



**Auditor of State  
Betty Montgomery**



CITY OF MENTOR  
LAKE COUNTY

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**CITY OF MENTOR  
LAKE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
<i>Direct Program:</i>			
Community Planning and Development			
Community Development Block Grants/Entitlement Grants	B-98-MC-39-0033	14.218	\$ 88
Community Development Block Grants/Entitlement Grants	B-00-MC-39-0033	14.218	351
Community Development Block Grants/Entitlement Grants	B-01-MC-39-0033	14.218	16,142
Community Development Block Grants/Entitlement Grants	B-02-MC-39-0033	14.218	3,605
Community Development Block Grants/Entitlement Grants	B-03-MC-39-0033	14.218	12,500
Community Development Block Grants/Entitlement Grants	B-03-MC-39-0033	14.218	<u>\$146,082</u>
Total U.S. Department of Housing and Urban Development			<u>\$ 178,768</u>
<b><u>U.S. DEPARTMENT OF JUSTICE</u></b>			
<i>Passed Through the Ohio Office of Criminal Justice Services:</i>			
Office of Justice Programs			
Crime Victim Assistance	2005VAGENE531	16.575	2,883
Crime Victim Assistance	2006VAGENE531	16.575	<u>20</u>
Total U.S. Department of Justice			<u>\$ 2,903</u>
<b><u>U.S. DEPARTMENT OF HIGHWAY ADMINISTRATION</u></b>			
<i>Passed Through Ohio Department of Transportation:</i>			
Highway Planning and Construction Grant - Heisley Road Grade Separation	TE21-G020(253)/11231	20.205	<u>1,039,972</u>
Total U.S. Department of Highway Administration			<u>\$ 1,039,972</u>
<b><u>FEDERAL EMERGENCY MANAGEMENT AGENCY</u></b>			
<i>Direct Program:</i>			
United States Fire Administration			
Assistance to Firefighters Grant	ENW-2002-FG-12202	97.044	94,727
Assistance to Firefighters Grant	ENW-2003-FG-18692	97.044	<u>60,192</u>
Total Federal Emergency Management Agency			<u>\$ 154,919</u>
<b><u>U.S. DEPARTMENT OF COMMERCE</u></b>			
<i>Direct Program:</i>			
Coastal Zone Management Administration Awards	NA05NOS4191260	11.419	<u>\$ 976,489</u>
Total U.S. Department of Commerce			<u>\$ 976,489</u>
<b>Total Federal Assistance</b>			<b><u>\$ 2,353,051</u></b>

See the accompanying notes to the Schedule of Federal Award Expenditures

**CITY OF MENTOR  
LAKE COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FISCAL YEAR ENDED DECEMBER 31, 2005**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

CFDA – Catalog of Federal Domestic Assistance



**Auditor of State  
Betty Montgomery**

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

City of Mentor  
Lake County  
8500 Civic Center Boulevard  
Mentor, Ohio 44060

To the City Council:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of City of Mentor, Lake County, Ohio, (the City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 29, 2006. 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 to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the City's management dated June 29, 2006, we reported other matters involving internal control over financial reporting we did not deem a reportable condition.

**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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2005-001. In a separate letter to the City's management dated June 29, 2006, we reported other matters related to noncompliance we deemed immaterial.

City of Mentor  
Lake County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

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

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

**Betty Montgomery**  
Auditor of State

June 29, 2006





**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO ITS MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

City of Mentor  
Lake County  
8500 Civic Center Boulevard  
Mentor, Ohio 44060

To the City Council:

**Compliance**

We have audited the compliance of City of Mentor, Lake County, Ohio, (the City) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended December 31, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the City's major federal program. The City's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to its major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2005.

**Internal Control Over Compliance**

The City's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted matters involving the internal control over financial reporting not requiring inclusion in this report that we have reported to the City's management in a separate letter dated June 29, 2006.

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

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of City of Mentor, Lake County, Ohio, as of and for the year ended December 31, 2005, and have issued our report thereon dated June 29, 2006. Our audit was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of federal awards expenditures provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



**Betty Montgomery**  
Auditor of State

June 29, 2006

CITY OF MENTOR  
LAKE COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2005

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	Yes
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	National Oceanic and Atmospheric Administration Coastal and Estuarine Land Conservation Program, CFDA #11.419
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	Yes

**CITY OF MENTOR  
LAKE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2005  
(CONTINUED)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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Finding Number	2005-001
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**Amended Certificates of Estimated Resources**

Ohio Rev. Code Section 5705.36 allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

The total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriation or supplemental appropriation.

During the audit period, the City issued new debt to finance the acquisition of a golf course and to pay off notes that were due. The debt issuance took place in October, 2005 in the amount of \$15,210,000. The City did not receive an amended certificate of estimated resources until after the year end for the new monies and new appropriation for the debt issuance and retirement.

We recommend the City request an amended certificate of estimated resources whenever new debt is issued in accordance with the Ohio Revised Code.

**Management's Response:**

Management will make every effort to ensure all amended certificates are timely filed.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
------------------------------------------------------------

None



**COMPREHENSIVE  
ANNUAL FINANCIAL  
REPORT**

**For the fiscal year ended December 31, 2005**

**MENTOR, OHIO**



CITY OF  
MENTOR, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005

*ISSUED BY THE DEPARTMENT OF FINANCE*

*DAVID W. MALINOWSKI, DIRECTOR*





# CITY OF MENTOR, OHIO

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# CITY OF MENTOR, OHIO

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***INTRODUCTORY SECTION***

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## City of Mentor

Council-manager  
government since 1963

8500 Civic Center Boulevard  
Mentor, Ohio 44060-2499  
440-255-1100  
[www.cityofmentor.com](http://www.cityofmentor.com)

June 29, 2006

City Manager, Council President  
and members of City Council  
of the City of Mentor, Ohio

### Introduction

We are pleased to present the Comprehensive Annual Financial Report of the City of Mentor (the “City”) for the year ended December 31, 2005. This report, prepared by the Department of Finance, includes the basic financial statements that summarize the various operations and cash flows related to the City’s 2005 activities. Our intention is to provide a clear, comprehensive, and materially accurate overview of the City’s financial position at the close of last year. The enclosed information has been designed to allow the reader to gain an understanding of the City’s finances, including financial trends, financial instruments, and fund performances. The City has complete responsibility for all information contained in this report.

This report consists of management’s representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the City’s assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City’s financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”). Because the cost of internal controls should not outweigh their benefits, this comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects and presents fairly the financial position and results of operations of the various funds of the City. All necessary disclosures are included in this report to enable the reader to understand the City’s financial activities.

The City’s financial statements may be audited either by the Auditor of the State of Ohio, or with permission of the Auditor of State, by an independent certified public accountant. The audit of the City’s basic financial statements for fiscal year 2005 was performed by the Auditor of the State of Ohio. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The Auditor of the State of Ohio concluded, based upon its audit, that there was a reasonable basis for rendering an unqualified opinion that the City’s financial statements for the fiscal year ended December 31, 2005 are fairly presented, in all material respects, in conformity with GAAP. The Independent Accountants’ report is presented as the first component of the financial section of this document.

The independent audit of the financial statements of the City was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City’s separately issued Single Audit Report.

GASB 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 the MD&A and should be read in conjunction with it. The City’s MD&A can be found immediately following the independent auditor’s report in the financial section of this document.

### **Structure of this Comprehensive Annual Financial Report**

This Comprehensive Annual Financial Report (“CAFR”) is designed to assist the reader in understanding the City’s finances. This CAFR consists of the following sections:

- The Introductory Section, which includes this letter of transmittal, contains information pertinent to the City’s management and organization.
- The Financial Section contains the Independent Accountants’ Report, Management’s Discussion and Analysis (MD&A), Basic Financial Statements and Notes, and various other statements and schedules pertaining to the City’s funds and activities.
- The Statistical Section contains numerous tables of financial and demographic information. Much of this information is shown with comparative data for the ten-year period from 1996 through 2005.

References throughout this report to Note 1, Note 2, etc., are to the Notes to Basic Financial Statements included in the Financial Section of this CAFR.

### **Profile of the Government**

#### *The City*

The City is a municipal corporation and political subdivision of the State of Ohio. It is located on the southern shore of Lake Erie approximately 25 miles east of downtown Cleveland. Mentor has a population of 50,278 residents according to the 2000 census and is the largest city in Lake County.

#### *City Government*

The City operates under, and is governed by, a charter, which was first adopted by the voters in 1963 and has been and may be further amended by the voters from time to time. The City is also subject to certain general State laws that are applicable to all cities in the State. In addition, under Article XVIII, Section 3 of the Ohio Constitution, the City may exercise all powers of local self-government and may exercise police powers to the extent not in conflict with applicable general State laws. The charter provides for a city manager/council form of government.



Legislative authority is vested in a seven-member Council. The terms of Council members are four years. Council members are elected from four wards and three at-large representations. The Council fixes compensation of City officials and employees and enacts ordinances and resolutions relating to City services, tax levies, appropriating and borrowing money, licensing and regulating businesses and trades, and other municipal functions. The presiding officer is the Mayor and President of Council, elected by the Council members for a two-year term. The Clerk of Council is appointed by Council. The charter establishes certain administrative departments; the Council may establish divisions within departments or additional departments. The City's chief executive and administrative officer is the City Manager appointed by the Council.

### *Financial Reporting Entity*

The City has applied guidelines established by Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*. Provisions outlined in this statement define the operational, functional and organizational units for which the City "acting as Primary Government" is required to include as part of its reporting entity. The inclusion of a component unit as part of the City's reporting entity requires 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 a financial benefit to or impose a financial burden on the City.

Under these provisions, the City's financial reporting entity acts as a single rather than multi-component unit. The provisions permit the entity to include all funds, agencies, and boards and commissions that, by definition, comprise components within the primary government itself. For the City, these components include police and fire protection services, municipal court, planning and engineering, zoning code enforcements, street maintenance, traffic control, parks and recreation, building inspection and community and economic development.

Specifically excluded because they do not meet the established criteria for inclusion in the City's reporting entity are: the Mentor Exempted Village School District and the Mentor Public Library. These entities are operated by boards or commissions separate and independent from City Council's control. The City is not obligated to finance any deficits of the aforementioned entities, nor does it guarantee their indebtedness.

### *Accounting and Financial Reporting*

The City's accounting system is organized and operated on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. The types of funds to be used are determined by GASB and the number of individual funds established is determined by sound financial administration. Each fund is a separate accounting entity with its own self-balancing set of accounts, assets, liabilities, and fund balance. The City's governmental funds include the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds. The City also maintains Fiduciary Funds to account for assets held by the City as an agent or in a trust capacity for individuals, private organizations and other governments.

Except for budgetary purposes, the basis of accounting used by the City conforms to GAAP as applicable to governmental units. All governmental funds are accounted for using a current financial resources-current assets and current liabilities-measurement focus. The modified accrual basis of accounting is utilized for governmental funds. Revenues are recognized when they are susceptible to accrual (both measurable and available). Expenditures are recognized when the related liability is incurred, except for interest on long-term debt which is recorded when due.

The City's basis of accounting for budgetary purposes differs from GAAP in that revenues are recognized when received, rather than when susceptible to accrual (measurable and available), and encumbrances are included as expenditures rather than included in fund balances.

This is the third year the City has prepared financial statements following new standards. For the year ended December 31, 2003, the City changed its external financial reporting to comply with GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, an amendment of GASB Statement Nos. 21 and 34*. Accordingly, in addition to governmental fund financial statements presented under the modified accrual basis of accounting, government-wide financial statements, which include all governmental funds, are presented on the full accrual basis of accounting. As part of the implementation of GASB Statement No. 34 and 37, the City has opted to fully implement retroactive infrastructure reporting. In doing so, the historical cost of infrastructure assets (retroactive to 1980) is included as part of the governmental capital assets. Thus, the depreciated cost of construction of the roadway network including streets, curbs and gutters, guard rails, traffic lights, signals, and bridges is reported in the government-wide statement of net assets. In conjunction with the implementation of GASB Statement Nos. 34 and 37, the City has also adopted GASB Statement No. 38, *Certain Financial Statement Note Disclosures*, which rescinds some and modifies other financial statement disclosure requirements.

#### *Budget Control*

Budget control is maintained at the department level by appropriations adopted annually by City Council. Such appropriations are subdivided into expenditure classifications (employee compensation, other expenditures) for each department within each fund. An encumbrance system is utilized, whereby purchase orders reserve portions of applicable appropriations. By such method, overspending of an appropriation is prevented. Open encumbrances are reported as reservations of fund balances at December 31, the close of the City's fiscal year.

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is shown on page \_\_ as part of the basic financial statements. For other governmental funds with appropriated annual budgets, this comparison is presented in the supplementary information subsection of this report along with more detailed information regarding the General Fund, which starts on page 61.

### **Factors Affecting Financial Condition**

#### *Local Economic Indicators*

The information presented in the financial statements should be considered in the context of the economic climate within which the City operates. The City's economic condition tends to reflect the broader national economy. During 2005, its local economy was strong as reflected in the growth in municipal income tax receipts over the previous year of 4.3% (cash basis).

Mentor's local economy benefits from its substantial role in the northeast Ohio region. The City continues to attract new commercial and residential development.

#### *Major Industries and Employment*

City officials are optimistic regarding future economic growth. Manufacturing activity, which is diverse, includes medical related products, polymers and plastics, and electrical boards and other peripherals that generally service the computer and automation industries. A proliferation of small businesses in diversified industries has strengthened the City's economic base over the past decade. The City ranks 7<sup>th</sup> in the number of manufacturers and 10<sup>th</sup> in manufacturing employment in Ohio according to the 2002 Economic Census of Manufacturing, and 6<sup>th</sup> in the state in sales volume according to the 2002 Economic Census of Retail Trade.

### *Current Projects and 2005 Accomplishments*

In terms of roadway infrastructure improvements, the City resurfaced a total of 15 asphalt streets using City forces for paving and contract services for the milling, and replaced 400 cubic yards of concrete streets. Capital improvement projects included: resurfacing S.R. 84 from S.R. 615 to the Mentor east corporation line; resurfacing US Route 20 from Hopkins Road to the Mentor east corporation line; widening and resurfacing Chillicothe Road from King Memorial Road to Fairlawn Avenue and constructing storm sewers as needed; beginning construction of bikelanes on Lakeshore Boulevard from Hopkins Road to Corduroy Road; and engineering design for Norton Parkway.

Drainage projects undertaken in 2005 included the continued field surveying and information mapping to assemble the required base maps as part of the Mentor City Stormwater Discharge Permit application to the Ohio EPA. The City also continued its roadside ditch improvement program, enclosing 10,200 feet of hazardous ditch. In addition, as part of a program to help residents alleviate drainage problems, 10,300 feet of pipe was installed benefiting 90 properties.

The Fire Department continued to be one of the highest rated fire departments in the state with an ISO Class 2 public protection classification by the Insurance Services Office. There are currently no Class 1 departments in Ohio and only 21 of 2,815 communities are rated Class 2. ISO ratings run from 1, representing exemplary public protection, to 10, which indicates that the available fire protection does not meet ISO minimum criteria. This high rating means that business and commercial concerns within the City can realize savings on insurance premiums. The department purchased a new aerial fire truck in 2005 for \$814,709.

The Community Development Department serving as staff to the Municipal Planning Commission reviewed final site development plans for ten commercial and industrial buildings, including the 218,000-ft., three-story office building for Avery Dennison. Final subdivision approval was recommended for 43 lots in the Newell Creek Reserve. The final plat for 113 lots in the Villages of Marshview Landing was recommended for approval.

The Public Information Office produced 154 programs representing 2,340 hours of programming for the City's government access channel. The office received one Lake County Apex Award from Lake Communicators and two Beacon Awards for video production.

The Department of Parks, Recreation and Public Lands acquired the 150-acre Black Brook Golf Course, an 18-hole regulation course including a driving range. A 61-acre land parcel was also acquired for conservation and park purposes adjacent to the Mentor State Nature Preserve and the City of Mentor Morton Park. A network of hiking trails has been established on this site. Over 500 trees were planted along public rights-of-ways and in city parks and the City was named a Tree City USA for the 18<sup>th</sup> consecutive year. A new handicap accessible playground was constructed at Morton Park.

The Police Department initiated a Traffic Calming program, which focused on residential streets. The program utilized both an educational and enforcement approach. A second SMART trailer was deployed to better analyze traffic patterns and enforcement needs on residential streets. The Police Department accepted two awards from the Northeast Ohio District of AAA. One award was for achieving no pedestrian traffic fatalities for the past 13 years. A second award was received for leadership in traffic safety programming and projects.

*For the Future*

The City's five-year (2006-2010) capital improvement program contains the following proposed expenditures:

Facility construction and improvements	\$ 1,350,000
Roadway construction and improvements	128,329,000
Traffic control	2,594,000
Storm drainage	1,905,000
Park acquisition, development & improvement	8,207,910
Major capital equipment	<u>4,058,400</u>
	<u>\$146,444,310</u>

Of the proposed \$146,444,310 for the five-year period, \$28,266,310 (19%) is expected to be funded by the City. The remaining \$118,178,000 (81%) is expected to be funded primarily by Federal/State/County assistance.

With a growing population and an extensive commercial and retail district, transportation issues are important to City officials. Projects anticipated in 2006 include the following: resurfacing S.R. 283 (Lakeshore Boulevard) from the Mentor-on-the-Lake corporation line to S.R. 44; construction of Norton Parkway, a two-lane/four-lane divided roadway connecting Center Street to Garfield Road, serving as the primary access road for Avery Dennison's Fasson North American Roll Division World Headquarters; improvement of Reynolds Road north of Lakeshore Boulevard including the replacement of the existing roadway with concrete pavement, curb and gutter; construction of a two-way center left turn lane on Lakeshore Boulevard from Dawson Boulevard to Brooks Boulevard; completion of the bike lanes on Lakeshore Boulevard from Hopkins Road to Corduroy Road; continued Marsh Creek watershed improvements and stormwater detention near the Concord Township line; and the widening of Interstate 90 from S.R. 306 to Morley Road and additional third lane from S.R. 306 to S.R. 615. Future land acquisition includes acreage formerly owned by Morton Salt Company on the northern edge of the Mentor Marsh and land in the vicinity of the I90/S.R. 615 interchange.

**Cash Management**

Cash management is a vital part of the City's financial operations. We attempt to earn as much investment income as is consistent with our primary objective of preserving principal.

We strive to invest all available dollars. The City uses a controlled disbursement approach in which only the amount needed to cover checks that are presented for payment each day is transferred from investments to the bank accounts. A money market fund is used to increase yield while maintaining adequate funds to pay bills day-to-day. The City also invests in certain bond mutual funds and in debt securities with maturities of up to five years. All investments are made in accordance with the City's investment ordinance; the Director of Finance may only invest in a debt security if, at the time the investment is made, he reasonably believes that it can be held until its maturity. Additional information regarding the City's cash management, including its investment policy and the security of City deposits can be found in Note 3 starting on page 46.

**Risk Management**

The City contracts the services of an insurance consultant to review coverage and make recommendations. The consultant is strictly an advisor and reviewer of all transactions pertaining to various aspects of the

coverage needed in today's governmental operations. Additional information on the City's risk management, including insurance and self-insurance can be found in Note 9 on page 55.

