\$22,346,160</b>	<b>\$8,896,965</b>

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

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

**B. Current Refunding**

In March 2003, the City refunded \$1,765,000 of Mortgage Revenue Bonds for Wastewater System Improvements dated April 1, 1992 (the "1992 Bonds") through the issuance of \$1,595,845 of General Obligation Bonds for Wastewater System Improvement (the "2003 Bonds"). The net proceeds of the 2003 Bonds were placed in an escrow account and were used to call the bonds. The current refunding was undertaken to reduce total debt service payments over the next 20 years by \$603,539 and resulted in an economic gain of \$507,063 in the Sewer Fund. The acquisition price exceeded the net carrying amount of the old debt by \$61,375. This amount is considered immaterial and is not being amortized.

**NOTE 10 – COMPENSATED ABSENCES**

The City provides a liability for accumulated unpaid sick leave, vacation and compensatory time benefits when earned by employees. Accrued employee benefits for Governmental Funds not currently due and payable at year end are recorded as Long-Term Obligations in the government-wide statements. At December 31, 2003, the total accumulated unpaid sick, vacation and compensatory time recorded was as follows:

	<u>Hours</u>	<u>Amount</u>
Sick Leave	52,104	\$497,246
Vacation	11,420	193,335
Compensatory Time	<u>1,369</u>	<u>23,895</u>
Total	<u>64,893</u>	<u>\$714,476</u>

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

**NOTE 11 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During 2003 the City contracted with two insurance providers for various insurance coverages as follows:

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



**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003**

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**NOTE 11 - RISK MANAGEMENT (Continued)**

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

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

In 1997, the City elected to provide group health benefits to employees and their eligible dependents through a self-insured program. Premiums were 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) were available to pay claims and administrative costs. The claims liability of \$0 reported in the fund at December 31, 2003 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 2003 were:

Fiscal Year	Beginning of Year Liability	Current Year Claims and Changes in Estimates	Claims Payments	End of Year Liability
2002	\$465	\$806	\$1,271	\$0
2003	\$0	\$192	\$192	\$0

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. As of December 31, 2002, the Self Insurance Fund was reclassified into the General Fund. The bank accounts were closed out in 2003.

**NOTE 12 - CONSTRUCTION COMMITMENTS**

As of December 31, 2003, the City had the following contracts with respect to capital projects:

Capital Projects	Remaining Construction Contract	Expected Date of Completion
Coshocton Road Widening and Reconstruction Project	\$96,427	February 2004
Upper Gilchrist Road Improvement	19,419	March 2004
Ohio Avenue Curb/Brick Replacement Project	20,024	January 2004

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2003***

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**NOTE 13 - CONTINGENCIES**

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

*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*

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

***Nonmajor Governmental Funds***

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***Special Revenue Funds***

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

**Street Construction, Maintenance and Repair Fund**

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

**State Highway Improvement Fund**

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

**Permissive Auto License Tax Fund**

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

**Cemetery Fund**

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

**Park Development Fund**

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

**Parking Fund**

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

**Law Enforcement Trust Fund**

To account for the proceeds from the confiscation of contraband.

**Drug Enforcement Trust Fund**

To account for mandatory fines collected for drug offenses.

**Permissive License Registration Fund**

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

**Indigent Drivers Alcohol Treatment Fund**

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

**DUI - Enforcement and Education Fund**

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

(Continued)

***Special Revenue Funds***

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**Court Computerization Fund**

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

**Probation Services Fund**

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

**Police Pension Fund**

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

**Fire Pension Fund**

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

**Mausoleum Fund**

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

**Veterans Honor Walkway Fund**

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

***Capital Projects Funds***

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

**TIF District-Coshocton Road Fund**

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

**Baltimore and Ohio (B&O) Railroad Depot Fund**

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

***Permanent Fund***

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

**Perpetual Care Fund**

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

**CITY OF MOUNT VERNON, OHIO**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2003**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 764,785	\$ 10,783	\$ 0	\$ 775,568
Receivables:				
Taxes	279,814	510,696	0	790,510
Accounts	4,203	0	3,525	7,728
Intergovernmental	245,761	70,270	0	316,031
Inventory of Supplies	11,040	0	0	11,040
Prepaid Items	8,423	0	0	8,423
Restricted Assets:				
Cash and Cash Equivalents	0	111,117	295,239	406,356
<b>Total Assets</b>	<b>\$ 1,314,026</b>	<b>\$ 702,866</b>	<b>\$ 298,764</b>	<b>\$ 2,315,656</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 24,097	\$ 0	\$ 0	\$ 24,097
Accrued Wages and Benefits Payable	171,876	0	0	171,876
Contracts Payable	0	19,419	0	19,419
Retainage Payable	0	111,117	0	111,117
Deferred Revenue	363,492	539,020	0	902,512
Accrued Interest Payable	0	3,873	0	3,873
<b>Total Liabilities</b>	<b>559,465</b>	<b>673,429</b>	<b>0</b>	<b>1,232,894</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	164,068	94,373	0	258,441
Reserved for Prepaid Items	8,423	0	0	8,423
Reserved for Supplies Inventory	11,040	0	0	11,040
Reserved for Endowments	0	0	298,764	298,764
Undesignated/Unreserved				
Special Revenue Funds	571,030	0	0	571,030
Capital Projects Funds	0	(64,936)	0	(64,936)
<b>Total Fund Balances</b>	<b>754,561</b>	<b>29,437</b>	<b>298,764</b>	<b>1,082,762</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,314,026</b>	<b>\$ 702,866</b>	<b>\$ 298,764</b>	<b>\$ 2,315,656</b>

**CITY OF MOUNT VERNON, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2003**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 509,675	\$ 443,561	\$ 0	\$ 953,236
Intergovernmental Revenues	687,154	49,452	0	736,606
Charges for Services	127,202	0	0	127,202
Licenses and Permits	4,596	0	0	4,596
Investment Earnings	3,692	1,206	0	4,898
Fines and Forfeitures	78,696	0	0	78,696
All Other Revenue	4,068	98,378	7,052	109,498
<b>Total Revenue</b>	<b>1,415,083</b>	<b>592,597</b>	<b>7,052</b>	<b>2,014,732</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	654,703	0	0	654,703
Public Health and Welfare Services	241,119	0	0	241,119
Leisure Time Activities	837	0	0	837
Transportation	804,974	1,011,289	0	1,816,263
General Government	51,100	92,691	0	143,791
Debt Service:				
Interest and Fiscal Charges	0	3,873	0	3,873
<b>Total Expenditures</b>	<b>1,752,733</b>	<b>1,107,853</b>	<b>0</b>	<b>2,860,586</b>
Excess (Deficiency) of Revenues Over Expenditures	(337,650)	(515,256)	7,052	(845,854)
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	1,103	0	0	1,103
Ohio Public Works Commission Loan	0	425,000	0	425,000
Transfers In	301,255	0	0	301,255
Transfers Out	0	(237,527)	0	(237,527)
<b>Total Other Financing Sources (Uses)</b>	<b>302,358</b>	<b>187,473</b>	<b>0</b>	<b>489,831</b>
Net Change in Fund Balances	(35,292)	(327,783)	7,052	(356,023)
<b>Fund Balances at Beginning of Year</b>	<b>786,545</b>	<b>357,220</b>	<b>291,712</b>	<b>1,435,477</b>
Increase in Inventory Reserve	3,308	0	0	3,308
<b>Fund Balances End of Year</b>	<b>\$ 754,561</b>	<b>\$ 29,437</b>	<b>\$ 298,764</b>	<b>\$ 1,082,762</b>

**CITY OF MOUNT VERNON, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2003**

	Street Construction, Maintenance and Repair	State Highway Improvement	Permissive Auto License Tax	Cemetery
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 64,748	\$ 65,920	\$ 53,451	\$ 86,608
Receivables:				
Taxes	33,322	0	0	44,430
Accounts	0	0	0	4,188
Intergovernmental	206,514	16,680	0	0
Inventory of Supplies	10,787	0	0	253
Prepaid Items	7,439	0	0	984
<b>Total Assets</b>	<b>\$ 322,810</b>	<b>\$ 82,600</b>	<b>\$ 53,451</b>	<b>\$ 136,463</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 2,429	\$ 5,946	\$ 0	\$ 974
Accrued Wages and Benefits Payable	25,373	0	0	1,749
Deferred Revenue	146,759	11,100	0	12,213
<b>Total Liabilities</b>	<b>174,561</b>	<b>17,046</b>	<b>0</b>	<b>14,936</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	3,571	3,693	6,703	5,741
Reserved for Prepaid Items	7,439	0	0	984
Reserved for Supplies Inventory	10,787	0	0	253
Unreserved, Undesignated in:				
Special Revenue Funds	126,452	61,861	46,748	114,549
<b>Total Fund Balances</b>	<b>148,249</b>	<b>65,554</b>	<b>53,451</b>	<b>121,527</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 322,810</b>	<b>\$ 82,600</b>	<b>\$ 53,451</b>	<b>\$ 136,463</b>



