



**Mary Taylor, CPA**  
Auditor of State



CITY OF MOUNT VERNON  
KNOX COUNTY

TABLE OF CONTENTS

---

Independent Accountants' Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Required By <i>Government Auditing Standards</i> .....	1
---	---

**THIS PAGE INTENTIONALLY LEFT BLANK**



# Mary Taylor, CPA

## Auditor of State

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

City of Mount Vernon  
Knox County  
40 Public Square  
Mount Vernon, Ohio 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, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 26, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

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

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

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

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

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

### **Compliance and Other Matters**

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

We did note a certain noncompliance or other matter that we reported to the City's management in a separate letter dated June 26, 2007.

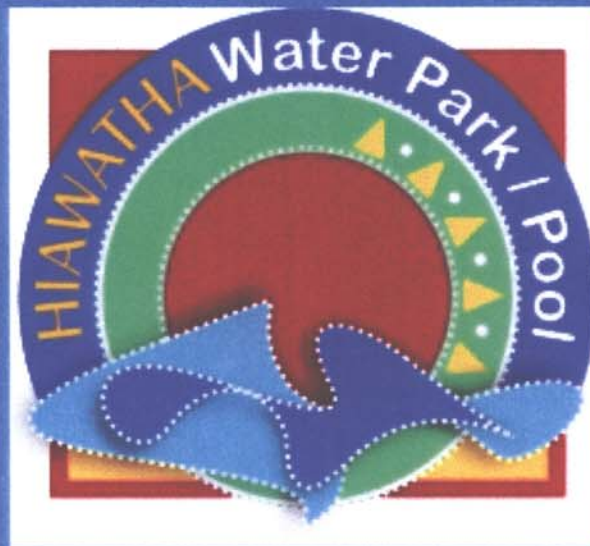
We intend this report solely for the information and use of the audit committee, management and City Council. We intend it for no one other than these specified parties.

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

**Mary Taylor, CPA**  
Auditor of State

June 26, 2007

# CITY OF MOUNT VERNON, OHIO



***Comprehensive Annual  
Financial Report  
Year Ended  
December 31, 2006***









**This Page is Intentionally Left Blank.**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2006

*Prepared by the Auditor's Office*

Terry Scott  
City Auditor



**TABLE OF CONTENTS**

**CITY OF MOUNT VERNON  
KNOX COUNTY, OHIO**

---

**I INTRODUCTORY SECTION**

**A** Letter of Transmittal ..... v  
**B** List of Principal Officials ..... xvii  
**C** City Organizational Chart ..... xviii  
**D** Certificate of Achievement for Excellence in Financial Reporting..... xix

**II FINANCIAL SECTION**

**A** Independent Accountants' Report ..... 1  
**B** Management's Discussion and Analysis.....3  
**C** Basic Financial Statements:  
    Government-wide Financial Statements:  
        Statement of Net Assets.....14  
        Statement of Activities ..... 16  
    Fund Financial Statements:  
        *Governmental Funds:*  
            Balance Sheet .....18  
            Reconciliation of Total Governmental Fund Balances to Net Assets of  
            Governmental Activities.....20  
            Statement of Revenues, Expenditures and Changes in Fund Balances .....22  
            Reconciliation of the Statement of Revenues, Expenditures and Changes  
            in Fund Balances to the Statement of Activities.....24  
            Statement of Revenues, Expenditures and Changes in Fund Balance -  
            Budget and Actual (Non-GAAP Budgetary Basis):  
                General Fund .....25  
        *Proprietary Funds:*  
            Statement of Net Assets.....26  
            Statement of Revenues, Expenses and Changes in Fund Net Assets .....29  
            Statement of Cash Flows .....30  
        *Fiduciary Funds:*  
            Statement of Assets and Liabilities.....32  
Notes to the Basic Financial Statements.....33

**D Combining and Individual Fund Statements and Schedules:**

Nonmajor Governmental Financial Statements:

Combining Balance Sheet.....	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	67
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	68
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds.....	72
Combining Balance Sheet – Nonmajor Capital Projects Funds.....	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds.....	77

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

Major Governmental Funds:

<i>General Fund</i> .....	78
<i>Debt Service Fund:</i>	
General Bond Retirement Fund.....	84
<i>Capital Projects Fund:</i>	
Capital Improvements Fund.....	86

Nonmajor Governmental Funds:

<i>Special Revenue Funds:</i>	
Street Construction, Maintenance and Repair Fund.....	88
State Highway Improvement Fund.....	89
Permissive Auto License Tax Fund.....	90
Cemetery Fund.....	91
Park Development Fund.....	92
Community Development Block Grant Fund.....	93
Parking Fund.....	94
Law Enforcement Trust Fund.....	95
Drug Enforcement Trust Fund.....	96
Permissive License Registration Fund.....	97
Indigent Drivers Alcohol Treatment Fund.....	98
DUI - Enforcement and Education Fund.....	99
Court Computerization Fund.....	100
Probation Services Fund.....	101
Federal Emergency Management Agency (FEMA) Fund.....	102

Nonmajor Governmental Funds: (Continued)

Lodging Excise Tax Fund .....	103
Police Pension Fund .....	104
Fire Pension Fund.....	105
Mausoleum Fund.....	106
Veterans Honor Walkway Fund .....	107
 <i>Capital Projects Funds:</i>	
TIF District-Coshocton Road Fund .....	108
B & O Railroad Depot Fund.....	109
 <i>Permanent Fund:</i>	
Perpetual Care Fund .....	110
 Fiduciary Funds – Agency Funds:	
Combining Statement of Changes in Assets and Liabilities .....	113
 Capital Assets Used in the Operation of Governmental Funds:	
Schedule by Source.....	115
Schedule by Function and Activity.....	116
Schedule of Changes by Function and Activity.....	118



**III**

**STATISTICAL SECTION**

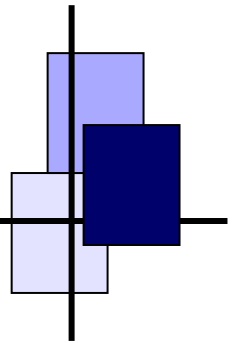
Net Assets by Component - Last Four Years ..... S 3  
Changes in Net Assets - Last Four Years ..... S 4  
Fund Balances, Governmental Funds - Last Ten Years ..... S 6  
Changes in Fund Balances, Governmental Funds - Last Ten Years ..... S 8  
Income Tax Revenues by Source, Governmental Funds - Last Ten Years ..... S 12  
Income Tax Collections - Current Year and Five Years Ago ..... S 15  
Ratio of Outstanding Debt By Type - Last Ten Years ..... S 16  
Ratios of General Bonded Debt Outstanding - Last Ten Years..... S 18  
Computation of Direct and Overlapping - Debt Attributable to  
Governmental Activities - Current Year ..... S 21  
Debt Limitations - Last Ten Years ..... S 22  
Pledged Revenue Coverage - Last Ten Years ..... S 24  
Demographic and Economic Statistics - Last Ten Years ..... S 26  
Principal Employers - Current Year and Nine Years Ago ..... S 29  
Full Time Equivalent Employees by Function - Last Ten Years ..... S 30  
Operating Indicators by Function - Last Ten Years ..... S 32  
Capital Asset Statistics by Function - Last Ten Years ..... S 34





# Introductory Section

---







## **CITY OF MOUNT VERNON**

**40 Public Square • Mount Vernon, Ohio 43050**

**Terry Scott, City Auditor**

phone (740) 393-9523

fax (740)-397-5288

---

June 26, 2007

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, 2006. The report has been prepared in conformity with generally accepted accounting principles (GAAP) and guidelines recommended by the Government Finance Officers Association of the United States and Canada (GFOA).

### **Introduction**

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

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

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

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

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

---

### ***Letter of Transmittal For the Year Ended December 31, 2006***

---

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 2006.

Mid Ohio Transit Authority (MOTA) is a jointly governed organization whose board is composed of four members; one county commissioner, one township representative, and one representative from the municipal corporation. These three members collectively appoint one non-elected representative from within the county. MOTA was organized to provide public transportation for the entire county. The City did not appoint a majority of the members of the Board, nor is the City accountable for any operating deficits of MOTA. The MOTA Board is responsible for the fiscal operation of MOTA. The City appropriated \$20,000 for an operating grant to MOTA for 2006.

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 \$42,487 for operations of the combined District for 2006.

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

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

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

***Letter of Transmittal  
For the Year Ended December 31, 2006***

---

**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-six firefighters, five paramedics and one executive secretary. All Fire Department services including all basic fire protection, emergency medical and rescue services are tax supported. There is a charge levied to health insurance companies for emergency medical services described above.

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

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

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

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

***Letter of Transmittal  
For the Year Ended December 31, 2006***

---

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

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

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

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

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

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

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

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

***Letter of Transmittal  
For the Year Ended December 31, 2006***

---

**Economic Outlook**

Housing development continues to prosper throughout the city. A new development located on Upper Gilchrist Road is beginning to show evidence of construction. Village at Colonial Woods will consist of forty-four, two unit building condominiums. Amenities will include a clubhouse and activity center for the residents. Eastern Star Road development is underway whereby 126 condominiums are to be constructed. The Maplewood development will be constructed in a variety of two and four unit buildings with options of single or double attached garages. Located south off of Yauger Road, The Landing development of single family homes continue to be developed. This growth in housing is sure to have an impact regarding the overall population of the city during the 2010 census in addition to increasing our tax base.

In late 2006, the City received information regarding an unnamed business that is expecting to expand their business in the Mount Vernon area. While the details of the company continues to be unknown, the City is making the necessary plans for infrastructure improvements in the current industrial area to provide public utility services and widen roadways to accommodate the additional traffic needs. The proposed company has indicated it plans to create approximately two hundred new jobs, and will not be asking for any tax abatements during the expansion.

Providing water services to those in need is a major goal of the City's public utility system. In the area of Clinton Township, a neighboring township to the west of the city, design plans are underway to construct a twelve inch water line that will run from our current water plant south along Harcourt Road. Even though this area is located outside the city limits, the City plans to make the necessary improvements utilizing the Clinton/City water contract adopted in 2005. Current businesses and certain residential properties are under orders from the Ohio Environmental Protection Agency (OEPA) to seek public water supply. Certain conditions currently exist whereby these businesses and properties are unable to use their private water supply for public consumption. The City plans to make the improvements during 2007 with funding to be provided by a low interest loan from the OEPA.

During the year, the focus was directed to the design plans for the new aquatic water park/pool for Hiawatha Park. The City, along with interested community members assembled to begin mapping out the operations, funding, and rules and regulations of the new facility. In September, bids were opened, contracts were signed, and notes were issued to start the project. Demolition of the old facility happened in a short amount of time, and before the end of the year, everyone was astounded to see the formations of the new pools, maintenance building, and bathhouse. The beginning of winter was extremely mild allowing the contractors to pour cement and complete a significant amount of foundation work prior to the cold weather setting in. With a June 2, 2007 completion date, everyone put forth a great effort to stay on schedule.

***Letter of Transmittal  
For the Year Ended December 31, 2006***

---

Rolls-Royce, a local turbine compressor manufacturer reported in 2005 they would be closing down the machine shop portion of the manufacturing process in late 2006, this has been moved out to June 2007. Since the original notice was posted, a significant number of employees in the affected area found employment in other places, or with other employers during 2006. The overall impact to the City is expected to be minimal since the company utilized a phase-out severance pay arrangement with the employees.

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 eleven building permits in 2006 and two hundred eighteen in 2005, a decrease of seven permits.

**Employee Relations:**

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

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

**Unemployment Rates:**

The City of Mount Vernon's economic outlook continued to be mixed for 2006. Starting out the year at 5.4 percent, the unemployment rate flexed between increases and decreases throughout the year, but managed to level out by year end at 5.1 percent. This moderate reduction of .3 percent was the result of unsettling economic conditions to the overall economy. The City's diverse mix of employment opportunities helps to offset such economic fluctuations.



***Letter of Transmittal  
For the Year Ended December 31, 2006***

---

**Major Initiatives**

**Municipal Court:**

The Municipal Court found 2006 to be a rather low key year. While there continue to be ongoing law changes, the Court did not experience any significant changes compared to previous years.

Traffic cases filed numbered 6,571, an increase of 579 from those filed in 2005, while criminal case filings of 1,170 increased by 24 cases from those filed in 2005. There was a decrease in civil case filings, 1,078 in 2006 compared to 1,109 in 2005.

**Fire Department:**

The Fire Department received a new ambulance along with a slightly used pumper truck from a neighboring community. 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 City recognized the passing of Chief Thomas Bartlett in June 2006. Having served the department for over forty-two years, Chief Bartlett was the longest service police chief in the history of the City. In November, Michael Merrilees was sworn in as chief of police. The department continued its program of managed capital replacement with the purchase of six new marked police cruisers. Total criminal, traffic and juvenile citations and charges filed by the department for 2006 equals 3,322, a decrease of 286 from 2005. Law enforcement within the City maintains a safe and secure environment for all of its citizens and visitors.

**Street Department:**

New asphalt roads are always an improvement for traffic flow throughout the City. During 2006, the City was awarded a grant from Ohio Public Works Commission in the amount of \$415,000 to supplement resources to pave roadways. Combined with local resources, the City was able to spend over \$650,000 to improve approximately thirty-six streets.

In early 2006 a three block section of East Chestnut Street began seeing long awaited road improvements. This brick street section was totally removed down to the old brick base and improved with new drainage, new base course, and a new asphalt surface course along with updated traffic signals and controllers. The project was completed in early 2007. The flow of non truck traffic that comes from the east and is heading north out of town were very much rewarded with a very nice roadway that should meet the needs of our traffic pattern for several years into the future. Funding for this project was provided by a grant awarded by Ohio Public Works Commission in the amount of \$414,144. The City matched the grant with the required twenty percent of the contract price.

***Letter of Transmittal  
For the Year Ended December 31, 2006***

---

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

**Cemetery Department:**

The Cemetery Department continued its restoration project on the chapel located within the cemetery during the year. This structure has been dated back to as early as 1884, and is currently being petitioned for recognition as a historical structure in Ohio. This structure will undergo extensive interior improvements in the coming year. Continued repairs to monuments and foundations were completed throughout the year.

**Engineering Department:**

The Engineering Department continued to serve the needs of new construction within the City in 2006. Two hundred eleven building permits, representing approximately twenty-four million dollars in increased property values were issued in 2006. The Engineering department provided assistance for all new construction and upgrade projects that were conducted by the City in 2006.

**Public Buildings and Land and Parks Department:**

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

In an attempt to help reduce heating and cooling costs within city hall, new windows were installed. In addition, improvements were made to the front entrance staircase providing for compliance to current building standards and to provide for safety.

**Water Department:**

The Water Distribution Division of the Water Department performed various maintenance activities to the lines in 2006. Backflow prevention continues to be monitored to prevent contaminates through the water service connection into the public water system. High risk consumers are the major users the City requires to comply with these regulations. Future service connections to be required will be industrial, commercial and residential users. This will include current and new service connections.

***Letter of Transmittal  
For the Year Ended December 31, 2006***

---

**Wastewater Department:**

The Wastewater Treatment Plant Division of the Wastewater Department performed routine maintenance of the facility and equipment throughout 2006. The new laboratory/administration building project was completed during the year. The wastewater plant is in need of replacing the influent screening process and replacing the aeration system which is a part of the secondary treatment process. Design plans were completed and bids were received and accepted in February 2006. These improvements are estimated to cost approximately \$2.4 million with the estimated completion sometime in mid 2007. The overall gain by achieving these improvements would allow for a second influent system into the plant, in the event of future needs for a shutdown to make certain maintenance repairs and to allow for a better aeration system in the secondary treatment units.

**Financial Information**

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

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

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

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

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

All internal control evaluations occur within this framework. It is the belief of the administration and financial management personnel that the City's financial controls adequately safeguard existing assets and provide reasonable assurance of the proper recording of financial transactions. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by Mount Vernon City Council. All funds are included in the annual appropriated budget. The level of budgetary control (that is, the levels at which expenditures cannot legally exceed the appropriated amount) is at the object level within each department. Budgetary control is maintained within the personal services, operating expenses, and capital outlay categories with each department though the encumbering of estimated purchase amounts prior to the release of formal purchase orders to vendors. Encumbered appropriations carry forward to the following year(s) until expended or liquidated. Unencumbered amounts lapse at year end. Open encumbrances as of December 31, 2006, that have not been included as an accrued item are reported as reservations of fund balances with this report.

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

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

---

### ***Letter of Transmittal For the Year Ended December 31, 2006***

---

#### **Risk Management:**

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

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

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

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

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

#### **Cash Management**

Cash temporarily idle during the year was invested in certificates of deposit, federal agency securities, money market savings and interest bearing checking accounts. As of December 31, 2006, the City's cash resources were divided between cash and investments as follows:

<u>Cash Resources</u>	<u>Amount</u>	<u>Percentage</u>
Cash	\$8,445,417	52.75%
Federal Securities	3,224,583	20.14%
Certificate of Deposits	3,000,000	18.74%
STAR Ohio	1,338,841	8.36%
Totals	<u>\$16,008,841</u>	<u>100.00%</u>

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

***Letter of Transmittal  
For the Year Ended December 31, 2006***

---

**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, 2005. 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 fifteen consecutive years (fiscal years ended 1991-2005). I believe this current report continues to conform to the Certificate of Achievement program requirements, and I am submitting it to GFOA.

**Public Disclosure:**

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

***Letter of Transmittal  
For the Year Ended December 31, 2006***

---

**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 2006 Comprehensive Annual Financial Report and annual independent audit.

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

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

Respectfully,

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

Terry Scott,  
City Auditor

**CITY OF MOUNT VERNON, OHIO**

---

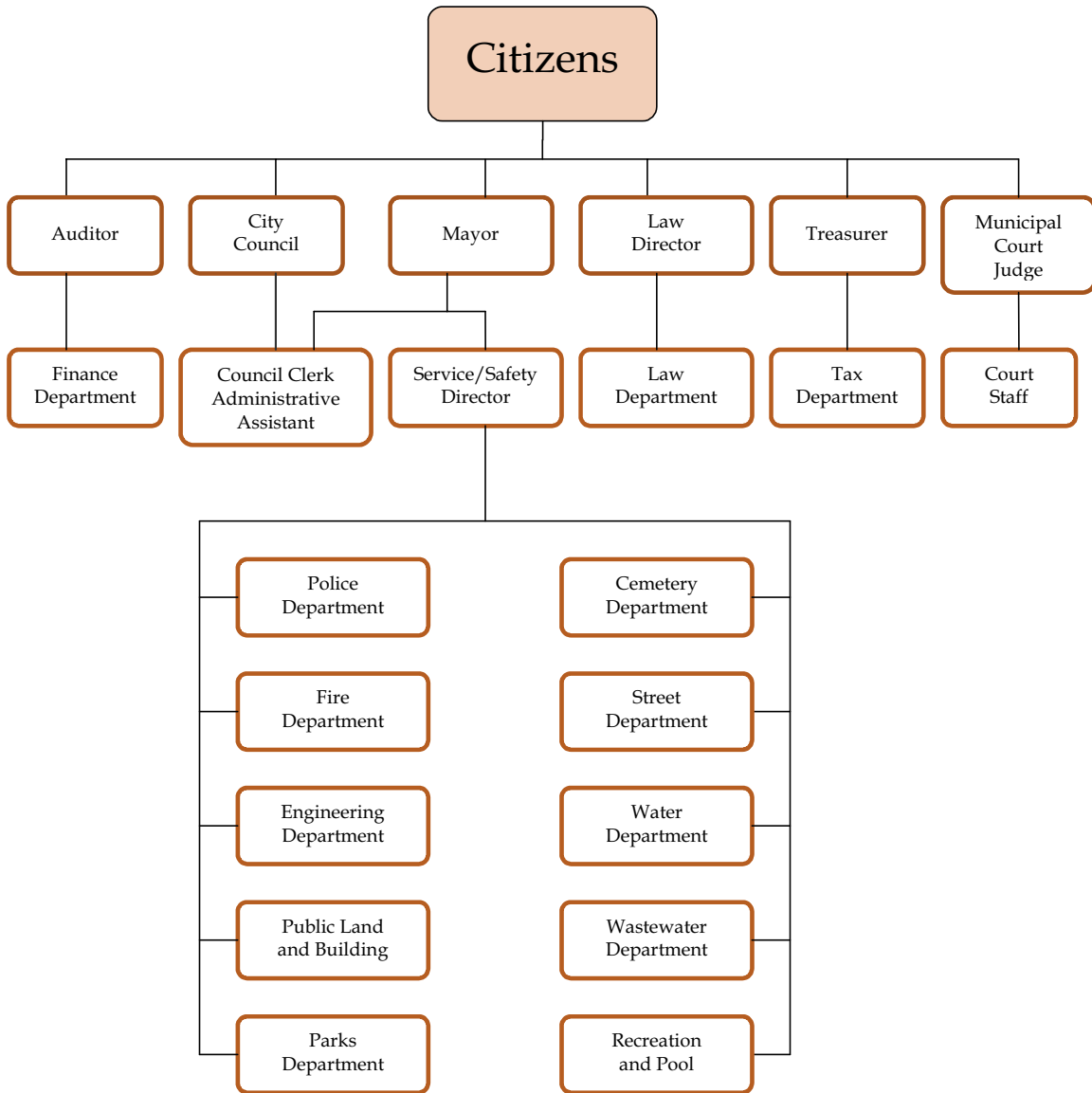
***List of Principal Officials  
For the Year Ended December 31, 2006***

---

<b><i>NAME</i></b>	<b><i>TITLE</i></b>	<b><i>YEARS OF SERVICE</i></b>
<b><u>City Council</u></b>		
John Booth	President	3
Burt Hanson	First Ward Member	6
Charles K. Dice	Second Ward Member	8
Derk Demaree	Third Ward Member	3
John Fair	Fourth Ward Member	7
Mike Hillier	Member At-Large	1
Larry Schafer	Member At-Large	7
Nancy Vail	Member At-Large	3
<b><u>City Administration</u></b>		
Richard K. Mavis	Mayor	11
Terry Scott	Auditor	12
William D. Smith	Law Director	26
James Shipley	Treasurer	7
David C. Glass	Safety-Service Director	28
Janet M. Brown	Clerk of Council	14
<b><u>Department Heads</u></b>		
Debora Tyson	Income Tax Administrator	16
Michael Merrilees	Police Chief	18
Shawn Christy	Fire Chief	4
Paul G. Oliver	Parks, Public Buildings and Land Superintendent	24
David Carpenter	Street Superintendent	15
Deborah S. Briscoe	Cemetery Foreman	26
Pam Muralt	Water and Wastewater Meter and Customer Service Administrator	26
Judith Scott	Water and Wastewater Treatment and Distribution Administrator	24

***City Organizational Chart  
For the Year Ended December 31, 2006***

---





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

---

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

City of Mount Vernon  
Ohio

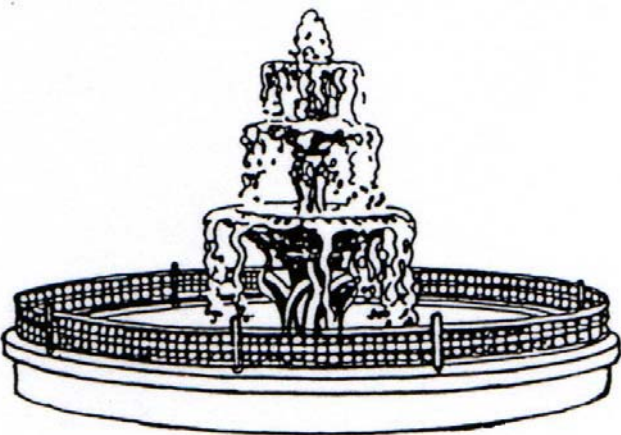
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2005

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

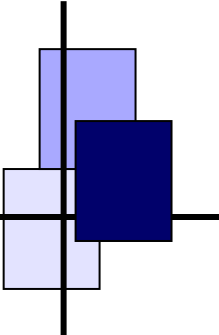


President

Executive Director



# Financial Section







# Mary Taylor, CPA

## Auditor of State

### INDEPENDENT ACCOUNTANTS' REPORT

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

To the Members of City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mount Vernon, Knox County, Ohio (the City), as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mount Vernon, Knox County, Ohio, as of December 31, 2006, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2007, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

35 N. Fourth St. / Second Floor / Columbus, OH 43215-3612  
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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

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

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

**Mary Taylor, CPA**  
Auditor of State

June 26, 2007

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, 2006. 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 2006 are as follows:

- In total, net assets increased \$3,090,671. Net assets of governmental activities increased \$3,186,773 which represents a 8.1% increase from 2005. Net assets of business-type activities decreased \$96,102 from 2005.
- General revenues accounted for \$12,828,599 in revenue or 58.9% of all revenues. Program specific revenues in the form of charges for services, and grants and contributions accounted for \$8,946,212, 41.1% of total revenues of \$21,774,811.
- The City had \$12,701,632 in expenses related to governmental activities; only \$3,273,235 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$12,615,170 were also used to provide for these programs.
- Among major funds, the general fund had \$11,706,444 in revenues and other financing sources and \$10,632,164 in expenditures and other financing uses. The general fund's fund balance increased from \$2,565,456 to \$3,639,558.