## **Awards and Acknowledgements**

### *Awards*

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mentor for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2004. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

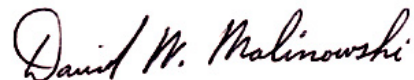
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Mentor has received a Certificate of Achievement for the last twenty-one consecutive years (fiscal years 1984-2004). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

### *Acknowledgements*

Appreciation is extended to the many individuals in the Finance Department who have assisted in preparing this report. Other factors that make this report possible are the cooperation of other City departments and the support and encouragement of the City Manager, the Council President, and members of Council.

Sincerely,



David W. Malinowski  
Director of Finance

# CITY OF MENTOR, OHIO

## PRINCIPAL CITY OFFICIALS DECEMBER 31, 2005

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### Mentor City Council

Ward 1, President -----Robert M. Shiner  
At-Large, Vice President----- Ray Kirchner  
At-Large -----Robert A. Gawronski  
At-Large ----- Ronald L. Micchia  
Ward 2 -----Scott J. Marn  
Ward 3 ----- Edward R. Walsh  
Ward 4 ----- George R. Maier

Judge, Mentor Municipal Court ----- John F. Trebets

Law Director -----Richard A. Hennig  
Clerk of Council -----Elizabeth A. Limestahl  
City Manager -----Julian M. Suso  
Assistant City Manager ----- Daniel R. Graybill  
Acting Director of Finance-----David W. Malinowski  
Director of Public Works ----- Matthew S. Schweikert  
Director of Parks, Recreation and Public Lands -----Kurt D. Kraus  
Acting City Engineer----- Dave Swiger  
Chief of Police -----Daniel Llewellyn  
Fire Chief ----- Richard L. Harvey  
Director of Community Development-----Ronald M. Traub  
Acting Personnel Director----- Daniel R. Graybill

# CITY OF MENTOR, OHIO

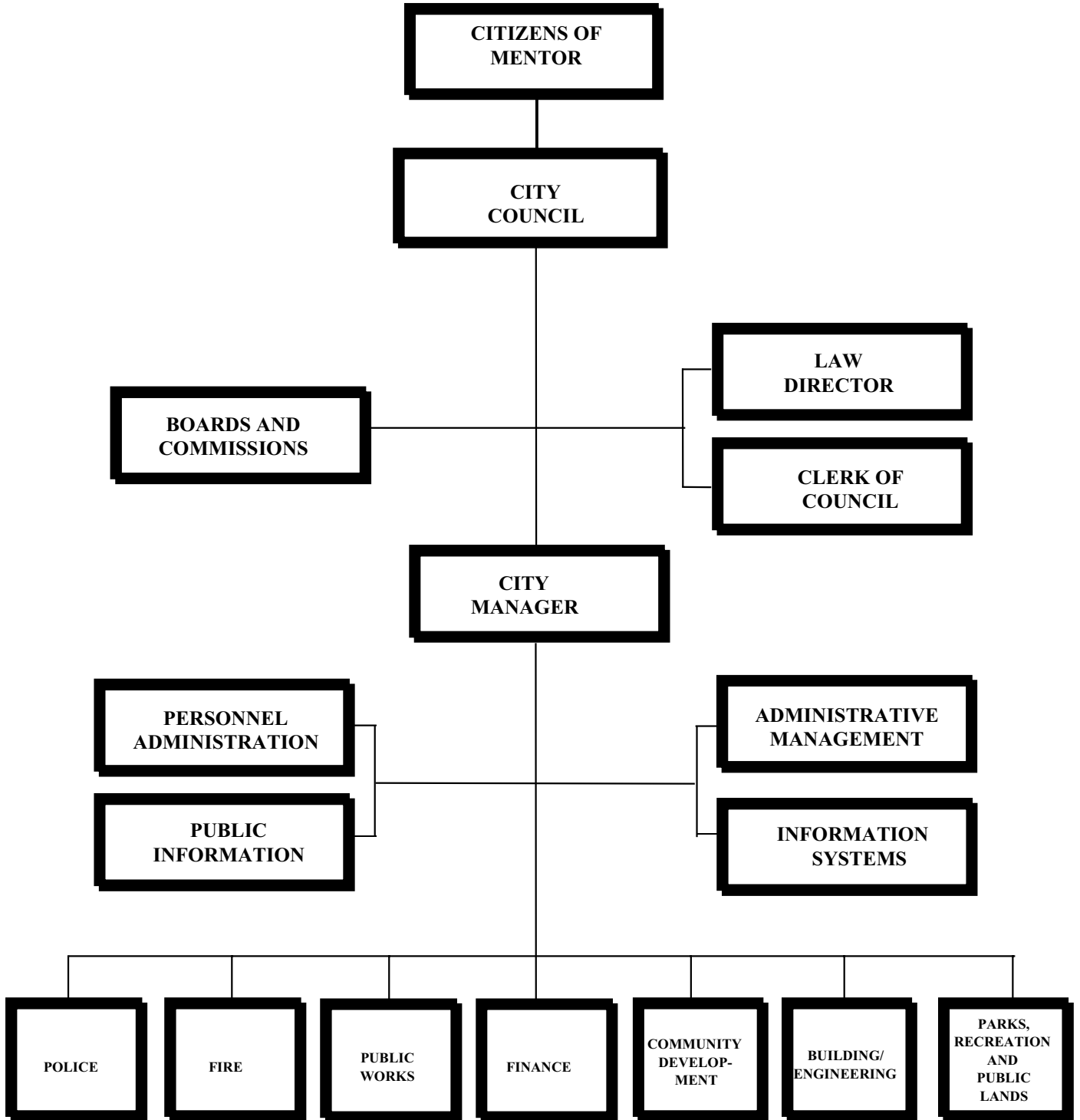
## DEPARTMENT OF FINANCE STAFF DECEMBER 31, 2005

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DAVID W. MALINOWSKI (effective February 6, 2006)----- Director of Finance  
VACANT ----- Assistant Director  
DEBORAH VANONE ----- Accounting Supervisor  
SHEARIN FERGUSON----- Accounting Supervisor  
DIANE L. PAULEY ----- Purchasing Coordinator  
JUDITH A. COREY ----- Accountant  
LINDA HOVANCE----- Accounting Assistant  
LINDA MARTINC----- Accounting Assistant  
TAMMY STUBER----- Accounting Assistant  
LINDA WIGHT ----- Accounting Assistant  
JILL LEHNER ----- Accounting Assistant  
VERONICA FETSKO----- Accounting Assistant  
JO-ANN FOHL ----- Office Assistant  
KRIS HANNAN ----- Office Assistant  
MARIE SAMEC----- Office Assistant

# CITY OF MENTOR, OHIO

## Organization Chart





# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Mentor,  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2004

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.



*Carla E. Perry*

President

*Jeffrey R. Emer*

Executive Director



***FINANCIAL SECTION***

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## Auditor of State Betty Montgomery

### INDEPENDENT ACCOUNTANTS' REPORT

City of Mentor  
Lake County  
8500 Civic Center Boulevard  
Mentor, Ohio 44060

To the City Council:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Mentor, Lake County, Ohio, (the City) as of and for the year ended December 31, 2005, 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, each major fund and the aggregate remaining fund information of the City of Mentor, Lake County, Ohio, as of December 31, 2005, and the respective changes in financial position, 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 29, 2006, 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 be read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquires 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.

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801  
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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

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

**Betty Montgomery**  
Auditor of State

June 29, 2006

# CITY OF MENTOR, OHIO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Mentor (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2005. Please read this information in conjunction with the City's basic financial statements and footnotes that begin on page 29.

### FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at December 31, 2005 by approximately \$179 million (net assets). All of the net assets are accounted for as governmental activities. Of this amount, \$19.9 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors
- The City's net assets increased by \$2.3 million during 2005.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$14.5 million and is available for spending at the City's discretion. The unreserved fund balance equals 34.0 percent of total current year general fund expenditures.
- The City's total debt increased by \$3.5 million (13.5 percent) during the current fiscal year. The increase was a result of new debt issued during the year, primarily related to the acquisition of the golf course property, less normal debt service payments made during the year, including the early pay-off of approximately \$1.0 million of special assessment bonds.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of five components: 1) government-wide financial statements, 2) fund financial statements, 3) General Fund budget and actual statement, 4) fiduciary fund financial statements, and 5) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statement of activities distinguishes functions of the City that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the City

principally include: general government; police; fire; streets and highways; parks, recreation and public lands; community development; and engineering and building.

The government-wide financial statements can be found on pages 29-30 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 44 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Assessment Bond Retirement Fund, and the Black Brook Acquisition Fund, which are considered to be major funds. Data from the other 41 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 31-33 of this report.

**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. The fiduciary funds reporting focuses on net assets and changes in net assets.

The basic fiduciary fund financial statements can be found on pages 35 and 36 of this report.

**General Fund budget and actual statement.** The City adopts an annual appropriated budget for each of its funds. The General Fund budgetary comparison on page 34 of this report has been provided as a separate financial statement to demonstrate compliance with its budget.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 37-60 of this report.



## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Statement of Net Assets looks at the City as a whole. The table below provides a summary of the City's net assets for 2005 compared to 2004.

	<u>Summary of Net Assets</u>	
	<u>December 31, 2005</u>	<u>December 31, 2004</u>
Assets:		
Cash, investments, receivables, and other assets	\$ 47,927,902	\$ 49,783,456
Capital assets	<u>176,503,109</u>	<u>168,324,368</u>
Total assets	<u>224,431,011</u>	<u>218,107,824</u>
Liabilities:		
Accounts payable, accrued liabilities, deferred revenues and other liabilities	13,808,877	13,313,880
Long-term obligations	<u>32,171,919</u>	<u>28,664,622</u>
Total liabilities	<u>45,980,796</u>	<u>41,978,502</u>
Net assets:		
Invested in capital assets, net of related debt	144,331,191	142,321,257
Restricted	14,227,329	14,102,559
Unrestricted	<u>19,891,696</u>	<u>19,705,506</u>
Total net assets	<u>\$ 178,450,216</u>	<u>\$ 176,129,322</u>

Total assets increased \$6,323,187 from 2004 to 2005. The increase was primarily due to investments in capital assets (net of accumulated depreciation), particularly for land such as the acquisition of Black Brook Golf Course.

Total liabilities increased by \$4,002,294. The largest increase came in long-term obligations. The increase is attributable to the issuance of general obligation bonds to purchase Black Brook Golf Course and the advance refunding at a lower interest cost of Various Purpose Acquisition and Improvement Bonds, Series 1997.

The result of increased assets and increased liabilities is an increase in total net assets of \$2,320,894.

A portion of the City's net assets (8.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$19.9 million or (11.1 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

In order to further understand what makes up the changes in net assets for the current and previous year, the following table provides details regarding the results of activities for those years.

### Changes in Net Assets

	<u>2005</u>	<u>2004</u>
Revenues:		
Program revenues:		
Charges for services	\$ 7,521,014	\$ 6,540,374
Operating grants and contributions	756,562	822,361
Capital grants and contributions	4,565,877	9,519,982
General revenues:		
Municipal income taxes	28,019,315	27,729,472
Property taxes	5,510,500	5,464,807
Other local taxes	733,874	775,571
Shared revenues	7,402,225	7,093,817
Other grants and contributions	55,458	63,216
Unrestricted investment earnings	583,428	510,565
Other	42,351	44,351
	<u>55,190,604</u>	<u>58,564,516</u>
Total Revenues		
	<u>55,190,604</u>	<u>58,564,516</u>
Expenses:		
General government	7,201,492	6,998,884
Police	10,759,750	10,604,664
Fire	10,251,159	9,502,396
Streets and highways	12,062,550	13,880,008
Parks, recreation and public lands	8,382,989	7,641,284
Community development	1,247,418	1,336,548
Engineering and building	1,678,511	1,833,510
Interest and other charges	1,285,841	1,583,354
	<u>52,869,710</u>	<u>53,380,648</u>
Total expenses		
	<u>52,869,710</u>	<u>53,380,648</u>
Increase in net assets	2,320,894	5,183,868
Net assets at beginning of year	<u>176,129,322</u>	<u>170,945,454</u>
Net assets at end of year	<u>\$ 178,450,216</u>	<u>\$ 176,129,322</u>

The increase in net assets of \$2.3 million in 2005 is a result of program revenues related to federal grants for land acquisition (Morton property) and street widening on Lakeshore Boulevard. The \$5.2 million increase in net assets in 2004 was a result of program revenues related to federal grants for streets and highways under construction, primarily the Heisley Road improvement project, whose cost will be depreciated in future years.

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, the unreserved fund balance is a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of December 31, 2005, the City's governmental funds reported combined ending fund balances of \$20.6 million, a decrease of \$1.0 million from the prior year. The unreserved amount of \$18.0 million is available for spending at the City's discretion. The remainder of the combined fund balances is reserved to indicate that it is not available for general spending because it has already been committed 1) to liquidate contracts and purchase orders outstanding of \$1.6 million, 2) to pay \$0.4 million of debt service, and 3) to hold inventory of \$0.6 million.

The City reported three major funds for the year – the General Fund, the Special Assessment Bond Retirement Fund, and the Black Brook Acquisition Fund. In addition to the detailed analysis of the General Fund that follows, these other changes in fund balances should be noted:

- The City recorded revenues of \$1.9 million and expenditures of \$2.1 million related to special assessments for certain bonds issued in past years. The fund balance reserved for debt service increased by \$0.1 million this year.
- After the issuance this year of \$6,250,000 of bond anticipation notes, the City spent \$6.4 million to pay off the notes (including interest) through the issuance of bonds for the acquisition of Black Brook Golf Course, resulting in no remaining fund balance at the end of 2005.

The General Fund is the chief operating fund of the City. At December 31, 2005, the unreserved fund balance of the General Fund was \$14.5 million. As a measure of the General Fund's liquidity, it is useful to compare the unreserved fund balance to total fund expenditures. The unreserved fund balance represents 34.0 percent of total General Fund expenditures at December 31, 2005.

A two-year comparison of General Fund activity is shown in the following table. The revenues, expenditures and change in fund balance shown in the comparison are presented on the modified accrual basis of accounting applicable to governmental funds.

**General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance Information – Modified Accrual Basis**  
**Years Ended December 31, 2005 and 2004**

	<b>2005</b>	<b>2004</b>
<b>Revenues:</b>		
Property taxes	\$ 2,011,037	\$ 1,568,881
Municipal income taxes	28,735,602	26,813,889
Intergovernmental	5,145,865	4,876,486
Charges for services	3,672,915	2,673,117
Fines and forfeitures	1,120,720	1,153,941
Licenses, permits, and inspections	1,066,673	1,142,216
Investment income	583,428	510,565
Donations and other	209,449	1,755,424
Total Revenues	42,545,689	40,494,519
<b>Expenditures:</b>		
General government	6,882,028	6,700,502
Police	9,772,833	9,448,701
Fire	7,950,686	7,261,000
Streets and highways	6,639,437	6,522,918
Parks, recreation and public lands	7,051,638	6,261,937
Community development	1,087,874	1,104,509
Engineering and building	1,596,813	1,666,248
Capital outlay	2,207,291	2,345,369
Debt service – principal retirement	10,000	10,000
Total Expenditures	43,198,600	41,321,184
Excess of expenditures over revenues	(652,911)	(826,665)
<b>Other Financing sources (Uses):</b>		
Transfer out	(1,216,576)	-
Excess of expenditures and other financing uses over revenues and other financing sources	(1,869,487)	(826,665)
Fund balances at beginning of year	17,680,721	18,414,881
Change in reserve for inventory	71,025	92,505
Fund balance at end of year	\$ 15,882,259	\$ 17,680,721

## Analysis of General Fund Revenues

General Fund revenues and other sources totaled \$42.5 million in 2005, an increase of approximately 5.1% from 2004. A discussion of each of the major types of General Fund revenues follows.

### *Property Taxes*

Taxes collected from real property in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year. Taxes collected from tangible personal property in one calendar year are levied in the same 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 the current calendar year, and at the rates determined in the preceding year. 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 January 1 of that preceding year, the lien date.

The “assessed valuation” of real property is fixed at 35% of true value and is determined pursuant to rules of the State Tax Commissioner. An exception is that real property devoted exclusively to agricultural use is assessed at not more than 35% of its current agricultural use value. Real property devoted exclusively to forestry or timber growing is taxed at 50% of the local tax rate multiplied by the assessed value.

The assessed values of taxable property in the City for the past two years were as follows:

<u>Tax Collection Year</u>	<u>Real Property</u>	<u>Tangible Personal Property (Other Than Public Utility Property)</u>	<u>Public Utility Tangible Personal Property</u>	<u>Total Assessed Valuation</u>
	(in thousands)			
2004	\$ 1,390,302	\$ 158,266	\$ 36,951	\$ 1,585,519
2005	1,405,567	152,471	36,935	1,594,973

Property tax revenues increased by approximately 28.2% in 2005 principally due to the re-allocation of .30 mills to the General Fund from the General Bond Retirement fund based on the County Auditor’s estimate of levied tax rates.

### *Municipal Income Taxes*

Ohio law authorizes a municipal income tax on both business income (net profits from the operation of a business or profession) and employee wages, salaries, and other compensation at a rate of up to 1% without voter authorization and at a rate above 1% with voter authorization. The charter of the City of Mentor requires voter approval of any tax on income. On May 7, 2002, the voters in the City renewed the two percent income tax for a five year period through December 31, 2007.

The income tax is imposed on gross salaries and wages earned in the City by non-residents of the City and on salaries, wages and other compensation of City residents earned within or outside the City. The income tax liability of a City resident employed outside the City is reduced by a credit equal to 100% of the tax paid to the municipality in which the City resident is employed. The tax on business profits is imposed on that part of profits attributable to business conducted within the City.

Income tax revenue increased approximately \$1.9 million in 2005 versus the comparable amount in 2004 as a result of stable growth in the local economy. Revenue generated from the municipal income tax is recorded in the General Fund and may be used for any governmental purpose, including debt service on general obligation bonds of the City.

### *Intergovernmental*

Intergovernmental revenues are composed of federal and state grants and other shared revenues including taxes levied and collected by the State of Ohio and Lake County and partially redistributed to the City and other political subdivisions. Shared revenues include state income, sales, corporate franchise, estate, and cigarette taxes as well as liquor fees. Intergovernmental revenues increased by approximately 5.5% in 2005 due to higher estate tax collections during the year.

The State Local Government Fund (“LGF”) and Local Government Revenue Assistance Fund (“LGRAF”) are a significant source of non-tax General Fund revenue. Through these funds, Ohio subdivisions share in a portion of the State’s collection of the sales tax, use tax, personal income tax, corporate franchise tax and public utilities excise tax. The percentages of the five taxes supporting these funds have varied over the years. At times, the dollar amounts in the funds have been capped at specified levels.

Pursuant to the Ohio Revised Code, State LGF revenues are divided into county and municipal portions. The county portion, the larger of the two, is distributed to each of the State’s 88 counties and is allocated based upon a statutory formula utilizing county population and county municipal property values. Once received by a county, the funds can either be distributed to all subdivisions using the statutory formula or the county and its subdivisions may agree upon an alternate method for allocating the funds. Lake County and its recipient communities have chosen the latter method, which is comprised of a base allocation and an excess allocation. The excess allocation takes into account such factors as assessed value per capita, per capita income, population density and the number of individuals receiving public assistance. The municipal portion of the LGF is distributed directly by the State to those municipalities that collect an income tax. A municipality receives its share of the funds based upon its percentage of total municipal income taxes collected throughout the state in a given year. In 2005, the City had LGF revenue of \$3.3 million.