**CITY OF MOUNT VERNON, OHIO**

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<u>Park Development</u>	<u>Parking</u>	<u>Law Enforcement Trust</u>	<u>Drug Enforcement Trust</u>	<u>Permissive License Registration</u>
\$ 68,595	\$ 3,036	\$ 5,942	\$ 1,744	\$ 99,091
0	0	0	0	0
0	15	0	0	0
0	0	0	0	15,101
0	0	0	0	0
0	0	0	0	0
<u>\$ 68,595</u>	<u>\$ 3,051</u>	<u>\$ 5,942</u>	<u>\$ 1,744</u>	<u>\$ 114,192</u>
\$ 0	\$ 892	\$ 0	\$ 0	\$ 13,774
0	1,574	0	0	0
0	0	0	0	0
<u>0</u>	<u>2,466</u>	<u>0</u>	<u>0</u>	<u>13,774</u>
0	513	0	0	10,762
0	0	0	0	0
0	0	0	0	0
<u>68,595</u>	<u>72</u>	<u>5,942</u>	<u>1,744</u>	<u>89,656</u>
<u>68,595</u>	<u>585</u>	<u>5,942</u>	<u>1,744</u>	<u>100,418</u>
<u>\$ 68,595</u>	<u>\$ 3,051</u>	<u>\$ 5,942</u>	<u>\$ 1,744</u>	<u>\$ 114,192</u>

(Continued)

**CITY OF MOUNT VERNON, OHIO**

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**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2003**

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	Indigent Drivers Alcohol Treatment	DUI Enforcement and Education	Court Computerization	Probation Services
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 457	\$ 27,079	\$ 34,062	\$ 4,946
Receivables:				
Taxes	0	0	0	0
Accounts	0	0	0	0
Intergovernmental	0	0	0	0
Inventory of Supplies	0	0	0	0
Prepaid Items	0	0	0	0
<b>Total Assets</b>	<u>\$ 457</u>	<u>\$ 27,079</u>	<u>\$ 34,062</u>	<u>\$ 4,946</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0
Deferred Revenue	0	0	0	0
<b>Total Liabilities</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances:</b>				
Reserved for Encumbrances	0	0	8,285	0
Reserved for Prepaid Items	0	0	0	0
Reserved for Supplies Inventory	0	0	0	0
Unreserved, Undesignated in:				
Special Revenue Funds	457	27,079	25,777	4,946
<b>Total Fund Balances</b>	<u>457</u>	<u>27,079</u>	<u>34,062</u>	<u>4,946</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 457</u>	<u>\$ 27,079</u>	<u>\$ 34,062</u>	<u>\$ 4,946</u>

**CITY OF MOUNT VERNON, OHIO**

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<u>Police Pension</u>	<u>Fire Pension</u>	<u>Mausoleum</u>	<u>Veterans Honor Walkway</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 92,144	\$ 93,745	\$ 840	\$ 62,377	\$ 764,785
101,031	101,031	0	0	279,814
0	0	0	0	4,203
3,733	3,733	0	0	245,761
0	0	0	0	11,040
0	0	0	0	8,423
<u>\$ 196,908</u>	<u>\$ 198,509</u>	<u>\$ 840</u>	<u>\$ 62,377</u>	<u>\$ 1,314,026</u>
\$ 0	\$ 0	\$ 0	\$ 82	\$ 24,097
55,771	87,409	0	0	171,876
96,710	96,710	0	0	363,492
<u>152,481</u>	<u>184,119</u>	<u>0</u>	<u>82</u>	<u>559,465</u>
49,550	75,250	0	0	164,068
0	0	0	0	8,423
0	0	0	0	11,040
(5,123)	(60,860)	840	62,295	571,030
<u>44,427</u>	<u>14,390</u>	<u>840</u>	<u>62,295</u>	<u>754,561</u>
<u>\$ 196,908</u>	<u>\$ 198,509</u>	<u>\$ 840</u>	<u>\$ 62,377</u>	<u>\$ 1,314,026</u>

**CITY OF MOUNT VERNON, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2003**

	Street Construction, Maintenance and Repair	State Highway Improvement	Permissive Auto License Tax	Cemetery
<b>Revenues:</b>				
Taxes	\$ 120,149	\$ 0	\$ 0	\$ 160,200
Intergovernmental Revenues	446,662	34,893	91,215	0
Charges for Services	0	0	0	46,927
Licenses and Permits	446	0	0	0
Investment Earnings	55	55	0	3,429
Fines and Forfeitures	0	0	0	0
All Other Revenue	2,831	0	0	828
<b>Total Revenue</b>	<b>570,143</b>	<b>34,948</b>	<b>91,215</b>	<b>211,384</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare Services	0	0	0	241,119
Leisure Time Activities	0	0	0	0
Transportation	582,009	44,478	50,000	0
General Government	0	0	0	0
<b>Total Expenditures</b>	<b>582,009</b>	<b>44,478</b>	<b>50,000</b>	<b>241,119</b>
Excess (Deficiency) of Revenues Over Expenditures	(11,866)	(9,530)	41,215	(29,735)
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	1,103	0	0	0
Transfers In	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>1,103</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balances	(10,763)	(9,530)	41,215	(29,735)
<b>Fund Balances at Beginning of Year</b>	<b>155,772</b>	<b>75,084</b>	<b>12,236</b>	<b>151,194</b>
Increase in Inventory Reserve	3,240	0	0	68
<b>Fund Balances End of Year</b>	<b>\$ 148,249</b>	<b>\$ 65,554</b>	<b>\$ 53,451</b>	<b>\$ 121,527</b>

**CITY OF MOUNT VERNON, OHIO**

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Park Development	Parking	Law Enforcement Trust	Drug Enforcement Trust	Permissive License Registration
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
0	0	0	0	98,518
18,610	53,265	0	0	0
0	4,150	0	0	0
0	0	0	0	0
0	18,795	0	0	0
0	409	0	0	0
<u>18,610</u>	<u>76,619</u>	<u>0</u>	<u>0</u>	<u>98,518</u>
0	103,307	15,784	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	0	128,487
0	0	0	0	0
<u>0</u>	<u>103,307</u>	<u>15,784</u>	<u>0</u>	<u>128,487</u>
18,610	(26,688)	(15,784)	0	(29,969)
0	0	0	0	0
<u>18,610</u>	<u>25,425</u>	<u>7,500</u>	<u>0</u>	<u>0</u>
<u>18,610</u>	<u>25,425</u>	<u>7,500</u>	<u>0</u>	<u>0</u>
37,220	(1,263)	(8,284)	0	(29,969)
31,375	1,848	14,226	1,744	130,387
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 68,595</u>	<u>\$ 585</u>	<u>\$ 5,942</u>	<u>\$ 1,744</u>	<u>\$ 100,418</u>

(Continued)

**CITY OF MOUNT VERNON, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2003**

	Indigent Drivers Alcohol Treatment	DUI Enforcement and Education	Court Computerization	Probation Services
<b>Revenues:</b>				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	0	0	0
Charges for Services	0	0	0	6,275
Licenses and Permits	0	0	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	9,812	2,091	47,998	0
All Other Revenue	0	0	0	0
<b>Total Revenue</b>	<b>9,812</b>	<b>2,091</b>	<b>47,998</b>	<b>6,275</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare Services	0	0	0	0
Leisure Time Activities	0	0	0	0
Transportation	0	0	0	0
General Government	12,580	0	33,889	1,329
<b>Total Expenditures</b>	<b>12,580</b>	<b>0</b>	<b>33,889</b>	<b>1,329</b>
Excess (Deficiency) of Revenues Over Expenditures	(2,768)	2,091	14,109	4,946
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	0	0
Transfers In	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Net Change in Fund Balances	(2,768)	2,091	14,109	4,946
<b>Fund Balances at Beginning of Year</b>	<b>3,225</b>	<b>24,988</b>	<b>19,953</b>	<b>0</b>
Increase in Inventory Reserve	0	0	0	0
<b>Fund Balances End of Year</b>	<b>\$ 457</b>	<b>\$ 27,079</b>	<b>\$ 34,062</b>	<b>\$ 4,946</b>

**CITY OF MOUNT VERNON, OHIO**

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Police Pension	Fire Pension	Mausoleum	Veterans Honor Walkway	Total Nonmajor Special Revenue Funds
\$ 114,663	\$ 114,663	\$ 0	\$ 0	\$ 509,675
7,933	7,933	0	0	687,154
0	0	0	2,125	127,202
0	0	0	0	4,596
0	0	10	143	3,692
0	0	0	0	78,696
0	0	0	0	4,068
<u>122,596</u>	<u>122,596</u>	<u>10</u>	<u>2,268</u>	<u>1,415,083</u>
207,671	327,941	0	0	654,703
0	0	0	0	241,119
0	0	0	837	837
0	0	0	0	804,974
1,651	1,651	0	0	51,100
<u>209,322</u>	<u>329,592</u>	<u>0</u>	<u>837</u>	<u>1,752,733</u>
(86,726)	(206,996)	10	1,431	(337,650)
0	0	0	0	1,103
40,000	209,720	0	0	301,255
<u>40,000</u>	<u>209,720</u>	<u>0</u>	<u>0</u>	<u>302,358</u>
(46,726)	2,724	10	1,431	(35,292)
91,153	11,666	830	60,864	786,545
0	0	0	0	3,308
<u>\$ 44,427</u>	<u>\$ 14,390</u>	<u>\$ 840</u>	<u>\$ 62,295</u>	<u>\$ 754,561</u>