## **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 City's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

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

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

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

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

### **Fund Financial Statements**

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

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



**CITY OF MOUNT VERNON, OHIO**

---

**Management's Discussion and Analysis  
For the Year Ended December 31, 2006**

**Unaudited**

---

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

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

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

The following table provides a summary of the City's net assets for 2006 compared to 2005:

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$15,516,002	\$10,435,903	\$8,736,438	\$7,373,750	\$24,252,440	\$17,809,653
Capital assets, Net	38,755,740	35,576,338	31,386,706	30,222,580	70,142,446	65,798,918
Total assets	54,271,742	46,012,241	40,123,144	37,596,330	94,394,886	83,608,571
Long-term liabilities outstanding	4,486,554	4,616,229	15,515,402	16,441,426	20,001,956	21,057,655
Other liabilities	7,492,018	2,289,615	3,942,529	393,589	11,434,547	2,683,204
Total liabilities	11,978,572	6,905,844	19,457,931	16,835,015	31,436,503	23,740,859
Net assets						
Invested in capital assets, net of related debt	33,477,918	32,127,147	13,580,280	14,093,254	47,058,198	46,220,401
Restricted	5,717,336	4,339,253	2,353,194	1,258,730	8,070,530	5,597,983
Unrestricted	3,097,916	2,639,997	4,731,739	5,409,331	7,829,655	8,049,328
Total net assets	\$42,293,170	\$39,106,397	\$20,665,213	\$20,761,315	\$62,958,383	\$59,867,712

This space intentionally left blank.

**CITY OF MOUNT VERNON, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2006**

**Unaudited**

Changes in Net Assets – The following table shows the changes in net assets for 2006 compared to 2005:

	Governmental		Business-type		Total	
	Activities		Activities			
	2006	2005	2006	2005	2006	2005
<b>Revenues</b>						
Program Revenues:						
Charges for Services and Sales	\$1,490,641	\$1,361,777	\$5,672,977	\$5,407,043	\$7,163,618	\$6,768,820
Operating Grants and Contributions	898,391	1,439,733	0	14,776	898,391	1,454,509
Capital Grants and Contributions	884,203	1,376,854	0	0	884,203	1,376,854
Total Program Revenues	3,273,235	4,178,364	5,672,977	5,421,819	8,946,212	9,600,183
General Revenues:						
Property Taxes	1,641,628	1,345,350	0	0	1,641,628	1,345,350
Income Taxes	9,035,177	8,018,764	0	0	9,035,177	8,018,764
Other Local Taxes	107,926	2,899	0	0	107,926	2,899
Intergovernmental Revenues, Unrestricted	1,239,375	971,834	0	0	1,239,375	971,834
Investment Earnings	471,742	214,335	213,429	0	685,171	214,335
Miscellaneous	119,322	107,067	0	0	119,322	107,067
Total General Revenues	12,615,170	10,660,249	213,429	0	12,828,599	10,660,249
Total Revenues	15,888,405	14,838,613	5,886,406	5,421,819	21,774,811	20,260,432
<b>Program Expenses</b>						
Security of Persons and Property	5,506,801	4,875,188	0	0	5,506,801	4,875,188
Public Health and Welfare Services	567,989	593,592	0	0	567,989	593,592
Leisure Time Activities	407,254	332,477	0	0	407,254	332,477
Community Environment	446,970	245,735	0	0	446,970	245,735
Transportation	1,730,910	2,392,740	0	0	1,730,910	2,392,740
General Government	3,915,618	3,955,560	0	0	3,915,618	3,955,560
Interest and Fiscal Charges	126,090	130,057	0	0	126,090	130,057
Water	0	0	3,135,091	3,215,544	3,135,091	3,215,544
Wastewater	0	0	2,847,417	2,436,112	2,847,417	2,436,112
Total Expenses	12,701,632	12,525,349	5,982,508	5,651,656	18,684,140	18,177,005
Total Change in Net Assets	3,186,773	2,313,264	(96,102)	(229,837)	3,090,671	2,083,427
Beginning Net Assets	39,106,397	36,793,133	20,761,315	20,991,152	59,867,712	57,784,285
Ending Net Assets	\$42,293,170	\$39,106,397	\$20,665,213	\$20,761,315	\$62,958,383	\$59,867,712

**Governmental Activities**

Net assets of the City's governmental activities increased by \$3,186,773 over 2005. The increase in Net Assets is the result of additional income tax revenues, property tax revenues, investment earnings, and unrestricted intergovernmental revenues.

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

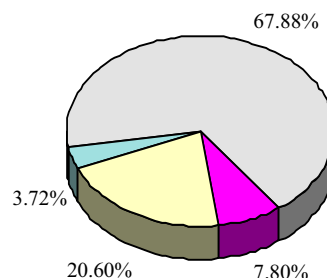
**CITY OF MOUNT VERNON, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2006**

**Unaudited**

Income taxes and property taxes made up 56.87% and 10.3% respectively of revenues for governmental activities for the City in fiscal year 2006. The City's reliance upon tax revenues is demonstrated by the following graph indicating 67.88% of total revenues from general tax revenues:

Revenue Sources	2006	Percent of Total
General Tax Revenues	\$10,784,731	67.88%
Intergovernmental Revenues, Unrestricted	1,239,375	7.80%
Program Revenues	3,273,235	20.60%
General Other	591,064	3.72%
<b>Total Revenue</b>	<b>\$15,888,405</b>	<b>100.00%</b>



**Business-Type Activities**

Net assets of the business type activities decreased by \$96,102. This decrease was primarily the result of additional interest expense due to the issuance of Bond Anticipation Notes for the Wastewater Plant Influent Screening and Aeration System Improvements.

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

The City's governmental funds reported a combined fund balance of \$6,038,685, which is an increase from last year's balance of \$5,610,360. The schedule below indicates the fund balance and the total change in fund balance by fund as of December 31, 2006 and 2005:

	Fund Balance December 31, 2006	Fund Balance December 31, 2005	Increase (Decrease)
General	\$3,639,558	\$2,565,456	\$1,074,102
General Bond Retirement	840	0	840
Capital Improvement	272,247	1,265,961	(993,714)
Other Governmental	2,126,040	1,778,943	347,097
<b>Total</b>	<b>\$6,038,685</b>	<b>\$5,610,360</b>	<b>\$428,325</b>

**CITY OF MOUNT VERNON, OHIO**

---

**Management's Discussion and Analysis  
For the Year Ended December 31, 2006**

**Unaudited**

---

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

	2006	2005	Increase
	Revenues	Revenues	(Decrease)
Property and Other Taxes	\$8,701,298	\$7,559,999	\$1,141,299
Intergovernmental Revenue	1,215,015	1,034,874	180,141
Charges for Services	624,560	596,537	28,023
Licenses and Permits	24,956	31,100	(6,144)
Investment Earnings	401,924	204,258	197,666
Fines and Forfeitures	653,265	585,559	67,706
All Other Revenue	83,167	49,640	33,527
Total	<u>\$11,704,185</u>	<u>\$10,061,967</u>	<u>\$1,642,218</u>

General Fund revenues in 2006 increased approximately 16.3% compared to revenues in fiscal year 2005. The increase is a combination of an increase in city income tax revenues, estate tax revenues, and investment earnings.

	2006	2005	Increase
	Expenditures	Expenditures	(Decrease)
Security of Persons and Property	\$4,559,100	\$4,036,033	\$523,067
Public Health and Welfare Services	275,329	311,868	(36,539)
Leisure Time Activities	365,682	286,417	79,265
Community Environment	25,212	14,947	10,265
Transportation	40,555	26,558	13,997
General Government	4,084,747	3,881,528	203,219
Debt Service:			
Principal Retirement	8,163	7,827	336
Interest and Fiscal Charges	19,712	20,048	(336)
Total	<u>\$9,378,500</u>	<u>\$8,585,226</u>	<u>\$793,274</u>

General Fund expenditures increased by \$793,274 or 9.2% compared to the prior year primarily due to spending costs being reduced by management in 2005. As resources became available, expenditures were made that had been postponed in the prior year. Maintenance items that had been postponed were performed during 2006 as well as personal service expenditures for potential overtime work.

*General Bond Retirement Fund* – The General Debt Retirement Fund balance changed slightly because of a reimbursement of estimated expenses from the issuance of Bond Anticipation Notes for the Aquatic Park project.

*Capital Improvement Fund* - The Capital Improvement Fund balance decreased from \$1,265,961 to \$272,247 as a result of East Chestnut Street Improvement project being substantially completed. In 2005, the City accumulated a significant amount of resources to match a grant award for the project.

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 2006 the City amended its General Fund budget several times. The major beneficiaries of these amendments were for establishing transfers in the capital improvement fund, salaries, income tax refunds, equipment maintenance and employee health insurance expenses.

For the General Fund, final budget basis revenue of \$10,182,239 changed over the original budget estimates of \$8,438,765 due to exceeded estimated revenues for local government tax, personal property tax, investment earnings, court collections, and income tax.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of fiscal 2006 the City had \$70,142,446 net of accumulated depreciation invested in buildings, infrastructure, equipment and vehicles. Of this total, \$38,755,740 was related to governmental activities and \$31,386,706 to the business-type activities. The following table shows fiscal year 2006 and 2005 balances:

	Governmental Activities		Increase (Decrease)
	2006	2005	
Land	\$10,616,060	\$9,512,270	\$1,103,790
Construction In Progress	2,328,282	111,015	2,217,267
Buildings	6,061,785	6,458,001	(396,216)
Improvements Other than Buildings	542,574	544,774	(2,200)
Infrastructure	31,177,794	30,573,017	604,777
Machinery and Equipment	5,461,194	4,901,290	559,904
Less: Accumulated Depreciation	(17,431,949)	(16,524,029)	(907,920)
Totals	<u>\$38,755,740</u>	<u>\$35,576,338</u>	<u>\$3,179,402</u>

Land increased due to the acquisition of approximately 33 acres of Foundation Park II property. Constructions in Progress increases recognize the beginning construction of the new aquatic water park/pool complex. Infrastructures increased do to additional roads being resurfaced in 2006. Machinery and Equipment increased as the result of purchasing a new pumper truck and ambulance for the fire department.

**CITY OF MOUNT VERNON, OHIO**

**Management's Discussion and Analysis  
For the Year Ended December 31, 2006**

**Unaudited**

	Business-Type Activities		Increase (Decrease)
	2006	2005	
Land	\$894,311	\$894,311	\$0
Construction in Progress	2,560,570	1,278,003	1,282,567
Buildings and Improvements	22,309,197	21,349,014	960,183
Utility Structures in Service	22,230,977	22,152,577	78,400
Machinery and Equipment	3,195,963	3,103,184	92,779
Less: Accumulated Depreciation	(19,804,312)	(18,554,509)	(1,249,803)
Totals	\$31,386,706	\$30,222,580	\$1,164,126

Business type capital assets increased as a result of construction of a new lab/administration building. The additions to construction in progress accounts for the ongoing improvement projects, namely the influent screening and aeration system improvements and designs for water and wastewater line improvements. Additional information on the City's capital assets can be found in Note 7.

**Debt**

At December 31, 2006, the City had \$18,120,000 in bonds outstanding, \$1,175,000 due within one year. The following table summarizes the City's debt outstanding as of December 31, 2006 and 2005:

	2006	2005
Governmental Activities:		
General Obligation Bonds Payable	\$2,868,065	\$3,056,065
Ohio Public Works Commission Loan	371,875	393,125
Police and Firemen's Pension Accrued Liability	457,666	465,829
Compensated Absences	788,948	701,210
Total Governmental Activities	4,486,554	4,616,229
Business-Type Activities:		
Mortgage Revenue Bonds Payable	5,790,000	6,155,000
General Obligation Bonds Payable	9,461,935	10,053,935
Compensated Absences	263,467	232,491
Total Business-Type Activities	15,515,402	16,441,426
Totals	\$20,001,956	\$21,057,655

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, 2006, the City's outstanding debt was below the legal limit. Additional information on the City's long-term debt can be found in Note 10.

**ECONOMIC FACTORS**

During 2006, the City was able to resurface a significant number of streets due to a grant of \$415,000 from Ohio Public Works Commission. Since the previous year's resurfacing resources were very limited, this allows the city to catch up on roadways that would have been completed if the resources had been available.

The City decided in early 2006 to meet the challenge of updating the local swimming pool. Community interest had declined significantly over the past years and operating costs versus income revenues was posting a demand for more resources than what the legislative body felt it should. Therefore an engineering firm was hired to design what is to become a new aquatic water park. This project will contain four different pools along with a concession stand and changing rooms. A separate mechanical building will be included with the project. After the announcement of the proposed project, community support and interest began to form and sub committees were assembled to review design features, financing, membership and rules and regulations. The project was started in late September and is estimated to be completed by opening day of June 2, 2007. Bond Anticipation Notes in the amount of \$4,000,000 were issued for this project.

A new laboratory/administration building near the wastewater plant was a major improvement project completed in 2006. This long awaited project will provide a very much-needed updated laboratory for the wastewater plant operations in conjunction with providing a facility for administrative purposes. During the year, the City began construction on improvements to the influent screening and aeration system for the wastewater plant. Bond Anticipation Notes in the amount of \$3,200,000 were issued for this project, and the estimated completion date is July 29, 2007.

The renovations to the historical 1907 Baltimore & Ohio Railroad Depot continued during the year. With most of the structure having been preserved and improved in previous years, the heating, ventilation, and air conditioning system along with the electrical system were ongoing projects for 2006. In the upcoming year the interior walls, trim and flooring are expected to be completed. Since 2007 is the 100<sup>th</sup> anniversary of this historical structure, the City is hopeful that all restorative improvements will be completed and a celebration to be held during the month of November. All of the improvements to this facility have been accomplished through the generous contributions of private corporate donations and foundation donations. We give sincere thanks to those who have continued to support this historical preservation project.

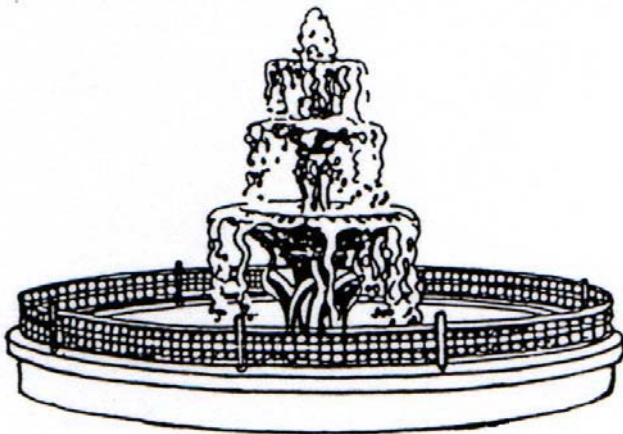
Development continues to prosper within the community. Commercial development on the City's east side continues to bring small strip mall type retail establishments. Nine commercial permits were issued in 2006, contributing an estimated \$4.1 million in tax valuation. Future residential developments are underway in the upcoming year as design plans continue to be submitted for engineering review and acceptance. This diversification helps to support our tax base and also helps to provide additional employment within the community.

Unemployment for the year was like a roller coaster ride. Starting out the year with 5.8 percent, it managed to drop to 4.1 percent by midyear, and finally leveled out to 4.9 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, 2006***

---

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 6,460,533	\$ 4,256,376	\$ 10,716,909
Investments	2,530,539	2,355,203	4,885,742
Receivables:			
Taxes	4,519,511	0	4,519,511
Accounts	17,063	1,130,040	1,147,103
Intergovernmental	1,551,588	0	1,551,588
Interest	14,674	0	14,674
Inventory of Supplies	18,890	190,056	208,946
Prepaid Items	5,827	1,720	7,547
Deferred Charge	70,574	74,923	145,497
Restricted Assets:			
Cash and Cash Equivalents	321,896	0	321,896
Cash and Cash Equivalents with Fiscal Agent	4,907	728,120	733,027
Capital Assets			
Capital Assets not Being Depreciated	12,944,342	3,454,881	16,399,223
Capital Assets Being Depreciated	25,811,398	27,931,825	53,743,223
<b>Total Assets</b>	<b>54,271,742</b>	<b>40,123,144</b>	<b>94,394,886</b>

(Continued)

**CITY OF MOUNT VERNON, OHIO**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Liabilities:</b>			
Accounts Payable	221,035	70,112	291,147
Accrued Wages and Benefits	592,047	127,443	719,490
Contracts Payable	820,208	419,289	1,239,497
Matured Bonds & Interest Payable	0	650	650
Unearned Revenue	1,858,728	0	1,858,728
Accrued Interest Payable	0	125,035	125,035
General Obligation Notes Payable	4,000,000	3,200,000	7,200,000
Noncurrent liabilities:			
Due within one year	467,157	1,066,017	1,533,174
Due in more than one year	4,019,397	14,449,385	18,468,782
<b>Total Liabilities</b>	<b>11,978,572</b>	<b>19,457,931</b>	<b>31,436,503</b>
<b>Net Assets:</b>			
Invested in Capital Assets, Net of Related Debt	33,477,918	13,580,280	47,058,198
Restricted For:			
Capital Projects	3,756,242	1,625,074	5,381,316
Debt Service	840	728,120	728,960
Perpetual Care, Nonexpendable	325,010	0	325,010
Security of Persons and Property	43,976	0	43,976
Leisure Time Activities	42,369	0	42,369
Community Environment	596,846	0	596,846
Transportation	840,166	0	840,166
Other Purposes	111,887	0	111,887
Unrestricted	3,097,916	4,731,739	7,829,655
<b>Total Net Assets</b>	<b>\$ 42,293,170</b>	<b>\$ 20,665,213</b>	<b>\$ 62,958,383</b>

See accompanying notes to the basic financial statements

**CITY OF MOUNT VERNON, OHIO**

**Statement of Activities  
For the Year Ended December 31, 2006**

	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	\$ 5,506,801	\$ 529,972	\$ 0	\$ 0
Public Health and Welfare Services	567,989	51,710	0	0
Leisure Time Activities	407,254	52,904	0	184,536
Community Environment	446,970	585	0	0
Transportation	1,730,910	9,712	804,209	402,592
General Government	3,915,618	845,758	94,182	297,075
Interest and Fiscal Charges	126,090	0	0	0
<b>Total Governmental Activities</b>	<b>12,701,632</b>	<b>1,490,641</b>	<b>898,391</b>	<b>884,203</b>
<b>Business-Type Activities:</b>				
Water	3,135,091	2,991,511	0	0
Sewer	2,847,417	2,681,466	0	0
<b>Total Business-Type Activities</b>	<b>5,982,508</b>	<b>5,672,977</b>	<b>0</b>	<b>0</b>
<b>Totals</b>	<b>\$ 18,684,140</b>	<b>\$ 7,163,618</b>	<b>\$ 898,391</b>	<b>\$ 884,203</b>

**General Revenues**

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

See accompanying notes to the basic financial statements

**CITY OF MOUNT VERNON, OHIO**

---

Net (Expense) Revenue  
and Changes in Net Assets

---

Governmental Activities	Business-Type Activities	Total
\$ (4,976,829)	\$ 0	\$ (4,976,829)
(516,279)	0	(516,279)
(169,814)	0	(169,814)
(446,385)	0	(446,385)
(514,397)	0	(514,397)
(2,678,603)	0	(2,678,603)
(126,090)	0	(126,090)
<u>(9,428,397)</u>	<u>0</u>	<u>(9,428,397)</u>
0	(143,580)	(143,580)
<u>0</u>	<u>(165,951)</u>	<u>(165,951)</u>
<u>0</u>	<u>(309,531)</u>	<u>(309,531)</u>
<u>(9,428,397)</u>	<u>(309,531)</u>	<u>(9,737,928)</u>
590,185	0	590,185
131,866	0	131,866
919,577	0	919,577
9,035,177	0	9,035,177
107,926	0	107,926
1,239,375	0	1,239,375
471,742	213,429	685,171
119,322	0	119,322
<u>12,615,170</u>	<u>213,429</u>	<u>12,828,599</u>
3,186,773	(96,102)	3,090,671
<u>39,106,397</u>	<u>20,761,315</u>	<u>59,867,712</u>
<u>\$ 42,293,170</u>	<u>\$ 20,665,213</u>	<u>\$ 62,958,383</u>