The LGRAF, which was created in 1989, is distributed to all counties based upon population. Either the statutory allocation method or an agreed upon alternative allocation is used to apportion the funds. Lake County allocates LGRAF funds using the same method as is used to distribute LGF monies. In 2005, the City had LGRAF revenue of \$0.3 million. LGRAF funding has fluctuated over the course of the last few years. Distributions from the State of Ohio and Lake County (as a conduit between the State and City) have remained constant or decreased since 2001.

### *Charges for Services*

Revenue from charges for services increased by \$1.0 million from 2004 because of the new source of revenue generated at the recently purchased golf course.

*Investment Income*

Investment income in 2005 was \$583,428, up from \$510,565 in 2004. The City had an average of \$23.2 million invested during 2005 versus \$21.8 million in 2004, which increased investment income by about \$50,000. A higher effective yield on the portfolio caused the remaining increase of about \$23,000.

*Donations and other*

Donations and other revenues decreased by \$1.5 million from 2004 because of \$1.6 million received from private source grants from two railroad companies to improve crossings, offset by \$0.1 million received in 2005 from an ODOT refund associated with the S.R. 615/S.R. 90 interchange construction.

*Analysis of General Fund Expenditures*

General Fund expenditures and other uses totaled \$44.4 million in 2005, an increase of 7.5% from 2004. The amount of expenditures and other uses by function on a modified accrual basis for the year ended December 31, 2005, including the increases (decreases) over the prior year, are shown in the following table:

<u>Expenditures and Other Uses</u>	<u>2005</u>	<u>Total</u>	<u>2004</u>	<u>Increase (Decrease) Total</u>	<u>Over 2004</u>	<u>Change</u>
Current:						
General Government	\$ 6,882	15.49 %	\$ 6,701	16.22 %	\$ 181	2.70 %
Police	9,773	22.00	9,449	22.87	324	3.43
Fire	7,951	17.90	7,261	17.57	690	9.50
Streets and highways	6,639	14.95	6,523	15.79	116	1.78
Parks, recreation and public land	7,052	15.88	6,262	15.16	790	12.62
Community development	1,088	2.45	1,105	2.67	(17)	(1.54)
Engineering and building	1,597	3.60	1,666	4.03	(69)	(4.14)
Capital outlay	2,207	4.97	2,345	5.67	(138)	(5.88)
Debt service - principal retirement	10	0.02	10	0.02	-	-
Transfers Out	<u>1,217</u>	<u>2.74</u>	<u>-</u>	<u>-</u>	<u>1,217</u>	<u>100.00</u>
Total expenditures and other financing uses	<u>\$ 44,416</u>	<u>100.00 %</u>	<u>\$ 41,322</u>	<u>100.00 %</u>	<u>\$ 3,094</u>	<u>7.49 %</u>

Fire expenditures were higher primarily because of the purchase of a new aerial truck. The increase in parks, recreation and public land expenditures was attributed to the operations of the newly acquired golf course. Transfers out relate mostly to capital project fund expenditures particularly the Lakeshore Boulevard bike lane project.

**Major Functional Expense Categories.** A discussion of the City’s major functional expense categories follows:

*Employee Compensation and Labor Relations*

As of December 31, 2005 and 2004, the City had approximately 373 and 371 full-time employees, respectively. As of December 31, 2005, approximately 232 full-time employees are represented in 5 collective bargaining units. The labor unions, together with the approximate number of employees represented by each, are the Municipal, County and State Employees’ Union 1099- 68, the Ohio Patrolmen’s Benevolent Assn. representing three units – 92, and the International Assn. of Firefighters Local 1845 – 72.

There have been no work stoppages in the City within the last 20 years. The current three-year agreements with the labor unions, which represent the full-time employees, all expire in March 2008. The agreement covering the part-time firefighters expires in April 2006. The current agreements have wage increases of generally 3% (3.5% part-time fire).

The Council, by ordinance, establishes schedules of salaries, wages and other economic benefits for the City’s non-union employees. Generally, the terms of these ordinances have mirrored the wage increases and benefits in the union agreements.

Chapter 4117 of the Ohio Revised Code (the “Collective Bargaining Law”), establishes procedures for, and regulates public employer-employee collective bargaining and labor relations for the City and other state and local governmental units in Ohio. The Collective Bargaining Law creates a three-member State Employment Relations Board, which administers and enforces the Collective Bargaining Law. Among other things, the Collective Bargaining Law: (i) creates rights and obligations of public employers, public employees and public employee organizations with respect to labor relations; (ii) defines the employees it covers; (iii) establishes methods for (a) the recognition of employees and organizations as exclusive representatives for collective bargaining and (b) the determination of bargaining units; (iv) establishes matters for which collective bargaining is either required, prohibited, or optional; (v) establishes procedures for bargaining and the resolution of disputes, including negotiation, mediation and fact finding; and (vi) permits all covered employees to strike, except certain enumerated classes of employees, such as police and fire personnel.

Over the past two years, the total salaries and wages paid to City employees from the General Fund were as follows:

2005	\$ 23,475,952
2004	\$ 23,486,539

The minor decrease in salaries and wages in 2005 is primarily due to one less bi-weekly payroll during 2005 offset by general wage increases, and step increases as employees advance with experience in their classifications.



### *Employee Retirement Benefits*

City employees (except for certain part-time firefighters who are covered by social security) are members of one of two retirement systems. These retirement systems provide both pension and postretirement health care benefits to participants, were created pursuant to Ohio statutes and are administered by state created boards of trustees. The boards are comprised of a combination of elected members from the respective retirement systems' memberships and ex-officio members from certain state government offices.

These two retirement systems are:

- Ohio Public Employees Retirement System (OPERS), created in 1935, represents state and local government employees not included in one of the other four state-mandated systems. The traditional pension and combined plans had 376,109 active contributing participants as of December 31, 2005. More data on this pension fund is shown in Notes 13 and 14 to the financial statements.
- Ohio Police and Fire Pension Fund (OP&F), created in 1966, represents sworn personnel, not civilians, employed in police and fire divisions of Ohio's local governments. All of the City's full-time police and fire officers are members of this pension fund. More data on this pension fund is shown in Notes 13 and 14 to the financial statements.

Over the past two years, the City and its employees have paid the following amounts to OPERS and OP&F.

	<u>2005</u>	<u>2004</u>
	(in thousands)	
Paid by City to:		
OPERS	\$ 1,811	\$ 1,777
OP&F	<u>2,275</u>	<u>2,170</u>
Total paid by City	<u>4,086</u>	<u>3,947</u>
Paid by employees to:		
OPERS	1,170	1,164
OP&F	<u>1,063</u>	<u>1,057</u>
Total paid by employees	<u>2,233</u>	<u>2,221</u>
Total	<u>\$ 6,319</u>	<u>\$ 6,168</u>

The increase in amounts paid to OPERS and OP&F during 2005 is primarily due to the effect of the pension obligation incurred during 2004 for the additional 27<sup>th</sup> bi-weekly payroll.

The City is current in all of its required contributions to the respective pension funds.

**GENERAL FUND BUDGETARY ANALYSIS**

The difference between the original and the final amended budget for the City’s General Fund expenditures, including transfers and advances out, (see page 34) was an increase of \$0.7 million, a 1.5 percent increase in appropriations. The most significant change was the following:

- The parks, recreation and public lands budget was increased by \$0.7 million for operational costs at the newly purchased golf course.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital assets:** The City’s investment in capital assets as of December 31, 2005 equaled \$176.5 million (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, equipment, infrastructure, and construction in progress. The total increase in the City’s investment in capital assets in 2005 was 4.9 percent. A summary of the City’s capital assets at December 31, 2005 is as follows:

	<b>Capital Assets, Net of Accumulated Depreciation</b>
Land	\$ 59,734,684
Land improvements	1,739,851
Buildings and improvements	27,131,531
Equipment	7,670,529
Infrastructure	77,085,514
Construction in progress	<u>3,141,000</u>
Total	<u>\$ 176,503,109</u>

The following was the major event during the current fiscal year that affected the City’s capital assets:

- Acquisition of land and buildings at Black Brook Golf Course in the amount of \$6.3 million.

The primary sources for financing the City’s capital improvement projects are federal, state (Issue 2), and Lake County funding sources; general obligation bond proceeds; and general fund revenues. Additional information on the City’s capital assets can be found in Note 6 to the financial statements starting on page 51.

**Long-term debt and other obligations.** As of December 31, 2005 the City had total bond and notes outstanding of \$29.5 million. These are backed by the full faith and credit of the City.

The activity affecting the City’s debt obligations outstanding during the year ended December 31, 2005 is summarized below.

	<u>Balance January 1, 2005</u>	<u>Debt Issued</u>	<u>Debt Retired</u>	<u>Balance December 31, 2005</u>
	(in thousands)			
General Obligation Bonds	\$ 17,148	\$ 15,210	\$ (10,254)	\$ 22,104
Special Assessment Bonds	8,657	-	(1,661)	6,996
General Obligation Notes Payable	<u>198</u>	<u>6,466</u>	<u>(6,260)</u>	<u>404</u>
Total Governmental Activities	<u>\$ 26,003</u>	<u>\$ 21,676</u>	<u>\$ (18,175)</u>	<u>\$ 29,504</u>

The funds used to meet the debt service requirements of the City's general obligation bonds are from certain ad valorem taxes and other revenue sources. Ad valorem taxes, the primary source of funds, amounted to \$1.437 million in 2005 which represented 66% of the debt service requirements on the general obligation bonds. Admission tax and hotel/motel tax revenues and transfers from the general fund were used to pay the remaining 34% of debt service requirements.

The City issues its general obligation bonds within the context of its Capital Improvement Program. Programs which have benefited due to the issuance of general obligation debt include construction of and additions to City buildings (including a maintenance facility, an ice arena, a senior center, a fire station, and a City hall addition), and acquisition of a golf course, marina, and park land.

The City also issues special assessment bonds for various roadway improvements. The debt service on the special assessment bonds is paid from the revenue collected through the special assessment levies.

The City presently has an Aa2 bond rating from Moody's Investors Service that was assigned in October 2005; previously the City had an Aa3 rating from Moody's that was assigned initially in August 1997 and was reaffirmed in October 2004.

The ratio of net general bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the City's debt position. Net general bonded debt is total general bonded debt supported by taxes less amounts available in the Debt Service Funds. This data at December 31, 2005 was:

Net General Bonded Debt \$21,785,858

Ratio of Net Bonded Debt to Assessed Valuation 1.37%

Net General Bonded Debt Per Capita \$433.31

The Ohio Revised Code provides that the net debt of the municipal corporation, whether or not approved by the electors, shall not exceed 10.5 percent of the assessed value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5 percent of the total assessed value of property. The City's total debt limit (10.5 percent) is \$167,472,123 and unvoted debt limit (5.5 percent) is \$87,723,493. These debt limitations are not expected to affect the financing of any currently planned facilities or services.

Additional information on the City's long-term debt can be found in Note 7 to the financial statements on pages 52 - 54.

## **FACTORS EXPECTED TO IMPACT THE CITY'S FUTURE FINANCIAL POSITION OR RESULTS OF OPERATIONS**

On a cash basis the City's general fund budget for 2006 projects a year-end unencumbered balance of \$2.7 million. This includes estimated income tax collections of \$28.1 million which is equal to actual 2005 collections. For the four months through April 30, 2006 income tax collections were up 5.0% from the comparable 2005 period. The general fund unencumbered balance at April 30, 2006 was \$9.6 million.

In April 2005 the City reached agreement with Avery Dennison Corporation with respect to that company's relocation of a regional headquarters facility to a new mixed commercial/residential development in the City. The expected payroll of Avery is \$40 million and will be subject to the City's 2% municipal income tax. The City will pay to Avery for fifteen years an annual incentive grant equal to 60% of the payroll withholding taxes that the City receives from Avery's employment at the facility.

## **NEED ADDITIONAL INFORMATION**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Director of Finance, City of Mentor, 8500 Civic Center Boulevard, Mentor, Ohio 44060.

***BASIC FINANCIAL  
STATEMENTS***

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# CITY OF MENTOR, OHIO

## STATEMENT OF NET ASSETS DECEMBER 31, 2005

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### ASSETS

Cash and investments	\$ 18,860,271
Receivables, net of allowance for doubtful accounts	22,704,309
Due from other governments	5,239,400
Inventory	645,033
Prepaid expenses	50,291
Deferred charges	290,598
Land held for resale	138,000
Nondepreciable capital assets	62,876,928
Depreciable capital assets, net of accumulated depreciation	<u>113,626,181</u>
Total assets	<u>224,431,011</u>

### LIABILITIES

Accounts payable and accrued liabilities	5,783,723
Deposits	320,501
Unearned revenue	7,704,653
Long-term obligations:	
Due within one year	3,426,946
Due in more than one year	<u>28,744,973</u>
Total liabilities	<u>45,980,796</u>

### NET ASSETS

Invested in capital assets, net of related debt	144,331,191
Restricted for:	
Debt service	8,416,626
Capital projects	608,301
Streets and public safety	5,202,402
Unrestricted	<u>19,891,696</u>
Total net assets	<u>\$ 178,450,216</u>

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

# CITY OF MENTOR, OHIO

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2005

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>Functions/Programs:</u>					
Governmental Activities:					
General government	\$ 7,201,492	\$ 1,953,882	\$ 47,636	\$ -	\$ (5,199,974)
Police	10,759,750	65,584	6,657	38,303	(10,649,206)
Fire	10,251,159	5,683	102,094	-	(10,143,382)
Streets and highways	12,062,550	1,157,879	220,387	2,543,371	(8,140,913)
Parks, recreation and public lands	8,382,989	3,734,490	251,235	1,450,489	(2,946,775)
Community development	1,247,418	56,716	128,553	51,839	(1,010,310)
Engineering and building	1,678,511	546,780	-	-	(1,131,731)
Interest and other charges	<u>1,285,841</u>	<u>-</u>	<u>-</u>	<u>481,875</u>	<u>(803,966)</u>
Total governmental activities	<u>\$ 52,869,710</u>	<u>\$ 7,521,014</u>	<u>\$ 756,562</u>	<u>\$ 4,565,877</u>	<u>(40,026,257)</u>
General revenues:					
Municipal income taxes					28,019,315
Property taxes levied for:					
General purpose					2,011,037
Special revenue					2,062,913
Debt service					1,436,550
Other local taxes					733,874
Shared revenues					7,402,225
Grants and contributions					55,458
Unrestricted investment earnings					583,428
Other					<u>42,351</u>
Total general revenues					<u>42,347,151</u>
Change in net assets					2,320,894
Net assets at beginning of year					<u>176,129,322</u>
Net assets at end of year					<u>\$ 178,450,216</u>

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



# CITY OF MENTOR, OHIO

## BALANCE SHEET - GOVERNMENTAL FUNDS DECEMBER 31, 2005

	General	Special Assessment Bond Retirement	Black Brook Acquisition	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 12,112,346	\$ -	\$ -	\$ 6,747,925	\$ 18,860,271
Receivables, net	8,904,145	10,417,089	-	3,383,075	22,704,309
Due from other funds	1,323,824	-	-	838	1,324,662
Due from other governments	2,762,561	-	-	2,476,839	5,239,400
Inventory	645,033	-	-	-	645,033
Land held for resale	-	138,000	-	-	138,000
<b>TOTAL ASSETS</b>	<b>\$ 25,747,909</b>	<b>\$ 10,555,089</b>	<b>\$ -</b>	<b>\$ 12,608,677</b>	<b>\$ 48,911,675</b>
<b>LIABILITIES</b>					
Accounts payable	\$ 1,232,216	\$ -	\$ -	\$ 1,689,133	\$ 2,921,349
Accrued payroll and employee benefits	2,476,655	-	-	-	2,476,655
Accrued liabilities	259,500	12,072	-	-	271,572
Construction, security and bid deposits	320,501	-	-	-	320,501
Due to other funds	-	1,714	-	1,322,948	1,324,662
Deferred revenue	5,576,778	10,417,089	-	4,958,159	20,952,026
<b>Total liabilities</b>	<b>9,865,650</b>	<b>10,430,875</b>	<b>-</b>	<b>7,970,240</b>	<b>28,266,765</b>
<b>FUND BALANCES</b>					
Reserved for:					
Inventory	645,033	-	-	-	645,033
Debt service	-	124,214	-	318,116	442,330
Encumbrances	706,243	-	-	888,087	1,594,330
Unreserved, reported in:					
General fund	14,530,983	-	-	-	14,530,983
Special revenue funds	-	-	-	4,137,732	4,137,732
Capital project funds	-	-	-	(705,498)	(705,498)
<b>Total fund balances</b>	<b>15,882,259</b>	<b>124,214</b>	<b>-</b>	<b>4,638,437</b>	<b>20,644,910</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 25,747,909</b>	<b>\$ 10,555,089</b>	<b>\$ -</b>	<b>\$ 12,608,677</b>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

176,503,109

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

13,588,259

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

(32,286,062)

Net assets of governmental activities

\$ 178,450,216

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

# CITY OF MENTOR, OHIO

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2005

	General	Special Assessment Bond Retirement	Black Brook Acquisition	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property taxes	\$ 2,011,037	\$ -	\$ -	\$ 3,499,463	\$ 5,510,500
Municipal income taxes	28,735,602	-	-	-	28,735,602
Other local taxes	-	-	-	733,464	733,464
Intergovernmental	5,145,865	-	-	5,863,919	11,009,784
Charges for services	3,672,915	-	-	123,730	3,796,645
Fines and forfeitures	1,120,720	-	-	309,384	1,430,104
Licenses, permits, and inspections	1,066,673	-	-	10,175	1,076,848
Special assessments	-	1,886,609	-	1,117,516	3,004,125
Investment income	583,428	-	-	63,598	647,026
Donations and other	209,449	-	-	83,296	292,745
Total revenues	<u>42,545,689</u>	<u>1,886,609</u>	<u>-</u>	<u>11,804,545</u>	<u>56,236,843</u>
<b>EXPENDITURES</b>					
Current:					
General government	6,882,028	-	-	207,731	7,089,759
Police	9,772,833	-	-	506,047	10,278,880
Fire	7,950,686	-	-	1,667,218	9,617,904
Streets and highways	6,639,437	-	-	2,877,361	9,516,798
Parks, recreations and public lands	7,051,638	-	-	136,337	7,187,975
Community development	1,087,874	-	-	151,052	1,238,926
Engineering and building	1,596,813	-	-	-	1,596,813
Capital outlay	2,207,291	-	6,250,000	4,456,211	12,913,502
Debt service:					
Principal retirement	10,000	1,661,080	6,250,000	1,478,920	9,400,000
Interest and other expenditures	-	414,421	146,354	927,485	1,488,260
Total expenditures	<u>43,198,600</u>	<u>2,075,501</u>	<u>12,646,354</u>	<u>12,408,362</u>	<u>70,328,817</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
	<u>(652,911)</u>	<u>(188,892)</u>	<u>(12,646,354)</u>	<u>(603,817)</u>	<u>(14,091,974)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of bonds	-	-	6,396,354	9,145,360	15,541,714
Payment to refunded bonds escrow agent	-	-	-	(9,009,278)	(9,009,278)
Issuance of notes	-	-	6,250,000	246,148	6,496,148
Transfers in	-	190,994	-	1,395,582	1,586,576
Transfers out	(1,216,576)	-	-	(370,000)	(1,586,576)
Total other financing sources and (uses)	<u>(1,216,576)</u>	<u>190,994</u>	<u>12,646,354</u>	<u>1,407,812</u>	<u>13,028,584</u>
<b>NET CHANGE IN FUND BALANCES</b>	(1,869,487)	2,102	-	803,995	(1,063,390)
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	17,680,721	122,112	-	3,834,444	21,637,277
<b>CHANGE IN RESERVE FOR INVENTORY</b>	<u>71,025</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>71,025</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 15,882,259</u>	<u>\$ 124,214</u>	<u>\$ -</u>	<u>\$ 4,638,439</u>	<u>\$ 20,644,912</u>

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

**CITY OF MENTOR, OHIO**

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE  
STATEMENT OF ACTIVITIES OF GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

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Amount reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds \$ (1,063,390)

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 and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Capital asset additions	\$ 13,287,291	
Current year depreciation	<u>(5,108,846)</u>	8,178,445

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

Municipal income taxes	(716,287)	
Other local taxes	410	
Intergovernmental	297,133	
Special Assessment	<u>(1,041,798)</u>	(1,460,542)

The issuance of long-term debt (e.g. bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds an interest expenditure is reported when due.