**CITY OF MOUNT VERNON, OHIO**

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**Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2003**

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	<u>TIF District- Coshocton Road</u>	<u>B&amp;O Railroad Depot</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 164	\$ 10,619	\$ 10,783
Receivables:			
Taxes	510,696	0	510,696
Intergovernmental	70,270	0	70,270
Restricted Assets:			
Cash and Cash Equivalents	111,117	0	111,117
<b>Total Assets</b>	<u>\$ 692,247</u>	<u>\$ 10,619</u>	<u>\$ 702,866</u>
<b>Liabilities:</b>			
Contracts Payable	\$ 19,419	\$ 0	\$ 19,419
Retainage Payable	111,117	0	111,117
Deferred Revenue	539,020	0	539,020
Accrued Interest Payable	3,873	0	3,873
<b>Total Liabilities</b>	<u>673,429</u>	<u>0</u>	<u>673,429</u>
<b>Fund Balances:</b>			
Reserved for Encumbrances	91,063	3,310	94,373
Unreserved, Undesignated in:			
Capital Projects Funds	(72,245)	7,309	(64,936)
<b>Total Fund Balances</b>	<u>18,818</u>	<u>10,619</u>	<u>29,437</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 692,247</u>	<u>\$ 10,619</u>	<u>\$ 702,866</u>



**CITY OF MOUNT VERNON, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2003**

	TIF District- Coshocton Road	B&O Railroad Depot	Total Nonmajor Capital Project Funds
<b>Revenues:</b>			
Taxes	\$ 443,561	\$ 0	\$ 443,561
Intergovernmental Revenues	49,452	0	49,452
Investment Earnings	1,206	0	1,206
All Other Revenue	25,000	73,378	98,378
<b>Total Revenue</b>	<b>519,219</b>	<b>73,378</b>	<b>592,597</b>
<b>Expenditures:</b>			
Current:			
Transportation	1,011,289	0	1,011,289
General Government	0	92,691	92,691
Debt Service:			
Interest and Fiscal Charges	3,873	0	3,873
<b>Total Expenditures</b>	<b>1,015,162</b>	<b>92,691</b>	<b>1,107,853</b>
Excess (Deficiency) of Revenues Over Expenditures	(495,943)	(19,313)	(515,256)
<b>Other Financing Sources (Uses):</b>			
Ohio Public Works Commission Loan	425,000	0	425,000
Transfers Out	(237,527)	0	(237,527)
<b>Total Other Financing Sources (Uses)</b>	<b>187,473</b>	<b>0</b>	<b>187,473</b>
Net Change in Fund Balances	(308,470)	(19,313)	(327,783)
<b>Fund Balances at Beginning of Year</b>	<b>327,288</b>	<b>29,932</b>	<b>357,220</b>
<b>Fund Balances End of Year</b>	<b>\$ 18,818</b>	<b>\$ 10,619</b>	<b>\$ 29,437</b>

**CITY OF MOUNT VERNON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Property Taxes	\$ 505,161	\$ 650,361	\$ 651,904	\$ 1,543
Municipal Income Tax	5,500,000	5,506,300	5,543,169	36,869
Total Tax Revenues	<u>6,005,161</u>	<u>6,156,661</u>	<u>6,195,073</u>	<u>38,412</u>
Intergovernmental Revenues:				
State Levied Shared Taxes	522,697	631,229	641,535	10,306
Intergovernmental Revenues	18,800	36,061	40,114	4,053
Total Intergovernmental Revenues	<u>541,497</u>	<u>667,290</u>	<u>681,649</u>	<u>14,359</u>
Charges for Services	195,700	227,728	243,644	15,916
Licenses and Permits	16,250	16,250	23,342	7,092
Investment Earnings	80,000	93,700	94,955	1,255
Fines and Forfeitures	400,000	556,840	556,941	101
All Other Revenues	1,000	17,678	42,210	24,532
Total Revenues	<u>7,239,608</u>	<u>7,736,147</u>	<u>7,837,814</u>	<u>101,667</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Police Division:				
Personal Services	1,269,313	1,229,653	1,201,863	27,790
Travel and Transportation	16,620	16,620	16,329	291
Materials and Supplies	52,831	46,851	43,360	3,491
Contractual Services	183,672	176,322	171,920	4,402
Capital Outlay	10,623	10,623	8,721	1,902
Total Police Division	<u>1,533,059</u>	<u>1,480,069</u>	<u>1,442,193</u>	<u>37,876</u>
Fire and E.M.S. Division:				
Personal Services	1,877,046	1,934,205	1,933,078	1,127
Travel and Transportation	36,170	34,030	33,181	849
Materials and Supplies	65,783	60,683	56,037	4,646
Contractual Services	114,439	105,325	100,189	5,136
Capital Outlay	234,000	210,301	45,317	164,984
Total Fire and E.M.S. Division	<u>2,327,438</u>	<u>2,344,544</u>	<u>2,167,802</u>	<u>176,742</u>

(Continued)

**CITY OF MOUNT VERNON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Miscellaneous:				
Street Lighting/Radio Repair/Sirens				
Materials and Supplies	27,500	23,985	23,018	967
Contractual Services	155,250	166,750	164,049	2,701
Public Defender				
Contractual Services	6,000	8,000	8,000	0
Debt Services				
Principal Retirement	7,195	7,195	7,195	0
Interest and Fiscal Charges	20,805	20,805	20,680	125
Total Miscellaneous	<u>216,750</u>	<u>226,735</u>	<u>222,942</u>	<u>3,793</u>
Total Security of Persons and Property	<u>4,077,247</u>	<u>4,051,348</u>	<u>3,832,937</u>	<u>218,411</u>
Public Health and Welfare Services:				
Police Division:				
Contractual Services	226,000	226,000	225,750	250
Total Police Division	<u>226,000</u>	<u>226,000</u>	<u>225,750</u>	<u>250</u>
Humane Officer:				
Travel and Transportation	22,300	12,700	12,700	0
Contractual Services	19,531	24,031	24,031	0
Total Humane Officer	<u>41,831</u>	<u>36,731</u>	<u>36,731</u>	<u>0</u>
Health Department:				
Contractual Services	40,000	40,000	40,000	0
Total Health Department	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>0</u>
Total Public Health and Welfare Services	<u>307,831</u>	<u>302,731</u>	<u>302,481</u>	<u>250</u>
Leisure Time Activities:				
Parks:				
Personal Services	150,590	159,340	155,657	3,683
Travel and Transportation	2,100	2,100	600	1,500
Materials and Supplies	8,393	7,393	6,203	1,190
Contractual Services	95,994	87,494	84,850	2,644
Capital Outlay	14,175	6,875	6,734	141
Total Parks	<u>271,252</u>	<u>263,202</u>	<u>254,044</u>	<u>9,158</u>
Recreation:				
Personal Services	14,500	15,502	15,502	0
Materials and Supplies	6,340	6,040	5,817	223
Contractual Services	9,375	9,675	9,675	0
Total Recreation	<u>30,215</u>	<u>31,217</u>	<u>30,994</u>	<u>223</u>

(Continued)

**CITY OF MOUNT VERNON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Pool:				
Personal Services	53,000	46,998	46,081	917
Materials and Supplies	16,165	15,165	10,212	4,953
Contractual Services	30,000	28,000	22,775	5,225
Capital Outlay	6,000	5,500	1,559	3,941
Total Pool	<u>105,165</u>	<u>95,663</u>	<u>80,627</u>	<u>15,036</u>
Total Leisure Time Activities	<u>406,632</u>	<u>390,082</u>	<u>365,665</u>	<u>24,417</u>
Community Environment:				
Miscellaneous Area Development, Tree Care and Trimming, Planning and Zoning:				
Materials and Supplies	22,950	22,950	21,832	1,118
Contractual Services	6,795	6,353	0	6,353
Total Community Environment	<u>29,745</u>	<u>29,303</u>	<u>21,832</u>	<u>7,471</u>
Transportation:				
Miscellaneous:				
Rivers and Harbors, Airport, Yauger Road Project, and Kokosing Gap Trail:				
Materials and Supplies	78,500	79,600	79,431	169
Contractual Services	7,150	13,800	13,398	402
Total Transportation	<u>85,650</u>	<u>93,400</u>	<u>92,829</u>	<u>571</u>
General Government:				
Council:				
Personal Services	52,920	52,920	52,920	0
Travel and Transportation	5,000	2,900	2,807	93
Materials and Supplies	19,189	21,289	21,088	201
Contractual Services	1,150	1,150	506	644
Total Council	<u>78,259</u>	<u>78,259</u>	<u>77,321</u>	<u>938</u>
Mayor:				
Personal Services	81,494	81,494	80,579	915
Travel and Transportation	750	750	137	613
Materials and Supplies	8,497	8,497	5,906	2,591
Contractual Services	200	200	0	200
Total Mayor	<u>90,941</u>	<u>90,941</u>	<u>86,622</u>	<u>4,319</u>
Auditor:				
Personal Services	222,020	210,552	210,445	107
Travel and Transportation	3,500	3,500	3,500	0
Materials and Supplies	18,570	18,570	18,280	290
Contractual Services	30,211	38,679	37,800	879
Total Auditor	<u>274,301</u>	<u>271,301</u>	<u>270,025</u>	<u>1,276</u>