**CITY OF MOUNT VERNON, OHIO**

**Balance Sheet  
Governmental Funds  
December 31, 2006**

	General	General Bond Retirement	Capital Improvement
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 1,482,764	\$ 840	\$ 3,145,429
Investments	790,062	0	1,740,477
Receivables:			
Taxes	3,076,344	0	143,262
Accounts	12,080	0	0
Intergovernmental	542,538	0	0
Interest	14,674	0	0
Inventory of Supplies	357	0	0
Prepaid Items	5,415	0	0
Restricted Assets:			
Cash and Cash Equivalents	0	0	0
Cash and Cash Equivalents with Fiscal Agent	0	0	0
<b>Total Assets</b>	<b>\$ 5,924,234</b>	<b>\$ 840</b>	<b>\$ 5,029,168</b>
<b>Liabilities:</b>			
Accounts Payable	\$ 180,665	\$ 0	\$ 438
Accrued Wages and Benefits Payable	359,665	0	0
Contracts Payable	0	0	724,827
Deferred Revenue	1,744,346	0	31,656
General Obligation Notes Payable	0	0	4,000,000
<b>Total Liabilities</b>	<b>2,284,676</b>	<b>0</b>	<b>4,756,921</b>
<b>Fund Balances:</b>			
Reserved for Encumbrances	295,737	0	137,794
Reserved for Prepaid Items	5,415	0	0
Reserved for Supplies Inventory	357	0	0
Reserved for Debt Service	0	840	0
Reserved for Endowments	0	0	0
Undesignated/Unreserved in:			
General Fund	3,338,049	0	0
Special Revenue Funds	0	0	0
Capital Projects Funds	0	0	134,453
<b>Total Fund Balances</b>	<b>3,639,558</b>	<b>840</b>	<b>272,247</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,924,234</b>	<b>\$ 840</b>	<b>\$ 5,029,168</b>

See accompanying notes to the basic financial statements

**CITY OF MOUNT VERNON, OHIO**

---

Other Governmental Funds	Total Governmental Funds
\$ 1,831,500	\$ 6,460,533
0	2,530,539
1,299,905	4,519,511
4,983	17,063
1,009,050	1,551,588
0	14,674
18,533	18,890
412	5,827
321,896	321,896
4,907	4,907
<u>\$ 4,491,186</u>	<u>\$ 15,445,428</u>
\$ 39,932	\$ 221,035
232,382	592,047
95,381	820,208
1,997,451	3,773,453
0	4,000,000
<u>2,365,146</u>	<u>9,406,743</u>
214,638	648,169
412	5,827
18,533	18,890
0	840
325,010	325,010
0	3,338,049
900,067	900,067
667,380	801,833
<u>2,126,040</u>	<u>6,038,685</u>
<u>\$ 4,491,186</u>	<u>\$ 15,445,428</u>

**CITY OF MOUNT VERNON, OHIO**

---

***Reconciliation Of Total Governmental Fund Balances  
To Net Assets Of Governmental Activities  
December 31, 2006***

---

<b>Total Governmental Fund Balances</b>		\$ 6,038,685
<i>Amounts reported for governmental activities in the statement of net assets are different because</i>		
Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds.		38,755,740
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds.		1,914,725
Bond issuance costs, reported as expenditures in governmental funds are allocated as an expense over the life of the debt on a full accrual basis.		70,574
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	(2,868,065)	
Ohio Public Works Commission Loan Payable	(371,875)	
Police and Firemen's Pension Accrued Liability	(457,666)	
Compensated Absences Payable	(788,948)	
		<u>(4,486,554)</u>
<b><i>Net Assets of Governmental Activities</i></b>		<b><u>\$ 42,293,170</u></b>

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, 2006**

	General	General Bond Retirement	Capital Improvement
<b>Revenues:</b>			
Taxes	\$ 8,701,298	\$ 0	\$ 582,954
Intergovernmental Revenues	1,215,015	0	402,592
Charges for Services	624,560	0	0
Licenses and Permits	24,956	0	0
Investment Earnings	401,924	1	51,566
Fines and Forfeitures	653,265	0	0
All Other Revenue	83,167	904	103,140
<b>Total Revenue</b>	<b>11,704,185</b>	<b>905</b>	<b>1,140,252</b>
<b>Expenditures:</b>			
Current:			
Security of Persons and Property	4,559,100	0	0
Public Health and Welfare Services	275,329	0	0
Leisure Time Activities	365,682	0	601,133
Community Environment	25,212	0	0
Transportation	40,555	0	1,498,304
General Government	4,084,747	0	984,529
Debt Service:			
Principal Retirement	8,163	209,250	0
Interest and Fiscal Charges	19,712	101,966	0
<b>Total Expenditures</b>	<b>9,378,500</b>	<b>311,216</b>	<b>3,083,966</b>
Excess (Deficiency) of Revenues Over Expenditures	2,325,685	(310,311)	(1,943,714)
<b>Other Financing Sources (Uses):</b>			
Sale of Capital Assets	2,259	0	0
Transfers In	0	311,151	950,000
Transfers Out	(1,253,664)	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(1,251,405)</b>	<b>311,151</b>	<b>950,000</b>
Net Change in Fund Balances	1,074,280	840	(993,714)
<b>Fund Balances at Beginning of Year</b>	<b>2,565,456</b>	<b>0</b>	<b>1,265,961</b>
Increase (Decrease) in Inventory Reserve	(178)	0	0
<b>Fund Balances End of Year</b>	<b>\$ 3,639,558</b>	<b>\$ 840</b>	<b>\$ 272,247</b>

See accompanying notes to the basic financial statements

**CITY OF MOUNT VERNON, OHIO**

---

Other Governmental Funds	Total Governmental Funds
\$ 1,696,137	\$ 10,980,389
1,377,479	2,995,086
64,814	689,374
9,820	34,776
18,251	471,742
105,685	758,950
59,792	247,003
<u>3,331,978</u>	<u>16,177,320</u>
638,107	5,197,207
289,192	564,521
358,343	1,325,158
275,852	301,064
1,196,585	2,735,444
226,104	5,295,380
0	217,413
<u>0</u>	<u>121,678</u>
<u>2,984,183</u>	<u>15,757,865</u>
347,795	419,455
525	2,784
285,160	1,546,311
<u>(292,647)</u>	<u>(1,546,311)</u>
<u>(6,962)</u>	<u>2,784</u>
340,833	422,239
1,778,943	5,610,360
6,264	6,086
<u>\$ 2,126,040</u>	<u>\$ 6,038,685</u>

**CITY OF MOUNT VERNON, OHIO**

---

***Reconciliation Of The Statement Of Revenues, Expenditures  
And Changes In Fund Balances Of Governmental Funds  
To The Statement Of Activities  
For the Year Ended December 31, 2006***

---

Net Change in Fund Balances - Total Governmental Funds \$ 422,239

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

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

Capital Outlay	4,532,641	
Depreciation Expense	<u>(1,419,988)</u>	3,112,653

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.	(2,784)	
---	---------	--

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources	111,396	
--	---------	--

The statement of activities reports losses arising from the disposal of capital assets. Conversely, the governmental funds do not report any loss on the disposal of capital assets.	<u>(41,863)</u>	66,749
--	-----------------	--------

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(546,217)
--	--	-----------

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

General Obligation Bond Principal Payment	188,000	
Ohio Public Works Commission Loan Payment	21,250	
Police Firemen's Pension Accrued Liability Principal Payment	<u>8,163</u>	217,413

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	(87,738)	
Amortization of Issuance Costs	(4,412)	
Change in Inventory	<u>6,086</u>	<u>(86,064)</u>

<b><i>Change in Net Assets of Governmental Activities</i></b>		<b><u><u>\$ 3,186,773</u></u></b>
---	--	-----------------------------------

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, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 6,778,018	\$ 7,738,018	\$ 8,471,277	\$ 733,259
Intergovernmental Revenue	502,711	1,077,401	1,087,905	10,504
Charges for Services	532,536	532,536	624,560	92,024
Licenses and Permits	15,500	15,500	24,956	9,456
Investment Earnings	85,000	251,107	401,585	150,478
Fines and Forfeitures	425,000	462,677	654,941	192,264
All Other Revenues	0	5,000	77,977	72,977
<b>Total Revenues</b>	<b>8,338,765</b>	<b>10,082,239</b>	<b>11,343,201</b>	<b>1,260,962</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	4,571,711	4,871,956	4,701,925	170,031
Public Health and Welfare Services	337,716	336,203	336,151	52
Leisure Time Activities	360,418	402,085	384,614	17,471
Community Environment	25,290	29,528	25,662	3,866
Transportation	49,150	48,150	45,732	2,418
General Government	4,183,190	4,669,927	4,307,263	362,664
<b>Total Expenditures</b>	<b>9,527,475</b>	<b>10,357,849</b>	<b>9,801,347</b>	<b>556,502</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,188,710)	(275,610)	1,541,854	1,817,464
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	2,259	2,259
Transfers In	100,000	100,000	0	(100,000)
Transfers Out	(393,000)	(1,256,100)	(1,253,664)	2,436
<b>Total Other Financing Sources (Uses):</b>	<b>(293,000)</b>	<b>(1,156,100)</b>	<b>(1,251,405)</b>	<b>(95,305)</b>
<b>Net Change in Fund Balance</b>	<b>(1,481,710)</b>	<b>(1,431,710)</b>	<b>290,449</b>	<b>1,722,159</b>
Fund Balance at Beginning of Year	1,103,094	1,103,094	1,103,094	0
Prior Year Encumbrances	378,616	378,616	378,616	0
<b>Fund Balance at End of Year</b>	<b>\$ 0</b>	<b>\$ 50,000</b>	<b>\$ 1,772,159</b>	<b>\$ 1,722,159</b>

See accompanying notes to the basic financial statements

**CITY OF MOUNT VERNON, OHIO**

---

**Statement of Net Assets  
Proprietary Funds  
December 31, 2006**

---

	Business-Type Activities		Total
	Enterprise Funds		
	Water	Sewer	
<b>ASSETS</b>			
Current assets:			
Cash and Cash Equivalents	\$ 713,454	\$ 3,542,922	\$ 4,256,376
Investments	394,779	1,960,424	2,355,203
Accounts receivable (net of allowance for uncollectibles)	611,618	518,422	1,130,040
Inventory of Supplies	97,943	92,113	190,056
Prepaid Items	860	860	1,720
Total current assets	<u>1,818,654</u>	<u>6,114,741</u>	<u>7,933,395</u>
Noncurrent assets:			
Restricted Assets:			
Cash and Cash Equivalents with Fiscal Agent	728,120	0	728,120
Deferred Charges	0	74,923	74,923
Capital assets:			
Capital Assets Not Being Depreciated	512,271	2,942,610	3,454,881
Capital Assets Being Depreciated	<u>18,410,220</u>	<u>9,521,605</u>	<u>27,931,825</u>
Total capital assets	<u>18,922,491</u>	<u>12,464,215</u>	<u>31,386,706</u>
Total noncurrent assets	<u>19,650,611</u>	<u>12,539,138</u>	<u>32,189,749</u>
Total assets	<u>21,469,265</u>	<u>18,653,879</u>	<u>40,123,144</u>

(Continued)

**CITY OF MOUNT VERNON, OHIO**

	Business-Type Activities		Total
	Enterprise Funds		
	Water	Sewer	
<b>LIABILITIES</b>			
Current liabilities:			
Accounts Payable	32,718	37,394	70,112
Accrued Wages and Benefits	62,813	64,630	127,443
Contracts Payable	12,639	406,650	419,289
Matured Bonds and Interest Payable	650	0	650
Accrued Interest Payable	23,565	101,470	125,035
General Obligation Notes Payable	0	3,200,000	3,200,000
General Obligation Bonds Payable - Current	401,000	206,000	607,000
Revenue Bond Payable - Current	380,000	0	380,000
Compensated Absences Payable - Current	31,758	47,259	79,017
<b>Total Current Liabilities</b>	<b>945,143</b>	<b>4,063,403</b>	<b>5,008,546</b>
Noncurrent Liabilities:			
General Obligation Bonds Payable	5,917,890	2,937,045	8,854,935
Revenue Bonds Payable	5,410,000	0	5,410,000
Compensated Absences Payable	97,219	87,231	184,450
<b>Total noncurrent liabilities</b>	<b>11,425,109</b>	<b>3,024,276</b>	<b>14,449,385</b>
<b>Total Liabilities</b>	<b>12,370,252</b>	<b>7,087,679</b>	<b>19,457,931</b>
<b>NET ASSETS</b>			
Invested in Capital Assets, Net of Related Debt	6,800,962	6,779,318	13,580,280
Restricted for Capital Projects	560,276	1,064,798	1,625,074
Restricted for Debt Service	728,120	0	728,120
Unrestricted	1,009,655	3,722,084	4,731,739
<b>Total Net Assets</b>	<b>\$ 9,099,013</b>	<b>\$ 11,566,200</b>	<b>\$ 20,665,213</b>

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, 2006**

---

	Business-Type Activities		Total
	Enterprise Funds		
	Water	Sewer	
<b>Operating Revenues:</b>			
Charges for Services	\$ 2,984,935	\$ 2,635,407	\$ 5,620,342
Other Operating Revenues	6,576	46,059	52,635
<b>Total Operating Revenues</b>	<u>2,991,511</u>	<u>2,681,466</u>	<u>5,672,977</u>
<b>Operating Expenses:</b>			
Personal Services	1,046,509	1,084,733	2,131,242
Contractual Services	46,376	672,476	718,852
Materials and Supplies	362,445	239,584	602,029
Utilities	193,548	244,528	438,076
Depreciation	890,530	393,352	1,283,882
<b>Total Operating Expenses</b>	<u>2,539,408</u>	<u>2,634,673</u>	<u>5,174,081</u>
<b>Operating Income (Loss)</b>	452,103	46,793	498,896
<b>Non-Operating Revenues (Expenses):</b>			
Interest Income	99,697	113,732	213,429
Interest and Fiscal Charges	(595,683)	(213,158)	(808,841)
Gain on Sale of Capital Assets	0	414	414
<b>Total Non-Operating Revenues (Expenses)</b>	<u>(495,986)</u>	<u>(99,012)</u>	<u>(594,998)</u>
<b>Change in Net Assets</b>	(43,883)	(52,219)	(96,102)
Net Assets Beginning of Year	9,142,896	11,618,419	20,761,315
<b>Net Assets End of Year</b>	<u>\$ 9,099,013</u>	<u>\$ 11,566,200</u>	<u>\$ 20,665,213</u>

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, 2006***

	Business-Type Activities		Total
	Enterprise Funds		
	Water	Sewer	
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$3,024,993	\$2,656,276	\$5,681,269
Cash Payments for Goods and Services	(658,720)	(932,212)	(1,590,932)
Cash Payments to Employees	(1,027,843)	(1,065,454)	(2,093,297)
Net Cash Provided by Operating Activities	1,338,430	658,610	1,997,040
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Proceeds from Sale of Capital Assets	0	414	414
Proceeds from General Obligation Notes	0	3,200,000	3,200,000
Acquisition and Construction of Assets	(131,141)	(2,317,612)	(2,448,753)
Principal Paid on General Obligation Bonds	(386,000)	(206,000)	(592,000)
Principal Paid on Revenue Bonds	(365,000)	0	(365,000)
Interest Paid on All Debt	(596,994)	(111,657)	(708,651)
Net Cash Prvided (Used) for Capital and Related Financing Activities	(1,479,135)	565,145	(913,990)
<u>Cash Flows from Investing Activities:</u>			
Sale of Investments	370,945	1,937,603	2,308,548
Receipt of Interest	99,697	113,732	213,429
Net Cash Provided by Investing Activities	470,642	2,051,335	2,521,977
Net Increase in Cash and Cash Equivalents	329,937	3,275,090	3,605,027
Cash and Cash Equivalents at Beginning of Year	1,111,637	267,832	1,379,469
Cash and Cash Equivalents at End of Year	\$1,441,574	\$3,542,922	\$4,984,496
<u>Reconciliation of Cash and Cash Equivalents per the Balance Sheet:</u>			
Cash and Cash Equivalents	\$713,454	\$3,542,922	\$4,256,376
Restricted Cash with Fiscal Agent	728,120	0	728,120
Cash and Cash Equivalents at End of Year	\$1,441,574	\$3,542,922	\$4,984,496

(Continued)

**CITY OF MOUNT VERNON, OHIO**

	Business-Type Activities Enterprise Funds		Total
	Water	Sewer	
<u>Reconciliation of Operating Income to Net Cash</u>			
<u>Provided by Operating Activities:</u>			
Operating Income	\$452,103	\$46,793	\$498,896
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	890,530	393,352	1,283,882
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	33,482	(37,743)	(4,261)
Decrease in Intergovernmental Receivable	0	14,776	14,776
Increase in Inventory	(36,772)	(49,329)	(86,101)
Decrease in Prepaid Items	2,057	2,635	4,692
Decrease in Accounts Payable	(28,852)	(4,289)	(33,141)
Increase in Accrued Wages and Benefits	3,615	4,710	8,325
Increase in Contracts Payable	6,565	272,431	278,996
Increase in Compensated Absences	15,702	15,274	30,976
Total Adjustments	886,327	611,817	1,498,144
Net Cash Provided by Operating Activities	<u>\$1,338,430</u>	<u>\$658,610</u>	<u>\$1,997,040</u>

Schedule of Noncash Investing, Capital and Financing Activities:

At December 31, 2006 the Water and Sewer Funds had outstanding liabilities of \$5,308 and \$9,264 respectively for certain capital assets.

See accompanying notes to the basic financial statements

**CITY OF MOUNT VERNON, OHIO**

---

***Statement of Assets and Liabilities  
Fiduciary Funds  
December 31, 2006***

---

	<u>Agency</u>
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 84,294
<b>Total Assets</b>	<u>\$ 84,294</u>
<b>Liabilities:</b>	
Intergovernmental Payable	\$ 25,135
Due to Others	<u>59,159</u>
<b>Total Liabilities</b>	<u>\$ 84,294</u>

See accompanying notes to the basic financial statements

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

**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, 2006 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 2006.

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, 2006***

---

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

**A. Reporting Entity (Continued)**

The City did not appoint a majority of the members of the Board, nor is the City accountable for any operating deficits of MOTA. The MOTA Board is responsible for the fiscal operation of MOTA. The City appropriated \$20,000 for an operating grant to MOTA for 2006.

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 \$42,487 for operations of the combined District for 2006.

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

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

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

***Governmental Funds***

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

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

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

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

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

***Proprietary Funds***

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

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

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

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

***Fiduciary Funds***

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

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

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

**C. Basis of Presentation – Financial Statements (Continued)**

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

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

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

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

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



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

**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, 2006 but which are not intended to finance 2006 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenues.

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

**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 2006.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

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

**E. Budgetary Process (Continued)**

**3. Appropriations**

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

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

**4. Encumbrances**

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

**5. Lapsing of Appropriations**

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

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

**E. Budgetary Process (Continued)**

**6. Budgetary Basis of Accounting**

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

	<u>Net Change in Fund Balance</u>
	<u>General Fund</u>
GAAP Basis (as reported)	\$1,074,280
Increase (Decrease):	
Accrued Revenues at December 31, 2006 received during 2007	(1,940,834)
Accrued Revenues at December 31, 2005 received during 2006	1,602,690
Accrued Expenditures at December 31, 2006 paid during 2007	540,330
Accrued Expenditures at December 31, 2005 paid during 2006	(495,619)
2005 Prepays for 2006	6,244
2006 Prepays for 2007	(5,415)
Adjustment to Fair Value	(22,840)
Outstanding Encumbrances	<u>(468,387)</u>
Budget Basis	<u><u>\$290,449</u></u>

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

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

**F. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits, the State Treasury Assets Reserve (STAR Ohio), and certificates of deposit and investments with original maturities of less than three months. The City pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 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 National Mortgage Association, Federal Home Loan Mortgage and Federal Home Loan Bank securities. Fair value is determined by quoted market prices, except for nonparticipating investment contracts (certificates of deposit) which are reported at cost. All investment income, including changes in the fair value of investments are recognized as revenue in the operating statements. The City allocates interest among the various funds based upon state statutes and city legislation. See Note 3, "Cash, Cash Equivalents and Investments."

The City has invested funds in the STAR Ohio during 2006. 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, 2006.

**H. Inventory**

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

**I. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2006, 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, 2006**

---

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

**J. Capital Assets and Depreciation**

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

1. Capital Assets - Governmental Activities

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

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

2. Capital Assets – Business Type Activities

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

3. Depreciation

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

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

**K. Long-Term Obligations**

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds	General Bond Retirement Fund Water Fund Sewer Fund
Mortgage Revenue Bonds	Water Fund
Ohio Public Works Loan	General Bond Retirement Fund
Police and Fire Pension Accrued Liability	General Fund
Compensated Absences	General Fund 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, 2006***

---

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

**L. Compensated Absences (Continued)**

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

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

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

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

**M. Net Assets**

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

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



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

**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. Interfund activity has been eliminated from the government-wide financial statements..

**P. Reservations of Fund Balance**

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

**Q. Restricted Assets**

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

**R. Operating Revenues and Expenses**

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

**S. Bond Issuance Costs**

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

**NOTE 2 - COMPLIANCE, ACCOUNTABILITY AND CHANGE IN ACCOUNTING PRINCIPLE**

***Fund Deficit*** - The fund deficit of \$19,772 in the Fire Pension Fund (special revenue fund) arose from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. A deficit does not exist under the cash basis of accounting. Transfers are provided when cash is required, not when accruals occur.

***Accounting Principle*** - The City has implemented GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*. Implementation of this GASB had no impact on the City's financial position or results of operation.

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

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

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

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

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

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

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

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006**

---

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

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

**A. Deposits**

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

At year end the carrying amount of the City's deposits was \$12,784,258 and the bank balance \$12,936,712. The Federal Deposit Insurance Corporation (FDIC) covered \$300,000 of the bank balance. Although all statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC. Of the remaining uninsured bank balance, the City was exposed to custodial risk as follows:

	<u>Balance</u>
Uninsured and collateralized with securities held by the pledging institution's trust department not in the City's name	<u>\$12,636,712</u>
Total Balance	<u><u>\$12,636,712</u></u>

**CITY OF MOUNT VERNON, OHIO**

---

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006**

---

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

**B. Investments**

The City's investments at December 31, 2006 are summarized below:

	<u>Fair Value</u>	<u>Credit Rating</u>	<u>Investment Maturities (in Years)</u>	
			<u>less than 1</u>	<u>1-3</u>
STAR Ohio	\$1,338,841	AAA <sup>1</sup>	\$1,338,841	\$0
Federal National Mortgage Association (a)	199,500	AAA <sup>1</sup> , Aaa <sup>2</sup>	0	199,500
Federal Home Loan Mortgage (a)	987,680	AAA <sup>1</sup> , Aaa <sup>2</sup>	744,998	242,682
Federal Home Loan Bank (a)	698,562	AAA <sup>1</sup> , Aaa <sup>2</sup>	499,000	199,562
Total Investments	<u>\$3,224,583</u>		<u>\$2,582,839</u>	<u>\$641,744</u>

<sup>1</sup> Standard & Poor's

<sup>2</sup> Moody's Investor Service

<sup>a</sup> Call Options – Callable anytime at par value.