(3,404,617)

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 governmental funds.

70,998

Changes in net assets of governmental activities

\$ 2,320,894

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

CITY OF MENTOR, OHIO

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS)  
YEAR ENDED DECEMBER 31, 2005**

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
REVENUES:				
Property taxes	\$2,032,740	\$2,032,740	\$2,011,037	\$ (21,703)
Municipal income tax	27,450,000	27,450,000	28,106,051	656,051
Intergovernmental	6,225,630	5,225,630	5,108,275	(117,355)
Charges for services	2,643,205	3,468,205	3,672,915	204,710
Fines and forfeitures	1,169,000	1,169,000	1,105,162	(63,838)
Licenses, permits, and inspections	1,105,100	1,105,100	1,066,673	(38,427)
Investment income	786,000	786,000	716,259	(69,741)
Other	23,000	23,000	209,449	186,449
Total revenues	<u>41,434,675</u>	<u>41,259,675</u>	<u>41,995,821</u>	<u>736,146</u>
EXPENDITURES:				
Function:				
General government	7,976,386	6,956,897	6,568,746	388,151
Police	10,104,437	10,142,740	9,892,092	250,648
Fire	9,218,887	9,294,502	8,632,087	662,415
Streets and highways	9,423,039	7,791,814	7,306,944	484,870
Parks, recreation and public lands	8,301,950	9,014,725	8,055,516	959,209
Community development	1,203,634	1,209,634	1,099,649	109,985
Engineering and building	2,395,801	2,395,801	2,059,714	336,087
Total expenditures	<u>48,624,134</u>	<u>46,806,113</u>	<u>43,614,748</u>	<u>3,191,365</u>
Excess (deficiency) of revenues over expenditu	<u>(7,189,459)</u>	<u>(5,546,438)</u>	<u>(1,618,927)</u>	<u>3,927,511</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(1,216,576)	(1,216,576)	-
Advances in	531,000	531,000	537,581	6,581
Advances out	-	(1,322,948)	(1,322,948)	-
Total other financing sources (uses)	<u>531,000</u>	<u>(2,008,524)</u>	<u>(2,001,943)</u>	<u>6,581</u>
Excess expenditures and other uses over revenues and other sources	<u>(6,658,459)</u>	<u>(7,554,962)</u>	<u>(3,620,870)</u>	<u>3,934,092</u>
Adjustment for prior year encumbrances	1,420,687	1,420,687	1,420,687	-
FUND BALANCES, BEGINNING OF YEAR	<u>9,924,675</u>	<u>9,924,675</u>	<u>9,924,675</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$4,686,903</u>	<u>\$3,790,400</u>	<u>\$7,724,492</u>	<u>\$3,934,092</u>

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

# CITY OF MENTOR, OHIO

## STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS DECEMBER 31, 2005

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	<b>Cemetery Bequest and Endowment Private-Purpose Trust Fund</b>	<b>Municipal Court Agency Fund</b>
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash	\$ 25,639	\$ 57,392
<b>LIABILITIES</b>		
Accounts payable	\$ 310	\$ -
Deposits held and due to others	<u>-</u>	<u>57,392</u>
Total liabilities	<u>310</u>	<u>\$ 57,392</u>
<b>NET ASSETS</b>		
Held in trust for decoration of specific graves	<u>\$ 25,329</u>	

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

# CITY OF MENTOR, OHIO

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2005

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	<u>Cemetery Bequest and Endowment Private-Purpose Trust Fund</u>
<b>ADDITIONS</b>	
Investment income	\$ 979
Donations and other	<u>116</u>
Total additions	<u>1,095</u>
<b>DEDUCTIONS</b>	
General expenses	<u>1,053</u>
Total deductions	<u>1,053</u>
Change in net assets	42
Net assets - beginning of year	<u>25,287</u>
Net assets - end of year	<u>\$ 25,329</u>

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

# CITY OF MENTOR, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2005

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### NOTE 1 – DESCRIPTION OF CITY OPERATIONS AND REPORTING ENTITY

**The City:** The City of Mentor, Ohio (the “City”) was organized under the present system of government effective January 1, 1963 and was incorporated as a home rule municipal corporation under the laws of the State of Ohio. The City operates under a Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, parks and recreation, public improvements, community development (planning and zoning), and general administrative services.

**Reporting Entity:** The accompanying financial statements as of December 31, 2005 and for the year then ended 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 (“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”). The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities unless those pronouncements conflict with or contradict GASB pronouncements.

In evaluating how to define the governmental reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, under which the financial statements include all the organizations, activities, functions, and component units for which the City (“primary government”) 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 a financial benefit to or impose a financial burden on the City.

On this basis, the City’s financial reporting entity has no component units but includes the Mentor Municipal Court (the “Court”) as part of the City’s primary government in the determination of the City’s reporting entity. The Court’s operations are not legally separate from the City. In addition, the City is responsible for budgeting and appropriating funds for the operation of the Court and is ultimately responsible for any operating deficits sustained by the Court. The City’s share of the fines collected by the Court, along with its share of the Court’s administrative and operating costs, are recorded in the City’s General Fund. Moneys held by the Court in a fiduciary capacity are included in the agency fund in the accompanying basic financial statements, as further discussed in Note 5. No other organizations are included as part of the City’s reporting entity.

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the more significant policies followed during the preparation of the accompanying financial statements.

#### A. *Government-wide and fund financial statements*

GASB Statement No. 34 establishes new requirements and a new reporting model for the annual financial reports of state and local governments. The Statement was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions. Financial information of the City is presented in the following format:

# CITY OF MENTOR, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2005

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### Basic Financial Statements:

1. *Government-wide financial statements* consist of a statement of net assets and a statement of activities. These statements report all of the assets, liabilities, revenues, expenses, and gains and losses of the City. Governmental activities are normally supported by taxes and intergovernmental revenues. Fiduciary funds of the City are not included in these government-wide financial statements.

Interfund receivables and payables have been eliminated in the government-wide statement of net assets. These eliminations minimize the duplicating effect on assets and liabilities within the governmental activities total column.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the City's governmental activities.

Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. *Fund financial statements* consist of a series of statements focusing on information about the City's major governmental funds. Separate statements are presented for the governmental and fiduciary funds.

The City's major governmental funds are the General Fund, the Special Assessment Bond Retirement Fund, and the Black Brook Acquisition Fund.

The General Fund is the primary operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in other funds. Its revenues consist primarily of income and property taxes, investment income, shared revenues, charges for services, and fines and forfeitures.

General Fund expenditures represent costs of general government; police; fire; streets and highways; parks, recreation and public lands; community development; engineering and building; and interest and other charges. General Fund resources are also transferred annually to support other services which are accounted for in other separate funds.

The Special Assessment Bond Retirement Fund is used to account for the accumulation of resources for the payment of special assessment long-term debt principal, interest, and related costs.



# CITY OF MENTOR, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2005

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The Black Brook Acquisition Fund is a capital projects fund used to account for the purchase and financing of the Black Brook Country Club golf course property.

Also maintained by the City are fiduciary funds, such as private-purpose trust funds and agency funds, used to account for either legal trust arrangements which benefit individuals, private organizations, or other governments or assets held by the City as an agent for individuals, private organizations or other governments.

3. *The City's General Fund budget to actual statement* is presented as part of the basic financial statements.
4. *Notes* to the financial statements provide information that is essential to a user's understanding of the basic financial statements.

### B. *Financial reporting presentation*

The accounts of the City are organized 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 (equity), revenues, and expenditures (expenses). The fund types and classifications that exist under GAAP are as follows:

### GOVERNMENTAL FUNDS

1. **General Fund** - The General Fund is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.
2. **Special Revenue Funds** - Special revenue funds are used to account for revenues derived from specific taxes, grants, or other restricted revenue sources. The uses and limitations of each special revenue fund are specified by legal, regulatory or administrative provisions. These funds include most federal and state grants.
3. **Debt Service Funds** - Debt service funds are used to account for the accumulation of resources for, and the payment of, general obligation and special assessment long-term debt principal, interest, and related costs.
4. **Capital Projects Funds** - The capital projects funds are used to account for financial resources used for the acquisition or construction of major capital projects.
5. **Permanent Funds** - Permanent funds are used for the purpose of accounting for resources that are legally restricted to the extent that earnings, and not principal, may be used for purposes that support the reporting government's programs. During 2005, the City did not utilize any permanent funds.

# CITY OF MENTOR, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2005

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### PROPRIETARY FUNDS

1. **Enterprise Funds** - The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. During 2005, the City did not utilize any enterprise funds.
2. **Internal Service Funds** - The internal service funds are used to account for the financing of goods or services provided by one department to other departments or to other governments on a cost-reimbursement basis. During 2005, the City did not utilize any internal service funds.

### FIDUCIARY FUNDS

1. **Private-purpose Trust Funds** - Private-purpose trust funds are used to account for trust arrangements which benefit individuals, private organizations, or other governments. For accounting measurement purposes, the private-purpose trust funds are accounted for in essentially the same manner as proprietary funds. The City accounts for the cost of decorating specific graves as designated by individual donors in a Cemetery Bequest and Endowment Fund.
2. **Agency Funds** - Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The City's agency fund accounts for the Mentor Municipal Court.
3. **Other Fiduciary Funds** - Other fiduciary funds include pension trust funds and investment trust funds. During 2005, the City did not utilize any such trust funds.

Fiduciary Funds are not included in the government-wide statements.

### C. *Measurement focus and basis of accounting*

Except for budgetary purposes, the basis of accounting used by the City conforms to GAAP as applicable to governmental units. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include income taxes, property taxes, grants, shared revenue, and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the taxpayer's liability occurs and revenue from property taxes is recognized in the fiscal year for which the taxes are levied. On an accrual basis, revenue in the form of shared revenue is recognized when the provider government recognizes its liability to the City. Revenue from grants and donations is

# CITY OF MENTOR, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2005

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recognized in the fiscal year in which all eligibility requirements have been satisfied. 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 specified purpose, and expenditure requirements, in which the resources are provided to the City on a cost reimbursement basis.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The City generally considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after year-end. Expenditures are generally recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt are reported as other financing sources.

In applying the susceptible-to-accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current year or within sixty days after year-end and available to pay obligations of the current period): income taxes, investment earnings, and shared revenues. Reimbursements due for federal or state funded projects are accrued as revenue at the time the expenditures are made or, when received in advance, deferred until expenditures are made. Property taxes and special assessments, though measurable, are not available to finance current period obligations. Therefore, property tax and special assessment receivables are recorded and deferred until they become available. Other revenues, including licenses, fees, fines and forfeitures and charges for services are recorded as revenue when received in cash because they are generally not measurable until actually received.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

### D. *Budgetary Procedures*

***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. These budgetary documents are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources as certified. The tax budget and appropriation ordinance are prepared under the direction of the City Manager and submitted to City Council for adoption. Budgeted expenditures represent original appropriations as modified by adjustments during the year. The primary level of budgetary control is at the departmental level. Budget revisions within appropriated amounts are subject to the approval of the City Manager. Changes in a department's total appropriation require action by City Council. For the year ended December 31, 2005, expenditures did not exceed appropriations in any individual department.

# CITY OF MENTOR, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2005

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**Tax Budget:** A budget of estimated cash receipts and disbursements 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.

**Estimated Resources:** The County Budget Commission certifies its actions to the City by September 1. As part of this process, the City receives the official certificate of estimated resources which states the projected cash receipts of each fund. On or about January 1, this certificate is amended to include actual unencumbered cash balances from the preceding year.

**Appropriations:** A temporary appropriation ordinance to control expenditures (expenses) may be passed on or about January 1 for the period through March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance may be amended during the year as new information becomes available, provided that total appropriations do not exceed certified estimated resources, as amended. At the end of the fiscal year, all unexpended and unencumbered balances of operating appropriations revert to the fund from which the original appropriation was made, where they become available for future appropriation. Appropriations are adopted by City Council for all funds except the Municipal Court Fund (Agency Fund); however, the City is only required to report herein on the budget adopted for the General Fund.

**GAAP/Budget Reconciliation:** The City's budgetary process accounts for certain transactions on a basis other than accounting principles generally accepted in the United States of America (GAAP basis). The major differences between the budgetary basis and the GAAP basis is that financial transactions are recorded on a cash and encumbrance basis (budgetary basis) as opposed to when susceptible to accrual (GAAP).

A reconciliation of the General Fund's results of operations for 2005 reported on the budget basis versus the GAAP basis is as follows:

<u>Net Change in Fund Balance</u>	
Budget basis	\$ (3,620,870)
Adjustments:	
Revenue accruals	12,287
Expenditure accruals	797,680
Encumbrances	<u>941,416</u>
GAAP basis	<u>\$ (1,869,487)</u>

# CITY OF MENTOR, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2005

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**Encumbrances:** Encumbrance accounting, under which purchase orders, contracts, and other commitments for the future expenditure of funds are recorded in order to reserve a portion of the applicable appropriation, is utilized during the year for budget control purposes. Encumbrances outstanding at year-end are reported as expenditures under the City's budgetary basis of accounting.

The City honors the contracts represented by year-end encumbrances, and the related appropriations are carried forward to the succeeding year. For governmental fund financial statements reporting purposes, encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

The budget and actual expenditures included in the General Fund budgetary statement include all expenditures made during the year under the City's budgetary basis of accounting, including expenditures made in the current year that were encumbered and appropriated in the prior year.

### E. **Other Significant Accounting Policies**

**Cash and Investments:** Cash resources of certain individual funds are combined to form a pool of cash and investments which is managed by the Director of Finance. Interest earned on pooled cash and investments is credited to the General Fund, (except in cases where state law or City ordinances require that the income be allocated to certain specific funds, utilizing a formula based on the month-end balance of each fund).

The City reports its investments at fair value based on quoted market values and recognizes the corresponding change in the fair value of the investments as investment earnings in the year in which the change occurs.

**Inventory:** Inventory is valued at cost using the first-in, first-out (FIFO) method and consists of expendable supplies held for consumption and items held for resale. The cost of inventory items is recorded as an expenditure in the governmental fund financial statements at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net assets.

**Capital Assets:** Capital assets, which include land, land improvements, buildings (including renovations and improvements), equipment, and infrastructure assets are reported in the governmental activities column in the government-wide financial statements to the extent the City's capitalization threshold is met. The City defines capital assets as assets with an estimated useful life in excess of five years (except vehicles) and an individual cost of more than \$1,000. Assets are recorded at historical cost or estimated historical cost, if historical cost is not available. Capital assets are recorded at their estimated fair market value on the date contributed.

As permitted under the implementation provisions of GASB Statement No. 34, the historical cost of infrastructure assets acquired, significantly reconstructed or that received significant improvements prior to January 1, 1980 have not been included as part of governmental capital assets in the government-wide financial statements.

# CITY OF MENTOR, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2005

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Costs for maintenance and repairs are expensed when incurred. However, costs for repairs and upgradings that materially add to the value or life of an asset and meet the above criteria are capitalized.

The City depreciates capital assets on a straight-line basis using the following estimated useful lives:

	<u>Years</u>
Land improvements	20
Buildings and improvements	20-40
Equipment	3-20
Infrastructure	25-50

**Compensated Absences:** The City accrues for accumulated, unpaid vacation and sick leave earned using the termination payment method specified under GASB Statement No. 16, *Accounting for Compensated Absences*. In the government-wide financial statements, the entire amount of unpaid vacation and sick leave is reported as a liability. A liability for accumulated, unpaid vacation and sick leave is accrued in the governmental fund financial statements only if the amount is currently due and payable at year end. These amounts are recorded as accrued payroll and employee benefits in the fund from which the employees who have accumulated leave are paid. The remaining portion of the liability is not reported in the governmental fund financial statements.

Normally, all vacation time is to be taken in the year available unless approval for carryover is obtained. City employees also earn sick leave which, if not taken, accumulates until retirement. Upon retirement, an employee with ten or more years of service is paid one-third of accumulated sick leave, subject to certain limitations, calculated at current wage rates.

**Long-Term Obligations:** In the government-wide statement of net assets, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Losses on advance refundings are deferred and amortized over the life of the new debt, or the life of the advance refunded debt, whichever is shorter. Bonds payable are reported net of the applicable unamortized bond premium, discount or advance refunding losses. Bond issuance costs are reported as other assets and amortized over the term of the related debt.

In the governmental fund financial statements, bond premiums and discounts, as well as bond issuance costs, are recognized as revenues or expenditures during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as other financing uses.

# CITY OF MENTOR, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2005

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**Fund Balances:** In the governmental fund financial statements, reservations of fund balances are reported for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose.

**Grants and Other Intergovernmental Revenues:** Grants and assistance awards made on the basis of entitlement programs are recorded as intergovernmental receivables and revenues when entitlement occurs. Reimbursement-type grants are recorded as intergovernmental receivables and revenues when the related expenditures (expenses) are incurred.

**Interfund Transactions:** During the course of normal operations, the City has numerous transactions between funds, including the allocation of centralized expenses and transfers of resources to provide services, construct assets and service debt. Such transactions are generally reflected as transfers or direct expenses of the fund that is ultimately charged for such costs.

### F. *Recently Issued Accounting Pronouncements*

During May 2004, the GASB issued Statement No. 44, "Economic Condition Reporting: The Statistical Section an amendment of NCGA Statement 1". This Statement amends the portions of NCGA Statement 1, *Governmental Accounting and Financial Reporting Principles*, that guide the preparation of the statistical section. The statistical section presents detailed information, typically in ten-year trends, that assists users in utilizing the basic financial statements, notes to basic financial statements, and required supplementary information to assess the economic condition of a government. The provisions of this statement are effective for statistical sections prepared for periods beginning after June 15, 2005. The City has elected to implement the provisions of this statement next fiscal year.

For 2005, the City has implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3)*. This statement amends Statement No. 3 and addresses additional cash and investment risks to which governments are exposed. Generally, this statement requires that state and local governments communicate key information about such risks in four principle areas: investment credit risks, including credit quality information issued by rating agencies; interest rate disclosures that include investment maturity information; interest rate sensitivity for investments that are highly sensitive to changes in interest rates; and foreign exchange exposures that would indicate the foreign investment's denomination.