(Continued)

**CITY OF MOUNT VERNON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2003***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Treasurer:				
Personal Services	6,615	6,615	6,615	0
Materials and Supplies	1,200	1,200	134	1,066
Total Treasurer	7,815	7,815	6,749	1,066
Law Director:				
Personal Services	193,142	189,592	188,955	637
Materials and Supplies	25,666	25,666	20,999	4,667
Contractual Services	12,500	15,500	12,648	2,852
Total Law Director	231,308	230,758	222,602	8,156
Income Tax:				
Personal Services	98,500	100,800	100,223	577
Travel and Transportation	3,000	3,000	2,494	506
Materials and Supplies	23,260	23,260	20,372	2,888
Contractual Services	95,665	102,675	100,753	1,922
Capital Outlay	3,000	3,000	3,000	0
Total Income Tax	223,425	232,735	226,842	5,893
Municipal Court:				
Personal Services	387,000	384,000	381,480	2,520
Travel and Transportation	5,800	7,800	7,467	333
Materials and Supplies	53,054	49,215	47,743	1,472
Contractual Services	4,450	3,950	3,570	380
Total Municipal Court	450,304	444,965	440,260	4,705
Civil Services:				
Personal Services	6,500	6,500	6,419	81
Travel and Transportation	100	100	0	100
Materials and Supplies	5,870	5,870	5,025	845
Total Civil Services	12,470	12,470	11,444	1,026
Safety Service:				
Personal Services	94,000	92,000	91,272	728
Travel and Transportation	1,000	1,512	1,512	0
Materials and Supplies	9,847	9,335	8,662	673
Contractual Services	47,533	79,545	79,362	183
Total Safety Service	152,380	182,392	180,808	1,584

(Continued)

**CITY OF MOUNT VERNON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2003**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
Engineering:				
Personal Services	288,835	283,930	283,782	148
Travel and Transportation	3,245	3,245	2,315	930
Materials and Supplies	15,088	15,088	13,269	1,819
Contractual Services	151,549	141,054	139,481	1,573
Capital Outlay	6,900	11,400	11,022	378
Total Engineering	<u>465,617</u>	<u>454,717</u>	<u>449,869</u>	<u>4,848</u>
Public Land and Buildings:				
Personal Services	71,054	72,564	71,540	1,024
Travel and Transportation	1,000	1,000	599	401
Materials and Supplies	33,805	30,445	29,739	706
Contractual Services	269,863	266,112	264,177	1,935
Total Public Land and Buildings	<u>375,722</u>	<u>370,121</u>	<u>366,055</u>	<u>4,066</u>
Miscellaneous:				
Personal Services	949,850	1,405,373	1,399,153	6,220
Materials and Supplies	4,000	5,000	4,919	81
Contractual Services	256,457	241,122	236,263	4,859
Total Miscellaneous	<u>1,210,307</u>	<u>1,651,495</u>	<u>1,640,335</u>	<u>11,160</u>
Total General Government	<u>3,572,849</u>	<u>4,027,969</u>	<u>3,978,932</u>	<u>49,037</u>
Total Expenditures	<u>8,479,954</u>	<u>8,894,833</u>	<u>8,594,676</u>	<u>300,157</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,240,346)	(1,158,686)	(756,862)	401,824
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	7,064	7,064
Transfers In	49,500	49,500	49,500	0
Transfers Out	(213,000)	(594,661)	(593,871)	790
Advances Out	(300,000)	0	0	0
Total Other Financing Sources (Uses)	<u>(463,500)</u>	<u>(545,161)</u>	<u>(537,307)</u>	<u>7,854</u>
Net Change in Fund Balance	(1,703,846)	(1,703,847)	(1,294,169)	409,678
Fund Balance at Beginning of Year	1,182,273	1,182,273	1,182,273	0
Prior Year Encumbrances	543,477	543,477	543,477	0
Fund Balance at End of Year	<u>\$ 21,904</u>	<u>\$ 21,903</u>	<u>\$ 431,581</u>	<u>\$ 409,678</u>

**CITY OF MOUNT VERNON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Special Revenue Funds  
For the Year Ended December 31, 2003**

**COMMUNITY DEVELOPMENT BLOCK GRANT**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 370,000	\$ 2,095,876	\$ 723,548	\$ (1,372,328)
Investment Earnings	0	0	33	33
All Other Revenues	0	0	5,050	5,050
Total Revenues	<u>370,000</u>	<u>2,095,876</u>	<u>728,631</u>	<u>(1,367,245)</u>
<b>Expenditures:</b>				
Community Environment:				
Contractual Services	387,285	2,113,161	738,368	1,374,793
Total Expenditures	<u>387,285</u>	<u>2,113,161</u>	<u>738,368</u>	<u>1,374,793</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,285)	(17,285)	(9,737)	7,548
Fund Balance at Beginning of Year	12,925	12,925	12,925	0
Prior Year Encumbrances	4,360	4,360	4,360	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,548</u>	<u>\$ 7,548</u>

**CITY OF MOUNT VERNON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Debt Service Fund  
For the Year Ended December 31, 2003**

	GENERAL BOND RETIREMENT			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Property Taxes	\$ 7,500	\$ 41,807	\$ 41,807	\$ 0
Investment Earnings	0	0	932	932
Total Revenues	<u>7,500</u>	<u>41,807</u>	<u>42,739</u>	<u>932</u>
<b>Expenditures:</b>				
Basic Utility Service:				
Supplies and Materials	15,000	49,307	41,374	7,933
General Government:				
Contractual Services	1,000	1,000	433	567
Debt Service:				
Principal Retirement	702,500	8,608,642	8,608,642	0
Interest and Fiscal Charges	669,000	941,594	1,125,949	(184,355)
Total Expenditures	<u>1,387,500</u>	<u>9,600,543</u>	<u>9,776,398</u>	<u>(175,855)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,380,000)	(9,558,736)	(9,733,659)	(174,923)
<b>Other Financing Sources (Uses):</b>				
General Obligation Bonds Issued	0	7,876,571	7,730,000	(146,571)
Transfers In	1,380,000	1,893,974	2,003,659	109,685
Total Other Financing Sources (Uses)	<u>1,380,000</u>	<u>9,770,545</u>	<u>9,733,659</u>	<u>(36,886)</u>
Net Change in Fund Balance	0	211,809	0	(211,809)
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 211,809</u>	<u>\$ 0</u>	<u>\$ (211,809)</u>



**CITY OF MOUNT VERNON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Capital Project Funds  
For the Year Ended December 31, 2003**

	CAPITAL IMPROVEMENTS			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Municipal Income Taxes	\$ 395,600	\$ 395,600	\$ 397,458	\$ 1,858
Intergovernmental Revenues	0	7,000	86,170	79,170
Investment Earnings	0	0	12	12
Total Revenues	<u>395,600</u>	<u>402,600</u>	<u>483,640</u>	<u>81,040</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Police:				
Capital Outlay	16,642	14,495	11,333	3,162
Total Security of Persons and Property	<u>16,642</u>	<u>14,495</u>	<u>11,333</u>	<u>3,162</u>
Public Health and Welfare:				
Capital Outlay	17,820	17,820	9,910	7,910
Total Public Health and Welfare	<u>17,820</u>	<u>17,820</u>	<u>9,910</u>	<u>7,910</u>
Leisure Time Activities:				
Parks:				
Capital Outlay	19,193	17,261	14,852	2,409
Total Leisure Time Activities	<u>19,193</u>	<u>17,261</u>	<u>14,852</u>	<u>2,409</u>
Transportation:				
Street:				
Capital Outlay	1,929,162	1,978,345	1,886,328	92,017
Total Transportation	<u>1,929,162</u>	<u>1,978,345</u>	<u>1,886,328</u>	<u>92,017</u>
General Government:				
Safety - Service:				
Engineering:				
Capital Outlay	202,282	188,779	115,664	73,115
Total General Government	<u>202,282</u>	<u>188,779</u>	<u>115,664</u>	<u>73,115</u>
Total Expenditures	<u>2,185,099</u>	<u>2,216,700</u>	<u>2,038,087</u>	<u>178,613</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,789,499)	(1,814,100)	(1,554,447)	259,653
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	24,600	244,600	220,000
Total Other Financing Sources (Uses)	<u>0</u>	<u>24,600</u>	<u>244,600</u>	<u>220,000</u>
Net Change in Fund Balance	(1,789,499)	(1,789,500)	(1,309,847)	479,653
Fund Balance at Beginning of Year	1,563,857	1,563,857	1,563,857	0
Prior Year Encumbrances	225,643	225,643	225,643	0
Fund Balance at End of Year	<u>\$ 1</u>	<u>\$ 0</u>	<u>\$ 479,653</u>	<u>\$ 479,653</u>