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

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

*Concentration of Credit Risk* – The City places no limit on the amount the City may invest in one issuer. Of the City's total investments, 41.5% are STAR Ohio, 6.2% are FNMA, 21.7% are FHLB, and 30.6% are FHLM.

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

**C. Cash with Fiscal Agents**

In addition to deposits and investments, the City has uninsured and uncollateralized cash in the amount of \$4,907 being held by Knox County and the City had cash with fiscal agents in the amount of \$728,120 for bond reserve accounts, of which \$100,000 was insured by the FDIC and the remaining deposits were uninsured and uncollateralized.

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006**

---

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

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

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

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per GASB Statement No. 9	\$11,123,099	\$4,885,742
Certificates of Deposit (with maturities of more than 3 months)	3,000,000	(3,000,000)
Investments:		
STAR Ohio	(1,338,841)	1,338,841
Per GASB Statement No. 3	<u>\$12,784,258</u>	<u>\$3,224,583</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 2006 were levied after October 1, 2005 on assessed values as of January 1, 2005, the lien date. Assessed values were established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years, and equalization adjustments are made in the third year following reappraisal. The last revaluation was completed in 2002. Real property taxes are payable annually or semi-annually. The first payment is due January 31; the remainder is payable by June 20.

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

**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, 2006 was \$3.20 per \$1,000 of assessed value. The 2006 assessed value was \$282,994,466. This amount constitutes \$229,666,620 in real property assessed value, \$7,418,920 in public utility assessed value and \$45,908,926 in tangible personal property assessed value.

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

**B. Income Tax**

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

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

**NOTE 5 - RECEIVABLES**

Receivables at December 31, 2006 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**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006**

**NOTE 6 - TRANSFERS**

Following is a summary of Transfers in and out for all funds for 2006:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$1,253,664
General Bond Retirement Fund	311,151	0
Capital Improvement Fund	950,000	0
Other Governmental Funds	285,160	292,647
Total Governmental Funds	<u>\$1,546,311</u>	<u>\$1,546,311</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.

**NOTE 7 - CAPITAL ASSETS**

**A. Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets as of December 31, 2006:

***Historical Cost:***

Class	December 31, 2005	Additions	Deletions	December 31, 2006
<b><i>Capital assets not being depreciated:</i></b>				
Land	\$9,512,270	\$1,103,790	\$0	\$10,616,060
Construction in Progress	111,015	2,217,267	0	2,328,282
Subtotal	<u>9,623,285</u>	<u>3,321,057</u>	<u>0</u>	<u>12,944,342</u>
<b><i>Capital assets being depreciated:</i></b>				
Buildings	6,458,001	6,325	(402,541)	6,061,785
Improvements Other than Buildings	544,774	0	(2,200)	542,574
Infrastructure	30,573,017	663,867	(59,090)	31,177,794
Machinery and Equipment	4,901,290	652,788	(92,884)	5,461,194
Subtotal	<u>42,477,082</u>	<u>1,322,980</u>	<u>(556,715)</u>	<u>43,243,347</u>
Total Cost	<u>\$52,100,367</u>	<u>\$4,644,037</u>	<u>(\$556,715)</u>	<u>\$56,187,689</u>

***Accumulated Depreciation:***

Class	December 31, 2005	Additions	Deletions	December 31, 2006
Buildings	(\$3,139,114)	(\$177,276)	\$399,100	(\$2,917,290)
Improvements	(464,714)	(3,469)	440	(467,743)
Infrastructure	(9,066,551)	(911,299)	34,625	(9,943,225)
Machinery and Equipment	(3,853,650)	(327,944)	77,903	(4,103,691)
Total Depreciation	<u>(\$16,524,029)</u>	<u>(\$1,419,988) *</u>	<u>\$512,068</u>	<u>(\$17,431,949)</u>
<b><i>Net Value:</i></b>	<u>\$35,576,338</u>			<u>\$38,755,740</u>

**CITY OF MOUNT VERNON, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006**

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

**A. Governmental Activities Capital Assets (Continued)**

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

Security of Persons and Property	\$273,771
Leisure Time Activities	39,527
Public Health & Welfare	12,885
Transportation	981,953
General Government	111,852
Total Depreciation Expense	<u>\$1,419,988</u>

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

Summary by category of changes in business-type activities capital assets as of December 31, 2006:

**Historical Cost:**

Class	December 31, 2005	Additions	Deletions	December 31, 2006
<b>Capital assets not being depreciated:</b>				
Land	\$894,311	\$0	\$0	\$894,311
Construction in Progress	1,278,003	2,163,948	(881,381)	2,560,570
Subtotal	2,172,314	2,163,948	(881,381)	3,454,881
<b>Capital assets being depreciated:</b>				
Buildings	21,349,014	960,183	0	22,309,197
Utility Structures in Service	22,152,577	78,400	0	22,230,977
Machinery and Equipment	3,103,184	126,858	(34,079)	3,195,963
Subtotal	46,604,775	1,165,441	(34,079)	47,736,137
Total Cost	<u>\$48,777,089</u>	<u>\$3,329,389</u>	<u>(\$915,460)</u>	<u>\$51,191,018</u>

**Accumulated Depreciation:**

Class	December 31, 2005	Additions	Deletions	December 31, 2006
Buildings	(\$5,571,138)	(\$824,660)	\$0	(\$6,395,798)
Utility Structures in Service	(10,358,857)	(334,691)	0	(10,693,548)
Machinery and Equipment	(2,624,514)	(124,531)	34,079	(2,714,966)
Total Depreciation	<u>(\$18,554,509)</u>	<u>(\$1,283,882)</u>	<u>\$34,079</u>	<u>(\$19,804,312)</u>
<b>Net Value:</b>	<u>\$30,222,580</u>			<u>\$31,386,706</u>



***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

**NOTE 8 - DEFINED BENEFIT PENSION PLANS AND POSTEMPLOYMENT BENEFITS**

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

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

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

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

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2006, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 9.0%. The 2006 employer contribution rate for local government employer units was 13.70%, of covered payroll, 9.20% to fund the pension and 4.5% 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, 2006, 2005, and 2004 were \$555,834, \$548,587, and \$511,221, respectively, which were equal to the required contributions for each year.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

**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 under the TP and CO plans and to primary survivor recipients of such retirees. Health care coverage for disability recipients is also available. The health care coverage provided by the Ohio PERS is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the Ohio PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the Ohio PERS. The portion of the 2006 employer contribution rate (identified above) that was used to fund health care for the year 2006 was 4.5% of covered payroll which amounted to \$182,573.

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, 2005. The individual entry age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor. The investment assumption rate for 2005 was 6.5%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually plus an additional factor ranging from .50% to 6% for the next 9 years. In subsequent years (10 and beyond) health care costs were assumed to increase 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants for the TP and CO Plans was 358,804. The actuarial value of the Ohio PERS net assets available for OPEB at December 31, 2005 is \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$31.3 billion and \$20.2 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, will be effective January 1, 2007. In addition to the HCPP, Ohio PERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

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

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

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

Plan members are required to contribute 10.0% of their annual covered salary, while employers are required to contribute 19.5% and 24.0% respectively for police officers and firefighters. The City's contributions to the OP&F Fund for the years ending December 31, 2006, 2005, and 2004 were \$227,528, \$225,062, and \$213,822 for police and \$353,205, \$359,027, and \$326,342 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 2006 covered payroll that was used to fund postemployment health care benefits was \$92,807 representing 7.75% of covered payroll for police and \$114,056 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, 2005, the date of the last actuarial evaluation available, the number of participants eligible to receive health care benefits was 13,922 for police and 10,537 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, 2005 were \$108,039,449, which was net of member contributions of \$55,271,881.

**CITY OF MOUNT VERNON, OHIO**

---

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006**

---

**NOTE 9 – NOTES PAYABLE**

The Ohio Revised Code provides that notes including renewal notes issued in anticipation of the issuance of general obligation bonds may be issued and outstanding from time to time up to a maximum period of 20 years from the date of issuance of the original notes. All of the City's bond anticipation notes are backed by the full faith and credit of the City and have a maturity of one year. Bond anticipation notes may be retired at maturity from the proceeds of the sale of renewal notes or of the bonds anticipated by the notes, or from available funds of the City or a combination of these sources. The City is retiring its notes by the issuance of a six-month renewal note with a portion of the principal being retired in accordance with the above provisions.

	Maturity Date	Balance January 1, 2006	Additions	(Reductions)	Balance December 31, 2006
Capital Projects Notes Payable:					
3.65% Aquatic Water Park	3/22/2007	\$0	\$4,000,000	\$0	\$4,000,000
Total Capital Projects Notes Payable		<u>\$0</u>	<u>\$4,000,000</u>	<u>\$0</u>	<u>\$4,000,000</u>
Enterprise Funds Notes Payable:					
3.58% Influent Screening & Aeration Systems	3/22/2007	\$0	\$3,200,000	\$0	\$3,200,000
Total Enterprise Notes Payable		<u>\$0</u>	<u>\$3,200,000</u>	<u>\$0</u>	<u>\$3,200,000</u>

**CITY OF MOUNT VERNON, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006**

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

Long-term debt and other long-term obligations of the City at December 31, 2006 were as follows:

		Balance December 31, 2005	Additions	(Reductions)	Balance December 31, 2006	Amounts Due Within One Year		
<b>Business-Type Activities:</b>								
Mortgage Revenue Bonds:								
3.00 - 4.75%	Water	1999	\$6,155,000	\$0	(\$365,000)	\$5,790,000	\$380,000	
General Obligation Bonds:								
6.525%	Waterworks	1997	6,595,000	0	(380,000)	6,215,000	395,000	
2.00 - 4.200%	Wastewater Improvements	2003	1,896,897	0	(116,000)	1,780,897	116,000	
2.00 - 4.200%	Wastewater-Refunding 1992	2003	1,342,258	0	(84,000)	1,258,258	84,000	
2.00 - 4.200%	Water-Building Project	2003	109,890	0	(6,000)	103,890	6,000	
2.00 - 4.200%	Wastewater-Building Project	2003	109,890	0	(6,000)	103,890	6,000	
Total General Obligation Bonds Payable			10,053,935	0	(592,000)	9,461,935	607,000	
Compensated Absences			232,491	247,358	(216,382)	263,467	79,017	
Total Business-Type Activities			<u>\$16,441,426</u>	<u>\$247,358</u>	<u>(\$1,173,382)</u>	<u>\$15,515,402</u>	<u>\$1,066,017</u>	
<b>Governmental Activities:</b>								
General Obligation Bond:								
2.00 - 4.200%	Building Project	2003	\$218,395	\$0	(\$12,000)	\$206,395	\$12,000	
2.00 - 4.200%	Highway Project	2003	2,837,670	0	(176,000)	2,661,670	176,000	
Total General Obligation Bonds Payable			3,056,065	0	(188,000)	2,868,065	188,000	
Ohio Public Works Commission Loan Payable			2003	393,125	0	(21,250)	371,875	21,250
Compensated Absences				701,210	1,404,327	(1,316,589)	788,948	249,394
Police and Firemen's Pension Accrued Liability				465,829	0	(8,163)	457,666	8,513
Total Governmental Activities			<u>\$4,616,229</u>	<u>\$1,404,327</u>	<u>(\$1,534,002)</u>	<u>\$4,486,554</u>	<u>\$467,157</u>	

**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, 2006 was \$793,169 in principal and interest payments through the year 2035.

**CITY OF MOUNT VERNON, OHIO**

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006**

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

**B. Principal and Interest Requirements**

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2006 are as follows:

**Business-type Activities:**

Years	General Obligation Bonds		Mortgage Revenue Bonds	
	Principal	Interest	Principal	Interest
2007	\$607,000	\$416,490	\$380,000	\$256,622
2008	634,950	394,171	395,000	241,612
2009	660,250	370,010	410,000	225,615
2010	685,550	343,475	430,000	208,600
2011	710,850	314,944	445,000	190,325
2012-2016	3,654,250	1,098,825	2,540,000	639,531
2017-2021	2,289,135	267,866	1,190,000	85,210
2022-2026	219,950	9,238	0	0
Totals	<u>\$9,461,935</u>	<u>\$3,215,019</u>	<u>\$5,790,000</u>	<u>\$1,847,515</u>

**Governmental Activities:**

Years	General Obligation Bonds		Police/Fire Pension Liability		Ohio Public Works Commission Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2007	\$188,000	\$98,171	\$8,513	\$19,362	\$21,250	\$0
2008	195,050	94,317	8,879	18,996	21,250	0
2009	199,750	89,636	9,261	18,614	21,250	0
2010	204,450	84,043	9,658	18,216	21,250	0
2011	209,150	77,705	10,073	17,801	21,250	0
2012-2016	810,750	296,218	57,240	82,136	106,250	0
2017-2021	865,865	148,236	70,634	68,741	106,250	0
2022-2026	195,050	8,192	87,162	52,209	53,125	0
2027-2031	0	0	107,559	31,812	0	0
2032-2035	0	0	88,687	7,616	0	0
Totals	<u>\$2,868,065</u>	<u>\$896,518</u>	<u>\$457,666</u>	<u>\$335,503</u>	<u>\$371,875</u>	<u>\$0</u>

**CITY OF MOUNT VERNON, OHIO**

---

**Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006**

---

**NOTE 11 – COMPENSATED ABSENCES**

The City provides a liability for accumulated unpaid sick leave, vacation and compensatory time benefits when earned by employees. Accrued employee benefits for Governmental Funds not currently due and payable at yearend are recorded as Long-Term Obligations in the government-wide statements. At December 31, 2006, the total accumulated unpaid sick, vacation and compensatory time recorded was as follows:

	<u>Hours</u>	<u>Amount</u>
Sick Leave	56,227	\$539,554
Vacation	10,992	203,870
Compensatory Time	<u>2,640</u>	<u>45,524</u>
Total	<u>69,859</u>	<u>\$788,948</u>

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

**NOTE 12 - 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 2006 the City contracted with one insurance provider for various insurance coverages as follows:

<u>Insurance Provider</u>	<u>Coverage</u>	<u>Deductible</u>
Public Entities Pool of Ohio	General Liability	\$0
Public Entities Pool of Ohio	Valuable Paper, Equipment Floater, EDP, Boiler and Machinery	\$0
Public Entities Pool of Ohio	Automobile	\$0 Comprehensive, \$0-Collision
Public Entities Pool of Ohio	Law Enforcement Liability	\$25,000
Public Entities Pool of Ohio	Employee Blanket Coverage	\$1,000
Public Entities Pool of Ohio	Public Officials Liability	\$25,000

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

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

***Notes to the Basic Financial Statements  
For the Year Ended December 31, 2006***

---

**NOTE 13 - CONSTRUCTION COMMITMENTS**

As of December 31, 2006, the City had the following commitments with respect to capital projects:

<u>Project</u>	<u>Remaining Construction Commitment</u>	<u>Expected Date of Completion</u>
Aquatic Water Park	\$2,272,026	June 2, 2007
Newark Road/Parrott Street Pavement Widening	\$83,032	May 1, 2007
Highland/Marita Sanitary Sewer	\$278,680	April 15, 2007
Plum Alley Storm Sewer	\$14,572	April 30, 2007
Wastewater Plant Influent Screening & Aeration System Improvements	\$694,906	July 29, 2007
City Hall Front Entrance Renovations	\$1,158	March 31, 2007
City Hall Window Replacement Project	\$3,412	March 31, 2007
Riverside Park Renovations	\$26,763	April 1, 2007
East Chestnut Road Improvements	\$28,389	March 1, 2007

**NOTE 14 - CONTINGENCIES**

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

**NOTE 15 – SUBSEQUENT EVENTS**

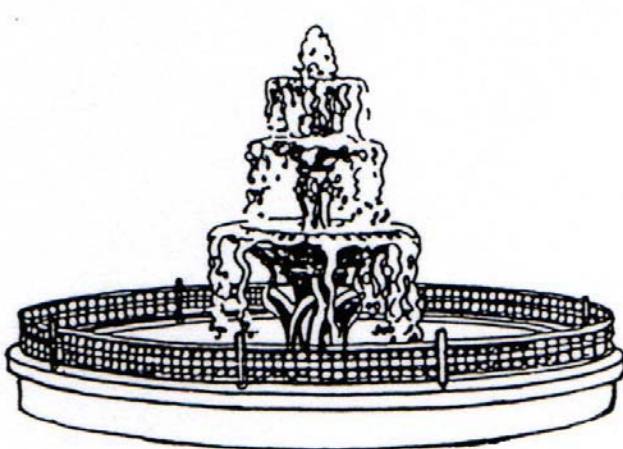
On March 22, 2007, the City issued \$7,200,000 Bond Anticipation Notes, Series 2007, with a maturity date of September 5, 2007. The BANs were issued to finance the cost of improving the wastewater treatment plant by acquiring, constructing and installing influent screenings, aeration facilities and a new roof, together with all necessary appurtenances (\$3,200,000) and to finance the cost of constructing, equipping and furnishing an Aquatic Center, including a competition swimming pool with a diving area, a leisure swimming pool with slides, a wading pool and a mechanical building, together with all necessary appurtenances.



*COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES*

---

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



***Nonmajor Governmental Funds***

---

***Special Revenue Funds***

---

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

**Street Construction, Maintenance and Repair Fund**

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

**State Highway Improvement Fund**

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

**Permissive Auto License Tax Fund**

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

**Cemetery Fund**

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

**Park Development Fund**

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

**Community Development Block Grant Fund**

To account for federal grants designated for community environment improvements.

**Parking Fund**

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

**Law Enforcement Trust Fund**

To account for the proceeds from the confiscation of contraband.

**Drug Enforcement Trust Fund**

To account for mandatory fines collected for drug offenses.

**Permissive License Registration Fund**

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

(Continued)

***Special Revenue Funds***

---

**Indigent Drivers Alcohol Treatment Fund**

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

**DUI - Enforcement and Education Fund**

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

**Court Computerization Fund**

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

**Probation Services Fund**

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

**Federal Emergency Management Agency (FEMA) Fund**

To account for Federal Emergency Management Agency funds received as reimbursement for winter clean up by the Street Department. (The Balance Sheet is not presented because there are no assets or liabilities at year end.)

**Lodging Excise Fund**

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

**Police Pension Fund**

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

**Fire Pension Fund**

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

**Mausoleum Fund**

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

**Veterans Honor Walkway Fund**

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

***Capital Projects Funds***

---

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

**TIF District-Coshocton Road Fund**

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

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

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

***Permanent Fund***

---

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

**Perpetual Care Fund**

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

**CITY OF MOUNT VERNON, OHIO**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
December 31, 2006**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 1,161,720	\$ 669,780	\$ 0	\$ 1,831,500
Receivables:				
Taxes	347,272	952,633	0	1,299,905
Accounts	1,869	0	3,114	4,983
Intergovernmental	1,009,050	0	0	1,009,050
Inventory of Supplies	18,533	0	0	18,533
Prepaid Items	412	0	0	412
Restricted Assets:				
Cash and Cash Equivalents	0	0	321,896	321,896
Cash and Cash Equivalents with Fiscal Agent	4,907	0	0	4,907
<b>Total Assets</b>	<b>\$ 2,543,763</b>	<b>\$ 1,622,413</b>	<b>\$ 325,010</b>	<b>\$ 4,491,186</b>
<b>Liabilities:</b>				
Accounts Payable	\$ 39,932	\$ 0	\$ 0	\$ 39,932
Accrued Wages and Benefits Payable	232,382	0	0	232,382
Contracts Payable	92,981	2,400	0	95,381
Deferred Revenue	1,044,818	952,633	0	1,997,451
<b>Total Liabilities</b>	<b>1,410,113</b>	<b>955,033</b>	<b>0</b>	<b>2,365,146</b>
<b>Fund Balances:</b>				
Reserved for Encumbrances	214,638	0	0	214,638
Reserved for Prepaid Items	412	0	0	412
Reserved for Supplies Inventory	18,533	0	0	18,533
Reserved for Endowments	0	0	325,010	325,010
Undesignated/Unreserved				
Special Revenue Funds	900,067	0	0	900,067
Capital Projects Funds	0	667,380	0	667,380
<b>Total Fund Balances</b>	<b>1,133,650</b>	<b>667,380</b>	<b>325,010</b>	<b>2,126,040</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 2,543,763</b>	<b>\$ 1,622,413</b>	<b>\$ 325,010</b>	<b>\$ 4,491,186</b>

**CITY OF MOUNT VERNON, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2006**

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 778,996	\$ 917,141	\$ 0	\$ 1,696,137
Intergovernmental Revenues	1,377,479	0	0	1,377,479
Charges for Services	64,814	0	0	64,814
Licenses and Permits	9,820	0	0	9,820
Investment Earnings	18,251	0	0	18,251
Fines and Forfeitures	105,685	0	0	105,685
All Other Revenue	6,050	47,000	6,742	59,792
<b>Total Revenue</b>	<b>2,361,095</b>	<b>964,141</b>	<b>6,742</b>	<b>3,331,978</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	638,107	0	0	638,107
Public Health and Welfare Services	289,192	0	0	289,192
Leisure Time Activities	358,343	0	0	358,343
Community Environment	275,852	0	0	275,852
Transportation	880,058	316,527	0	1,196,585
General Government	169,425	56,679	0	226,104
<b>Total Expenditures</b>	<b>2,610,977</b>	<b>373,206</b>	<b>0</b>	<b>2,984,183</b>
Excess (Deficiency) of Revenues Over Expenditures	(249,882)	590,935	6,742	347,795
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	525	0	0	525
Transfers In	285,160	0	0	285,160
Transfers Out	0	(292,647)	0	(292,647)
<b>Total Other Financing Sources (Uses)</b>	<b>285,685</b>	<b>(292,647)</b>	<b>0</b>	<b>(6,962)</b>
Net Change in Fund Balances	35,803	298,288	6,742	340,833
<b>Fund Balances at Beginning of Year</b>	<b>1,091,583</b>	<b>369,092</b>	<b>318,268</b>	<b>1,778,943</b>
Increase in Inventory Reserve	6,264	0	0	6,264
<b>Fund Balances End of Year</b>	<b>\$ 1,133,650</b>	<b>\$ 667,380</b>	<b>\$ 325,010</b>	<b>\$ 2,126,040</b>