During November 2003, the GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This Statement establishes accounting and financial reporting standards for impairment of capital assets. Under provisions of this Statement, a capital asset is considered impaired when its service has declined significantly and unexpectedly. This Statement also clarifies and establishes accounting requirements for insurance recoveries. The implementation of GASB Statement No. 42 did not affect the presentation of the financial statements of the City.

# CITY OF MENTOR, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2005

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### NOTE 3 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are monies identified as not required for use within the current five-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim monies may be deposited or invested in the following securities:

1. 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 and interest by the United States;
2. 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;
3. 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;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that the investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed three million dollars face amount invested in the acceptances of any one bank at any time; and,
8. Under limited circumstances, three mutual funds which invest in corporate and GNMA bonds: Vanguard Short-Term Corporate Fund, Vanguard Intermediate-Term Corporate Fund, and Vanguard GNMA Fund.



# CITY OF MENTOR, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2005

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Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and shore selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

### *Deposits*

**Custodial credit risk** is the risk that in the event of bank failure, the City's deposits may not be returned to it. Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, by surety company bonds or by a single collateral pool established by the financial institution. In accordance with Chapter 135 of the Ohio Revised Code, any public depository receiving deposits pursuant to an award of City funds shall be required to pledge as security for repayment of all public moneys. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the investments of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

At year-end, the carrying amount of the City's deposits including certificates of deposit was \$8,093,138 and the bank balance was \$9,611,282. Of the bank balance \$412,000 was covered by Federal depository insurance and \$9,199,282 was uninsured. Of the remaining uninsured bank balance, \$9,199,282 was collateralized with securities held by the pledging institution's agent or trust department, not in the City's name.

# CITY OF MENTOR, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2005

### *Investments*

As of December 31, 2005, the City had the following investments:

	<u>Fair Value</u>	<u>Maturity</u>		
		<u>Less than</u>	<u>1 to 2</u>	<u>Greater than</u>
		<u>1 year</u>	<u>years</u>	<u>2 years</u>
Federal Home Loan Bank Bonds	\$ 1,198,128	-0-	-0-	\$ 1,198,128
Federal Home Loan Mortgage Bonds	873,329	\$ 873,329	-0-	-0-
United States Treasury Notes	497,888	-0-	\$ 497,888	-0-
Bankers Acceptance Huntington National Bank	103,181	103,181	-0-	-0-
Vanguard Short-Term Corporate Bond Fund	499,050	-0-	499,050	-0-
Vanguard Intermediate-Term Corporate Bond Fund	4,144,861	-0-	-0-	4,144,861
Vanguard GNMA Fund	3,046,879	-0-	-0-	3,046,879
STAROhio	<u>403,817</u>	<u>403,817</u>	<u>-0-</u>	<u>-0-</u>
Total Portfolio	<u>\$ 10,767,133</u>	<u>\$ 1,380,327</u>	<u>\$ 996,938</u>	<u>\$ 8,389,868</u>

**Interest Rate Risk** arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The City's investment policy addresses interest rate risk requiring that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity and by investing operating funds primarily in short-term investments. The City investment policy also limits security purchases to those that mature five years unless the purchase is in shares of the three Vanguard Corporate and GNMA Funds.

**Custodial Risk** for investments is the risk that, in the event of the failure of the counter party to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. All financial institutions and broker/dealers who desire to become qualified for investment transactions with the City must meet a set of prescribed standards and be periodically reviewed.

**Credit Risk** is addressed by the City's general investment policy that the objective of investment activity is to maximize investment income while preserving principal and maintaining sufficient liquidity to meet cash flow requirements without having to sell securities before maturity. Investments in debt securities that mature in the future are not made unless it is reasonable to believe that the investment can be held until maturity.

The City's investment in the bonds of U.S. agencies was rated Aaa by Moody's Investors Service, and AAA by Standard & Poor's. The bankers' acceptance issued by Huntington National Bank was rated A2 by Moody's Investors Service, and P1 by standard & Poor's. The Vanguard Short-Term Corporate Bond Fund was rated Aa2 by Moody's; the Vanguard Intermediate-Term Corporate Bond Fund was rated A1 by Moody's; and the Vanguard GNMA Fund was rated Aaa by Moody's.

**Concentration of Credit Risk** is defined by the Governmental Accounting Standards Board as five percent or more in the securities of a single issuer. The City's investment policy requires diversification of the portfolio but does not indicate specific percentage allocations.

# CITY OF MENTOR, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2005

**Reconciliation to Financial Statements:** Total cash and investments are reported as follows:

*Government-Wide Financial Statements*

Unrestricted:  
Cash and investments \$ 18,860,271

*Fund Financial Statements*

Balance Sheet - Governmental Funds:  
Cash and investments \$ 18,860,271

Statement of Fiduciary Net Assets:  
Cash 83,031

Total \$ 18,943,302

### NOTE 4 – RECEIVABLES AND DEFERRED REVENUE

Receivables consist of the following at December 31, 2005:

	Income Taxes	Property Taxes	Special Assess- ments	Other	Gross Receivables	Allowance for Uncol- lectibles	Net
<b>Governmental Activities</b>							
Governmental Funds							
General Fund	\$7,160,594	\$2,144,201	\$ -	\$ 126,797	\$ 9,431,592	\$(527,447)	\$ 8,904,145
Special Assessment							
Bond Retirement Fund	-	-	10,540,127	-	10,540,127	(123,038)	10,417,089
Other Governmental							
Funds	<u>-</u>	<u>3,311,852</u>	<u>16,850</u>	<u>59,941</u>	<u>3,388,643</u>	<u>(5,568)</u>	<u>3,383,075</u>
Total Receivables	<u>\$7,160,594</u>	<u>\$5,456,053</u>	<u>\$10,556,977</u>	<u>\$186,738</u>	<u>\$23,360,362</u>	<u>\$(656,053)</u>	<u>\$22,704,309</u>

Governmental fund financial statements report deferred revenue pertaining to receivables that are not considered to be available to liquidate liabilities of the current period. Revenue recognition is also deferred with respect to grant revenues that have been received, but all eligibility requirements have not been met. For purposes of the government-wide financial statements, the availability criteria is not considered in determining deferred revenue.

# CITY OF MENTOR, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2005

The various components of unearned revenue/deferred revenue reported in the accompanying financial statements were as follows:

	<b>Government-Wide Statement of Net Assets</b>	<b>Governmental Funds Balance Sheet</b>
<b>Governmental Funds:</b>		
General Fund:		
Property tax receivable	\$ 1,617,629	\$ 1,617,629
Income tax receivable	-	2,098,219
State shared revenue receivable	-	1,360,930
Intergovernmental revenue receivable	<u>-</u>	<u>500,000</u>
Total General Fund	<u>1,617,629</u>	<u>5,576,778</u>
Special Assessment Bond Retirement Fund:		
Special assessment receivable and land held for resale	<u>2,763,050</u>	<u>10,417,089</u>
Other Governmental Funds:		
Property tax receivable	3,312,149	3,312,149
Special assessment receivable	11,825	11,825
State shared revenue receivable	-	1,091,972
Intergovernmental revenue receivable	<u>-</u>	<u>542,213</u>
Total other governmental funds	<u>3,323,974</u>	<u>4,958,159</u>
Total Unearned Revenue/ Deferred Revenue	<u>\$ 7,704,653</u>	<u>\$ 20,952,026</u>

### NOTE 5 – MUNICIPAL COURT

The Mentor Municipal Court was created by Section 1901.2 of the Ohio Revised Code and has territorial jurisdiction over the City of Mentor and the City of Mentor-on-the-Lake. The Mentor Municipal Court has preliminary hearing jurisdiction in felony cases, original jurisdiction in civil cases when the amount in dispute does not exceed \$15,000, original jurisdiction in traffic and non-traffic misdemeanor cases, and exclusive original jurisdiction in small claims cases.

The collection activities of the Municipal Court are accounted for in a separate Agency Fund in the accompanying basic financial statements. Fines and costs collected by the Municipal Court and related to the City of Mentor are recorded as revenue in the General Fund. The costs associated with the operations of the Municipal Court are borne by the City and recorded in the General Fund. Fines and costs collected for the State of Ohio, subdivisions thereof, and individuals, which have not been disbursed as of year-end, are recognized as liabilities in the Municipal Court Agency Fund.

# CITY OF MENTOR, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2005

### NOTE 6 – CAPITAL ASSETS

*Capital Asset Activity:* Capital asset activity for the year ended December 31, 2005 was as follows:

	<u>Balance January 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2005</u>
		(Amount in 000's)		
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 52,795	\$ 6,941	-	\$ 59,736
Construction in progress	510	2,679	(48)	3,141
Total capital assets, not being depreciated	<u>53,305</u>	<u>9,620</u>	<u>(48)</u>	<u>62,877</u>
Capital assets, being depreciated:				
Land improvements	6,824	8	-	6,832
Buildings and improvements	39,906	527	-	40,433
Equipment	18,958	2,013	(451)	20,520
Infrastructure	104,022	1,233	-	105,255
Cost	<u>169,710</u>	<u>3,781</u>	<u>(451)</u>	<u>173,040</u>
Less accumulated depreciation for:				
Land improvements	(4,864)	(227)	-	(5,091)
Buildings and improvements	(12,201)	(1,101)	-	(13,302)
Equipment	(11,748)	(1,487)	385	(12,850)
Infrastructure	(25,878)	(2,293)	-	(28,171)
Total accumulated depreciation	<u>(54,691)</u>	<u>(5,108)</u>	<u>385</u>	<u>(59,414)</u>
Total accumulated assets being depreciated, net	<u>115,019</u>	<u>(1,327)</u>	<u>(66)</u>	<u>113,626</u>
Capital assets, net	<u>\$ 168,324</u>	<u>\$ 8,293</u>	<u>\$ (114)</u>	<u>\$ 176,503</u>

*Depreciation:* Depreciation expense was charged to functions/programs of the government as follows:

	(Amounts in 000's)
Governmental Activities:	
General government	\$ 116
Police	509
Fire	598
Streets and highways	2,651
Parks, recreation and public lands	1,194
Community development	8
Engineering and building	<u>32</u>
Total depreciation expense charged to governmental activities	<u>\$ 5,108</u>

# CITY OF MENTOR, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2005

### NOTE 7 – DEBT AND OTHER LONG-TERM OBLIGATIONS

A summary of the changes in the debt and other long-term obligations of the City during the year ended December 31, 2005 is as follows:

	Balance January 1, 2005	Additions	(Reductions)	Balance December 31, 2005	Due Within One Year
<b>Governmental Activities</b>					
General Obligation Bonds due through 2017, 2% to 9.125%	\$ 17,147,894	\$ 15,210,000	\$ (10,253,920)	\$ 22,103,974	\$ 1,419,910
Special Assessment Bonds due through 2022, 2% to 9.625%	8,657,106	-	(1,661,080)	6,996,026	760,091
Other Obligations:					
Compensated absences	2,611,511	119,146	(113,311)	2,617,346	1,246,945
Claims and judgments	50,000	-	-	50,000	-
Capital projects notes payable	<u>198,111</u>	<u>6,466,461</u>	<u>(6,260,000)</u>	<u>404,572</u>	<u>-</u>
<b>Total Debt and Other Long-Term Obligations</b>	<u>\$ 28,664,622</u>	<u>\$ 21,795,607</u>	<u>\$ (18,288,311)</u>	<u>\$ 32,171,918</u>	<u>\$ 3,426,946</u>

During October 2005 the City issued \$15,210,000 of Various Purpose Refunding and Golf Course Acquisition Bonds dated as of October 1, 2005 with interest rates varying from 3.5% to 5%. The proceeds were used to refund \$8,775,000 of the outstanding 1997 bond issue with an interest rate of 5.25%, and to pay off short-term notes including interest outstanding related to the acquisition of the Black Brook Country Club Golf Course property.

The City did the refunding to reduce its total debt service payments 2005-2017 by \$601,322. The economic gain from the refunding (the difference between the present values of the old and new debt service payments) is \$463,101.

The proceeds from the refunding bonds issued in 2005 were deposited irrevocably with an escrow agent to provide for redemption of the refunded bonds on their call dates and for their interim debt service until their call dates. As a result the refunded bonds totaling \$8,775,000 are considered defeased.

General obligation bonds will be paid from certain ad valorem taxes and other revenue sources deposited into the debt service fund. The special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners. In the event property owners would fail to pay the assessment, payment would be made by the City. Compensated absences, claims and judgements, and capital projects notes payable will be paid from the General Fund. There were no claims and judgements due within one year.

# CITY OF MENTOR, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2005

	<b>Amount of Original Issuance</b>	<b>Outstanding December 31 2005</b>
Bonds payable at December 31, 2005 are comprised of the following issues:		
<b>Governmental Activities Obligations:</b>		
General unvoted obligations:		
1985 Community Center Bonds due in annual installments of \$125,000 through 2006, plus interest at 9.125%	\$ 2,500,000	\$ 125,000
1997 Various Purpose Acquisition and Improvement Bonds due in annual installments of \$370,000 to \$1,125,000 through 2017, plus interest at rates varying between 4.8% to 5.25%	13,680,000	1,220,000
2004 Various Purpose Refunding Bonds due in annual installments ranging from \$260,000 to \$622,364 through 2016 plus interest at rates varying between 2% to 5%	5,808,974	5,548,974
2005 Various Purpose Improvement and Refunding Bonds due in annual installments ranging from \$200,000 to \$1,410,000 through 2025 plus interest rates varying between 3.5% to 5%	15,210,000	15,210,000
Total general obligation bonds	37,198,974	22,103,974
Special assessment obligations:		
1985 Great Lakes-East Avenue-Heisley Commerce Street Improvement Bonds due in annual installments of \$130,000 through 2006, plus interest at 9.625%	2,525,000	130,000
1987 Tyler Boulevard-White Oak Drive Improvement Bonds due in annual installments of \$85,000 to \$210,000 through 2007, plus interest at 7.9%	2,240,000	405,000
1991 Street Improvement Bonds due in annual installments ranging from \$166,005 to \$493,272 through 2011, plus interest at rates varying between 6.7% to 7.15%	5,582,511	1,680,000
1993 Various Purpose Improvement Bonds due in annual installments ranging from \$17,136 to \$46,795 through 2013, plus interest at rates varying between 5% to 5.65%	580,000	310,000
2002 Tyler Boulevard Extension Bonds due in annual installments ranging from \$145,000 to \$375,000 through 2022, plus interest at rates varying between 3% to 4.7%	4,850,000	4,395,000
2004 Various Purpose Refunding Bonds due in annual installments ranging from \$260,000 to \$622,364 through 2016 plus interest at rates varying between 2% and 5%	76,026	76,026
Total special assessment bonds	15,853,537	6,996,026
Total bonds	\$ 53,052,511	\$ 29,100,000

All bonds outstanding are backed by the full faith and credit of the City. It is the City's policy to pay debt service on the special assessment bonds from the related special assessment levies and any amounts being held in the Special Assessment Bond Retirement Fund, which are reserved for debt service.

# CITY OF MENTOR, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2005

The following is a summary of the City's future debt service requirements as of December 31, 2005:

Year Ending December 31	Governmental Activities					Total
	General		Special			
	Obligation Bonds		Assessment Bonds			
	Principal	Interest	Principal	Interest		
2006	\$ 1,419,909	\$ 992,157	\$ 760,091	\$ 377,604	\$ 3,549,761	
2007	1,439,688	827,942	675,312	325,386	3,268,328	
2008	1,474,245	775,052	490,755	282,407	3,022,459	
2009	1,524,024	729,330	525,976	254,175	3,033,505	
2010	1,583,581	680,069	561,419	223,498	3,048,567	
2011-2015	8,281,600	2,527,992	1,698,400	733,050	13,241,042	
2016-2020	4,220,927	859,509	1,549,073	390,604	7,020,113	
2021-2025	2,160,000	281,731	735,000	52,170	3,228,901	
	<u>\$ 22,103,974</u>	<u>\$ 7,673,782</u>	<u>\$ 6,996,026</u>	<u>\$ 2,638,894</u>	<u>\$ 39,412,676</u>	

Under the Ohio Revised Code, at December 31, 2005, the City legally could issue approximately \$65.5 million of additional, unvoted, general obligation debt.

**Conduit Debt:** From time to time, the City has issued industrial revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from the payments received by the bond trustee on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. The bonds do not constitute a debt or pledge of the faith and credit of the City and, accordingly, have not been reported in the accompanying financial statements.

As of December 31, 2005, there were four series of industrial revenue bonds outstanding. The aggregate principal amount payable for the three series issued since July 1, 1995, was \$6.2 million. The aggregate principal amount payable for the series issued prior to July 1, 1995, could not be determined; however the original issue amount totaled \$1.6 million.

### NOTE 8 – COMPLIANCE AND ACCOUNTABILITY

At December 31, 2005, the Norton Parkway, Hopkins Road/Bridge Improvements, and Chillicothe Road Bridge Improvement Capital Project Funds had a deficit fund balance of \$479,884, \$322,171, and \$93,314, respectively. In addition, the Community Development Block Grant 00-01 Special Revenue Fund had a deficit fund balance of \$351. The Norton Parkway deficit will be eliminated by the issuance of special assessment bonds. All remaining deficits will be eliminated through the receipt of grant proceeds during 2006. No other funds had deficit balances at December 31, 2005.

Ohio Revised Code Section 5705.36 allows the City to request increased Amended Certificates of Estimated Resources. The City issued new debt in October 2005 in the amount of \$15,210,000. The City did not receive an Amended Certificate of Estimated Resources until after the year-end.

Ohio Revised Code Section 5705.10 requires in part, the money paid into any fund shall be used for the purpose for which such fund was established. The City had several special revenue and capital projects negative unencumbered fund balances as of September 30, 2005. These negative unencumbered fund balances were corrected at year-end.



# CITY OF MENTOR, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2005

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### NOTE 9 – RISK MANAGEMENT

**Self Insurance:** The City is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City is self-insured with respect to dental benefits provided to City employees and their covered dependents. The City is also self-insured for the cost of collision claims resulting from the use of City vehicles, except for fire and rescue vehicles that remain insured through a private insurance company. In accordance with GASB Statement No. 10, claims liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (“IBNRs”). Claims that meet this criteria are reported as liabilities in the government-wide statement of net assets.

The process of estimating claims liabilities depends on many complex factors, such as inflation, recent claim settlement trends (including frequency and amount of pay-outs), and other economic and social factors. The estimate of the claims liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses, regardless of whether allocated to specific claims. Estimated recoveries from subrogation or otherwise, are another component of the claims liability estimate.

The City’s financial activity relating to its self-insured risks is accounted for in the General Fund.

Changes in the estimated claims payable for self-insured risks (employee dental benefits) during the years ended December 31, 2005 and 2004 were as follows:

	<u>2005</u>	<u>2004</u>
Estimated claims payable, January 1	\$ 46,250	\$ 40,766
Current year claims (including IBNRs) and changes in estimates	270,500	282,984
Claim payments	<u>(271,500)</u>	<u>(277,500)</u>
Estimated claims payable, December 31	<u>\$ 45,250</u>	<u>\$ 46,250</u>

**Insurance:** The City purchases insurance policies in varying amounts for general liability, property damage, employee health care benefits (excluding dental benefits), and employee and police officials’ liability, including errors and omissions of the City’s safety forces. Otherwise, the City is generally self-insured. No material losses, including incurred but not reported losses, occurred in 2005. There was no significant decrease in any insurance coverages in 2005. In addition, there were no insurance settlements in excess of insurance coverage during the past three fiscal years.