**CITY OF MOUNT VERNON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2003**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>STREET CONSTRUCTION, MAINTENANCE AND REPAIR</b>				
<b>Revenues:</b>				
Municipal Income Taxes	\$ 120,000	\$ 120,000	\$ 119,237	\$ (763)
Intergovernmental Revenues	399,700	404,400	435,711	31,311
Licenses and Permits	0	0	446	446
Investment Earnings	300	300	55	(245)
All Other Revenues	0	1,221	2,831	1,610
Total Revenues	<u>520,000</u>	<u>525,921</u>	<u>558,280</u>	<u>32,359</u>
<b>Expenditures:</b>				
Transportation:				
Personal Services	548,550	560,683	557,085	3,598
Travel and Transportation	1,060	1,060	1,047	13
Materials and Supplies	6,603	6,931	5,814	1,117
Contractual Services	54,970	48,685	46,940	1,745
Capital Outlay	297	42	0	42
Total Expenditures	<u>611,480</u>	<u>617,401</u>	<u>610,886</u>	<u>6,515</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(91,480)	(91,480)	(52,606)	38,874
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	1,103	1,103
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>1,103</u>	<u>1,103</u>
Net Change in Fund Balance	(91,480)	(91,480)	(51,503)	39,977
Fund Balance at Beginning of Year	66,822	66,822	66,822	0
Prior Year Encumbrances	30,158	30,158	30,158	0
Fund Balance at End of Year	<u>\$ 5,500</u>	<u>\$ 5,500</u>	<u>\$ 45,477</u>	<u>\$ 39,977</u>

**CITY OF MOUNT VERNON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2003***

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 31,000	\$ 31,000	\$ 34,013	\$ 3,013
Investment Earnings	1,000	1,000	55	(945)
Total Revenues	<u>32,000</u>	<u>32,000</u>	<u>34,068</u>	<u>2,068</u>
<b>Expenditures:</b>				
Transportation:				
Capital Outlay	104,206	104,206	45,714	58,492
Total Expenditures	<u>104,206</u>	<u>104,206</u>	<u>45,714</u>	<u>58,492</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(72,206)	(72,206)	(11,646)	60,560
Fund Balance at Beginning of Year	69,132	69,132	69,132	0
Prior Year Encumbrances	3,074	3,074	3,074	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 60,560</u>	<u>\$ 60,560</u>

**CITY OF MOUNT VERNON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2003**

	<b>PERMISSIVE AUTO LICENSE TAX</b>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u></u>
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 100,000	\$ 100,000	\$ 91,215	\$ (8,785)
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>91,215</u>	<u>(8,785)</u>
<b>Expenditures:</b>				
Transportation:				
Capital Outlay	112,236	112,236	60,983	51,253
Total Expenditures	<u>112,236</u>	<u>112,236</u>	<u>60,983</u>	<u>51,253</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(12,236)	(12,236)	30,232	42,468
Fund Balance at Beginning of Year	5,533	5,533	5,533	0
Prior Year Encumbrances	6,703	6,703	6,703	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 42,468</u>	<u>\$ 42,468</u>

**CITY OF MOUNT VERNON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2003***

	<b>CEMETERY</b>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>				
Municipal Income Taxes	\$ 165,000	\$ 165,000	\$ 158,983	\$ (6,017)
Charges for Services	50,000	50,000	47,276	(2,724)
Investment Earnings	5,000	5,000	3,429	(1,571)
All Other Revenues	0	0	789	789
Total Revenues	<u>220,000</u>	<u>220,000</u>	<u>210,477</u>	<u>(9,523)</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Personal Services	230,217	230,217	206,970	23,247
Travel and Transportation	650	1,150	943	207
Materials and Supplies	11,368	37,248	15,025	22,223
Contractual Services	32,363	39,738	32,309	7,429
Capital Outlay	73,365	39,610	9,091	30,519
Total Expenditures	<u>347,963</u>	<u>347,963</u>	<u>264,338</u>	<u>83,625</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(127,963)	(127,963)	(53,861)	74,102
Fund Balance at Beginning of Year	110,715	110,715	110,715	0
Prior Year Encumbrances	19,748	19,748	19,748	0
Fund Balance at End of Year	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ 76,602</u>	<u>\$ 74,102</u>

**CITY OF MOUNT VERNON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2003**

	<b>PARK DEVELOPMENT</b>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u></u>
<b>Revenues:</b>				
Charges for Services	\$ 5,000	\$ 5,000	\$ 18,610	\$ 13,610
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>18,610</u>	<u>13,610</u>
<b>Expenditures:</b>				
Leisure Time Activities:				
Capital Outlay	41,375	41,375	0	41,375
Total Expenditures	<u>41,375</u>	<u>41,375</u>	<u>0</u>	<u>41,375</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(36,375)	(36,375)	18,610	54,985
<b>Other Financing Sources (Uses):</b>				
Transfers In	5,000	5,000	18,610	13,610
Total Other Financing Sources (Uses)	<u>5,000</u>	<u>5,000</u>	<u>18,610</u>	<u>13,610</u>
Net Change in Fund Balance	(31,375)	(31,375)	37,220	68,595
Fund Balance at Beginning of Year	31,375	31,375	31,375	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 68,595</u>	<u>\$ 68,595</u>

**CITY OF MOUNT VERNON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2003**

	<b>PARKING</b>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Charges for Services	\$ 57,500	\$ 57,500	\$ 53,265	\$ (4,235)
Licenses and Permits	3,000	3,000	4,150	1,150
Fines and Forfeitures	28,000	28,000	18,795	(9,205)
All Other Revenues	0	0	394	394
Total Revenues	<u>88,500</u>	<u>88,500</u>	<u>76,604</u>	<u>(11,896)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	77,623	90,337	86,957	3,380
Materials and Supplies	3,000	3,000	225	2,775
Contractual Services	26,620	23,906	20,988	2,918
Total Expenditures	<u>107,243</u>	<u>117,243</u>	<u>108,170</u>	<u>9,073</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,743)	(28,743)	(31,566)	(2,823)
<b>Other Financing Sources (Uses):</b>				
Transfers In	11,500	21,500	25,425	3,925
Total Other Financing Sources (Uses)	<u>11,500</u>	<u>21,500</u>	<u>25,425</u>	<u>3,925</u>
Net Change in Fund Balance	(7,243)	(7,243)	(6,141)	1,102
Fund Balance at Beginning of Year	4,155	4,155	4,155	0
Prior Year Encumbrances	3,088	3,088	3,088	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,102</u>	<u>\$ 1,102</u>

**CITY OF MOUNT VERNON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2003**

<b>LAW ENFORCEMENT TRUST</b>				Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u></u>
<b>Revenues:</b>				
Total Revenues	\$ 0	\$ 0	\$ 0	\$ 0
<b>Expenditures:</b>				
Security of Persons and Property:				
Contractual Services	0	15,784	15,784	0
Total Expenditures	0	15,784	15,784	0
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(15,784)	(15,784)	0
<b>Other Financing Sources (Uses):</b>				
Transfers In	0	7,500	7,500	0
Total Other Financing Sources (Uses)	0	7,500	7,500	0
Net Change in Fund Balance	0	(8,284)	(8,284)	0
Fund Balance at Beginning of Year	14,226	14,226	14,226	0
Fund Balance at End of Year	\$ 14,226	\$ 5,942	\$ 5,942	\$ 0



**CITY OF MOUNT VERNON, OHIO**

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***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2003***

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	<b>DRUG ENFORCEMENT TRUST</b>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u></u>
<b>Revenues:</b>				
Total Revenues	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<b>Expenditures:</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>1,744</u>	<u>1,744</u>	<u>1,744</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$ 1,744</u></u>	<u><u>\$ 1,744</u></u>	<u><u>\$ 1,744</u></u>	<u><u>\$ 0</u></u>

**CITY OF MOUNT VERNON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2003**

	PERMISSIVE LICENSE REGISTRATION			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 100,000	\$ 100,000	\$ 98,692	\$ (1,308)
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>98,692</u>	<u>(1,308)</u>
<b>Expenditures:</b>				
Transportation:				
Materials and Supplies	151,249	151,249	125,648	25,601
Contractual Services	81,900	81,900	31,638	50,262
Total Expenditures	<u>233,149</u>	<u>233,149</u>	<u>157,286</u>	<u>75,863</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(133,149)	(133,149)	(58,594)	74,555
Fund Balance at Beginning of Year	109,785	109,785	109,785	0
Prior Year Encumbrances	23,365	23,365	23,365	0
Fund Balance at End of Year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 74,556</u>	<u>\$ 74,555</u>