**CITY OF MOUNT VERNON, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2006**

	Street Construction, Maintenance and Repair	State Highway Improvement	Permissive Auto License Tax	Cemetery
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 319,581	\$ 112,901	\$ 59,381	\$ 94,072
Receivables:				
Taxes	42,979	0	0	57,305
Accounts	0	0	0	1,869
Intergovernmental	291,331	23,622	0	0
Inventory of Supplies	18,303	0	0	230
Prepaid Items	0	0	0	37
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	0	0	4,907	0
<b>Total Assets</b>	<u>\$ 672,194</u>	<u>\$ 136,523</u>	<u>\$ 64,288</u>	<u>\$ 153,513</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 3,335	\$ 657	\$ 26,000	\$ 1,879
Accrued Wages and Benefits Payable	30,268	0	0	13,593
Contracts Payable	0	0	0	0
Deferred Revenue	203,718	15,748	4,907	12,662
<b>Total Liabilities</b>	<u>237,321</u>	<u>16,405</u>	<u>30,907</u>	<u>28,134</u>
<b>Fund Balances:</b>				
Reserved for Encumbrances	11,309	1,338	0	5,939
Reserved for Prepaid Items	0	0	0	37
Reserved for Supplies Inventory	18,303	0	0	230
Unreserved, Undesignated in:				
Special Revenue Funds	405,261	118,780	33,381	119,173
<b>Total Fund Balances</b>	<u>434,873</u>	<u>120,118</u>	<u>33,381</u>	<u>125,379</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 672,194</u>	<u>\$ 136,523</u>	<u>\$ 64,288</u>	<u>\$ 153,513</u>



**CITY OF MOUNT VERNON, OHIO**

Park Development	Community Development Block Grant	Parking	Law Enforcement Trust	Drug Enforcement Trust	Permissive License Registration	Indigent Drivers Alcohol Treatment
\$ 42,684	\$ 9,535	\$ 14,034	\$ 7,432	\$ 2,438	\$ 73,652	\$ 613
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	671,845	0	0	0	16,082	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$ 42,684</u>	<u>\$ 681,380</u>	<u>\$ 14,034</u>	<u>\$ 7,432</u>	<u>\$ 2,438</u>	<u>\$ 89,734</u>	<u>\$ 613</u>
\$ 315	\$ 0	\$ 598	\$ 0	\$ 0	\$ 5,997	\$ 0
0	0	0	0	0	0	0
0	84,534	0	0	0	0	0
0	582,155	0	0	0	0	0
<u>315</u>	<u>666,689</u>	<u>598</u>	<u>0</u>	<u>0</u>	<u>5,997</u>	<u>0</u>
2,185	9,398	152	0	0	12,768	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
<u>40,184</u>	<u>5,293</u>	<u>13,284</u>	<u>7,432</u>	<u>2,438</u>	<u>70,969</u>	<u>613</u>
<u>42,369</u>	<u>14,691</u>	<u>13,436</u>	<u>7,432</u>	<u>2,438</u>	<u>83,737</u>	<u>613</u>
<u>\$ 42,684</u>	<u>\$ 681,380</u>	<u>\$ 14,034</u>	<u>\$ 7,432</u>	<u>\$ 2,438</u>	<u>\$ 89,734</u>	<u>\$ 613</u>

(Continued)

**CITY OF MOUNT VERNON, OHIO**

**Combining Balance Sheet  
Nonmajor Special Revenue Funds  
December 31, 2006**

	DUI Enforcement and Education	Court Computerization	Probation Services	Lodging Excise Tax
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 34,106	\$ 90,293	\$ 17,357	\$ 8,447
Receivables:				
Taxes	0	0	0	5,210
Accounts	0	0	0	0
Intergovernmental	0	0	0	0
Inventory of Supplies	0	0	0	0
Prepaid Items	0	375	0	0
Restricted Assets:				
Cash and Cash Equivalents with Fiscal Agent	0	0	0	0
<b>Total Assets</b>	<u>\$ 34,106</u>	<u>\$ 90,668</u>	<u>\$ 17,357</u>	<u>\$ 13,657</u>
<b>Liabilities:</b>				
Accounts Payable	\$ 0	\$ 0	\$ 1,151	\$ 0
Accrued Wages and Benefits Payable	0	0	0	0
Contracts Payable	0	0	0	8,447
Deferred Revenue	0	0	0	0
<b>Total Liabilities</b>	<u>0</u>	<u>0</u>	<u>1,151</u>	<u>8,447</u>
<b>Fund Balances:</b>				
Reserved for Encumbrances	0	33,440	59	0
Reserved for Prepaid Items	0	375	0	0
Reserved for Supplies Inventory	0	0	0	0
Unreserved, Undesignated in:				
Special Revenue Funds	34,106	56,853	16,147	5,210
<b>Total Fund Balances</b>	<u>34,106</u>	<u>90,668</u>	<u>16,206</u>	<u>5,210</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 34,106</u>	<u>\$ 90,668</u>	<u>\$ 17,357</u>	<u>\$ 13,657</u>

**CITY OF MOUNT VERNON, OHIO**

---

<u>Police Pension</u>	<u>Fire Pension</u>	<u>Mausoleum</u>	<u>Veterans Honor Walkway</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 116,908	\$ 86,665	\$ 4,400	\$ 67,221	\$ 1,161,720
120,889	120,889	0	0	347,272
0	0	0	0	1,869
3,085	3,085	0	0	1,009,050
0	0	0	0	18,533
0	0	0	0	412
0	0	0	0	4,907
<u>\$ 240,882</u>	<u>\$ 210,639</u>	<u>\$ 4,400</u>	<u>\$ 67,221</u>	<u>\$ 2,543,763</u>
\$ 0	\$ 0	\$ 0	\$ 0	\$ 39,932
70,924	117,597	0	0	232,382
0	0	0	0	92,981
112,814	112,814	0	0	1,044,818
<u>183,738</u>	<u>230,411</u>	<u>0</u>	<u>0</u>	<u>1,410,113</u>
53,200	84,850	0	0	214,638
0	0	0	0	412
0	0	0	0	18,533
3,944	(104,622)	4,400	67,221	900,067
57,144	(19,772)	4,400	67,221	1,133,650
<u>\$ 240,882</u>	<u>\$ 210,639</u>	<u>\$ 4,400</u>	<u>\$ 67,221</u>	<u>\$ 2,543,763</u>

**CITY OF MOUNT VERNON, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2006**

	Street Construction, Maintenance and Repair	State Highway Improvement	Permissive Auto License Tax	Cemetery
<b>Revenues:</b>				
Taxes	\$ 174,887	\$ 0	\$ 0	\$ 233,183
Intergovernmental Revenues	598,181	49,897	104,475	0
Charges for Services	0	0	0	44,968
Licenses and Permits	9,712	0	0	0
Investment Earnings	1,871	717	0	15,220
Fines and Forfeitures	0	0	0	0
All Other Revenue	2,080	0	0	162
<b>Total Revenue</b>	<b>786,731</b>	<b>50,614</b>	<b>104,475</b>	<b>293,533</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	0	0	0	0
Public Health and Welfare Services	0	0	0	289,192
Leisure Time Activities	0	0	0	0
Community Environment	0	0	0	0
Transportation	677,565	25,621	88,906	0
General Government	0	0	0	0
<b>Total Expenditures</b>	<b>677,565</b>	<b>25,621</b>	<b>88,906</b>	<b>289,192</b>
Excess (Deficiency) of Revenues Over Expenditures	109,166	24,993	15,569	4,341
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	0	525
Transfers In	0	0	0	22,420
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,945</b>
Net Change in Fund Balances	109,166	24,993	15,569	27,286
<b>Fund Balances at Beginning of Year</b>	<b>319,130</b>	<b>95,125</b>	<b>17,812</b>	<b>98,406</b>
Increase (Decrease) in Inventory Reserve	6,577	0	0	(313)
<b>Fund Balances End of Year</b>	<b>\$ 434,873</b>	<b>\$ 120,118</b>	<b>\$ 33,381</b>	<b>\$ 125,379</b>

**CITY OF MOUNT VERNON, OHIO**

Park Development	Community Development Block Grant	Parking	Law Enforcement Trust	Drug Enforcement Trust	Permissive License Registration	Indigent Drivers Alcohol Treatment
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
297,075	200,080	0	0	0	102,691	0
7,740	0	1	0	0	0	0
0	0	108	0	0	0	0
0	20	0	0	0	0	0
0	0	1,180	3,200	1,561	0	20,200
0	1,180	0	0	0	2,628	0
<u>304,815</u>	<u>201,280</u>	<u>1,289</u>	<u>3,200</u>	<u>1,561</u>	<u>105,319</u>	<u>20,200</u>
0	0	19,050	861	195	0	0
0	0	0	0	0	0	0
357,623	0	0	0	0	0	0
0	275,852	0	0	0	0	0
0	0	0	0	0	87,966	0
0	0	0	0	0	0	20,242
<u>357,623</u>	<u>275,852</u>	<u>19,050</u>	<u>861</u>	<u>195</u>	<u>87,966</u>	<u>20,242</u>
(52,808)	(74,572)	(17,761)	2,339	1,366	17,353	(42)
0	0	0	0	0	0	0
7,740	0	20,000	0	0	0	0
<u>7,740</u>	<u>0</u>	<u>20,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(45,068)	(74,572)	2,239	2,339	1,366	17,353	(42)
87,437	89,263	11,197	5,093	1,072	66,384	655
0	0	0	0	0	0	0
<u>\$ 42,369</u>	<u>\$ 14,691</u>	<u>\$ 13,436</u>	<u>\$ 7,432</u>	<u>\$ 2,438</u>	<u>\$ 83,737</u>	<u>\$ 613</u>

(Continued)

**CITY OF MOUNT VERNON, OHIO**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2006**

	DUI Enforcement and Education	Court Computerization	Probation Services	FEMA
<b>Revenues:</b>				
Taxes	\$ 0	\$ 0	\$ 0	\$ 0
Intergovernmental Revenues	0	0	0	11,190
Charges for Services	0	0	10,010	0
Licenses and Permits	0	0	0	0
Investment Earnings	0	0	0	0
Fines and Forfeitures	2,495	77,049	0	0
All Other Revenue	0	0	0	0
<b>Total Revenue</b>	<b>2,495</b>	<b>77,049</b>	<b>10,010</b>	<b>11,190</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
Community Environment	0	0	0	0
Transportation	0	0	0	0
General Government	0	32,835	4,083	11,190
<b>Total Expenditures</b>	<b>0</b>	<b>32,835</b>	<b>4,083</b>	<b>11,190</b>
Excess (Deficiency) of Revenues Over Expenditures	2,495	44,214	5,927	0
<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	2,495	44,214	5,927	0
<b>Fund Balances at Beginning of Year</b>	<b>31,611</b>	<b>46,454</b>	<b>10,279</b>	<b>0</b>
Increase (Decrease) in Inventory Reserve	0	0	0	0
<b>Fund Balances End of Year</b>	<b>\$ 34,106</b>	<b>\$ 90,668</b>	<b>\$ 16,206</b>	<b>\$ 0</b>

**CITY OF MOUNT VERNON, OHIO**

<u>Lodging Excise Tax</u>	<u>Police Pension</u>	<u>Fire Pension</u>	<u>Mausoleum</u>	<u>Veterans Honor Walkway</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 102,730	\$ 134,098	\$ 134,098	\$ 0	\$ 0	\$ 778,996
0	6,945	6,945	0	0	1,377,479
0	0	0	0	2,095	64,814
0	0	0	0	0	9,820
0	0	0	205	218	18,251
0	0	0	0	0	105,685
0	0	0	0	0	6,050
<u>102,730</u>	<u>141,043</u>	<u>141,043</u>	<u>205</u>	<u>2,313</u>	<u>2,361,095</u>
0	236,714	381,287	0	0	638,107
0	0	0	0	0	289,192
0	0	0	0	720	358,343
0	0	0	0	0	275,852
0	0	0	0	0	880,058
<u>97,520</u>	<u>1,778</u>	<u>1,777</u>	<u>0</u>	<u>0</u>	<u>169,425</u>
<u>97,520</u>	<u>238,492</u>	<u>383,064</u>	<u>0</u>	<u>720</u>	<u>2,610,977</u>
5,210	(97,449)	(242,021)	205	1,593	(249,882)
0	0	0	0	0	525
<u>0</u>	<u>100,000</u>	<u>135,000</u>	<u>0</u>	<u>0</u>	<u>285,160</u>
<u>0</u>	<u>100,000</u>	<u>135,000</u>	<u>0</u>	<u>0</u>	<u>285,685</u>
5,210	2,551	(107,021)	205	1,593	35,803
0	54,593	87,249	4,195	65,628	1,091,583
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,264</u>
<u>\$ 5,210</u>	<u>\$ 57,144</u>	<u>\$ (19,772)</u>	<u>\$ 4,400</u>	<u>\$ 67,221</u>	<u>\$ 1,133,650</u>

**CITY OF MOUNT VERNON, OHIO**

---

**Combining Balance Sheet  
Nonmajor Capital Projects Funds  
December 31, 2006**

---

	TIF District- Coshocton Road	B&O Railroad Depot	Total Nonmajor Capital Projects Funds
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 610,484	\$ 59,296	\$ 669,780
Receivables:			
Taxes	952,633	0	952,633
<b>Total Assets</b>	<u>\$ 1,563,117</u>	<u>\$ 59,296</u>	<u>\$ 1,622,413</u>
<b>Liabilities:</b>			
Contracts Payable	0	2,400	2,400
Deferred Revenue	952,633	0	952,633
<b>Total Liabilities</b>	<u>952,633</u>	<u>2,400</u>	<u>955,033</u>
<b>Fund Balances:</b>			
Unreserved, Undesignated in:			
Capital Projects Funds	610,484	56,896	667,380
<b>Total Fund Balances</b>	<u>610,484</u>	<u>56,896</u>	<u>667,380</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,563,117</u>	<u>\$ 59,296</u>	<u>\$ 1,622,413</u>



**CITY OF MOUNT VERNON, OHIO**

---

***Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Capital Projects Funds  
For the Year Ended December 31, 2006***

---

	TIF District- Coshocton Road	B&O Railroad Depot	Total Nonmajor Capital Project Funds
<b>Revenues:</b>			
Taxes	\$ 917,141	\$ 0	\$ 917,141
All Other Revenue	0	47,000	47,000
<b>Total Revenue</b>	<u>917,141</u>	<u>47,000</u>	<u>964,141</u>
<b>Expenditures:</b>			
Current:			
Transportation	316,527	0	316,527
General Government	0	56,679	56,679
<b>Total Expenditures</b>	<u>316,527</u>	<u>56,679</u>	<u>373,206</u>
Excess (Deficiency) of Revenues Over Expenditures	600,614	(9,679)	590,935
<b>Other Financing Sources (Uses):</b>			
Transfers Out	(292,647)	0	(292,647)
<b>Total Other Financing Sources (Uses)</b>	<u>(292,647)</u>	<u>0</u>	<u>(292,647)</u>
Net Change in Fund Balances	307,967	(9,679)	298,288
<b>Fund Balances at Beginning of Year</b>	<u>302,517</u>	<u>66,575</u>	<u>369,092</u>
<b>Fund Balances End of Year</b>	<u>\$ 610,484</u>	<u>\$ 56,896</u>	<u>\$ 667,380</u>

**CITY OF MOUNT VERNON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – General Fund  
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 741,200	\$ 741,200	\$ 654,563	\$ (86,637)
Municipal Income Tax	6,036,118	6,996,118	7,811,518	815,400
Other Local Taxes	700	700	5,196	4,496
Total Tax Revenues	6,778,018	7,738,018	8,471,277	733,259
Intergovernmental Revenues:				
State Levied Shared Taxes	474,711	919,318	966,815	47,497
Intergovernmental Revenues	28,000	158,083	121,090	(36,993)
Total Intergovernmental Revenues	502,711	1,077,401	1,087,905	10,504
Charges for Services	532,536	532,536	624,560	92,024
Licenses and Permits	15,500	15,500	24,956	9,456
Investment Earnings	85,000	251,107	401,585	150,478
Fines and Forfeitures	425,000	462,677	654,941	192,264
All Other Revenues	0	5,000	77,977	72,977
Total Revenues	8,338,765	10,082,239	11,343,201	1,260,962
<b>Expenditures:</b>				
Security of Persons and Property:				
Police Division:				
Personal Services	1,252,847	1,326,847	1,299,371	27,476
Travel and Transportation	18,919	18,195	15,391	2,804
Materials and Supplies	43,350	43,350	40,510	2,840
Contractual Services	171,515	177,139	171,062	6,077
Capital Outlay	137,964	136,564	113,150	23,414
Total Police Division	1,624,595	1,702,095	1,639,484	62,611
Fire and E.M.S. Division:				
Personal Services	2,050,638	2,256,763	2,194,177	62,586
Travel and Transportation	25,500	42,250	34,496	7,754
Materials and Supplies	56,570	63,570	54,963	8,607
Contractual Services	127,408	157,283	142,744	14,539
Capital Outlay	440,025	413,020	409,949	3,071
Total Fire and E.M.S. Division	2,700,141	2,932,886	2,836,329	96,557

(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, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Miscellaneous:				
Street Lighting/Radio Repair/Sirens:				
Materials and Supplies	28,000	28,000	17,418	10,582
Contractual Services	184,975	174,975	174,819	156
Public Defender:				
Contractual Services	6,000	6,000	6,000	0
Debt Services:				
Principal Retirement	8,288	8,288	8,163	125
Interest and Fiscal Charges	19,712	19,712	19,712	0
Total Miscellaneous	<u>246,975</u>	<u>236,975</u>	<u>226,112</u>	<u>10,863</u>
Total Security of Persons and Property	<u>4,571,711</u>	<u>4,871,956</u>	<u>4,701,925</u>	<u>170,031</u>
Public Health and Welfare Services:				
Police Division:				
Contractual Services	256,316	256,316	256,315	1
Total Police Division	<u>256,316</u>	<u>256,316</u>	<u>256,315</u>	<u>1</u>
Humane Officer:				
Travel and Transportation	12,400	12,400	12,400	0
Contractual Services	25,000	25,000	25,000	0
Total Humane Officer	<u>37,400</u>	<u>37,400</u>	<u>37,400</u>	<u>0</u>
Health Department:				
Contractual Services	44,000	42,487	42,436	51
Total Health Department	<u>44,000</u>	<u>42,487</u>	<u>42,436</u>	<u>51</u>
Total Public Health and Welfare Services	<u>337,716</u>	<u>336,203</u>	<u>336,151</u>	<u>52</u>
Leisure Time Activities:				
Parks:				
Personal Services	149,485	182,093	178,996	3,097
Travel and Transportation	550	542	532	10
Materials and Supplies	5,455	5,705	5,108	597
Contractual Services	98,513	115,013	108,039	6,974
Capital Outlay	3,000	3,000	1,068	1,932
Total Parks	<u>257,003</u>	<u>306,353</u>	<u>293,743</u>	<u>12,610</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, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Recreation:				
Personal Services	8,200	8,238	8,238	0
Materials and Supplies	3,815	3,815	3,187	628
Contractual Services	8,000	8,000	8,000	0
Total Recreation	<u>20,015</u>	<u>20,053</u>	<u>19,425</u>	<u>628</u>
Pool:				
Personal Services	42,000	38,026	38,026	0
Materials and Supplies	15,220	17,942	17,037	905
Contractual Services	23,680	19,711	16,383	3,328
Capital Outlay	2,500	0	0	0
Total Pool	<u>83,400</u>	<u>75,679</u>	<u>71,446</u>	<u>4,233</u>
Total Leisure Time Activities	<u>360,418</u>	<u>402,085</u>	<u>384,614</u>	<u>17,471</u>
Community Environment:				
Miscellaneous Area Development, Tree Care and Trimming, Planning and Zoning:				
Materials and Supplies	22,028	22,028	21,839	189
Contractual Services	3,262	7,500	3,823	3,677
Total Community Environment	<u>25,290</u>	<u>29,528</u>	<u>25,662</u>	<u>3,866</u>
Transportation:				
Miscellaneous:				
Rivers and Harbors, Airport, Yauger Road Project, and Kokosing Gap Trail:				
Materials and Supplies	38,500	38,750	38,750	0
Contractual Services	10,650	9,400	6,982	2,418
Total Transportation	<u>49,150</u>	<u>48,150</u>	<u>45,732</u>	<u>2,418</u>
General Government:				
Council:				
Personal Services	58,384	58,384	58,384	0
Travel and Transportation	3,500	0	0	0
Materials and Supplies	17,360	18,210	18,136	74
Contractual Services	400	0	0	0
Total Council	<u>79,644</u>	<u>76,594</u>	<u>76,520</u>	<u>74</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, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Mayor:				
Personal Services	90,674	91,380	91,380	0
Travel and Transportation	200	194	0	194
Materials and Supplies	5,562	5,312	4,880	432
Contractual Services	200	1,383	1,383	0
Total Mayor	96,636	98,269	97,643	626
Auditor:				
Personal Services	258,529	256,529	206,978	49,551
Travel and Transportation	2,000	2,000	280	1,720
Materials and Supplies	13,495	13,995	13,746	249
Contractual Services	17,494	18,007	17,914	93
Total Auditor	291,518	290,531	238,918	51,613
Treasurer:				
Personal Services	7,298	7,298	7,298	0
Materials and Supplies	250	250	145	105
Total Treasurer	7,548	7,548	7,443	105
Law Director:				
Personal Services	230,150	227,650	221,968	5,682
Travel and Transportation	500	150	105	45
Materials and Supplies	24,881	27,731	25,540	2,191
Contractual Services	10,000	19,500	9,000	10,500
Total Law Director	265,531	275,031	256,613	18,418
Income Tax:				
Personal Services	114,000	110,976	109,516	1,460
Travel and Transportation	1,300	3,124	3,124	0
Materials and Supplies	18,330	18,330	16,263	2,067
Contractual Services	98,113	139,113	136,817	2,296
Capital Outlay	2,800	10,000	10,000	0
Total Income Tax	234,543	281,543	275,720	5,823