The City provides the choice of two separate health insurance plans for its employees. These plans are provided by two different insurers through commercial insurance. Operating funds are charged a monthly rate per employee by type of coverage. The City participates in the State of Ohio Workers’ Compensation program to provide workers’ compensation benefits to its employees.

# CITY OF MENTOR, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2005

### NOTE 10 – CONTINGENCIES

The City participates in certain federally-assisted grant programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The amount, if any, of expenditures which may be disallowed by the granting agencies should an audit be performed cannot be determined at this time, although the City expects any disallowance would be immaterial.

In addition, there are certain pending lawsuits in which the City is involved. The City’s management, after consultation with the City’s Law Director, is of the opinion that potential uninsured claims against the City are not material to the City’s basic financial statements.

### NOTE 11 – INTERFUND TRANSACTIONS AND BALANCES

**Interfund Transactions:** During the course of normal operations, the City records numerous transactions between funds including expenditures and transfers of resources to provide services, subsidize operations, and service debt. The City has the following types of transactions among funds:

- (1) Nonreciprocal interfund transfers – Flows of assets between funds without equivalent flows of assets in return and without a requirement for repayment. This includes transfers to subsidize various funds.
- (2) Nonreciprocal interfund reimbursements – Repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

For the year ended December 31, 2005 transfers consisted of the following:

	Transfers Out	Transfers In	
		Other Governmental Funds	Total Governmental Funds
	<u>Total</u>		
Governmental Funds:			
General	\$ 1,216,576	\$ -	\$ -
Special Assessment Bond			
Retirement	-	190,994	190,994
Other governmental	<u>370,000</u>	<u>1,395,582</u>	<u>1,395,582</u>
Total	<u>\$ 1,586,576</u>	<u>\$ 1,586,576</u>	<u>\$ 1,586,576</u>

**Interfund balances:** Interfund balances at December 31, 2005 represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting records, and (3) payments between funds are made. All are expected to be paid within one year.

# CITY OF MENTOR, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2005

Interfund receivable and payable balances as of December 31, 2005 are as follows:

	Due To	Due From		
		General Fund	Other Governmental Funds	Total
	<u>Total</u>			
Governmental Funds:				
General	\$ -	\$ 1,323,824	\$ -	\$ 1,323,824
Special Assessment Bond				
Retirement	1,714	-	-	-
Other governmental	<u>1,322,948</u>	<u>-</u>	<u>838</u>	<u>838</u>
Total	<u>\$ 1,324,662</u>	<u>\$ 1,323,824</u>	<u>\$ 838</u>	<u>\$ 1,324,662</u>

### NOTE 12 - TAXES

**Income Taxes** – A two percent City income tax is levied on substantially all income earned within the City. On May 7, 2002, the two percent income tax was renewed by the voters for a five year period through December 31, 2007. In addition, the residents of the City are required to pay City income tax on income they earn outside the City; however, full credit is allowed for all income taxes these residents pay to other municipalities. Employers within the City are required to withhold income tax on employee compensation and remit the tax to an intermediary collection agency (Central Collection Agency) at least quarterly. Corporations and self-employed individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually with the collection agency. The collection agency remits taxes collected for the City each month, net of a charge for the cost of services and a credit for interest earned on amounts collected between remittances.

**Property Taxes** – Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Taxes collected from real property (other than public utility) in one calendar year are levied in October of the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued by appraisal every six years and, three years after each revaluation, all property values are reviewed and revised, as necessary, as part of a triennial update based on recent sales of properties. The last revaluation was completed in 2003. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semiannually, the first payment is due January 20, with the remainder payable June 20. In certain instances, State statute permits earlier or later payment dates to be established.

# CITY OF MENTOR, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2005

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Personal property (other than public utility) taxes are levied in October of the preceding calendar year based on tax rates determined in the preceding year and assessed values determined at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 23 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30 with the remainder payable by September 20. Under Ohio law, personal property taxes do not attach as a lien on the personal property.

Public utility real and tangible personal property taxes collected in one calendar year are levied in October of the preceding calendar year on assessed values determined as of December 31 of that preceding year, the lien date.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Mentor. The County Auditor periodically remits to the City its portion of taxes collected with final settlement in June and December for taxes payable in the first and second halves of the year, respectively.

The assessed value upon which the 2004 levy (collected in 2005) was based was approximately \$1.6 billion. Ohio law limits unvoted property taxation, combined for all overlapping taxing authorities, to 10 mills. The City's current share of the unvoted property tax is 3 mills of assessed value, and the City's total property tax levy, including all voted levies, is 4.50 mills of assessed value.

### **NOTE 13 – DEFINED BENEFIT PENSION PLANS**

**Ohio Public Employees Retirement System:** The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

# CITY OF MENTOR, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2005

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Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. For calendar years 2005, 2004, and 2003 the employer pension contribution rates for the City were 13.55 percent of covered payroll. Contributions are authorized by State statute and the contribution rates are determined actuarially. The City's required contributions to OPERS for the years ended December 31, 2005, 2004, and 2003 were \$1,811,214, \$1,777,360 and \$1,783,700 respectively; 73 percent has been contributed for 2005 and 100 percent for 2004 and 2003.

**Ohio Police and Fire Pension Fund:** The City contributes to the Ohio Police and Fire Pension Fund ("OP&F"), a cost-sharing, multiple-employer defined benefit pension plan administered by the OP&F's Board of Trustees. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and by Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.5 percent for police and 24 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for police and firefighters were \$1,023,296 and \$1,251,387 for the year ended December 31, 2005, \$992,570 and \$1,177,357 for the year ended December 31, 2004, and \$925,586 and \$1,112,261 for the year ended December 31, 2003, respectively, equal to the required payments for each year. The full amount has been contributed for 2004 and 2003. 71 percent for police and 73 percent for firefighters has been contributed for 2005.

### NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS

**Ohio Public Employees Retirement System:** The Ohio Public Employees Retirement System provides postretirement health care coverage to age and service retirees that are in the traditional pension and combined plans, with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. Of the 2005 employer contribution rate of 13.55 percent of covered payroll, 4 percent was the portion that was used to fund postretirement health care benefits for 2005.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase 1 to 6 percent annually for the next 8 years and 4 percent annually after 8 years.

# CITY OF MENTOR, OHIO

## NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2005

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All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. At December 31, 2005, the number of active contribution participants in the traditional pension and combined plans was 376,109. The City's actual contributions for 2005, which were used to fund postemployment benefits, were \$534,670. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004 (the latest information available) were \$10.8 billion. The actuarial liability and the unfunded actuarial liability were \$29.5 billion and \$18.7 billion, respectively. On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care cost.

**Ohio Police and Fire Pension Fund:** The Ohio Police and Fire Pension Fund provides postretirement health care coverage to any person who receives 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 full-time or on a two-thirds basis.

The health care coverage provided by the OP&F is considered an Other Postemployment Benefit as described in GASB Statement No. 12. The Ohio Revised Code permits the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. Of the total police employer contribution of 19.5 percent of covered payroll and the total firefighter employer contribution of 24 percent of covered payroll, 7.75 percent of covered payroll was applied to the postemployment health care program during 2005. 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.

The City's actual contributions for 2005 that were used to fund postemployment benefits were \$406,249 for police and \$404,198 for firefighters. The OP&F's total health care expenses for the year ended December 31, 2004 (the latest information available) were \$102,173,796, which was net of member contributions of \$55,665,341. The number of OP&F participants eligible to receive health care benefits as of December 31, 2004 was 13,812 police and 10,528 firefighters.

### NOTE 15 – SUBSEQUENT EVENTS

In January 2006, the City issued \$6,630,000 notes, in anticipation of the issuance of bonds for purpose of constructing Norton Parkway.

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***SUPPLEMENTARY INFORMATION***

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CITY OF MENTOR, OHIO

**GENERAL FUND  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS)  
YEAR ENDED DECEMBER 31, 2005**

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
REVENUES:				
Property taxes	\$ 2,032,740	\$ 2,032,740	\$ 2,011,037	\$ (21,703)
Municipal income tax	27,450,000	27,450,000	28,106,051	656,051
Intergovernmental	6,225,630	5,225,630	5,108,275	(117,355)
Charges for services	2,643,205	3,468,205	3,672,915	204,710
Fines and forfeitures	1,169,000	1,169,000	1,105,162	(63,838)
Licenses, permits, and inspections	1,105,100	1,105,100	1,066,673	(38,427)
Investment income	786,000	786,000	716,259	(69,741)
Other	23,000	23,000	209,449	186,449
Total revenues	<u>41,434,675</u>	<u>41,259,675</u>	<u>41,995,821</u>	<u>736,146</u>
EXPENDITURES:				
GENERAL GOVERNMENT:				
Council:				
Employee compensation	177,050	177,050	170,033	7,017
Other	<u>182,771</u>	<u>182,771</u>	<u>178,271</u>	<u>4,500</u>
Total council	<u>359,821</u>	<u>359,821</u>	<u>348,304</u>	<u>11,517</u>
Court:				
Employee compensation	738,820	738,820	716,989	21,831
Other	<u>358,170</u>	<u>358,170</u>	<u>313,432</u>	<u>44,738</u>
Total court	<u>1,096,990</u>	<u>1,096,990</u>	<u>1,030,421</u>	<u>66,569</u>
City manager:				
Employee compensation	1,062,560	1,062,560	1,017,081	45,479
Other	<u>929,625</u>	<u>929,625</u>	<u>818,563</u>	<u>111,062</u>
Total city manager	<u>1,992,185</u>	<u>1,992,185</u>	<u>1,835,644</u>	<u>156,541</u>
Finance:				
Employee compensation	798,140	798,140	760,291	37,849
Other	<u>1,635,068</u>	<u>1,635,068</u>	<u>1,528,440</u>	<u>106,628</u>
Total finance	<u>2,433,208</u>	<u>2,433,208</u>	<u>2,288,731</u>	<u>144,477</u>
Legal:				
Employee compensation	286,910	287,851	287,851	-
Other	<u>283,272</u>	<u>283,272</u>	<u>278,859</u>	<u>4,413</u>
Total legal	<u>570,182</u>	<u>571,123</u>	<u>566,710</u>	<u>4,413</u>
Other	<u>1,524,000</u>	<u>503,570</u>	<u>498,936</u>	<u>4,634</u>
Total general government	<u>7,976,386</u>	<u>6,956,897</u>	<u>6,568,746</u>	<u>388,151</u>

Continued

CITY OF MENTOR, OHIO

**GENERAL FUND  
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
(NON-GAAP BUDGETARY BASIS)  
YEAR ENDED DECEMBER 31, 2005**

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
POLICE:				
Employee compensation	\$ 7,073,100	\$ 7,073,100	\$ 6,946,089	\$ 127,011
Other	3,031,337	3,069,640	2,946,003	123,637
Total police	<u>10,104,437</u>	<u>10,142,740</u>	<u>9,892,092</u>	<u>250,648</u>
FIRE:				
Employee compensation	5,578,520	5,578,520	5,222,740	355,780
Other	3,640,367	3,715,982	3,409,347	306,635
Total fire	<u>9,218,887</u>	<u>9,294,502</u>	<u>8,632,087</u>	<u>662,415</u>
STREETS AND HIGHWAYS:				
Employee compensation	3,041,294	3,041,294	2,976,502	64,792
Other	6,381,745	4,750,520	4,330,442	420,078
Total streets and highways	<u>9,423,039</u>	<u>7,791,814</u>	<u>7,306,944</u>	<u>484,870</u>
PARKS, RECREATION AND PUBLIC LANDS:				
Employee compensation	3,504,801	3,754,801	3,649,474	105,327
Other	4,797,149	5,259,924	4,406,042	853,882
Total parks, recreation and public lands	<u>8,301,950</u>	<u>9,014,725</u>	<u>8,055,516</u>	<u>959,209</u>
COMMUNITY DEVELOPMENT:				
Employee compensation	767,750	767,750	692,561	75,189
Other	435,884	441,884	407,088	34,796
Total community development	<u>1,203,634</u>	<u>1,209,634</u>	<u>1,099,649</u>	<u>109,985</u>
ENGINEERING AND BUILDING:				
Employee compensation	1,172,857	1,172,857	1,036,340	136,517
Other	1,222,944	1,222,944	1,023,374	199,570
Total engineering and building	<u>2,395,801</u>	<u>2,395,801</u>	<u>2,059,714</u>	<u>336,087</u>
Total expenditures	<u>48,624,134</u>	<u>46,806,113</u>	<u>43,614,748</u>	<u>3,191,365</u>
Excess (deficiency) of revenues over expenditures	<u>(7,189,459)</u>	<u>(5,546,438)</u>	<u>(1,618,927)</u>	<u>3,927,511</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(1,216,576)	(1,216,576)	-
Advances in	531,000	531,000	537,581	6,581
Advances out	-	(1,322,948)	(1,322,948)	-
Total other financing sources (uses)	<u>531,000</u>	<u>(2,008,524)</u>	<u>(2,001,943)</u>	<u>6,581</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(6,658,459)</u>	<u>(7,554,962)</u>	<u>(3,620,870)</u>	<u>3,934,092</u>
Adjustment for prior year encumbrances	1,420,687	1,420,687	1,420,687	-
FUND BALANCES, BEGINNING OF YEAR	<u>9,924,675</u>	<u>9,924,675</u>	<u>9,924,675</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 4,686,903</u>	<u>\$ 3,790,400</u>	<u>\$ 7,724,492</u>	<u>\$ 3,934,092</u>

# CITY OF MENTOR, OHIO

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. The City's special revenue funds are described below:

Street Fund	Required by the Ohio Revised Code to account for that portion of the motor vehicle registration fees and state gasoline tax designated for the construction, maintenance, and repairs of streets and highways.
Police Pension Fund	To accumulate property taxes levied toward partial payment of the current liability for police disability and pension benefits.
Fire Pension Fund	To accumulate property taxes levied toward partial payment of the current liability for fire fighters' disability and pension benefits.
Fire Levy Fund	To accumulate property taxes levied for the purpose of providing and maintaining fire equipment and for the payment of salaries and expenses of permanent and part-time firefighters.
Senior Citizens Services Levy Fund	To account for property taxes levied by Lake County and distributed to the City for the purpose of providing funding for senior citizen projects and operating costs of the City's Senior Citizens Center.
Community Recreation Facilities Fund	To provide funds for debt service relating to recreational facilities.
Cemetery Fund	To account for monies received from the sale of cemetery lots and designated for the enlargement, improvement, embellishment, and care of cemetery grounds.
Economic Development Fund	To account for monies paid to the City in conjunction with the Mentor Economic Assistance Corporation, as certified by the Small Business Administration.
Subdivision Street Tree Fund	To accumulate subdivision fees to be used for planting trees to beautify the City.
Street Lighting Fund	To accumulate street lighting assessment revenues levied for payment of current street lighting operating costs.
Court Computer Fund	To accumulate fees collected for computerization of the Mentor Municipal Court.
Court Special Projects Fund	To accumulate filing fees collected for special projects of the Mentor Municipal Court.
Enforcement and Education Fund	To account for fines received from the Mentor Municipal Court to be used by the Mentor Police Department to cover costs incurred in enforcing DUI laws and educating the public regarding such laws.

**SPECIAL REVENUE FUNDS (Continued)**

Court Probation Services Fund	To accumulate probation fees collected for the operation of Mentor Municipal Court's Probation Department.
Indigent Driver Alcohol Treatment Fund	To account for fines and fees received from the Mentor Municipal Court and the Ohio Department of Alcohol and Drug Addiction Services for the purpose of providing indigent drivers with alcohol and/or drug treatment.
Law Enforcement Trust Fund	To account for monies received from the seizure and sale of contraband and property used in criminal activity.
Police Canine Fund	To account for monies received from the Ortrud Higgins Trust for the Police Department's canine unit.
Seat Belt Grant Fund	To account for monies received from the Ohio Department of Highway Safety for the encouragement of seat belt use.
VOCA Victims Assistance Grant 04-05 Fund	To account for monies received from the Crime Victims Assistance Office to assist victims of crime.
VOCA Victims Assistance Grant 05-06 Fund	To account for monies received from the Crime Victims Assistance Office to assist victims of crime.
Community Development Block Grant 98-99 Fund	To account for monies received from the U.S. Department of Housing and Urban Development for various community development block grant programs.
Community Development Block Grant 00-01 Fund	To account for monies received from the U.S. Department of Housing and Urban Development for various community development block grant programs.
Community Development Block Grant 01-02 Fund	To account for monies received from the U.S. Department of Housing and Urban Development for various community development block grant programs.
Community Development Block Grant 02-03 Fund	To account for monies received from the U.S. Department of Housing and Urban Development for various community development block grant programs.
Community Development Block Grant 03-04 Fund	To account for monies received from the U.S. Department of Housing and Urban Development for various community development block grant programs.
Community Development Block Grant 04-05 Fund	To account for monies received from the U.S. Department of Housing and Urban Development for various community development block grant programs.
Forfeited Property – U.S. Department of Justice Fund	To account for shared federally forfeited property proceeds received from the U.S. Department of Justice.

**SPECIAL REVENUE FUNDS (Continued)**

Council Donation Fund	To account for donations from various sources and individuals to be used to support specific purposes or programs provided by City Council.
Police Donation Fund	To account for donations from various sources and individuals to be used to support specific purposes or programs provided by the Police Department.
Fire Donation Fund	To account for donations from various sources and individuals to be used to support specific purposes or programs provided by the Fire Department.
Senior Citizens Donation Fund	To account for donations from various sources and individuals to be used to support specific purposes provided by the Mentor Senior Citizens Center.
Cultural Donation Fund	To account for donations from various sources and individuals to be used to support specific purposes or programs provided by the Wildwood Cultural Center.
Beautification Donation Fund	To account for donations from various sources and individuals to be used to support specific purposes or programs provided by the City of Mentor’s Beautification Commission.
IBIM Festival Fund	To account for revenue received from the It’s Better in Mentor Festival to cover the cost of operating the festival.

**DEBT SERVICE FUNDS**

General Obligation Bond Retirement Fund	To accumulate property taxes levied toward retirement of outstanding general obligation debt.
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**CAPITAL PROJECT FUNDS**

Norton Parkway Fund	To account for the financing of the construction of Norton Parkway from State Route 615 to Garfield Road.
Hopkins Road Bridge Improvement Fund	To account for the financing of the replacement of the bridge over Marsh Creek and improving its roadway approach.
Chillicothe Road Widening & Resurfacing Fund Phase 2	To account for the financing of the widening and resurfacing Chillicothe Road from King Memorial Road to Fairlawn Avenue.
Morton Property Acquisition Fund	To account for the financing of the acquisition of 99 acres of protected wetland habitat adjacent to the Mentor Marsh State Nature Preserve.
Heisley Road Improvements Fund	To account for the financing of the roadway relocation and railroad grade separation between Jackson Street and Hendricks Road.
Lakeshore Boulevard Bikeway Fund	To account for the financing of the construction of a bikeway along Lakeshore Boulevard between Hopkins Road and Corduroy Road.