**CITY OF MOUNT VERNON, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2003**

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	INDIGENT DRIVERS ALCOHOL TREATMENT			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Fines and Forfeitures	\$ 15,000	\$ 15,000	\$ 12,580	\$ (2,420)
Total Revenues	<u>15,000</u>	<u>15,000</u>	<u>12,580</u>	<u>(2,420)</u>
<b>Expenditures:</b>				
General Government:				
Contractual Services	15,000	15,000	12,580	2,420
Total Expenditures	<u>15,000</u>	<u>15,000</u>	<u>12,580</u>	<u>2,420</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**CITY OF MOUNT VERNON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2003**

	DUI - ENFORCEMENT AND EDUCATION			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Fines and Forfeitures	\$ 2,000	\$ 2,000	\$ 1,894	\$ (106)
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>1,894</u>	<u>(106)</u>
<b>Expenditures:</b>				
General Government:				
Contractual Services	26,928	26,928	0	26,928
Total Expenditures	<u>26,928</u>	<u>26,928</u>	<u>0</u>	<u>26,928</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(24,928)	(24,928)	1,894	26,822
Fund Balance at Beginning of Year	24,928	24,928	24,928	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 26,822</u>	<u>\$ 26,822</u>

**CITY OF MOUNT VERNON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2003**

	<b>COURT COMPUTERIZATION</b>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
Fines and Forfeitures	\$ 45,000	\$ 45,000	\$ 49,004	\$ 4,004
Total Revenues	<u>45,000</u>	<u>45,000</u>	<u>49,004</u>	<u>4,004</u>
<b>Expenditures:</b>				
General Government:				
Contractual Services	60,812	60,812	42,174	18,638
Total Expenditures	<u>60,812</u>	<u>60,812</u>	<u>42,174</u>	<u>18,638</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,812)	(15,812)	6,830	22,642
Fund Balance at Beginning of Year	12,001	12,001	12,001	0
Prior Year Encumbrances	3,811	3,811	3,811	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 22,642</u>	<u>\$ 22,642</u>

**CITY OF MOUNT VERNON, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2003**

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	<b>PROBATION SERVICES</b>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u></u>
<b>Revenues:</b>				
Charges for Services	\$ 0	\$ 2,500	\$ 6,275	\$ 3,775
Total Revenues	<u>0</u>	<u>2,500</u>	<u>6,275</u>	<u>3,775</u>
<b>Expenditures:</b>				
General Government:				
Materials and Supplies	0	2,500	1,329	1,171
Total Expenditures	<u>0</u>	<u>2,500</u>	<u>1,329</u>	<u>1,171</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	4,946	4,946
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,946</u>	<u>\$ 4,946</u>

**CITY OF MOUNT VERNON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2003**

	<b>POLICE PENSION</b>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>				
Property Taxes	\$ 67,100	\$ 67,100	\$ 74,613	\$ 7,513
Municipal Income Taxes	43,000	43,000	39,746	(3,254)
Intergovernmental Revenues	6,700	6,700	7,933	1,233
Total Revenues	<u>116,800</u>	<u>116,800</u>	<u>122,292</u>	<u>5,492</u>
<b>Expenditures:</b>				
Security of Persons and Property				
Personal Services	383,225	383,225	253,473	129,752
General Government:				
Contractual Services	2,000	2,000	1,651	349
Total Expenditures	<u>385,225</u>	<u>385,225</u>	<u>255,124</u>	<u>130,101</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(268,425)	(268,425)	(132,832)	135,593
<b>Other Financing Sources (Uses):</b>				
Transfers In	133,000	133,000	40,000	(93,000)
Total Other Financing Sources (Uses)	<u>133,000</u>	<u>133,000</u>	<u>40,000</u>	<u>(93,000)</u>
Net Change in Fund Balance	(135,425)	(135,425)	(92,832)	42,593
Fund Balance at Beginning of Year	87,426	87,426	87,426	0
Prior Year Encumbrances	48,000	48,000	48,000	0
Fund Balance at End of Year	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 42,594</u>	<u>\$ 42,593</u>

**CITY OF MOUNT VERNON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2003**

	<b>FIRE PENSION</b>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>(Negative)</u>
<b>Revenues:</b>				
Property Taxes	\$ 67,100	\$ 67,100	\$ 74,613	\$ 7,513
Municipal Income Taxes	43,000	43,000	39,746	(3,254)
Intergovernmental Revenues	6,700	6,700	7,933	1,233
Total Revenues	<u>116,800</u>	<u>116,800</u>	<u>122,292</u>	<u>5,492</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	303,507	411,007	394,573	16,434
Contractual Services	2,000	2,000	1,651	349
Total Expenditures	<u>305,507</u>	<u>413,007</u>	<u>396,224</u>	<u>16,783</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(188,707)	(296,207)	(273,932)	22,275
<b>Other Financing Sources (Uses):</b>				
Transfers In	106,000	213,500	209,720	(3,780)
Total Other Financing Sources (Uses)	<u>106,000</u>	<u>213,500</u>	<u>209,720</u>	<u>(3,780)</u>
Net Change in Fund Balance	(82,707)	(82,707)	(64,212)	18,495
Fund Balance at Beginning of Year	12,207	12,207	12,207	0
Prior Year Encumbrances	70,500	70,500	70,500	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 18,495</u>	<u>\$ 18,495</u>



**CITY OF MOUNT VERNON, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2003**

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	MAUSOLEUM			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u></u>
<b>Revenues:</b>				
Investment Earnings	\$ 50	\$ 50	\$ 10	\$ (40)
Total Revenues	<u>50</u>	<u>50</u>	<u>10</u>	<u>(40)</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Contractual Services	880	880	0	880
Total Expenditures	<u>880</u>	<u>880</u>	<u>0</u>	<u>880</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(830)	(830)	10	840
Fund Balance at Beginning of Year	830	830	830	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 840</u>	<u>\$ 840</u>

**CITY OF MOUNT VERNON, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2003**

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for Services	\$ 4,800	\$ 4,800	\$ 2,125	\$ (2,675)
Investment Earnings	200	200	143	(57)
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>2,268</u>	<u>(2,732)</u>
<b>Expenditures:</b>				
Leisure Time Activities				
Materials and Supplies	60,864	60,864	192	60,672
Contractual Services	5,000	5,000	645	4,355
Total Expenditures	<u>65,864</u>	<u>65,864</u>	<u>837</u>	<u>65,027</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(60,864)	(60,864)	1,431	62,295
Fund Balance at Beginning of Year	60,864	60,864	60,864	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 62,295</u>	<u>\$ 62,295</u>

**CITY OF MOUNT VERNON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2003**

<b>TIF DISTRICT-COSHOCTON ROAD</b>				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Property Taxes	\$ 40,548	\$ 429,733	\$ 443,561	\$ 13,828
Intergovernmental Revenues	49,452	49,452	49,452	0
Investment Earnings	0	0	1,206	1,206
All Other Revenues	0	0	25,000	25,000
Total Revenues	<u>90,000</u>	<u>479,185</u>	<u>519,219</u>	<u>40,034</u>
<b>Expenditures:</b>				
Transportation:				
Street:				
Contractual Services	40,200	146,200	141,237	4,963
Capital Outlay	761,306	1,724,491	1,234,216	490,275
Total Expenditures	<u>801,506</u>	<u>1,870,691</u>	<u>1,375,453</u>	<u>495,238</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(711,506)	(1,391,506)	(856,234)	535,272
<b>Other Financing Sources (Uses):</b>				
Ohio Public Works Commission Loan	0	425,000	383,054	(41,946)
Operating Transfers Out	0	(245,000)	(237,527)	7,473
Advances In	0	500,000	0	(500,000)
Total Other Financing Sources (Uses)	<u>0</u>	<u>680,000</u>	<u>145,527</u>	<u>(534,473)</u>
Net Change in Fund Balance	(711,506)	(711,506)	(710,707)	799
Fund Balance at Beginning of Year	82,252	82,252	82,252	0
Prior Year Encumbrances	629,254	629,254	629,254	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 799</u>	<u>\$ 799</u>

**CITY OF MOUNT VERNON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2003**

	<b>B &amp; O RAILROAD DEPOT</b>			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u></u>
<b>Revenues:</b>				
All Other Revenues	\$ 60,000	\$ 72,100	\$ 73,378	\$ 1,278
Total Revenues	<u>60,000</u>	<u>72,100</u>	<u>73,378</u>	<u>1,278</u>
<b>Expenditures:</b>				
General Government:				
Contractual Services	43,572	95,672	92,497	3,175
Materials and Supplies	46,360	6,360	3,504	2,856
Total Expenditures	<u>89,932</u>	<u>102,032</u>	<u>96,001</u>	<u>6,031</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(29,932)	(29,932)	(22,623)	7,309
Fund Balance at Beginning of Year	16,360	16,360	16,360	0
Prior Year Encumbrances	13,572	13,572	13,572	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,309</u>	<u>\$ 7,309</u>

**CITY OF MOUNT VERNON, OHIO**

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**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Permanent Fund  
For the Year Ended December 31, 2003**

