City of Mt. Vernon

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and Members of the City Council
City of Mt. Vernon, Kentucky

I have audited the accompanying general purpose financial statements of the City of Mt. Vernon, Kentucky as of and for the year then ended June 30, 1998, as listed in the accompanying table of contents. These general purpose financial statements are the responsibility of the City of Mt. Vernon, Kentucky's, management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Mt. Vernon, Kentucky, as of June 30, 1998 and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report dated December 15, 2000 on my consideration of the City of Mt. Vernon, Kentucky's internal control over financial reporting and my tests of its compliance with certian provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjuction with this report in considering the results of my audit.

My audit was performed for the purpose of forming an opinion on the general purpose financial statements of the City of Mt. Vernon, Kentucky, taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of general purpose financial statements of the City of Mt. Vernon, Kentucky. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, "Audits of State, Local Governments and Non-Profit Organizations," and is also not a required as part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

CITY OF MT. VERNON, KENTUCKY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1998

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	June 30, 1998
Revenue:			
Property taxes	$ 98,100	$	$ 98,100
Franchise fees	99,743		99,743
Privilige licenses	21,768		21,768
Vehicle tax	13,057		13,057
Arrest fees, fines, etc.	2,873		2,873
Police department grants	29,113		29,113
Interest income	19,903	3,179	23,082
Boat docking fees	3,600		3,600
Fire department revenue	1,757		1,757
Other	9,991		9,991
Intergovernmental revenues:			
Municipal road aid		89,114	89,114
Coal and mineral grants		4,368	4,368
Base court revenue	11,301		11,301
Hud Repayment	6,633		6,633
State law enforcement subsidies	17,431		17,431
Total revenues	$335,270	$96,661	$431,931

CITY OF MT. VERNON, KENTUCKY
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (CONTINUED)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1998

	Governmental Fund Types		Totals (Memorandum only)
	General	Special Revenue	June 30, 1998
Expenditures:			
General government	$ 55,885	$	$ 55,885
Parks and recreation	116,880		116,880
Police department	302,192		302,192
Fire department	6,551		6,551
Streets		91,262	91,262
Total Expenditures	481,508	91,262	572,770
Excess of revenues over (under) expenditures	<146,238>	5,399	<140,839>
Other financing sources (uses): Operating transfers in (out)	11,542	<11,542>	0
Excess of revenues and other other financing sources over (under) expenditures	<134,696>	< 6,143>	<140,839>
Fund balances, beginning of year as previously reported	26,914	327,904	354,818
Fund balances, end of year	$<107,782>	$321,761	$213,979

CITY OF MT. VERNON, KENTUCKY
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1998

	GOVERNMENTAL FUND TYPES		PROPRIETARY FUND TYPE	ACCOUNT GROUP	TOTALS MEMORANDUM ONLY
	GENERAL	SPECIAL REVENUE	WATER AND SEWER	GENERAL FIXED ASSETS	JUNE 30, 1998
ASSETS					
Cash	$ 57,665	$	$ 137,601	$	$ 195,266
Receivables: Taxes (less allowance for doubtful accounts of $1,480)	3,935				3,935
Accounts (including $52,836 in unbilled receivables and less allowance for doubtful accounts of $4,395)			151,660		151,660
Interest receivable	20,745		3,826		24,571
Other receivables	2,643				2,643
Note receivable	100,000	67,290			167,290
Due from other funds	60,352	240,440	138,809		439,601
Deferred charges			146,778		146,778
Prepaid insurance	5,960		5,308		11,268
Restricted assets: Cash		73,191	1,002,612		1,075,803
Cash - held by fiscal agent			2,819,754		2,819,754
Land and buildings			425,480	250,671	676,151
Construction in progress			1,034,437		1,034,437
Improvements			7,211,448		7,211,448
Machinery and equipment			192,985	223,046	416,031
Accumulated depreciation			<2,741,732>		<2,741,732>
TOTAL ASSETS	$251,300	$380,921	$10,528,966	$473,717	$11,634,904

CITY OF MT. VERNON, KENTUCKY
COMBINED BALANCE SHEET (CONTINUED)
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1998