(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, 2006***

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Municipal Court:</b>				
Personal Services	440,700	459,800	457,310	2,490
Travel and Transportation	5,075	6,385	5,715	670
Materials and Supplies	42,520	42,310	39,528	2,782
Contractual Services	5,000	4,400	1,064	3,336
Total Municipal Court	<u>493,295</u>	<u>512,895</u>	<u>503,617</u>	<u>9,278</u>
<b>Civil Services:</b>				
Personal Services	6,878	6,878	6,567	311
Materials and Supplies	6,485	7,710	4,923	2,787
Total Civil Services	<u>13,363</u>	<u>14,588</u>	<u>11,490</u>	<u>3,098</u>
<b>Safety Service:</b>				
Personal Services	100,500	100,000	98,173	1,827
Travel and Transportation	500	500	0	500
Materials and Supplies	7,615	7,115	6,477	638
Contractual Services	86,755	193,455	189,815	3,640
Total Safety Service	<u>195,370</u>	<u>301,070</u>	<u>294,465</u>	<u>6,605</u>
<b>Engineering:</b>				
Personal Services	237,160	237,610	215,398	22,212
Travel and Transportation	500	1,200	815	385
Materials and Supplies	9,363	10,863	8,665	2,198
Contractual Services	201,533	202,533	169,893	32,640
Capital Outlay	8,000	4,350	3,154	1,196
Total Engineering	<u>456,556</u>	<u>456,556</u>	<u>397,925</u>	<u>58,631</u>
<b>Public Land and Buildings:</b>				
Personal Services	62,980	65,580	65,222	358
Travel and Transportation	500	500	154	346
Materials and Supplies	23,200	23,200	18,133	5,067
Contractual Services	292,216	305,016	291,402	13,614
Total Public Land and Buildings	<u>378,896</u>	<u>394,296</u>	<u>374,911</u>	<u>19,385</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, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Miscellaneous:				
Personal Services	1,364,052	1,647,827	1,482,656	165,171
Materials and Supplies	22,475	24,475	15,758	8,717
Contractual Services	283,763	288,704	273,584	15,120
Total Miscellaneous	1,670,290	1,961,006	1,771,998	189,008
Total General Government	4,183,190	4,669,927	4,307,263	362,664
Total Expenditures	9,527,475	10,357,849	9,801,347	556,502
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,188,710)	(275,610)	1,541,854	1,817,464
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	2,259	2,259
Transfers In	100,000	100,000	0	(100,000)
Transfers Out	(393,000)	(1,256,100)	(1,253,664)	2,436
Total Other Financing Sources (Uses)	(293,000)	(1,156,100)	(1,251,405)	(95,305)
Net Change in Fund Balance	(1,481,710)	(1,431,710)	290,449	1,722,159
Fund Balance at Beginning of Year	1,103,094	1,103,094	1,103,094	0
Prior Year Encumbrances	378,616	378,616	378,616	0
Fund Balance at End of Year	\$ 0	\$ 50,000	\$ 1,772,159	\$ 1,722,159

**CITY OF MOUNT VERNON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Debt Service Fund – General Bond Retirement Fund  
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 35,000	\$ 69,480	\$ 69,480	\$ 0
Investment Earnings	0	0	1	1
All Other Revenues	0	0	904	904
Total Revenues	35,000	69,480	70,385	905
<b>Expenditures:</b>				
Basic Utility Service:				
Supplies and Materials	30,000	68,903	68,901	2
General Government:				
Contractual Services	1,000	1,000	579	421
Debt Service:				
Principal Retirement	1,166,250	1,185,827	1,185,604	223
Interest and Fiscal Charges	814,619	790,619	772,836	17,783
Total Expenditures	2,011,869	2,046,349	2,027,920	18,429
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,976,869)	(1,976,869)	(1,957,535)	19,334
<b>Other Financing Sources (Uses):</b>				
Transfers In	1,976,869	1,976,869	1,958,375	(18,494)
Total Other Financing Sources (Uses)	1,976,869	1,976,869	1,958,375	(18,494)
Net Change in Fund Balance	0	0	840	840
Fund Balance at Beginning of Year	0	0	0	0
Fund Balance at End of Year	\$ 0	\$ 0	\$ 840	\$ 840





**CITY OF MOUNT VERNON, OHIO**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Capital Project Funds – Capital Improvements Fund  
For the Year Ended December 31, 2006**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Municipal Income Taxes	\$ 428,483	\$ 428,483	\$ 566,229	\$ 137,746
Intergovernmental Revenues	500,000	1,112,360	402,592	(709,768)
Investment Earnings	0	0	51,566	51,566
All Other Revenues	0	30,000	103,140	73,140
Total Revenues	928,483	1,570,843	1,123,527	(447,316)
<b>Expenditures:</b>				
Security of Persons and Property:				
Police:				
Capital Outlay	47,000	47,000	6,895	40,105
Total Security of Persons and Property	47,000	47,000	6,895	40,105
Public Health and Welfare:				
Capital Outlay	23,000	23,000	15,297	7,703
Total Public Health and Welfare	23,000	23,000	15,297	7,703
Leisure Time Activities:				
Parks:				
Capital Outlay	82,293	4,269,963	798,998	3,470,965
Total Leisure Time Activities	82,293	4,269,963	798,998	3,470,965
Transportation:				
Street:				
Capital Outlay	1,752,000	2,211,652	1,544,298	667,354
Total Transportation	1,752,000	2,211,652	1,544,298	667,354

**CITY OF MOUNT VERNON, OHIO**

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Major Funds – Capital Project Funds – Capital Improvements Fund  
For the Year Ended December 31, 2006***

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
General Government:				
Auditor:				
Capital Outlay	38,000	40,258	36,068	4,190
Income Tax:				
Capital Outlay	0	8,640	8,640	0
Safety - Service:				
Capital Outlay	0	91,460	88,688	2,772
Municipal Court:				
Capital Outlay	0	1,500	1,466	34
Mayor:				
Capital Outlay	0	100	79	21
Public Lands and Buildings:				
Capital Outlay	154,270	154,270	55,264	99,006
Law Director:				
Capital Outlay	3,000	3,000	2,995	5
Total General Government	<u>195,270</u>	<u>299,228</u>	<u>193,200</u>	<u>106,028</u>
Total Expenditures	<u>2,099,563</u>	<u>6,850,843</u>	<u>2,558,688</u>	<u>4,292,155</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,171,080)	(5,280,000)	(1,435,161)	3,844,839
<b>Other Financing Sources (Uses):</b>				
General Obligation Notes Issued	0	4,008,920	4,008,920	0
Transfers In	0	50,000	950,000	900,000
Total Other Financing Sources (Uses)	<u>0</u>	<u>4,058,920</u>	<u>4,958,920</u>	<u>900,000</u>
Net Change in Fund Balance	(1,171,080)	(1,221,080)	3,523,759	4,744,839
Fund Balance at Beginning of Year	1,159,580	1,159,580	1,159,580	0
Prior Year Encumbrances	11,500	11,500	11,500	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ (50,000)</u>	<u>\$ 4,694,839</u>	<u>\$ 4,744,839</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, 2006***

**STREET CONSTRUCTION, MAINTENANCE AND REPAIR**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Municipal Income Taxes	\$ 128,981	\$ 128,981	\$ 169,869	\$ 40,888
Intergovernmental Revenues	500,000	500,000	605,292	105,292
Licenses and Permits	0	0	9,712	9,712
Investment Earnings	200	200	1,871	1,671
All Other Revenues	0	0	2,080	2,080
Total Revenues	<u>629,181</u>	<u>629,181</u>	<u>788,824</u>	<u>159,643</u>
<b>Expenditures:</b>				
Transportation:				
Personal Services	625,329	625,679	588,506	37,173
Travel and Transportation	1,180	1,180	1,144	36
Materials and Supplies	137,337	137,337	49,026	88,311
Contractual Services	63,215	63,215	54,515	8,700
Capital Outlay	11,600	11,250	176	11,074
Total Expenditures	<u>838,661</u>	<u>838,661</u>	<u>693,367</u>	<u>145,294</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(209,480)	(209,480)	95,457	304,937
Fund Balance at Beginning of Year	189,173	189,173	189,173	0
Prior Year Encumbrances	20,307	20,307	20,307	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 304,937</u>	<u>\$ 304,937</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, 2006***

---

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 38,000	\$ 38,000	\$ 50,473	\$ 12,473
Investment Earnings	100	100	717	617
Total Revenues	<u>38,100</u>	<u>38,100</u>	<u>51,190</u>	<u>13,090</u>
<b>Expenditures:</b>				
Transportation:				
Capital Outlay	<u>127,056</u>	<u>127,056</u>	<u>29,239</u>	<u>97,817</u>
Total Expenditures	<u>127,056</u>	<u>127,056</u>	<u>29,239</u>	<u>97,817</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(88,956)	(88,956)	21,951	110,907
Fund Balance at Beginning of Year	86,407	86,407	86,407	0
Prior Year Encumbrances	<u>2,549</u>	<u>2,549</u>	<u>2,549</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 110,907</u>	<u>\$ 110,907</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, 2006**

---

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 95,000	\$ 95,000	\$ 104,475	\$ 9,475
Total Revenues	<u>95,000</u>	<u>95,000</u>	<u>104,475</u>	<u>9,475</u>
<b>Expenditures:</b>				
Transportation:				
Capital Outlay	<u>112,812</u>	<u>112,812</u>	<u>62,906</u>	<u>49,906</u>
Total Expenditures	<u>112,812</u>	<u>112,812</u>	<u>62,906</u>	<u>49,906</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(17,812)	(17,812)	41,569	59,381
Fund Balance at Beginning of Year	<u>17,812</u>	<u>17,812</u>	<u>17,812</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 59,381</u>	<u>\$ 59,381</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, 2006**

	CEMETERY			Variance with Final Budget Positive Negative
	Original Budget	Final Budget	Actual	(Negative)
<b>Revenues:</b>				
Municipal Income Taxes	\$ 173,569	\$ 173,569	\$ 226,492	\$ 52,923
Charges for Services	51,500	51,500	45,695	(5,805)
Investment Earnings	3,500	3,500	15,220	11,720
All Other Revenues	0	0	162	162
Total Revenues	<u>228,569</u>	<u>228,569</u>	<u>287,569</u>	<u>59,000</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Personal Services	254,070	270,640	258,480	12,160
Travel and Transportation	355	355	316	39
Materials and Supplies	11,730	14,295	8,644	5,651
Contractual Services	32,920	34,730	26,377	8,353
Capital Outlay	1,037	2,512	1,985	527
Total Expenditures	<u>300,112</u>	<u>322,532</u>	<u>295,802</u>	<u>26,730</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(71,543)	(93,963)	(8,233)	85,730
<b>Other Financing Sources (Uses):</b>				
Sale of Capital Assets	0	0	525	525
Transfers In	0	22,420	22,420	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>22,420</u>	<u>22,945</u>	<u>525</u>
Net Change in Fund Balance	(71,543)	(71,543)	14,712	86,255
Fund Balance at Beginning of Year	60,097	60,097	60,097	0
Prior Year Encumbrances	11,446	11,446	11,446	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 86,255</u>	<u>\$ 86,255</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, 2006***

**PARK DEVELOPMENT**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 0	\$ 297,075	\$ 297,075	\$ 0
Charges for Services	5,000	5,000	7,740	2,740
Total Revenues	<u>5,000</u>	<u>302,075</u>	<u>304,815</u>	<u>2,740</u>
<b>Expenditures:</b>				
Leisure Time Activities:				
Capital Outlay	97,437	394,512	359,808	34,704
Total Expenditures	<u>97,437</u>	<u>394,512</u>	<u>359,808</u>	<u>34,704</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(92,437)	(92,437)	(54,993)	37,444
<b>Other Financing Sources (Uses):</b>				
Transfers In	5,000	5,000	7,740	2,740
Total Other Financing Sources (Uses)	<u>5,000</u>	<u>5,000</u>	<u>7,740</u>	<u>2,740</u>
Net Change in Fund Balance	(87,437)	(87,437)	(47,253)	40,184
Fund Balance at Beginning of Year	87,437	87,437	87,437	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 40,184</u>	<u>\$ 40,184</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, 2006**

---

**COMMUNITY DEVELOPMENT BLOCK GRANT**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 675,000	\$ 747,000	\$ 136,055	\$ (610,945)
Investment Earnings	0	0	20	20
All Other Revenues	0	0	1,180	1,180
Total Revenues	<u>675,000</u>	<u>747,000</u>	<u>137,255</u>	<u>(609,745)</u>
<b>Expenditures:</b>				
Community Environment:				
Contractual Services	<u>738,563</u>	<u>810,563</u>	<u>200,681</u>	<u>609,882</u>
Total Expenditures	<u>738,563</u>	<u>810,563</u>	<u>200,681</u>	<u>609,882</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(63,563)	(63,563)	(63,426)	137
Fund Balance at Beginning of Year	7,688	7,688	7,688	0
Prior Year Encumbrances	<u>55,875</u>	<u>55,875</u>	<u>55,875</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 137</u>	<u>\$ 137</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, 2006***

	<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	\$ 0	\$ 0	\$ 1	\$ 1
Licenses and Permits	0	0	108	108
Fines and Forfeitures	500	500	1,180	680
Total Revenues	<u>500</u>	<u>500</u>	<u>1,289</u>	<u>789</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Contractual Services	21,867	21,867	19,872	1,995
Total Expenditures	<u>21,867</u>	<u>21,867</u>	<u>19,872</u>	<u>1,995</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(21,367)	(21,367)	(18,583)	2,784
<b>Other Financing Sources (Uses):</b>				
Transfers In	15,000	15,000	20,000	5,000
Total Other Financing Sources (Uses)	<u>15,000</u>	<u>15,000</u>	<u>20,000</u>	<u>5,000</u>
Net Change in Fund Balance	(6,367)	(6,367)	1,417	7,784
Fund Balance at Beginning of Year	11,117	11,117	11,117	0
Prior Year Encumbrances	750	750	750	0
Fund Balance at End of Year	<u>\$ 5,500</u>	<u>\$ 5,500</u>	<u>\$ 13,284</u>	<u>\$ 7,784</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, 2006***

---

**LAW ENFORCEMENT TRUST**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Fines and Forfeitures	\$ 3,200	\$ 3,200	\$ 3,200	\$ 0
Total Revenues	<u>3,200</u>	<u>3,200</u>	<u>3,200</u>	<u>0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Contractual Services	861	861	861	0
Total Expenditures	<u>861</u>	<u>861</u>	<u>861</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,339	2,339	2,339	0
Fund Balance at Beginning of Year	<u>5,093</u>	<u>5,093</u>	<u>5,093</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 7,432</u>	<u>\$ 7,432</u>	<u>\$ 7,432</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, 2006***

---

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	<u>\$ 1,561</u>	<u>\$ 1,561</u>	<u>\$ 1,561</u>	<u>\$ 0</u>
Total Revenues	<u>1,561</u>	<u>1,561</u>	<u>1,561</u>	<u>0</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Contractual Services	<u>195</u>	<u>195</u>	<u>195</u>	<u>0</u>
Total Expenditures	<u>195</u>	<u>195</u>	<u>195</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,366	1,366	1,366	0
Fund Balance at Beginning of Year	<u>1,072</u>	<u>1,072</u>	<u>1,072</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 2,438</u>	<u>\$ 2,438</u>	<u>\$ 2,438</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, 2006**

---

**PERMISSIVE LICENSE REGISTRATION**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 100,000	\$ 100,000	\$ 102,898	\$ 2,898
All Other Revenues	<u>0</u>	<u>0</u>	<u>2,628</u>	<u>2,628</u>
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>105,526</u>	<u>5,526</u>
<b>Expenditures:</b>				
Transportation:				
Materials and Supplies	123,990	123,990	92,790	31,200
Contractual Services	<u>41,990</u>	<u>41,990</u>	<u>23,830</u>	<u>18,160</u>
Total Expenditures	<u>165,980</u>	<u>165,980</u>	<u>116,620</u>	<u>49,360</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(65,980)	(65,980)	(11,094)	54,886
Fund Balance at Beginning of Year	44,789	44,789	44,789	0
Prior Year Encumbrances	<u>21,191</u>	<u>21,191</u>	<u>21,191</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 54,886</u>	<u>\$ 54,886</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, 2006**

---

**INDIGENT DRIVERS ALCOHOL TREATMENT**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Fines and Forfeitures	\$ 15,000	\$ 20,242	\$ 20,242	\$ 0
Total Revenues	<u>15,000</u>	<u>20,242</u>	<u>20,242</u>	<u>0</u>
<b>Expenditures:</b>				
General Government:				
Contractual Services	<u>17,045</u>	<u>22,287</u>	<u>22,287</u>	<u>0</u>
Total Expenditures	<u>17,045</u>	<u>22,287</u>	<u>22,287</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,045)	(2,045)	(2,045)	0
Fund Balance at Beginning of Year	<u>2,045</u>	<u>2,045</u>	<u>2,045</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, 2006**

---

**DUI - ENFORCEMENT AND EDUCATION**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Fines and Forfeitures	\$ 2,000	\$ 2,000	\$ 2,733	\$ 733
Total Revenues	<u>2,000</u>	<u>2,000</u>	<u>2,733</u>	<u>733</u>
<b>Expenditures:</b>				
General Government:				
Contractual Services	<u>33,356</u>	<u>33,356</u>	<u>0</u>	<u>33,356</u>
Total Expenditures	<u>33,356</u>	<u>33,356</u>	<u>0</u>	<u>33,356</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(31,356)	(31,356)	2,733	34,089
Fund Balance at Beginning of Year	<u>31,356</u>	<u>31,356</u>	<u>31,356</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 34,089</u>	<u>\$ 34,089</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, 2006***

---

**COURT COMPUTERIZATION**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Fines and Forfeitures	\$ 45,000	\$ 45,000	\$ 75,788	\$ 30,788
Total Revenues	<u>45,000</u>	<u>45,000</u>	<u>75,788</u>	<u>30,788</u>
<b>Expenditures:</b>				
General Government:				
Contractual Services	<u>85,586</u>	<u>85,586</u>	<u>64,348</u>	<u>21,238</u>
Total Expenditures	<u>85,586</u>	<u>85,586</u>	<u>64,348</u>	<u>21,238</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(40,586)	(40,586)	11,440	52,026
Fund Balance at Beginning of Year	19,586	19,586	19,586	0
Prior Year Encumbrances	21,000	21,000	21,000	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 52,026</u>	<u>\$ 52,026</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, 2006***

---

**PROBATION SERVICES**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for Services	\$ 5,000	\$ 5,000	\$ 10,010	\$ 5,010
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>10,010</u>	<u>5,010</u>
<b>Expenditures:</b>				
General Government:				
Materials and Supplies	<u>15,692</u>	<u>15,692</u>	<u>4,555</u>	<u>11,137</u>
Total Expenditures	<u>15,692</u>	<u>15,692</u>	<u>4,555</u>	<u>11,137</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,692)	(10,692)	5,455	16,147
Fund Balance at Beginning of Year	10,242	10,242	10,242	0
Prior Year Encumbrances	<u>450</u>	<u>450</u>	<u>450</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 16,147</u>	<u>\$ 16,147</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, 2006**

---

**FEDERAL EMERGENCY MANAGEMENT AGENCY**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 0	\$ 11,190	\$ 11,190	\$ 0
Total Revenues	<u>0</u>	<u>11,190</u>	<u>11,190</u>	<u>0</u>
<b>Expenditures:</b>				
General Government:				
Personal Services	0	430	430	0
Materials and Supplies	0	10,760	10,760	0
Total Expenditures	<u>0</u>	<u>11,190</u>	<u>11,190</u>	<u>0</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	0
Fund Balance at Beginning of Year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

**CITY OF MOUNT VERNON, OHIO**

---

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Special Revenue Funds  
For the Year Ended December 31, 2006**

---

**LODGING EXCISE TAX**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues:</b>				
Other Local Taxes	\$ 75,000	\$ 104,000	\$ 97,520	\$ (6,480)
Total Revenues	<u>75,000</u>	<u>104,000</u>	<u>97,520</u>	<u>(6,480)</u>
<b>Expenditures:</b>				
General Government:				
Contractual Services	<u>75,000</u>	<u>104,000</u>	<u>97,520</u>	<u>6,480</u>
Total Expenditures	<u>75,000</u>	<u>104,000</u>	<u>97,520</u>	<u>6,480</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, 2006***

	POLICE PENSION			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Property Taxes	\$ 85,200	\$ 85,200	\$ 75,803	\$ (9,397)
Municipal Income Taxes	46,938	46,938	56,623	9,685
Intergovernmental Revenues	8,100	8,100	6,945	(1,155)
Total Revenues	<u>140,238</u>	<u>140,238</u>	<u>139,371</u>	<u>(867)</u>
<b>Expenditures:</b>				
Security of Persons and Property				
Personal Services	358,347	358,347	278,539	79,808
General Government:				
Contractual Services	<u>2,700</u>	<u>2,700</u>	<u>1,778</u>	<u>922</u>
Total Expenditures	<u>361,047</u>	<u>361,047</u>	<u>280,317</u>	<u>80,730</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(220,809)	(220,809)	(140,946)	79,863
<b>Other Financing Sources (Uses):</b>				
Transfers In	<u>116,155</u>	<u>116,155</u>	<u>100,000</u>	<u>(16,155)</u>
Total Other Financing Sources (Uses)	<u>116,155</u>	<u>116,155</u>	<u>100,000</u>	<u>(16,155)</u>
Net Change in Fund Balance	(104,654)	(104,654)	(40,946)	63,708
Fund Balance at Beginning of Year	45,054	45,054	45,054	0
Prior Year Encumbrances	<u>59,600</u>	<u>59,600</u>	<u>59,600</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 63,708</u>	<u>\$ 63,708</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, 2006**

	<b>FIRE PENSION</b>			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Property Taxes	\$ 85,200	\$ 85,200	\$ 75,803	\$ (9,397)
Municipal Income Taxes	46,938	46,938	56,623	9,685
Intergovernmental Revenues	8,100	8,100	6,945	(1,155)
Total Revenues	<u>140,238</u>	<u>140,238</u>	<u>139,371</u>	<u>(867)</u>
<b>Expenditures:</b>				
Security of Persons and Property:				
Personal Services	496,905	496,905	439,146	57,759
Contractual Services	2,700	2,700	1,777	923
Total Expenditures	<u>499,605</u>	<u>499,605</u>	<u>440,923</u>	<u>58,682</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(359,367)	(359,367)	(301,552)	57,815
<b>Other Financing Sources (Uses):</b>				
Transfers In	191,000	191,000	135,000	(56,000)
Total Other Financing Sources (Uses)	<u>191,000</u>	<u>191,000</u>	<u>135,000</u>	<u>(56,000)</u>
Net Change in Fund Balance	(168,367)	(168,367)	(166,552)	1,815
Fund Balance at Beginning of Year	83,817	83,817	83,817	0
Prior Year Encumbrances	84,550	84,550	84,550	0
Fund Balance at End of Year	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,815</u>	<u>\$ 1,815</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, 2006***

	MAUSOLEUM			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
<b>Revenues:</b>				
Charges for Services	\$ 175	\$ 175	\$ 0	\$ (175)
Investment Earnings	25	25	205	180
Total Revenues	<u>200</u>	<u>200</u>	<u>205</u>	<u>5</u>
<b>Expenditures:</b>				
Public Health and Welfare Services:				
Contractual Services	595	595	0	595
Total Expenditures	<u>595</u>	<u>595</u>	<u>0</u>	<u>595</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(395)	(395)	205	600
Fund Balance at Beginning of Year	4,195	4,195	4,195	0
Fund Balance at End of Year	<u>\$ 3,800</u>	<u>\$ 3,800</u>	<u>\$ 4,400</u>	<u>\$ 600</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, 2006**