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	PERPETUAL CARE			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u></u>
<b>Revenues:</b>				
All Other Revenues	\$ 5,000	\$ 5,000	\$ 7,854	\$ 2,854
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>7,854</u>	<u>2,854</u>
<b>Expenditures:</b>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,000	5,000	7,854	2,854
Fund Balance at Beginning of Year	<u>287,385</u>	<u>287,385</u>	<u>287,385</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 292,385</u>	<u>\$ 292,385</u>	<u>\$ 295,239</u>	<u>\$ 2,854</u>

***Fiduciary Funds***

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Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

***Agency Funds***

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**Insurance Trust Fund**

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

**Bonds and Inspection Fee Trust Fund**

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

**Municipal Court Fund**

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

**CITY OF MOUNT VERNON, OHIO**

***Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2003***

	Balance December 31, 2002	Additions	Deductions	Balance December 31, 2003
<b><u>Insurance Trust Fund</u></b>				
Assets:				
Cash and Cash Equivalents	\$0	\$6,000	(\$6,000)	\$0
Total Assets	<u>\$0</u>	<u>\$6,000</u>	<u>(\$6,000)</u>	<u>\$0</u>
Liabilities:				
Due to Others	\$0	\$6,000	(\$6,000)	\$0
Total Liabilities	<u>\$0</u>	<u>\$6,000</u>	<u>(\$6,000)</u>	<u>\$0</u>
<b><u>Bonds and Inspection Fee Trust Fund</u></b>				
Assets:				
Cash	\$5,951	\$4,300	(\$6,500)	\$3,751
Total Assets	<u>\$5,951</u>	<u>\$4,300</u>	<u>(\$6,500)</u>	<u>\$3,751</u>
Liabilities:				
Due to Others	5,951	4,300	(6,500)	3,751
Total Liabilities	<u>\$5,951</u>	<u>\$4,300</u>	<u>(\$6,500)</u>	<u>\$3,751</u>
<b><u>Municipal Court Fund</u></b>				
Assets:				
Cash and Cash Equivalents	\$67,337	\$868,231	(\$850,667)	\$84,901
Total Assets	<u>\$67,337</u>	<u>\$868,231</u>	<u>(\$850,667)</u>	<u>\$84,901</u>
Liabilities:				
Intergovernmental Payable	\$31,561	\$427,619	(\$437,262)	\$21,918
Due to Others	35,776	440,612	(413,405)	62,983
Total Liabilities	<u>\$67,337</u>	<u>\$868,231</u>	<u>(\$850,667)</u>	<u>\$84,901</u>
<b><u>Totals - All Agency Funds</u></b>				
Assets:				
Cash and Cash Equivalents	\$73,288	\$878,531	(\$863,167)	\$88,652
Total Assets	<u>\$73,288</u>	<u>\$878,531</u>	<u>(\$863,167)</u>	<u>\$88,652</u>
Liabilities:				
Intergovernmental Payables	\$31,561	\$427,619	(\$437,262)	\$21,918
Due to Others	41,727	450,912	(425,905)	66,734
Total Liabilities	<u>\$73,288</u>	<u>\$878,531</u>	<u>(\$863,167)</u>	<u>\$88,652</u>

*CAPITAL ASSETS USED IN THE  
OPERATION OF GOVERNMENTAL FUNDS*

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**CITY OF MOUNT VERNON, OHIO**

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***Capital Assets Used in the Operation of Governmental Funds  
Schedule by Source  
December 31, 2003***

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<u>Capital Assets</u>	
Land	\$1,899,323
Construction In Progress	18,800
Buildings	6,564,106
Improvements Other than Buildings	548,274
Infrastructure	1,960,791
Machinery and Equipment	4,954,830
Total Capital Assets	<u>\$15,946,124</u>
<u>Investment in Capital Assets</u>	
General Fund	\$5,584,952
Special Revenue Funds	309,130
Capital Projects Fund	7,944,810
Proprietary Funds	84,846
Contributions	15,058
Federal Grants	103,827
State Grants	1,903,501
Total Investment in Capital Assets	<u>\$15,946,124</u>

**CITY OF MOUNT VERNON, OHIO**

**Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
December 31, 2003**

Function and Activity	Land	Construction In Progress	Buildings
<u>General Government:</u>			
Administration	\$109,375	\$0	\$1,158,167
City Council	0	0	3,990
Mayor	0	0	0
City Auditor	0	0	0
Law Director	0	0	0
Income Tax	0	0	0
Municipal Court	0	0	12,995
Civil Service	0	0	0
Safety and Service	0	0	0
Engineer	0	0	0
Public Lands and Buildings	0	0	1,014,673
Total	109,375	0	2,189,825
<u>Security of Persons and Property:</u>			
Police	0	0	255,058
Fire	809,550	0	2,614,705
Total	809,550	0	2,869,763
<u>Transportation:</u>			
Street	477,991	0	119,855
<u>Leisure Time Activities:</u>			
Parks and Recreation	454,372	18,800	1,299,472
<u>Public Health and Welfare:</u>			
Cemetery	48,035	0	85,191
Total Capital Assets	\$1,899,323	\$18,800	\$6,564,106

**CITY OF MOUNT VERNON, OHIO**

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Improvements Other than Buildings	Infrastructure	Machinery and Equipment	Total
\$7,752	\$0	\$0	\$1,275,294
0	0	11,240	15,230
0	0	2,161	2,161
0	0	87,142	87,142
0	0	29,766	29,766
0	0	20,430	20,430
0	0	221,038	234,033
0	0	1,543	1,543
0	0	55,293	55,293
0	0	393,679	393,679
3,143	0	117,344	1,135,160
<u>10,895</u>	<u>0</u>	<u>939,636</u>	<u>3,249,731</u>
0	0	696,258	951,316
4,056	0	1,789,101	5,217,412
<u>4,056</u>	<u>0</u>	<u>2,485,359</u>	<u>6,168,728</u>
<u>20,437</u>	<u>1,960,791</u>	<u>1,012,446</u>	<u>3,591,520</u>
<u>423,627</u>	<u>0</u>	<u>353,628</u>	<u>2,549,899</u>
<u>89,259</u>	<u>0</u>	<u>163,761</u>	<u>386,246</u>
<u>\$548,274</u>	<u>\$1,960,791</u>	<u>\$4,954,830</u>	<u>\$15,946,124</u>

**CITY OF MOUNT VERNON, OHIO**

**Capital Assets Used in the Operation of Governmental Funds  
Schedule Changes by Function and Activity  
For Year Ended December 31, 2003**

Function and Activity	Restated December 31, 2002	Additions	Deletions	December 31, 2003
<b>General Government:</b>				
Administration	\$1,275,294	\$0	\$0	\$1,275,294
City Council	15,230	0	0	15,230
Mayor	4,720	0	(2,559)	2,161
City Auditor	85,745	2,882	(1,485)	87,142
Law Director	28,407	3,254	(1,895)	29,766
Income Tax	20,430	0	0	20,430
Municipal Court	216,042	17,991	0	234,033
Civil Service	1,543	0	0	1,543
Safety and Service	57,697	0	(2,404)	55,293
Engineer	432,130	28,508	(66,959)	393,679
Public Lands and Buildings	1,061,161	73,999	0	1,135,160
Total	3,198,399	126,634	(75,302)	3,249,731
<b>Security of Persons and Property:</b>				
Police	941,913	61,539	(52,136)	951,316
Fire	5,209,978	10,614	(3,180)	5,217,412
Total	6,151,891	72,153	(55,316)	6,168,728
<b>Transportation:</b>				
Street	1,150,539	2,475,818	(34,837)	3,591,520
<b>Leisure Time Activities:</b>				
Parks and Recreation	2,535,743	14,156	0	2,549,899
<b>Public Health and Welfare:</b>				
Cemetery	375,741	10,505	0	386,246
Total Capital Assets	\$13,412,313	\$2,699,266	(\$165,455)	\$15,946,124

*STATISTICAL SECTION*

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*STATISTICAL TABLES*

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

**CITY OF MOUNT VERNON, OHIO**

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**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>
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
2003	a 3,703,136	286,950	323,467	21,184	90,479	3,688,524	0	27,875	8,141,615

\* 1997 Includes Other Expenditures

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

Source: Mount Vernon City Auditor



**CITY OF MOUNT VERNON, OHIO**

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

<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>
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	a 6,318,380	765,583	247,986	26,274	163,717	557,192	28,064	8,107,196
2003	6,351,447	641,083	243,644	17,900	88,001	556,760	41,197	7,940,032

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

Source: Mount Vernon City Auditor

**CITY OF MOUNT VERNON, OHIO**

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

<u>Collection Year</u>	<u>Total Tax Levy (1)</u>	<u>Current Tax Collections (1)</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections (1)</u>	<u>Percent of Total Tax Collections To Tax Levy</u>
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%
2003	9,958,320	8,087,587	435,128	8,522,715	85.58%

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

Source: Knox County Auditor

**CITY OF MOUNT VERNON, OHIO**

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

<b>Tax Year</b>	<b>Real Property (1)</b>		<b>Tangible Personal Property (2)</b>		<b>Total</b>		<b>Assessed Value as a Percent of Actual Value</b>
	<b>Assessed</b>	<b>Actual</b>	<b>Assessed</b>	<b>Actual</b>	<b>Assessed</b>	<b>Actual</b>	
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%
2003	206,637,170	590,391,914	78,414,319	293,519,211	285,051,489	883,911,125	32.25%