**CITY OF MENTOR, OHIO**

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2005**

	Special Revenue Funds											
	Street	Police Pension	Fire Pension	Fire Levy	Senior Citizens Services Levy	Community Recreation Facilities	Cemetery	Economic Development	Subdivision Street Tree	Street Lighting	Court Computer	Court Special Projects
<b>ASSETS</b>												
Cash and investments	\$ 1,806,371	\$ -	\$ -	\$ 8,795	\$ 468,116	\$ 11,257	\$ 348,411	\$ 94,667	\$ 54,641	\$ 675,158	\$ 169,371	\$ 238,946
Receivables, net	-	411,496	411,496	1,117,207	-	37,812	-	-	-	11,284	7,045	6,954
Due from other funds	-	-	-	297	-	-	-	-	-	541	-	-
Due from other governments	1,018,937	65,202	65,202	201,099	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 2,825,308</b>	<b>\$ 476,698</b>	<b>\$ 476,698</b>	<b>\$ 1,327,398</b>	<b>\$ 468,116</b>	<b>\$ 49,069</b>	<b>\$ 348,411</b>	<b>\$ 94,667</b>	<b>\$ 54,641</b>	<b>\$ 686,983</b>	<b>\$ 176,416</b>	<b>\$ 245,900</b>
<b>LIABILITIES</b>												
Accounts payable	\$ 332,363	\$ -	\$ -	\$ -	\$ 7,782	\$ -	\$ -	\$ -	\$ -	\$ 161,615	\$ 1,176	\$ -
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	611,664	476,698	476,698	1,318,603	-	410	-	-	-	11,825	-	-
Total liabilities	944,027	476,698	476,698	1,318,603	7,782	410	-	-	-	173,440	1,176	-
<b>FUND BALANCES</b>												
Reserved for:												
Debt service	-	-	-	-	-	-	-	-	-	-	-	-
Encumbrances	56,417	-	-	-	16,350	-	-	8,744	3,970	-	-	-
Unreserved, undesignated	1,824,864	-	-	8,795	443,984	48,659	348,411	85,923	50,671	513,543	175,240	245,900
Total fund balances	1,881,281	-	-	8,795	460,334	48,659	348,411	94,667	54,641	513,543	175,240	245,900
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 2,825,308</b>	<b>\$ 476,698</b>	<b>\$ 476,698</b>	<b>\$ 1,327,398</b>	<b>\$ 468,116</b>	<b>\$ 49,069</b>	<b>\$ 348,411</b>	<b>\$ 94,667</b>	<b>\$ 54,641</b>	<b>\$ 686,983</b>	<b>\$ 176,416</b>	<b>\$ 245,900</b>

Continued

**CITY OF MENTOR, OHIO**

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2005**

	Special Revenue Funds											
	Enforcement and Education	Court Probation Services	Indigent Driver Alcohol Treatment	Law Enforcement Trust	Police Canine	Seat Belt Grant	VOCA Victims Assistance Grant 04-05	VOCA Victims Assistance Grant 05-06	Community Development Block Grant 98-99	Community Development Block Grant 00-01	Community Development Block Grant 01-02	
<b>ASSETS</b>												
Cash and investments	\$ 22,247	\$ 88,485	\$ 31,898	\$ 55,357	\$ 84,917	\$ 8,245	\$ -	\$ 754	\$ -	\$ -	\$ 15,893	
Receivables, net	388	7,315	325	100	-	-	-	-	-	-	-	
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	
Due from other governments	-	-	5,000	-	-	-	-	-	-	-	-	
<b>TOTAL ASSETS</b>	<b>\$ 22,635</b>	<b>\$ 95,800</b>	<b>\$ 37,223</b>	<b>\$ 55,457</b>	<b>\$ 84,917</b>	<b>\$ 8,245</b>	<b>\$ -</b>	<b>\$ 754</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,893</b>	
<b>LIABILITIES</b>												
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 794	\$ -	\$ -	\$ -	\$ -	\$ -	
Due to other funds	-	-	-	-	-	-	-	-	-	351	15,893	
Deferred revenue	-	-	5,000	-	-	-	-	-	-	-	-	
Total liabilities	-	-	5,000	-	-	794	-	-	-	351	15,893	
<b>FUND BALANCES</b>												
Reserved for:												
Debt service	-	-	-	-	-	-	-	-	-	-	-	
Encumbrances	-	-	3,000	-	720	-	-	-	-	-	15,893	
Unreserved, undesignated	22,635	95,800	29,223	55,457	84,197	7,451	-	754	-	(351)	(15,893)	
Total fund balances	22,635	95,800	32,223	55,457	84,917	7,451	-	754	-	(351)	-	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 22,635</b>	<b>\$ 95,800</b>	<b>\$ 37,223</b>	<b>\$ 55,457</b>	<b>\$ 84,917</b>	<b>\$ 8,245</b>	<b>\$ -</b>	<b>\$ 754</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,893</b>	

Continued



**CITY OF MENTOR, OHIO**

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2005**

	Special Revenue Funds											
	Community Development Block Grant 02-03	Community Development Block Grant 03-04	Community Development Block Grant 04-05	Forfeited Property - U.S. Department of Justice	Council Donation	Police Donation	Fire Donation	Senior Citizens Donation	Cultural Donation	Beautification Donation	IBIM Festival	
<b>ASSETS</b>												
Cash and investments	\$ 3,898	\$ -	\$ 10,658	\$ 1,315	\$ 585	\$ 9,991	\$ 9,630	\$ 14,811	\$ 81,154	\$ 2,424	\$ 1,532	
Receivables, net	-	-	-	-	-	-	-	-	-	-	-	
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	
Due from other governments	-	-	2,851	-	-	-	-	-	-	-	-	
<b>TOTAL ASSETS</b>	<b>\$ 3,898</b>	<b>\$ -</b>	<b>\$ 13,509</b>	<b>\$ 1,315</b>	<b>\$ 585</b>	<b>\$ 9,991</b>	<b>\$ 9,630</b>	<b>\$ 14,811</b>	<b>\$ 81,154</b>	<b>\$ 2,424</b>	<b>\$ 1,532</b>	
<b>LIABILITIES</b>												
Accounts payable	\$ 345	\$ -	\$ 2,500	\$ -	\$ -	\$ 500	\$ 772	\$ 232	\$ 376	\$ -	\$ -	
Due to other funds	-	-	10,658	-	-	-	-	-	-	-	-	
Deferred revenue	-	-	351	-	-	-	-	-	-	-	-	
Total liabilities	<b>345</b>	<b>-</b>	<b>13,509</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>772</b>	<b>232</b>	<b>376</b>	<b>-</b>	<b>-</b>	
<b>FUND BALANCES</b>												
Reserved for:												
Debt service	-	-	-	-	-	-	-	-	-	-	-	
Encumbrances	2,059	-	8,157	-	-	-	-	250	180	-	-	
Unreserved, undesignated	1,494	-	(8,157)	1,315	585	9,491	8,858	14,329	80,598	2,424	1,532	
Total fund balances	<b>3,553</b>	<b>-</b>	<b>-</b>	<b>1,315</b>	<b>585</b>	<b>9,491</b>	<b>8,858</b>	<b>14,579</b>	<b>80,778</b>	<b>2,424</b>	<b>1,532</b>	
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 3,898</b>	<b>\$ -</b>	<b>\$ 13,509</b>	<b>\$ 1,315</b>	<b>\$ 585</b>	<b>\$ 9,991</b>	<b>\$ 9,630</b>	<b>\$ 14,811</b>	<b>\$ 81,154</b>	<b>\$ 2,424</b>	<b>\$ 1,532</b>	

Continued

**CITY OF MENTOR, OHIO**  
**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2005**

	Debt Service Fund		Capital Project Funds							Total All Nonmajor Funds		
	Total Special Revenue Funds	General Obligation Bond Retirement	Norton Parkway	Hopkins Road/Bridge Improvement	Chillicothe Road		Morton Property Acquisition	Heisley Road Improvements	Lakeshore Boulevard Bikeway		Total Capital Project Funds	
					Widening & Resurfacing - Phase 2							
<b>ASSETS</b>												
Cash and investments	\$ 4,319,527	\$ 318,116	\$ 588,399	\$ 310	\$ 59,005	\$ 776,068	\$ -	\$ -	\$ 2,110,282	\$ 6,747,925		
Receivables, net	2,011,422	1,371,653	-	-	-	-	-	-	-	3,383,075		
Due from other funds	838	-	-	-	-	-	-	-	-	838		
Due from other governments	1,358,291	143,805	-	313,500	132,500	528,743	-	-	974,743	2,476,839		
<b>TOTAL ASSETS</b>	<b>\$ 7,690,078</b>	<b>\$ 1,833,574</b>	<b>\$ 588,399</b>	<b>\$ 313,810</b>	<b>\$ 191,505</b>	<b>\$ 1,304,811</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,085,025</b>	<b>\$ 12,608,677</b>		
<b>LIABILITIES</b>												
Accounts payable	\$ 508,455	\$ -	\$ 440,989	\$ -	\$ 6,049	\$ 733,640	\$ -	\$ -	\$ 1,180,678	\$ 1,689,133		
Due to other funds	26,902	-	627,294	322,481	146,271	-	-	-	1,296,046	1,322,948		
Deferred revenue	2,901,249	1,515,458	-	313,500	132,500	95,452	-	-	541,452	4,958,159		
Total liabilities	3,436,606	1,515,458	1,068,283	635,981	284,820	829,092	-	-	3,018,176	7,970,240		
<b>FUND BALANCES</b>												
Reserved for:												
Debt service	-	318,116	-	-	-	-	-	-	-	318,116		
Encumbrances	115,740	-	147,410	310	52,956	571,171	-	-	772,347	888,087		
Unreserved, undesignated	4,137,732	-	(627,294)	(322,481)	(146,271)	(95,452)	-	-	(705,498)	3,432,234		
Total fund balances	4,253,472	318,116	(479,884)	(322,171)	(93,315)	475,719	-	-	66,849	4,638,437		
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 7,690,078</b>	<b>\$ 1,833,574</b>	<b>\$ 588,399</b>	<b>\$ 313,810</b>	<b>\$ 191,505</b>	<b>\$ 1,304,811</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,085,025</b>	<b>\$ 12,608,677</b>		

**CITY OF MENTOR, OHIO**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2005**

	Special Revenue Funds											
	Street	Police Pension	Fire Pension	Fire Levy	Senior Citizens Service Levy	Community Recreation Facilities	Cemetery	Economic Development	Subdivision Street Tree	Street Lighting	Court Computer	Court Special Projects
<b>REVENUES</b>												
Property taxes	\$ -	\$ 430,937	\$ 430,937	\$ 1,201,039	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other local taxes	361,112	-	-	-	-	372,352	-	-	-	-	-	-
Intergovernmental	2,035,693	53,772	53,772	142,142	112,543	-	13,505	-	-	-	-	-
Charges for services	-	-	-	-	-	-	35,990	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	101,393	-	101,400
Licenses, permits, and inspections	-	-	-	-	-	-	-	10,175	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	1,117,516	-	-	-
Investment income	55,458	-	-	-	-	-	-	-	-	-	-	-
Donations and other	50,000	-	-	-	-	-	-	-	-	-	-	-
Total revenues	2,502,263	484,709	484,709	1,343,181	112,543	372,352	35,990	10,175	1,117,516	101,393	-	101,400
<b>EXPENDITURES</b>												
Current:												
General government	-	-	-	-	-	-	-	-	-	-	-	-
Police	-	484,709	-	-	-	-	-	-	-	68,436	-	40,841
Fire	-	-	484,709	1,178,827	-	-	-	-	-	-	-	-
Streets and highways	1,526,765	-	-	-	-	-	-	-	1,009,314	-	-	-
Parks, recreations and public lands	-	-	-	-	29,808	-	-	4,688	-	-	-	-
Community development	-	-	-	-	-	-	-	7,500	-	-	-	-
Engineering and building	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	311,645	-	-	155,559	21,388	-	-	-	-	5,082	-	-
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and other expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	1,838,410	484,709	484,709	1,334,386	51,196	-	-	7,500	4,688	1,009,314	73,518	40,841
Excess (deficiency) of revenues over (under) expenditures	663,853	-	-	8,795	61,347	372,352	35,990	6,005	5,487	108,202	27,875	60,559
<b>OTHER FINANCING SOURCES (USES)</b>												
Bonds issued	-	-	-	-	-	-	-	-	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds of notes	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(370,000)	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	(370,000)	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	663,853	-	-	8,795	61,347	2,352	35,990	6,005	5,487	108,202	27,875	60,559
FUND BALANCES AT BEGINNING OF YEAR	1,217,429	-	-	-	398,986	46,307	312,421	88,662	49,154	403,341	147,365	185,342
FUND BALANCE AT END OF YEAR	\$ 1,881,282	\$ -	\$ -	\$ 8,795	\$ 460,333	\$ 48,659	\$ 348,411	\$ 94,667	\$ 54,641	\$ 513,543	\$ 175,240	\$ 245,901

Continued

**CITY OF MENTOR, OHIO**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2005**

	Special Revenue Funds											
	Enforcement and Education	Court Probation Services	Indigent Driver Alcohol Treatment	Law Enforcement Trust	Police Canine	Seat Belt Grant	VOCA Victims Assistance Grant 04-05	VOCA Victims Assistance Grant 05-06	Community Development Block Grant 98-99	Community Development Block Grant 00-01	Community Development Block Grant 01-02	Community Development Block Grant 02-03
<b>REVENUES</b>												
Property taxes	-	-	-	-	-	-	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	9,540	-	-	1,342	-	774	88	1,885	16,142	7,502
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	5,649	85,317	5,185	10,440	-	-	-	-	-	-	-	-
Licenses, permits, and inspections	-	-	-	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-	-	-	-
Investment income	-	-	-	-	-	-	-	-	-	-	-	-
Donations and other	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	5,649	85,317	14,725	10,440	-	1,342	-	774	88	1,885	16,142	7,502
<b>EXPENDITURES</b>												
Current												
General government	-	46,959	20,883	-	-	1,283	2,883	-	-	-	-	-
Police	2,627	-	-	95	12,223	-	-	20	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-	-	-	-
Streets and highways	-	-	-	-	-	-	-	-	-	-	-	-
Parks, recreations and public lands	-	-	-	-	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-	88	351	16,142	21,298
Engineering and building	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-	-	-	-
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-
Interest and other expenditures	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	2,627	46,959	20,883	95	12,223	1,283	2,883	20	88	351	16,142	21,298
Excess (deficiency) of revenues over (under) expenditures	3,022	38,358	(6,158)	10,345	(12,223)	59	(2,883)	754	-	1,534	-	(13,796)
<b>OTHER FINANCING SOURCES (USES)</b>												
Bonds issued	-	-	-	-	-	-	-	-	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds of notes	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	3,022	38,358	(6,158)	10,345	(12,223)	59	(2,883)	754	-	1,534	-	(13,796)
FUND BALANCES AT BEGINNING OF YEAR	19,613	57,442	38,381	45,112	97,140	7,391	2,883	-	-	(1,885)	-	17,349
FUND BALANCE AT END OF YEAR	22,635	95,800	32,223	55,457	84,917	7,450	-	754	-	(351)	-	3,553

Continued

**CITY OF MENTOR, OHIO**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2005**

	Special Revenue Funds										Fund General Obligation Bond Retirement	
	Community Development Block Grant 03-04	Community Development Block Grant 04-05	Forfeited Property - U.S. Department of Justice	Council Donation	Police Donation	Fire Donation	Senior Citizens Donation	Cultural Donation	Beautification Donation	IBM Festival		Total Special Revenue Funds
<b>REVENUES</b>												
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,062,913	\$ 1,436,550
Other local taxes	-	-	-	-	-	-	-	-	-	-	753,464	-
Intergovernmental	12,500	143,810	1,315	-	-	-	-	-	-	-	2,592,820	186,347
Charges for services	-	-	-	825	-	-	2,398	-	-	71,012	123,730	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	309,384	-
Licenses, permits, and inspections	-	-	-	-	-	-	-	-	-	-	10,175	-
Special assessments	-	-	-	-	-	-	-	-	-	-	1,117,516	-
Investment income	-	-	-	-	-	-	-	-	-	-	55,458	8,140
Donations and other	-	-	-	-	1,600	7,368	-	18,010	6,318	-	83,296	-
Total revenues	12,500	143,810	1,315	825	1,600	7,368	2,398	18,010	6,318	71,012	7,088,756	1,631,037
<b>EXPENDITURES</b>												
Current:												
General government	-	-	-	598	-	-	-	-	-	-	177,717	-
Police	-	-	-	-	2,207	-	-	-	-	-	506,047	-
Fire	-	-	-	-	-	3,682	-	-	-	-	1,667,218	-
Streets and highways	-	-	-	-	-	-	-	-	-	-	2,536,079	-
Parks, recreations and public lands	-	-	-	-	-	-	1,856	23,201	6,041	70,743	136,337	-
Community development	12,500	93,173	-	-	-	-	-	-	-	-	151,052	-
Engineering and building	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	-	51,839	-	-	-	4,020	-	-	-	-	549,533	-
Debt service:												
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	1,478,920
Interest and other expenditures	-	-	-	-	-	-	-	-	-	-	-	927,485
Total expenditures	12,500	145,012	-	598	2,207	7,702	1,856	23,201	6,041	70,743	5,725,983	2,406,405
Excess (deficiency) of revenues over (under) expenditures	-	(1,202)	1,315	227	(607)	(334)	542	(5,191)	277	269	1,364,773	(775,368)
<b>OTHER FINANCING SOURCES (USES)</b>												
Bonds issued	-	-	-	-	-	-	-	-	-	-	-	9,145,360
Payment to refund bond escrow agent	-	-	-	-	-	-	-	-	-	-	-	(9,009,278)
Proceeds of notes	-	-	-	-	-	-	-	-	-	-	-	29,687
Transfers in	-	-	-	-	-	-	-	-	-	-	-	486,667
Transfers out	-	-	-	-	-	-	-	-	-	-	(370,000)	-
Total other financing sources and uses	-	-	-	-	-	-	-	-	-	-	(370,000)	652,436
NET CHANGE IN FUND BALANCES	-	(1,202)	1,315	227	(607)	(334)	542	(5,191)	277	269	994,773	(122,932)
FUND BALANCES AT BEGINNING OF YEAR	-	1,202	-	357	10,098	9,192	14,038	85,969	2,147	1,263	3,258,699	441,048
FUND BALANCE AT END OF YEAR	\$ -	\$ -	\$ 1,315	\$ 584	\$ 9,491	\$ 8,858	\$ 14,580	\$ 80,778	\$ 2,424	\$ 1,532	\$ 4,253,472	\$ 318,116