	GOVERNMENTAL FUND TYPES		PROPRIETARY FUND TYPE	ACCOUNT GROUP	TOTALS MEMORANDUM ONLY
	GENERAL	SPECIAL REVENUE	WATER AND SEWER	GENERAL FIXED ASSETS	JUNE 30, 1998
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	$ 669	$	$ 620,347	$	$ 621,016
Refundable deposits			39,945		39,945
Accrued benefits and expense	25,354		31,782		57,136
Due to other funds	324,061	59,160	56,381		439,602
Short term note payable			75,264		75,264
Long term note payable			1,282,492		1,282,492
Revenue bonds payable					
Current			46,699		46,699
Long term			3,595,301		3,595,301
Total Liabilities	$350,084	$59,160	$ 5,748,211		$ 6,157,455
Fund Equity:					
Contributed capital			3,680,857		3,680,857
Investment in general fixed assets				473,717	473,717
Retained earnings:					
Reserved for debt service and depreciation			388,598		388,598
Unreserved			711,300		711,300
Grant funds	9,000				9,000
Fund balances, unreserved:					
Designated for economic development		204,395			204,395
Designated for street repairs		117,366			117,366
Undesignated	<107,784>				<107,784>
Total fund equity	< 98,784>	321,761	4,780,755	473,717	5,477,449
Total liabilities and fund equity	$251,300	$380,921	$10,528,966	$473,717	$11,634,904

CITY OF MT. VERNON, KENTUCKY
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL TYPES
FOR THE YEAR ENDED JUNE 30, 1998

	GENERAL FUND			SPECIAL REVENUE FUND		
	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:						
Taxes	$ 95,230	$111,157	$ 15,927	$	$	$
Licenses and permits	17,000	21,768	4,768			
Intergovernmental revenue	23,800	35,365	11,565		93,482	93,482
Franchise Fees	57,000	99,743	42,743			
Interest income and other revenues	36,000	67,237	31,237		3,179	3,179
Total revenues	229,030	335,270	106,240		96,661	96,661
Expenditures:						
General government	45,100	55,885	< 10,785>	11,217		11,217
Parks and recreation		116,880	<116,880>			
Police and dispatch	215,930	302,192	< 86,262>			
Fire		6,551	< 6,551>			
Streets				58,000	91,262	< 33,262>
Total expenditures	261,030	481,508	<220,478>	69,217	91,262	< 22,045>
Excess revenues over (under) expenditures	< 32,000>	<146,238>	<114,238>	<69,217>	5,399	74,616
Other financing sources (uses): Operating transfers in (out)	32,000	11,542	< 20,458>		< 11,542>	<11,542>
Excess revenues and other financing sources over (under) expenditures		<134,696>	<134,696>	< 69,217>	< 6,143>	63,074
Fund balances, beginning of year	26,914	26,914		327,904	327,904	
Fund balances, end of year	$ 26,914	$<107,782>	$<134,696>	$258,687	$321,761	$ 63,074

CITY OF MT. VERNON, KENTUCKY
COMBINED STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1998

	Water and Sewer Fund
Operating Revenues:	
Water Sales (exclusive of tax)	$ 629,707
Sewer Sales	412,094
Other income	6,445
Total Operating Revenues	1,048,246
Operating expenses:	
Wages	260,258
Employee taxes and benefits	113,674
Operating expense	148,871
Repairs and maintenance	10,607
Utilities	98,705
Office expense	8,511
Small tools and equipment	2,480
Insurance	12,175
Depreciation	147,601
Contracted services	12,754
Miscellaneous	5,162
Total operating expenses	820,798
Operating income	227,448
Non-operating revenues (expenses):	
Interest on investments	14,519
Interest on revenue bonds	< 65,667>
Amortization	< 3,937>
Grant Revenue	350,000
Total non-operating revenues (expense)	< 294,915>
Net Income	522,363
Retained earnings, beginning of year	466,196
Adjustment to Retained earnings	111,340
Retained earnings after adjustment	577,536
Retained earnings, end of year	$1,099,899

(Cont. to B7)