---

**VETERANS HONOR WALKWAY**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Charges for Services	\$ 2,400	\$ 2,400	\$ 2,095	\$ (305)
Investment Earnings	100	100	218	118
Total Revenues	<u>2,500</u>	<u>2,500</u>	<u>2,313</u>	<u>(187)</u>
<b>Expenditures:</b>				
Leisure Time Activities				
Materials and Supplies	1,780	1,780	560	1,220
Contractual Services	<u>64,848</u>	<u>64,848</u>	<u>160</u>	<u>64,688</u>
Total Expenditures	<u>66,628</u>	<u>66,628</u>	<u>720</u>	<u>65,908</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(64,128)	(64,128)	1,593	65,721
Fund Balance at Beginning of Year	65,598	65,598	65,598	0
Prior Year Encumbrances	<u>30</u>	<u>30</u>	<u>30</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 1,500</u>	<u>\$ 1,500</u>	<u>\$ 67,221</u>	<u>\$ 65,721</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, 2006**

**TIF DISTRICT-COSHOCTON ROAD**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Property Taxes	\$ 600,000	\$ 723,500	\$ 917,141	\$ 193,641
Intergovernmental Revenues	60,000	60,000	0	(60,000)
Total Revenues	660,000	783,500	917,141	133,641
<b>Expenditures:</b>				
Transportation:				
Street:				
Contractual Services	207,000	265,500	262,288	3,212
Capital Outlay	25,000	89,353	54,239	35,114
Total Expenditures	232,000	354,853	316,527	38,326
Excess (Deficiency) of Revenues Over (Under) Expenditures	428,000	428,647	600,614	171,967
<b>Other Financing Sources (Uses):</b>				
Transfers Out	(292,000)	(292,647)	(292,647)	0
Total Other Financing Sources (Uses)	(292,000)	(292,647)	(292,647)	0
Net Change in Fund Balance	136,000	136,000	307,967	171,967
Fund Balance at Beginning of Year	302,517	302,517	302,517	0
Fund Balance at End of Year	\$ 438,517	\$ 438,517	\$ 610,484	\$ 171,967



**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, 2006**

---

**B & O RAILROAD DEPOT**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive Negative
<b>Revenues:</b>				
All Other Revenues	\$ 50,000	\$ 50,000	\$ 47,000	\$ (3,000)
Total Revenues	<u>50,000</u>	<u>50,000</u>	<u>47,000</u>	<u>(3,000)</u>
<b>Expenditures:</b>				
General Government:				
Contractual Services	99,934	99,934	57,593	42,341
Materials and Supplies	4,000	4,000	44	3,956
Total Expenditures	<u>103,934</u>	<u>103,934</u>	<u>57,637</u>	<u>46,297</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(53,934)	(53,934)	(10,637)	43,297
Fund Balance at Beginning of Year	69,632	69,632	69,632	0
Prior Year Encumbrances	<u>301</u>	<u>301</u>	<u>301</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 15,999</u>	<u>\$ 15,999</u>	<u>\$ 59,296</u>	<u>\$ 43,297</u>

**CITY OF MOUNT VERNON, OHIO**

---

***Schedule of Revenues, Expenditures and Changes in  
Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis)  
Nonmajor Permanent Fund  
For the Year Ended December 31, 2006***

---

	PERPETUAL CARE			Variance with Final Budget Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	
<b>Revenues:</b>				
All Other Revenues	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ 8,465</u>	<u>\$ 3,465</u>
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>8,465</u>	<u>3,465</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	8,465	3,465
Fund Balance at Beginning of Year	<u>313,431</u>	<u>313,431</u>	<u>313,431</u>	<u>0</u>
Fund Balance at End of Year	<u>\$ 318,431</u>	<u>\$ 318,431</u>	<u>\$ 321,896</u>	<u>\$ 3,465</u>



***Fiduciary Funds***

---

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

***Agency Funds***

---

**Insurance Trust Fund**

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

**Bonds and Inspection Fee Trust Fund**

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

**Municipal Court Fund**

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

**CITY OF MOUNT VERNON, OHIO**

***Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended December 31, 2006***

	Balance December 31, 2005	Additions	Deductions	Balance December 31, 2006
<b><u>Insurance Trust Fund</u></b>				
Assets:				
Cash and Cash Equivalents	\$4,800	\$30,000	(\$24,000)	\$10,800
Total Assets	<u>\$4,800</u>	<u>\$30,000</u>	<u>(\$24,000)</u>	<u>\$10,800</u>
Liabilities:				
Due to Others	\$4,800	\$30,000	(\$24,000)	\$10,800
Total Liabilities	<u>\$4,800</u>	<u>\$30,000</u>	<u>(\$24,000)</u>	<u>\$10,800</u>
<b><u>Bonds and Inspection Fee Trust Fund</u></b>				
Assets:				
Cash	\$21,751	\$34,500	(\$36,600)	\$19,651
Total Assets	<u>\$21,751</u>	<u>\$34,500</u>	<u>(\$36,600)</u>	<u>\$19,651</u>
Liabilities:				
Due to Others	\$21,751	\$34,500	(\$36,600)	\$19,651
Total Liabilities	<u>\$21,751</u>	<u>\$34,500</u>	<u>(\$36,600)</u>	<u>\$19,651</u>
<b><u>Municipal Court Fund</u></b>				
Assets:				
Cash and Cash Equivalents	\$65,959	\$889,832	(\$901,948)	\$53,843
Total Assets	<u>\$65,959</u>	<u>\$889,832</u>	<u>(\$901,948)</u>	<u>\$53,843</u>
Liabilities:				
Intergovernmental Payable	\$25,276	\$429,573	(\$429,714)	\$25,135
Due to Others	40,683	460,259	(472,234)	28,708
Total Liabilities	<u>\$65,959</u>	<u>\$889,832</u>	<u>(\$901,948)</u>	<u>\$53,843</u>
<b><u>Totals - All Agency Funds</u></b>				
Assets:				
Cash and Cash Equivalents	\$92,510	\$954,332	(\$962,548)	\$84,294
Total Assets	<u>\$92,510</u>	<u>\$954,332</u>	<u>(\$962,548)</u>	<u>\$84,294</u>
Liabilities:				
Intergovernmental Payables	\$25,276	\$429,573	(\$429,714)	\$25,135
Due to Others	67,234	524,759	(532,834)	59,159
Total Liabilities	<u>\$92,510</u>	<u>\$954,332</u>	<u>(\$962,548)</u>	<u>\$84,294</u>

*CAPITAL ASSETS USED IN THE  
OPERATION OF GOVERNMENTAL FUNDS*

---

**CITY OF MOUNT VERNON, OHIO**

---

***Capital Assets Used in the Operation of Governmental Funds  
Schedule by Source  
December 31, 2006***

---

Capital Assets

Land	\$10,616,060
Construction In Progress	2,328,282
Buildings	6,061,785
Improvements Other than Buildings	542,574
Infrastructure	31,177,794
Machinery and Equipment	5,461,194
Total Capital Assets	<u>\$56,187,689</u>

Investment in Capital Assets

General Fund	\$5,395,826
Special Revenue Funds	389,918
Capital Projects Fund	44,902,904
Proprietary Funds	84,846
Contributions	126,454
Federal Grants	691,381
State Grants	4,596,360
Total Investment in Capital Assets	<u>\$56,187,689</u>

**CITY OF MOUNT VERNON, OHIO**

---

***Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
December 31, 2006***

---

<u>Function and Activity</u>	<u>Land</u>	<u>Construction In Progress</u>	<u>Buildings</u>
<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	217,786	1,055,072
Total	<u>109,375</u>	<u>217,786</u>	<u>2,230,224</u>
<u>Security of Persons and Property:</u>			
Police	0	0	255,058
Fire	809,550	0	2,614,705
Total	<u>809,550</u>	<u>0</u>	<u>2,869,763</u>
<u>Transportation:</u>			
Street	<u>8,293,468</u>	<u>779,708</u>	<u>119,855</u>
<u>Leisure Time Activities:</u>			
Parks and Recreation	<u>1,355,632</u>	<u>1,330,788</u>	<u>756,752</u>
<u>Public Health and Welfare:</u>			
Cemetery	<u>48,035</u>	<u>0</u>	<u>85,191</u>
Total Capital Assets	<u>\$10,616,060</u>	<u>\$2,328,282</u>	<u>\$6,061,785</u>



**CITY OF MOUNT VERNON, OHIO**

---

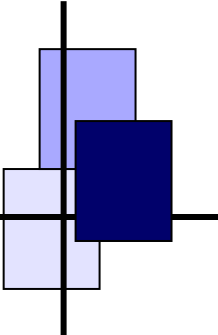
<u>Improvements Other than Buildings</u>	<u>Infrastructure</u>	<u>Machinery and Equipment</u>	<u>Total</u>
\$7,752	\$0	\$0	\$1,275,294
0	0	10,746	14,736
0	0	1,219	1,219
0	0	119,587	119,587
0	0	27,486	27,486
0	0	15,216	15,216
0	0	235,670	248,665
0	0	1,543	1,543
0	0	53,420	53,420
0	0	404,507	404,507
3,143	0	84,075	1,360,076
<u>10,895</u>	<u>0</u>	<u>953,469</u>	<u>3,521,749</u>
0	0	689,497	944,555
<u>4,056</u>	<u>0</u>	<u>2,196,985</u>	<u>5,625,296</u>
<u>4,056</u>	<u>0</u>	<u>2,886,482</u>	<u>6,569,851</u>
<u>20,437</u>	<u>31,177,794</u>	<u>1,140,817</u>	<u>41,532,079</u>
<u>417,927</u>	<u>0</u>	<u>322,492</u>	<u>4,183,591</u>
<u>89,259</u>	<u>0</u>	<u>157,934</u>	<u>380,419</u>
<u>\$542,574</u>	<u>\$31,177,794</u>	<u>\$5,461,194</u>	<u>\$56,187,689</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, 2006***

<u>Function and Activity</u>	<u>December 31, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31, 2006</u>
<u>General Government:</u>				
Administration	\$1,275,294	\$0	\$0	\$1,275,294
City Council	15,230	1,258	(1,752)	14,736
Mayor	3,380	0	(2,161)	1,219
City Auditor	87,142	32,445	0	119,587
Law Director	24,491	2,995	0	27,486
Income Tax	15,216	0	0	15,216
Municipal Court	236,800	11,865	0	248,665
Civil Service	1,543	0	0	1,543
Safety and Service	56,512	0	(3,092)	53,420
Engineer	405,607	0	(1,100)	404,507
Public Lands and Buildings	1,177,369	195,822	(13,115)	1,360,076
Total	<u>3,298,584</u>	<u>244,385</u>	<u>(21,220)</u>	<u>3,521,749</u>
<u>Security of Persons and Property:</u>				
Police	926,084	36,624	(18,153)	944,555
Fire	5,260,868	364,428	0	5,625,296
Total	<u>6,186,952</u>	<u>401,052</u>	<u>(18,153)</u>	<u>6,569,851</u>
<u>Transportation:</u>				
Street	<u>39,414,747</u>	<u>2,176,422</u>	<u>(59,090)</u>	<u>41,532,079</u>
<u>Leisure Time Activities:</u>				
Parks and Recreation	<u>2,820,029</u>	<u>1,815,354</u>	<u>(451,792)</u>	<u>4,183,591</u>
<u>Public Health and Welfare:</u>				
Cemetery	<u>380,055</u>	<u>6,824</u>	<u>(6,460)</u>	<u>380,419</u>
Total Capital Assets	<u>\$52,100,367</u>	<u>\$4,644,037</u>	<u>(\$556,715)</u>	<u>\$56,187,689</u>

# Statistical Section





## ***STATISTICAL TABLES***

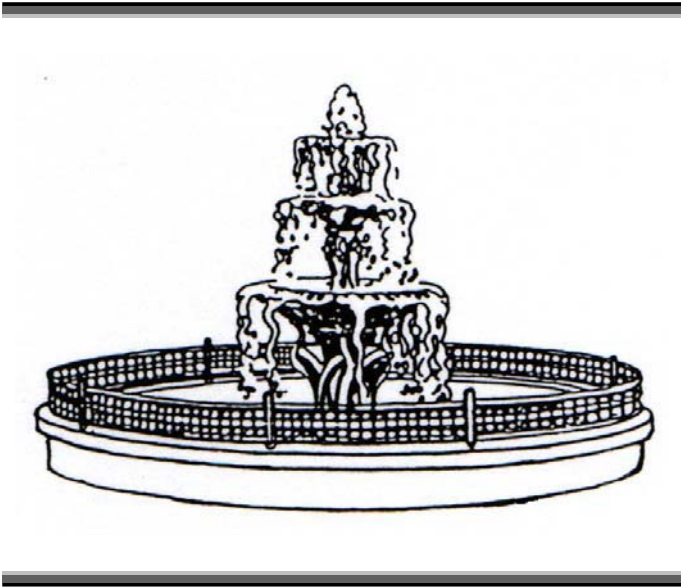
---

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

### ***Contents***

---

<b>Financial Trends</b>	S 3 – S 11
These schedules contain trend information to help the reader understand how the City’s financial position has changed over time.	
<b>Revenue Capacity</b>	S 12 – S 15
These schedules contain information to help the reader understand and assess the factors affecting the City’s ability to generate its most significant local revenue sources, which is income tax.	
<b>Debt Capacity</b>	S 16 – S 25
These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future.	
<b>Economic and Demographic Information</b>	S 26 – S 29
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City’s financial activities take place and to provide information that facilitates comparisons of financial information over time and among governments.	
<b>Operating Information</b>	S 30 – S 35
These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the city provides and the activities it performs.	
<b>Sources Note:</b>	
Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.	



**City of Mount Vernon, Ohio**

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

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

Source: City Auditor's Office

## City of Mount Vernon, Ohio

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

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

(continued)



## City of Mount Vernon, Ohio

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

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

Source: City Auditor's Office

**City of Mount Vernon, Ohio**

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

	1997	1998	1999	2000	2001
General Fund					
Reserved	\$185,869	\$507,188	\$571,294	\$359,446	\$451,473
Unreserved	2,266,381	1,852,938	2,117,738	3,210,612	2,954,889
<i>Total General Fund</i>	<u>2,452,250</u>	<u>2,360,126</u>	<u>2,689,032</u>	<u>3,570,058</u>	<u>3,406,362</u>
All Other Governmental Funds					
Reserved	169,882	325,832	767,865	489,955	322,545
Unreserved, Undesignated, Reported in:					
Special Revenue Funds	495,931	575,325	748,751	858,231	753,381
Debt Service Funds	159,245	115,058	71,093	37,143	40,213
Capital Projects Funds	3,477,878	4,062,502	1,504,166	605,011	722,580
Permanent Fund	0	0	0	0	0
<i>Total All Other Governmental Funds</i>	<u>4,302,936</u>	<u>5,078,717</u>	<u>3,091,875</u>	<u>1,990,340</u>	<u>1,838,719</u>
<i>Total Governmental Funds</i>	<u>\$6,755,186</u>	<u>\$7,438,843</u>	<u>\$5,780,907</u>	<u>\$5,560,398</u>	<u>\$5,245,081</u>

Source: City Auditor's Office

NOTE: Years 1997-2002 Do not include Perpetual Care Fund which was classified as a Fiduciary Fund prior to implementing GASB 34 in 2003

*City of Mount Vernon, Ohio*

---

---

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$452,615	\$300,833	\$270,566	\$230,254	\$301,509
<u>2,159,404</u>	<u>1,587,655</u>	<u>2,041,286</u>	<u>2,335,202</u>	<u>3,338,049</u>
<u>2,612,019</u>	<u>1,888,488</u>	<u>2,311,852</u>	<u>2,565,456</u>	<u>3,639,558</u>
775,975	411,570	286,964	278,367	371,377
565,443	607,698	701,300	824,716	900,067
0	0	0	0	840
1,569,804	494,970	824,861	1,623,553	801,833
<u>0</u>	<u>298,764</u>	<u>308,934</u>	<u>318,268</u>	<u>325,010</u>
<u>2,911,222</u>	<u>1,813,002</u>	<u>2,122,059</u>	<u>3,044,904</u>	<u>2,399,127</u>
<u>\$5,523,241</u>	<u>\$3,701,490</u>	<u>\$4,433,911</u>	<u>\$5,610,360</u>	<u>\$6,038,685</u>

**City of Mount Vernon, Ohio**

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

	1997	1998	1999	2000
<b>Revenues:</b>				
Taxes	\$6,229,793	\$6,458,836	\$6,473,941	\$6,874,972
Intergovernmental Revenues	2,231,353	1,959,813	1,767,470	2,281,644
Charges for Services	193,352	166,945	179,122	299,651
Licenses and Permits	251,632	246,771	249,816	205,464
Investment Earnings	569,594	545,611	373,343	347,948
Fines and Forfeitures	212,793	234,719	221,500	269,339
All Other Revenue	97,433	202,369	333,256	372,238
<b>Total Revenue</b>	<b>9,785,950</b>	<b>9,815,064</b>	<b>9,598,448</b>	<b>10,651,256</b>
<b>Expenditures:</b>				
Current:				
Security of Persons and Property	3,049,315	3,253,759	3,410,094	4,269,853
Public Health and Welfare Services	364,124	404,899	429,415	420,591
Leisure Time Activities	283,896	317,751	301,104	407,091
Community Environment	25,914	22,345	23,986	25,168
Basic Utility Services	10,018	6,394	11,296	12,265
Transportation	1,372,595	1,218,004	1,111,667	1,210,017
General Government	2,757,483	2,594,812	3,099,619	3,552,996
Other Expenditures	35	0	0	0
Capital Outlay	814,682	1,310,528	2,855,040	955,032
Debt Service:				
Principal Retirement	45,591	45,831	46,081	46,342
Interest and Fiscal Charges	36,384	33,794	31,194	36,514
<b>Total Expenditures</b>	<b>8,760,037</b>	<b>9,208,117</b>	<b>11,319,496</b>	<b>10,935,869</b>
Excess (Deficiency) of Revenues Over Expenditures	1,025,913	606,947	(1,721,048)	(284,613)

*City of Mount Vernon, Ohio*

2001	2002	2003	2004	2005	2006
\$7,162,621	\$7,333,467	\$7,705,183	\$8,243,192	\$9,237,011	\$10,980,389
3,299,208	2,361,696	2,191,567	4,128,601	3,329,519	2,995,086
275,565	315,157	370,846	385,912	661,031	689,374
337,654	410,109	22,496	4,834	34,329	34,776
243,570	172,363	93,876	103,091	214,335	471,742
296,143	269,540	635,456	645,627	656,958	758,950
100,059	207,941	155,745	191,174	174,126	247,003
<u>11,714,820</u>	<u>11,070,273</u>	<u>11,175,169</u>	<u>13,702,431</u>	<u>14,307,309</u>	<u>16,177,320</u>
4,030,991	4,325,464	4,368,772	4,353,302	4,617,588	5,197,207
516,857	515,752	534,829	541,546	578,186	564,521
457,160	376,607	335,744	270,347	287,260	1,325,158
23,320	330,762	668,592	620,049	446,243	301,064
0	0	0	0	0	0
3,756,029	4,091,140	3,721,449	3,268,392	2,852,792	2,735,444
4,292,876	4,048,058	3,903,761	3,626,077	4,017,230	5,295,380
0	0	0	0	0	0
0	0	0	0	0	0
46,615	3,372,993	3,736,395	217,786	212,377	217,413
37,956	154,447	217,840	133,006	125,645	121,678
<u>13,161,804</u>	<u>17,215,223</u>	<u>17,487,382</u>	<u>13,030,505</u>	<u>13,137,321</u>	<u>15,757,865</u>
(1,446,984)	(6,144,950)	(6,312,213)	671,926	1,169,988	419,455

(Continued)

**City of Mount Vernon, Ohio**

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

	1997	1998	1999	2000
<b>Other Financing Sources (Uses):</b>				
Proceeds from the Sale of Capital Assets	17,558	23,330	13,611	15,243
Ohio Public Works Commission Loan	0	0	0	0
General Obligation Bonds Issued	0	0	0	0
State Infrastructure Bank Loan	0	0	0	0
Transfers In	1,962,204	2,038,385	530,828	325,283
Transfers Out	(1,912,704)	(1,988,885)	(481,328)	(276,283)
<b>Total Other Financing Sources (Uses)</b>	<u>67,058</u>	<u>72,830</u>	<u>63,111</u>	<u>64,243</u>
<b>Net Change in Fund Balance</b>	<u>\$1,092,971</u>	<u>\$679,777</u>	<u>(\$1,657,937)</u>	<u>(\$220,370)</u>
 <b>Debt Service as a Percentage of Noncapital Expenditures</b>	 1.03%	 1.02%	 0.99%	 0.86%

Source: City Auditor's Office

NOTE: Years 1997-2002 Do not include Perpetual Care Fund which was classified as a Fiduciary Fund prior to implementing GASB 34 in 2003

*City of Mount Vernon, Ohio*

---



---

2001	2002	2003	2004	2005	2006
10,658	24,916	8,167	11,171	4,541	2,784
0	0	425,000	0	0	0
0	3,790,000	3,628,222	0	0	0
760,474	2,565,620	0	0	0	0
1,066,589	4,528,433	888,398	709,532	1,519,676	1,546,311
(1,017,089)	(4,478,933)	(838,898)	(660,032)	(1,519,676)	(1,546,311)
820,632	6,430,036	4,110,889	60,671	4,541	2,784
(\$626,352)	\$285,086	(\$2,201,324)	\$732,597	\$1,174,529	\$422,239

0.69%	28.02%	36.46%	3.53%	3.24%	3.15%
-------	--------	--------	-------	-------	-------

**City of Mount Vernon, Ohio**

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

<b>Tax year</b>	1997	1998	1999	2000
Income Tax Rate	1.50%	1.50%	1.50%	1.50%
Estimated Personal Income (in thousands)	\$301,016	\$310,995	\$314,128	\$353,893
Total Tax Collected	\$5,536,904	\$5,681,922	\$5,823,099	\$6,065,538
Income Tax Receipts				
Withholding	4,480,851	4,637,645	4,711,795	4,977,106
Percentage	80.93%	81.62%	80.92%	82.06%
Corporate	590,765	538,782	645,296	530,164
Percentage	10.67%	9.48%	11.08%	8.74%
Individuals	465,288	505,495	466,008	558,268
Percentage	8.40%	8.90%	8.00%	9.20%

Source: City Income Tax Department



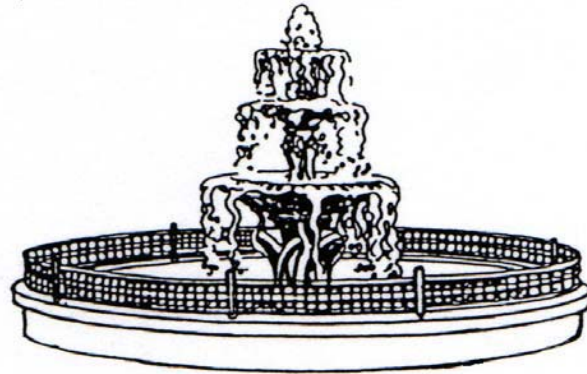
*City of Mount Vernon, Ohio*

---



---

2001	2002	2003	2004	2005	2006
1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
\$361,338	\$366,144	\$373,940	\$393,803	\$400,043	\$400,043
\$6,274,156	\$6,647,129	\$6,298,338	\$6,693,710	\$7,815,703	\$8,887,353
5,113,360	5,374,571	5,254,843	5,563,637	6,142,087	6,571,546
81.50%	80.86%	83.43%	83.12%	78.59%	73.94%
523,418	683,293	382,677	489,726	1,032,072	1,555,469
8.34%	10.28%	6.08%	7.32%	13.21%	17.50%
637,378	589,265	660,818	640,347	641,544	760,338
10.16%	8.86%	10.49%	9.57%	8.21%	8.56%