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

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

(1) Includes Public Utility Real Property

(2) Includes Public Utility Personal Property and Tangibles

Source: Knox County Auditor

**CITY OF MOUNT VERNON, OHIO**

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

Collection Year	City of Mount Vernon			Total City	Mount Vernon*		Knox County	Special Taxing Districts	Total
	General Fund	Police Pension	Fire Pension		Knox County Career Center**	School District			
1994	2.60	0.30	0.30	3.20	36.20	*	8.70	0.80	48.90 *
					6.40	**			6.40 **
1995	2.60	0.30	0.30	3.20	35.60	*	8.70	0.80	48.30 *
					6.40	**			6.40 **
1996	2.60	0.30	0.30	3.20	40.59	*	8.70	0.80	53.29 *
					6.40	**			6.40 **
1997	2.60	0.30	0.30	3.20	39.87	*	8.70	0.80	52.57 *
					6.40	**			6.40 **
1998	2.60	0.30	0.30	3.20	39.87	*	8.70	0.80	52.57 *
					6.40	**			6.40 **
1999	2.60	0.30	0.30	3.20	37.54	*	8.70	0.80	50.24 *
					6.40	**			6.40 **
2000	2.60	0.30	0.30	3.20	36.74	*	8.70	0.80	49.44 *
					6.40	**			6.40 **
2001	2.60	0.30	0.30	3.20	36.64	*	8.70	0.70	49.24 *
					6.40	**			6.40 **
2002	2.60	0.30	0.30	3.20	35.43	*	9.70	0.70	49.03 **
					6.40	**			6.40 **
2003	2.60	0.30	0.30	3.20	35.38	*	9.70	0.65	48.93 **
					6.40	**			6.40 **

Source: Knox County Auditor  
Knox County Treasurer

**CITY OF MOUNT VERNON, OHIO**

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**COMPUTATION OF LEGAL DEBT MARGIN  
DECEMBER 31, 2003**

	<b>Total Debt</b>	<b>Unvoted Debt</b>
Net Assessed Valuation	\$285,051,489	\$285,051,489
Legal Debt Limitation (%) (1)	10.50%	5.50%
Legal Debt Limitation (\$) (1)	<u>29,930,406</u>	<u>15,677,832</u>
Applicable City Debt Outstanding (2)	243,030	243,030
Less: Applicable Debt Service Fund Amounts	<u>0</u>	<u>0</u>
Net Indebtedness Subject to Limitation	<u>243,030</u>	<u>243,030</u>
Legal Debt Margin	<u><u>\$29,687,376</u></u>	<u><u>\$15,434,802</u></u>

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

(2) City Debt Outstanding Includes Non Self-Supporting General Obligation Bonds Only  
Enterprise Debt is Not Considered in the Computation of the Legal Debt Margin  
The General Obligation Bond for the Highway Project is not considered in the computation of the Legal Debt Margin because it is supported by Tax Increment Financing.

**CITY OF MOUNT VERNON, OHIO**

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

<b>Year</b>	<b>Population (1)</b>	<b>Assessed Value (2)</b>	<b>Gross Bonded Debt (3)</b>	<b>Debt Service Funds Available</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Valuation</b>	<b>Net Bonded Debt Per Capita</b>
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
2003	15,256	285,051,489	13,200	0	13,200	0.00%	0.87

(1) Source: U.S. Bureau of Census, Federal 1990 Census (1994-1999); Federal 2000 Census (2000-2003)

(2) Source: Knox County Auditor

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

**CITY OF MOUNT VERNON, OHIO**

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

<u>Year</u>	<u>Debt Service on General Tax Supported Debt</u>	<u>Debt Service on Self Supporting Debt</u>	<u>Total Bonded Debt Service</u>	<u>General Fund Expenditures (1)</u>	<u>Ratio of Tax Supported Debt Service to General Fund Expenditures</u>
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%
2003	18,345	1,296,531	1,314,876	8,141,615	0.23%

(1) Excludes transfers-out

**CITY OF MOUNT VERNON, OHIO**

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**COMPUTATION OF ALL DIRECT AND OVERLAPPING  
GOVERNMENTAL DEBT  
DECEMBER 31, 2003**

<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	\$243,030	100.00%	\$243,030
<b>Overlapping Subdivisions</b>			
Mount Vernon School District	8,640,000	51.94%	4,487,616
Knox County	11,430,951	25.51%	2,916,036
		Subtotal	<u>7,403,652</u>
		Total	<u><u>\$7,646,682</u></u>

(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



**CITY OF MOUNT VERNON, OHIO**

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**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>
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
2003 a	2,654,396	1,644,435	1,009,961	634,103	1.59

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

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

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

(3) Direct operating expenses include operating expenses less depreciation

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

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

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***DEMOGRAPHIC STATISTICS  
LAST TEN YEARS***

<b><u>Year</u></b>	<b><u>City of Mount Vernon Population</u></b>	<b><u>Knox County Population</u></b>	<b><u>Unemployment Rate Knox County Area</u></b>	<b><u>Per Capita Income Knox County Area</u></b>	<b><u>School Enrollment Mount Vernon Area Only</u></b>
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
2003	15,256	54,500	5.80%	17,695	4,297

Sources: U.S. Bureau of Census of Population - Federal 1990 Census (1994-1999), Federal 2000 Census (2000-2003) and Department of Job and Family Services, Ohio Data Users Center, and Mount Vernon School District, Board of Education

**CITY OF MOUNT VERNON, OHIO**

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

<u>Year</u>	<u>Residential (1)</u>		<u>Commercial (1)</u>	
	<u>Number of Permits</u>	<u>Property Value</u>	<u>Number of Permits</u>	<u>Property Value</u>
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
2003	92	12,190,189	121	4,615,758

(1) Source: City of Mount Vernon Engineering Department

**CITY OF MOUNT VERNON, OHIO**

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**PRINCIPAL TAXPAYERS (REAL PROPERTY TAX)  
DECEMBER 31, 2003**

	<u>Taxpayer</u>	<u>Type of Business</u>	<u>2003 Assessed Valuation (Tax Duplicate)</u>	<u>Percentage of Total Assessed Valuation</u>
1	American Electric Power	Utility	\$4,423,280	2.14%
2	Cooper Cameron Corporation	Manufacturing	3,354,690	1.62%
3	Glimcher Holdings, L/P	Real Estate	2,887,230	1.40%
4	Sprint	Utility	2,011,490	0.97%
5	Weyerhaeuser Company	Manufacturing	1,950,650	0.94%
6	Ariel Corporation	Manufacturing	1,769,910	0.86%
7	Mount Vernon Shopping Plaza, Inc.	Retail	1,740,880	0.84%
8	Jeld-Wen, Inc.	Manufacturing	1,604,420	0.78%
9	TRW Automotive, Inc	Manufacturing	1,255,340	0.61%
10	Wal-Mart Stores Inc.	Retail	1,200,360	0.58%
	Sub-Total		22,198,250	10.74%
	All Others		184,438,920	89.26%
	Total		<u>\$206,637,170</u>	<u>100.00%</u>

Based on valuation of property taxes levied in 2003

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

**CITY OF MOUNT VERNON, OHIO**

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**PRINCIPAL EMPLOYERS  
DECEMBER 31, 2003**

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

\* Data not available

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

# CITY OF MOUNT VERNON, OHIO

## MISCELLANEOUS STATISTICS DECEMBER 31, 2003

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	6,186
Number of Street Lights	1,470	Average Daily Consumption (gallons)	2,466,822
(per Ohio Power Company)		Maximum Daily Capacity	7,000,000
		of Plant (gallons)	
Police Services:		Sewerage System:	
Number of Stations	1	Number of Treatment Plants	1
Number of Police Personnel		Miles of Sanitary Sewers	62
and Officers	32	Miles of Storm Sewers	14
Number of Patrol Units	6	Number of Service Connections	6,408
Number of Law Violations:		Average Daily Treatment (gallons)	3,143,844
Criminal /Juvenile Citations		Maximum Daily Capacity	
and Charges	1,282	of Treatment (gallons)	5,000,000
Traffic Citations Issued	2,184		
Parking Tickets Written	15,017	Parking Facilities:	
Fire/Emergency Medical Services:		Off-Street Parking Garages	1
Number of Stations	2	Parking Levels	3
Number of Officers and		Parking Spaces	124
Fire Personnel	32	Average Daily Cars Parked	111
Number of Calls Answered	3,826	Parking Spaces	47
Number of Inspections	325	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	2,911
Number of Ball Fields:		Elementary School Instructors	203
Lighted	6	Secondary Schools	2
Unlighted	5	Secondary School Students	1,386
Number of Tennis Courts:		Secondary School Instructors	75
Lighted	8	Colleges	1
Unlighted	2	College Students	2,337
Building Permits Issued in 2002:	213	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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**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  
NOVEMBER 4, 2004**