**City of Mount Vernon, Ohio**

*Income Tax Collections  
Current Year and Five Years Ago*

Calendar Year 2006

<u>Income Tax Filers</u>	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Taxable Income</u>	<u>Percent of Income</u>	<u>Income Tax Collections</u>	<u>Percent of Income</u>
Top Ten	10	0.16%	\$235,691,667	39.78%	\$3,535,375	39.78%
All Others	6,433	99.84%	356,798,533	60.22%	5,351,978	60.22%
Total	6,443	100.00%	\$592,490,200	100.00%	\$8,887,353	100.00%

Calendar Year 2001

<u>Income Tax Filers</u>	<u>Number of Filers</u>	<u>Percent of Total</u>	<u>Taxable Income</u>	<u>Percent of Income</u>	<u>Income Tax Collections</u>	<u>Percent of Income</u>
Top Ten	10	0.16%	\$180,990,200	43.27%	\$2,714,853	43.27%
All Others	6,413	99.84%	237,286,867	56.73%	3,559,303	56.73%
Total	6,423	100.00%	\$418,277,067	100.00%	\$6,274,156	100.00%

Source: City Income Tax Department

**City of Mount Vernon, Ohio**

*Ratio of Outstanding Debt By Type  
Last Ten Years*

	1997	1998	1999	2000
<b>Governmental Activities</b> (1)				
Long-Term Notes Payable	\$0	\$0	\$0	\$0
General Obligation Bonds Payable	200,000	160,000	120,000	80,000
Ohio Public Works Commission Loan Payable	0	0	0	0
Police & Firemen's Pension Accrued Liability	520,123	514,292	508,211	501,869
State Infrastructure Bank Loan	0	0	0	0
<b>Business-type Activities</b> (1)				
Long-Term Notes Payable	0	0	0	0
General Obligation Bonds Payable	9,005,000	8,965,000	8,640,000	8,305,000
Mortgage Revenue Bonds Payable	2,340,000	2,235,000	10,210,000	9,800,000
Total Primary Government	<u>\$12,065,123</u>	<u>\$11,874,292</u>	<u>\$19,478,211</u>	<u>\$18,686,869</u>
<b>Population</b> (2)				
City of Mount Vernon	14,504	14,504	14,504	15,256
Outstanding Debt Per Capita	\$832	\$819	\$1,343	\$1,225
<b>Income</b> (3)				
Personal (in thousands)	301,016	310,995	314,128	353,893
Percentage of Personal Income	4.01%	3.82%	6.20%	5.28%

**Sources:**

(1) City Auditor's Office

(2) US Bureau of Census, Population Division

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

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

*City of Mount Vernon, Ohio*

2001	2002	2003	2004	2005	2006
\$0	\$3,790,000	\$0	\$0	\$0	\$0
40,000	0	3,439,022	3,239,365	3,056,065	2,868,065
0	0	425,000	414,375	393,125	371,875
495,254	488,355	481,160	473,656	465,829	457,666
760,474	0	0	0	0	0
0	2,195,000	0	0	0	0
7,960,000	7,640,000	11,155,978	10,625,635	10,053,935	9,461,935
9,375,000	8,935,000	6,845,000	6,505,000	6,155,000	5,790,000
<u>\$18,630,728</u>	<u>\$23,048,355</u>	<u>\$22,346,160</u>	<u>\$21,258,031</u>	<u>\$20,123,954</u>	<u>\$18,949,541</u>
15,256	15,256	15,256	15,256	15,256	15,256
\$1,221	\$1,511	\$1,465	\$1,393	\$1,319	\$1,242
361,338	366,144	373,940	393,803	400,043	400,043
5.16%	6.29%	5.98%	5.40%	5.03%	4.74%

**City of Mount Vernon, Ohio**

*Ratios of General Bonded Debt Outstanding  
Last Ten Years*

Year	1997	1998	1999	2000
<b>Population</b> (1)	14,504	14,504	14,504	15,256
<b>Assessed Value</b> (2)	\$214,315,149	\$228,556,037	\$251,999,455	\$277,059,819
<b>General Bonded Debt</b> (3)				
General Obligation Bonds	\$9,205,000	\$9,125,000	\$8,760,000	\$8,385,000
<b>Resources Available to Pay Principal</b> (4)	\$159,245	\$115,058	\$71,093	\$37,143
<b>Net General Bonded Debt</b>	\$9,045,755	\$9,009,942	\$8,688,907	\$8,347,857
<b>Ratio of Net Bonded Debt to Estimated Actual Value</b>	4.22%	3.94%	3.45%	3.01%
<b>Net Bonded Debt per Capita</b>	\$623.67	\$621.20	\$599.07	\$547.19

**Source:**

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

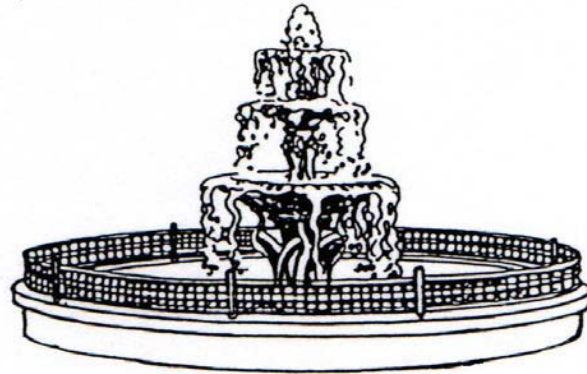
*City of Mount Vernon, Ohio*

---



---

2001	2002	2003	2004	2005	2006
15,256	15,256	15,256	15,256	15,256	15,256
\$247,657,131	\$283,775,593	\$285,051,489	\$287,409,437	\$296,485,180	\$282,994,466
\$8,000,000	\$7,640,000	\$14,595,000	\$13,865,000	\$13,110,000	\$12,330,000
\$40,213	\$0	\$0	\$2	\$0	\$840
\$7,959,787	\$7,640,000	\$14,595,000	\$13,864,998	\$13,110,000	\$12,329,160
3.21%	2.69%	5.12%	4.82%	4.42%	4.36%
\$521.75	\$500.79	\$956.67	\$908.82	\$859.33	\$808.15





**City of Mount Vernon, Ohio**

*Computation of Direct and Overlapping  
Debt Attributable to Governmental Activities  
December 31, 2006*

<u>Jurisdiction (1)</u>	<u>Gross Debt Outstanding</u>	<u>Percentage Applicable to the City of Mount Vernon</u>	<u>Amount Applicable to the City of Mount Vernon</u>
<b>Direct:</b>			
City of Mount Vernon	\$4,206,395	100.00%	\$4,206,395
<b>Overlapping:</b>			
Knox County	10,380,000	27.23%	2,826,474
Mount Vernon School District	7,505,000	53.36%	4,004,668
		Subtotal	6,831,142
		Total	\$11,037,537

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

**Source:** Knox County Auditor and Fiscal Officers of Subdivision

**City of Mount Vernon, Ohio**

*Debt Limitations  
Last Ten Years*

<b>Collection Year</b>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
<u>Total Debt</u>				
Net Assessed Valuation	\$214,315,149	\$228,556,037	\$251,999,455	\$277,059,819
Legal Debt Limitation (%) (1)	10.50%	10.50%	10.50%	10.50%
Legal Debt Limitation (\$) (1)	22,503,091	23,998,384	26,459,943	29,091,281
City Debt Outstanding (2)	200,000	160,000	120,000	80,000
Less: Applicable Debt Service Fund Amounts	<u>(159,245)</u>	<u>(115,058)</u>	<u>(71,093)</u>	<u>(37,143)</u>
Net Indebtedness Subject to Limitation	<u>40,755</u>	<u>44,942</u>	<u>48,907</u>	<u>42,857</u>
Overall Legal Debt Margin	<u><u>\$22,462,336</u></u>	<u><u>\$23,953,442</u></u>	<u><u>\$26,411,036</u></u>	<u><u>\$29,048,424</u></u>
<u>Unvoted Debt</u>				
Net Assessed Valuation	\$214,315,149	\$228,556,037	\$251,999,455	\$277,059,819
Legal Debt Limitation (%) (1)	5.50%	5.50%	5.50%	5.50%
Legal Debt Limitation (\$) (1)	11,787,333	12,570,582	13,859,970	15,238,290
City Debt Outstanding (2)	200,000	160,000	120,000	80,000
Less: Applicable Debt Service Fund Amounts	<u>(159,245)</u>	<u>(115,058)</u>	<u>(71,093)</u>	<u>(37,143)</u>
Net Indebtedness Subject to Limitation	<u>40,755</u>	<u>44,942</u>	<u>48,907</u>	<u>42,857</u>
Overall Legal Debt Margin	<u><u>\$11,746,578</u></u>	<u><u>\$12,525,640</u></u>	<u><u>\$13,811,063</u></u>	<u><u>\$15,195,433</u></u>

(1) Direct Debt Limitation based upon Section 133, The Uniform Bond Act of the Ohio Revised Code.

(2) City Debt Outstanding includes Non Self-Supporting General Obligation Bonds and Notes only.  
Enterprise Debt is not considered in the computation of the Legal Debt Margin.  
Tax Increment Financing Bonds are not considered in the computation of the Legal Debt Margin.

Source: City Auditor's Office

*City of Mount Vernon, Ohio*

2001	2002	2003	2004	2005	2006
\$247,657,131	\$283,775,593	\$285,051,489	\$287,409,437	\$296,485,180	\$282,994,466
10.50%	10.50%	10.50%	10.50%	10.50%	10.50%
26,003,999	29,796,437	29,930,406	30,177,991	31,130,944	29,714,419
40,000	0	243,030	230,095	218,395	4,206,395
(40,213)	0	0	(2)	0	(840)
(213)	0	243,030	230,093	218,395	4,205,555
\$26,004,212	\$29,796,437	\$29,687,376	\$29,947,898	\$30,912,549	\$25,508,864
\$247,657,131	\$283,775,593	\$285,051,489	\$287,409,437	\$296,485,180	\$282,994,466
5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
13,621,142	15,607,658	15,677,832	15,807,519	16,306,685	15,564,696
40,000	0	243,030	230,095	218,395	4,206,395
(40,213)	0	0	(2)	0	(840)
(213)	0	243,030	230,093	218,395	4,205,555
\$13,621,355	\$15,607,658	\$15,434,802	\$15,577,426	\$16,088,290	\$11,359,141

**City of Mount Vernon, Ohio**

*Pledged Revenue Coverage  
Last Ten Years*

	1997	1998	1999
<b>Wastewater Mortgage Revenue Bonds 1992 Series (1 a)</b>			
Gross Revenues (2)	\$2,037,083	\$2,299,439	\$2,498,705
Direct Operating Expenses (3)	(1,238,135)	(1,364,512)	(1,388,492)
Net Revenue Available for Debt Service	798,948	934,927	1,110,213
Annual Debt Service Requirement	239,380	239,730	239,585
Coverage	3.34	3.90	4.63
<b>Water System Bonds 1999 Series (1 b)</b>			
Gross Revenues (2)	\$0	\$0	\$2,989,376
Direct Operating Expenses (3)	0	0	(1,423,756)
Net Revenue Available for Debt Service	0	0	1,565,620
Annual Debt Service Requirement	0	0	562,339
Coverage	N/A	N/A	2.78
<b>Tax Increment Financing (TIF) Bonds (4)</b>			
Payment In Lieu of Taxes (PILOT) Collections	\$0	\$0	\$0
Debt Service			
Principal	0	0	0
Interest	0	0	0
Coverage	N/A	N/A	N/A

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

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

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

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

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

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

Source: City Auditor's Office

*City of Mount Vernon, Ohio*

2000	2001	2002	2003	2004	2005	2006
\$2,564,841	\$2,516,508	\$2,508,208	\$0	\$0	\$0	\$0
(1,675,101)	(1,418,787)	(1,774,502)	0	0	0	0
889,740	1,097,721	733,706	0	0	0	0
239,030	238,050	236,690	0	0	0	0
3.72	4.61	3.10	N/A	N/A	N/A	N/A
\$2,836,361	\$2,850,267	\$2,871,562	\$2,678,308	\$3,034,525	\$2,931,081	\$3,091,208
(1,674,197)	(1,563,777)	(1,698,148)	(1,644,435)	(1,621,464)	(1,698,652)	(1,648,878)
1,162,164	1,286,490	1,173,414	1,033,873	1,413,061	1,232,429	1,442,330
635,548	635,813	635,443	634,103	637,078	634,158	635,858
1.83	2.02	1.85	1.63	2.22	1.94	2.27
\$0	\$0	\$0	\$443,561	\$510,867	\$566,671	\$917,141
0	0	0	176,000	186,722	171,600	176,000
0	0	0	72,259	102,245	98,857	95,397
N/A	N/A	N/A	1.79	1.77	2.10	3.38

## *City of Mount Vernon, Ohio*

### *Demographic and Economic Statistics Last Ten Years*

Calendar Year	1997	1998	1999	2000
<b>Population</b> (1)				
City of Mount Vernon	14,504	14,504	14,504	15,256
Knox County	47,473	47,473	47,473	54,500
<b>Income</b> (2) (a)				
Total Personal (in thousands)	301,016	310,995	314,128	353,893
Per Capita	20,754	21,442	21,658	23,197
<b>Unemployment Rate</b> (3)				
Federal	5.4%	4.9%	4.5%	4.2%
State	4.8%	4.6%	4.3%	4.3%
Knox County	4.5%	4.7%	4.9%	4.0%
<b>Civilian Work Force Estimates</b> (3)				
State	5,710,000	5,678,000	5,749,000	5,900,400
Knox County	26,600	26,200	26,300	26,000

**Sources:**

(1) US Bureau of Census of Population

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

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

(3) State Department of Labor Statistics

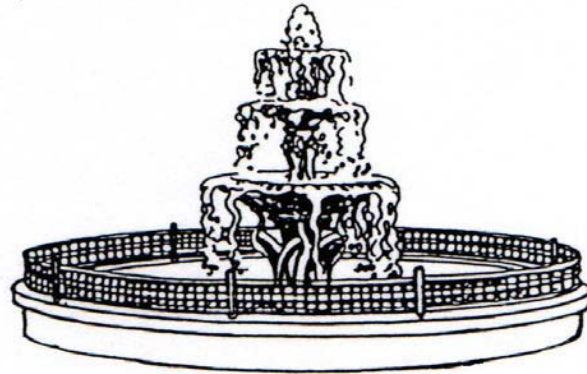
*City of Mount Vernon, Ohio*

---



---

2001	2002	2003	2004	2005	2006
15,256	15,256	15,256	15,256	15,256	15,256
54,500	54,500	54,500	54,500	54,500	54,500
361,338	366,144	373,940	393,803	400,043	400,043
23,685	24,000	24,511	25,813	26,222	26,222
3.8%	4.8%	5.8%	6.0%	5.5%	5.0%
3.7%	4.3%	5.7%	6.1%	6.0%	5.9%
3.7%	4.7%	5.8%	5.6%	5.4%	5.1%
5,857,000	5,828,000	5,915,000	5,875,300	5,900,400	5,934,000
26,600	26,900	27,600	29,200	30,100	30,500





## *City of Mount Vernon, Ohio*

### *Principal Employers Current Year and Nine Years Ago*

		2006	
Employer	Nature of Business	Number of Employees	Rank
Rolls-Royce	Manufacturing	855	1
Ariel Corporation	Manufacturing	835	2
Knox Community Hospital	Medical Care	573	3
Knox County	Government	545	4
Board of Education (City)	Education	478	5
TRW	Manufacturing	400	6
Mount Vernon Nazarene University	Education	399	7
Wal-Mart	Retail	327	8
United Precast, Inc.	Manufacturing	300	9
Jeld-Wen Windows & Doors	Manufacturing	284	10
Total		4,996	
		1997	
Employer	Nature of Business	Number of Employees	Rank
Cooper Energy Services	Manufacturing	1,253	1
Mount Vernon Nazarene College	Education	663	2
Board of Education (City)	Education	528	3
Knox Community Hospital	Medical Care	456	4
Kelsey-Hayes	Manufacturing	460	5
Knox County	Government	410	6
Jeld-Wen, Inc.	Manufacturing	420	7
Ariel Corporation	Manufacturing	413	8
Wal-Mart	Retail	193	9
Breon, Inc.	Restaurant	556	10
Total		5,352	

**Sources:**

City Auditor's Office

**City of Mount Vernon, Ohio**

*Full Time Equivalent Employees by Function  
Last Seven Years*

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

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

Elected Officials have been omitted from this table

Source: City Auditor's Office

*City of Mount Vernon, Ohio*

---

---

<u>2005</u>	<u>2006</u>
1.00	1.00
2.00	2.00
4.00	4.00
3.00	3.00
10.50	10.50
2.00	2.00
0.50	0.50
5.00	5.50
1.75	1.75
29.00	28.50
31.00	33.00
12.75	13.00
16.75	16.75
5.00	5.00
17.50	17.50
19.00	19.00
<u>160.75</u>	<u>163.00</u>

**City of Mount Vernon, Ohio**

*Operating Indicators by Function  
Last Ten Years*

	1997	1998	1999	2000
<b>Governmental Activities</b>				
General Government				
Court				
Number of Civil Cases	641	635	603	764
Number of Criminal Cases	1,029	1,174	1,235	1,179
Number of Traffic Cases	7,338	7,449	7,015	6,779
Number of Open Cases	227	91	118	109
Licenses and Permits				
Number of Building Permits	257	259	191	203
Security of Persons and Property				
Police				
Number of Citations Issued	4,071	4,445	4,329	4,495
Fire				
Number of Fire Calls	3,032	2,896	3,439	3,335
Number of EMS Runs				
Number of Inspections	250	250	250	250
<b>Business-Type Activities</b>				
Water				
Number of Service Connections	5,892	5,892	5,892	5,962
Daily Average Consumption (thousands of gallons)	2,716,227	2,281,173	2,682,611	2,685,849
Sewer				
Number of Service Connections	5,939	5,939	5,939	6,042
Daily Average Sewage Treatment (thousands of gallons)	3,097,953	3,103,208	2,869,151	2,999,019

Source: City Auditor's Office

*City of Mount Vernon, Ohio*

---

---

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
942	1,029	1,085	1,193	1,098	1,078
1,180	1,178	1,335	1,151	1,146	1,170
6,938	7,749	6,620	5,257	6,002	6,571
108	143	159	181	210	213
214	206	213	223	218	211
4,495	4,495	3,466	2,953	3,608	3,322
3,425	3,442	3,826	4,003	4,003	868
250	250	325	325	325	2,814
6,047	6,106	6,186	6,249	6,307	125
2,477,529	2,619,205	2,466,822	2,607,683	2,252,603	6,369
6,217	6,320	6,408	6,488	6,536	6,590
2,511,140	2,780,038	3,143,844	3,514,664	3,524,293	3,122,181

## *City of Mount Vernon, Ohio*

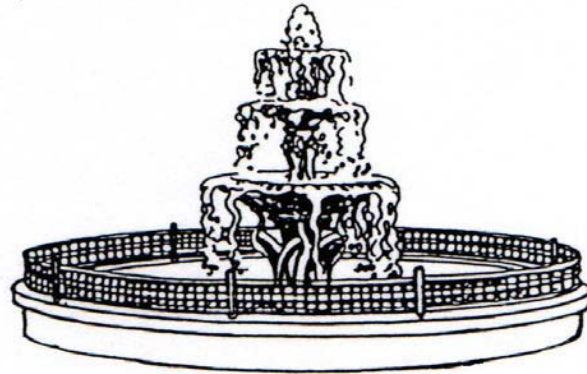
### *Capital Asset Statistics by Function Last Ten Years*

	1997	1998	1999	2000
<b>Governmental Activities</b>				
General Government				
Public Land and Buildings				
Land (acres)	8.7	8.7	8.7	9.2
Buildings	8	8	8	8
Security of Persons and Property				
Police				
Stations	1	1	1	1
Vehicles	12	12	12	12
Fire				
Stations	2	2	2	2
Vehicles	11	11	11	11
Transportation				
Street				
Streets (lane miles)	76	76	76	76
Street Lights	1,470	1,470	1,470	1,470
Traffic Signals	47	47	47	47
Vehicles	13	13	13	13
Leisure Time Activities				
Parks/Recreation				
Land (acres)	90.19	90.19	90.19	176.58
Buildings	13	13	13	13
Parks	6	6	6	7
Playgrounds	4	4	4	4
Swimming Pools	2	2	2	2
Tennis Courts	10	10	10	10
Baseball/Softball Diamonds	11	11	11	11
Soccer Fields	2	2	2	2
<b>Business-Type Activities</b>				
Utilities				
Water				
Waterlines (Miles)	63	63	63	63
Number of Hydrants	484	484	484	484
Average Daily Consumption	2,716,227	2,281,173	2,682,611	2,685,849
Storage Capacity (thousands of gallons)	5,000	5,000	5,000	5,000
Sewer				
Sewerlines (Miles)	62	62	62	62
Average Daily Treatment	3,097,953	3,103,208	2,869,151	2,999,019
Treatment Capacity (thousands of gallons)	5,000	5,000	5,000	5,000

Source: City Auditor's Office

*City of Mount Vernon, Ohio*

2001	2002	2003	2004	2005	2006
9.2	9.2	9.2	9.2	9.2	9.2
8	9	9	9	9	9
1	1	1	1	1	1
12	13	13	13	13	13
2	2	2	2	2	2
11	11	11	11	11	11
76	76	76	82	82	82
1,470	1,470	1,470	1,470	1,470	1,470
47	50	50	50	50	50
13	13	13	13	13	13
176.58	176.58	176.58	176.58	176.58	210.32
13	13	13	14	14	14
7	7	7	8	8	8
4	4	4	4	4	4
2	2	2	2	2	2
10	10	10	10	10	10
11	11	11	11	11	11
2	2	2	2	2	2
63	63	63	63	63	63
484	484	484	484	484	484
5,477,529	2,619,205	2,466,822	2,607,683	2,252,603	2,465,836
5,000	7,000	7,000	7,000	7,000	7,000
62	62	62	62	62	62
2,511,140	2,780,038	3,143,844	3,514,664	3,524,293	3,122,181
5,000	5,000	5,000	5,000	5,000	5,000







**Mary Taylor, CPA**  
Auditor of State

**CITY OF MOUNTY VERNON**

**KNOX COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 24, 2007**