Continued

**CITY OF MENTOR, OHIO**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
YEAR ENDED DECEMBER 31, 2005**

	Capital Project Funds							Total All Nonmajor Funds
	Norton Parkway	Hopkins Road/Bridge Improvements	Chillicothe Road Widening & Resurfacing - Phase 2	Morton Property Acquisition	Haisley Road Improvements	Lakeshore Boulevard Phase 2	Total Capital Project Funds	
<b>REVENUES</b>								
Property taxes	-	-	-	-	-	-	-	\$ 3,499,463
Other local taxes	-	-	-	-	-	-	-	733,464
Intergovernmental	-	-	249,000	1,362,489	1,039,972	433,291	3,084,752	5,863,919
Charges for services	-	-	-	-	-	-	-	123,730
Fines and forfeitures	-	-	-	-	-	-	-	309,384
Licenses, permits, and inspections	-	-	-	-	-	-	-	10,175
Special assessments	-	-	-	-	-	-	-	1,117,516
Investment income	-	-	-	-	-	-	-	63,598
Donations and other	-	-	-	-	-	-	-	83,296
Total revenues	-	-	249,000	1,362,489	1,039,972	433,291	3,084,752	11,804,545
<b>EXPENDITURES</b>								
Current:								
General government	30,014	-	-	-	-	-	30,014	207,731
Police	-	-	-	-	-	-	-	506,047
Fire	-	-	-	-	-	-	-	1,667,218
Streets and highways	-	220,472	120,810	-	-	-	341,282	2,877,361
Parks, recreations and public lands	-	-	-	-	-	-	-	136,337
Community development	-	-	-	-	-	-	-	151,052
Engineering and building	-	-	-	-	-	-	-	-
Capital outlay	449,870	-	674,361	1,008,836	1,039,972	733,639	3,906,678	4,456,211
Debt service:								
Principal retirement	-	-	-	-	-	-	-	1,478,920
Interest and other expenditures	-	-	-	-	-	-	-	927,485
Total expenditures	479,884	220,472	795,171	1,008,836	1,039,972	733,639	4,277,974	12,408,362
Excess (deficiency) of revenues over (under) expenditures	(479,884)	(220,472)	(546,171)	353,653	-	(300,348)	(1,193,222)	(603,817)
<b>OTHER FINANCING SOURCES (USES)</b>								
Bonds issued	-	-	-	-	-	-	-	9,145,360
Payment to refund bond escrow agent	-	-	-	-	-	-	-	(9,009,278)
Proceeds of notes	-	196,480	19,981	-	-	-	216,461	246,148
Transfers in	-	-	-	132,847	-	776,068	908,915	1,395,582
Transfers out	-	-	-	-	-	-	-	(370,000)
Total other financing sources and uses	-	196,480	19,981	132,847	-	776,068	1,125,376	1,407,812
NET CHANGE IN FUND BALANCES	(479,884)	(23,992)	(526,190)	486,500	-	475,720	(67,846)	803,995
FUND BALANCES AT BEGINNING OF YEAR	-	(298,179)	432,876	-	-	-	134,697	3,834,444
FUND BALANCE AT END OF YEAR	\$ (479,884)	\$ (322,171)	\$ (93,314)	\$ 486,500	\$ -	\$ 475,720	\$ 66,851	\$ 4,638,439



**CITY OF MENTOR, OHIO**

**AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
YEAR ENDED DECEMBER 31, 2005**

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	<u>Balance January 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2005</u>
<b><u>Municipal Court Fund:</u></b>				
ASSETS:				
Cash	\$ 40,840	\$ 1,116,612	\$ 1,100,060	\$ 57,392
LIABILITIES:				
Deposits held and due to others	\$ 40,840	\$ 1,116,612	\$ 1,100,060	\$ 57,392



# CITY OF MENTOR, OHIO

## STREET FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Other local taxes	\$ 368,000	\$ 360,186	\$ (7,814)
Intergovernmental	1,991,000	1,975,773	(15,227)
Investment income	60,000	55,458	(4,542)
Other	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Total revenues	<u>2,419,000</u>	<u>2,441,417</u>	<u>22,417</u>
EXPENDITURES:			
Streets and highways	<u>3,104,804</u>	<u>1,850,329</u>	<u>1,254,475</u>
Excess (deficiency) of revenues over expenditures	<u>(685,804)</u>	<u>591,088</u>	<u>1,276,892</u>
OTHER FINANCING SOURCES (USES):			
Transfers out	<u>(30,000)</u>	<u>-</u>	<u>30,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(715,804)</u>	<u>591,088</u>	<u>1,306,892</u>
Adjustment for prior year encumbrances	9,805	9,805	-
FUND BALANCES, BEGINNING OF YEAR	<u>861,196</u>	<u>861,196</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 155,197</u>	<u>\$ 1,462,089</u>	<u>\$ 1,306,892</u>

**CITY OF MENTOR, OHIO**

**POLICE PENSION FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
 (NON-GAAP BUDGETARY BASIS)  
 YEAR ENDED DECEMBER 31, 2005**

---

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Property taxes	\$ 430,936	\$ 430,936	\$ -
Intergovernmental	<u>53,772</u>	<u>53,772</u>	<u>-</u>
Total revenues	<u>484,708</u>	<u>484,708</u>	<u>-</u>
EXPENDITURES:			
Police	<u>484,708</u>	<u>484,708</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	-
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# CITY OF MENTOR, OHIO

## FIRE PENSION FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Property taxes	\$ 430,936	\$ 430,936	\$ -
Intergovernmental	<u>53,772</u>	<u>53,772</u>	<u>-</u>
Total revenues	<u>484,708</u>	<u>484,708</u>	<u>-</u>
EXPENDITURES:			
Fire	<u>484,708</u>	<u>484,708</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	-
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# CITY OF MENTOR, OHIO

## FIRE LEVY FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Property taxes	\$1,204,724	\$1,201,039	\$ (3,685)
Intergovernmental	<u>143,367</u>	<u>142,142</u>	<u>(1,225)</u>
Total revenues	<u>1,348,091</u>	<u>1,343,181</u>	<u>(4,910)</u>
EXPENDITURES:			
Fire:			
Employee compensation	1,164,000	1,164,000	-
Other	<u>175,000</u>	<u>170,386</u>	<u>4,614</u>
Total expenditure	<u>1,339,000</u>	<u>1,334,386</u>	<u>4,614</u>
Excess (deficiency) of revenues over expenditures	9,091	8,795	(296)
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 9,091</u>	<u>\$ 8,795</u>	<u>\$ (296)</u>

# CITY OF MENTOR, OHIO

## SENIOR CITIZENS SERVICES LEVY FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	<u>\$ 80,000</u>	<u>\$ 112,543</u>	<u>\$ 32,543</u>
EXPENDITURES:			
Parks, recreation and public lands	<u>428,710</u>	<u>67,545</u>	<u>361,165</u>
Excess (deficiency) of revenues over expenditures	(348,710)	44,998	393,708
Adjustment for prior year encumbrances	3,710	3,710	-
FUND BALANCES, BEGINNING OF YEAR	<u>395,276</u>	<u>395,276</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 50,276</u>	<u>\$ 443,984</u>	<u>\$ 393,708</u>

# CITY OF MENTOR, OHIO

## COMMUNITY RECREATION FACILITIES FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Other local taxes	\$ 367,000	\$ 363,904	\$ (3,096)
EXPENDITURES	-	-	-
Excess (deficiency) of revenues over expenditures	367,000	363,904	(3,096)
OTHER FINANCING USES:			
Transfers out	(370,000)	(370,000)	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(3,000)	(6,096)	(3,096)
FUND BALANCES, BEGINNING OF YEAR	17,375	17,375	-
FUND BALANCES, END OF YEAR	<u>\$ 14,375</u>	<u>\$ 11,279</u>	<u>\$ (3,096)</u>

# CITY OF MENTOR, OHIO

## CEMETERY FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Charges for services	<u>\$ 32,000</u>	<u>\$ 35,990</u>	<u>\$ 3,990</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	32,000	35,990	3,990
FUND BALANCES, BEGINNING OF YEAR	<u>312,421</u>	<u>312,421</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 344,421</u>	<u>\$ 348,411</u>	<u>\$ 3,990</u>

# CITY OF MENTOR, OHIO

## ECONOMIC DEVELOPMENT FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

---

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Charges for services	<u>\$ 10,000</u>	<u>\$ 13,505</u>	<u>\$ 3,505</u>
EXPENDITURES:			
Community development	<u>90,000</u>	<u>16,244</u>	<u>73,756</u>
Excess (deficiency) of revenues over expenditures	(80,000)	(2,739)	77,261
FUND BALANCES, BEGINNING OF YEAR	<u>88,662</u>	<u>88,662</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 8,662</u>	<u>\$ 85,923</u>	<u>\$ 77,261</u>



# CITY OF MENTOR, OHIO

## SUBDIVISION STREET TREE FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Licenses, permits, and inspections	\$ 10,000	\$ 10,175	\$ 175
EXPENDITURES:			
Parks, recreation and public lands	<u>49,614</u>	<u>11,352</u>	<u>38,262</u>
Excess (deficiency) of revenues over expenditures	(39,614)	(1,177)	38,437
Adjustment for prior year encumbrances	4,614	4,614	-
FUND BALANCES, BEGINNING OF YEAR	<u>47,234</u>	<u>47,234</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 12,234</u>	<u>\$ 50,671</u>	<u>\$ 38,437</u>

# CITY OF MENTOR, OHIO

## STREET LIGHTING FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Special assessments	<u>\$1,086,000</u>	<u>\$1,117,516</u>	<u>\$ 31,516</u>
EXPENDITURES:			
Streets and highways	<u>1,042,000</u>	<u>1,009,314</u>	<u>32,686</u>
Excess (deficiency) of revenues over expenditures	44,000	108,202	64,202
FUND BALANCES, BEGINNING OF YEAR	<u>405,341</u>	<u>405,341</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 449,341</u>	<u>\$ 513,543</u>	<u>\$ 64,202</u>

# CITY OF MENTOR, OHIO

## COURT COMPUTER FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Fines and forfeitures	\$ 100,000	\$ 101,724	\$ 1,724
EXPENDITURES:			
General government	<u>150,000</u>	<u>73,518</u>	<u>76,482</u>
Excess (deficiency) of revenues over expenditures	(50,000)	28,206	78,206
FUND BALANCES, BEGINNING OF YEAR	<u>139,988</u>	<u>139,988</u>	-
FUND BALANCES, END OF YEAR	<u>\$ 89,988</u>	<u>\$ 168,194</u>	<u>\$ 78,206</u>

# CITY OF MENTOR, OHIO

## COURT SPECIAL PROJECTS SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Fines and forfeitures	\$ <u>102,000</u>	\$ <u>101,816</u>	\$ <u>(184)</u>
EXPENDITURES:			
General government	<u>200,000</u>	<u>40,841</u>	<u>159,159</u>
Excess (deficiency) of revenues over expenditures	(98,000)	60,975	158,975
FUND BALANCES, BEGINNING OF YEAR	<u>177,971</u>	<u>177,971</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 79,971</u>	<u>\$ 238,946</u>	<u>\$ 158,975</u>

# CITY OF MENTOR, OHIO

## ENFORCEMENT AND EDUCATION FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

---

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Fines and forfeitures	<u>\$ 5,000</u>	<u>\$ 5,851</u>	<u>\$ 851</u>
EXPENDITURES:			
Police	<u>18,000</u>	<u>2,627</u>	<u>15,373</u>
Excess (deficiency) of revenues over expenditures	(13,000)	3,224	16,224
FUND BALANCES, BEGINNING OF YEAR	<u>19,023</u>	<u>19,023</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 6,023</u>	<u>\$ 22,247</u>	<u>\$ 16,224</u>

# CITY OF MENTOR, OHIO

## COURT PROBATION SERVICES FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Fines and forfeitures	<u>\$ 68,000</u>	<u>\$ 84,226</u>	<u>\$ 16,226</u>
EXPENDITURES:			
General government	<u>80,000</u>	<u>46,959</u>	<u>33,041</u>
Excess (deficiency) of revenues over expenditures	(12,000)	37,267	49,267
FUND BALANCES, BEGINNING OF YEAR	<u>51,218</u>	<u>51,218</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 39,218</u>	<u>\$ 88,485</u>	<u>\$ 49,267</u>

# CITY OF MENTOR, OHIO

## INDIGENT DRIVER ALCOHOL TREATMENT FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ 10,000	\$ 9,540	\$ (460)
Fines and forfeitures	<u>4,000</u>	<u>5,341</u>	<u>1,341</u>
Total revenues	<u>14,000</u>	<u>14,881</u>	<u>881</u>
EXPENDITURES:			
General government	<u>25,000</u>	<u>20,883</u>	<u>4,117</u>
Excess (deficiency) of revenues over expenditures	(11,000)	(6,002)	4,998
FUND BALANCES, BEGINNING OF YEAR	<u>37,900</u>	<u>37,900</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 26,900</u>	<u>\$ 31,898</u>	<u>\$ 4,998</u>

# CITY OF MENTOR, OHIO

## LAW ENFORCEMENT TRUST FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Fines and forfeitures	\$ 5,000	\$ 10,340	\$ 5,340
EXPENDITURES:			
Police	32,000	95	31,905
Excess (deficiency) of revenues over expenditures	(27,000)	10,245	37,245
FUND BALANCES, BEGINNING OF YEAR	<u>45,112</u>	<u>45,112</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 18,112</u>	<u>\$ 55,357</u>	<u>\$ 37,245</u>



# CITY OF MENTOR, OHIO

## POLICE CANINE FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
EXPENDITURES:			
Police	<u>90,000</u>	<u>12,943</u>	<u>77,057</u>
Excess (deficiency) of revenues over expenditures	(90,000)	(12,943)	77,057
FUND BALANCES, BEGINNING OF YEAR	<u>97,140</u>	<u>97,140</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 7,140</u>	<u>\$ 84,197</u>	<u>\$ 77,057</u>

# CITY OF MENTOR, OHIO

## SEAT BELT GRANT FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ 1,400	\$ 1,342	\$ (58)
EXPENDITURES:			
Police	7,000	1,283	5,717
Excess (deficiency) of revenues over expenditures	(5,600)	59	5,659
FUND BALANCES, BEGINNING OF YEAR	7,392	7,392	-
FUND BALANCES, END OF YEAR	<u>\$ 1,792</u>	<u>\$ 7,451</u>	<u>\$ 5,659</u>

# CITY OF MENTOR, OHIO

**VOCA VICTIMS ASSISTANCE GRANT 04-05 FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
 (NON-GAAP BUDGETARY BASIS)  
 YEAR ENDED DECEMBER 31, 2005**

---

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES:			
Police	<u>2,883</u>	<u>2,883</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(2,883)	(2,883)	-
FUND BALANCES, BEGINNING OF YEAR	<u>2,883</u>	<u>2,883</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# CITY OF MENTOR, OHIO

**VOCA VICTIMS ASSISTANCE GRANT 05-06 FUND  
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
 (NON-GAAP BUDGETARY BASIS)  
 YEAR ENDED DECEMBER 31, 2005**

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ 774	\$ 774	\$ -
EXPENDITURES:			
Police	20	20	-
Excess (deficiency) of revenues over expenditures	754	754	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	<u>\$ 754</u>	<u>\$ 754</u>	<u>\$ -</u>

# CITY OF MENTOR, OHIO

## COMMUNITY DEVELOPMENT BLOCK GRANT 98-99 FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ 88	\$ 88	\$ -
EXPENDITURES:			
Community development	88	88	-
Excess (deficiency) of revenues over expenditures	-	-	-
OTHER FINANCING SOURCES (USES):			
Advances out	(88)	(88)	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(88)	(88)	-
Adjustment for prior year encumbrances	88	88	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# CITY OF MENTOR, OHIO

## COMMUNITY DEVELOPMENT BLOCK GRANT 00-01 FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ 1,885	\$ 1,885	\$ -
EXPENDITURES:			
Community development	351	351	-
Excess (deficiency) of revenues over expenditures	1,534	1,534	-
OTHER FINANCING SOURCES (USES):			
Advances in	351	351	-
Advances out	(2,571)	(2,571)	-
Total other financing sources (uses)	(2,220)	(2,220)	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(686)	(686)	-
Adjustment for prior year encumbrances	686	686	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# CITY OF MENTOR, OHIO

## COMMUNITY DEVELOPMENT BLOCK GRANT 01-02 FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ 19,077	\$ 19,077	\$ -
EXPENDITURES:			
Community development	32,035	32,035	-
Excess (deficiency) of revenues over expenditures	(12,958)	(12,958)	-
OTHER FINANCING SOURCES (USES):			
Advances in	15,893	15,893	-
Advances out	(19,864)	(19,864)	-
Total other financing sources (uses)	(3,971)	(3,971)	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(16,929)	(16,929)	-
Adjustment for prior year encumbrances	16,929	16,929	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# CITY OF MENTOR, OHIO

## COMMUNITY DEVELOPMENT BLOCK GRANT 02-03 FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ 7,503	\$ 7,503	\$ -
EXPENDITURES:			
Community development	<u>23,357</u>	<u>23,357</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(15,854)	(15,854)	-
FUND BALANCES, BEGINNING OF YEAR	<u>17,348</u>	<u>17,348</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,494</u>	<u>\$ 1,494</u>	<u>\$ -</u>



# CITY OF MENTOR, OHIO

## COMMUNITY DEVELOPMENT BLOCK GRANT 03-04 FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ 12,500	\$ 12,500	\$ -
EXPENDITURES:			
Community development	<u>12,500</u>	<u>12,500</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	-
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# CITY OF MENTOR, OHIO

## COMMUNITY DEVELOPMENT BLOCK GRANT 04-05 FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ 146,082	\$ 146,082	\$ -
EXPENDITURES:			
Community development	156,739	156,739	-
Excess (deficiency) of revenues over expenditures	(10,657)	(10,657)	-
OTHER FINANCING SOURCES (USES):			
Advances in	10,657	10,657	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# CITY OF MENTOR, OHIO

## FORFEITED PROPERTY - U.S. DEPARTMENT OF JUSTICE FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

---

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ -	\$ 1,315	\$ 1,315
EXPENDITURES	-	-	-
Excess (deficiency) of revenues over expenditures	-	1,315	1,315
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ 1,315</u>	<u>\$ 1,315</u>

# CITY OF MENTOR, OHIO

## COUNCIL DONATION FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Donations and other	<u>\$ 500</u>	<u>\$ 825</u>	<u>\$ 325</u>
EXPENDITURES:			
General government	<u>600</u>	<u>598</u>	<u>2</u>
Excess (deficiency) of revenues over expenditures	(100)	227	327
FUND BALANCES, BEGINNING OF YEAR	<u>357</u>	<u>357</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 257</u>	<u>\$ 584</u>	<u>\$ 327</u>

# CITY OF MENTOR, OHIO

## POLICE DONATION FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Donations and other	<u>\$ 1,000</u>	<u>\$ 1,600</u>	<u>\$ 600</u>
EXPENDITURES:			
Police	<u>8,000</u>	<u>2,207</u>	<u>5,793</u>
Excess (deficiency) of revenues over expenditures	(7,000)	(607)	6,393
FUND BALANCES, BEGINNING OF YEAR	<u>10,098</u>	<u>10,098</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 3,098</u>	<u>\$ 9,491</u>	<u>\$ 6,393</u>

# CITY OF MENTOR, OHIO

## FIRE DONATION FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Donations and other	\$ 1,500	\$ 7,368	\$ 5,868
EXPENDITURES:			
Fire	10,200	7,702	2,498
Excess (deficiency) of revenues over expenditures	(8,700)	(334)	8,366
FUND BALANCES, BEGINNING OF YEAR	9,192	9,192	-
FUND BALANCES, END OF YEAR	<u>\$ 492</u>	<u>\$ 8,858</u>	<u>\$ 8,366</u>

# CITY OF MENTOR, OHIO

## SENIOR CITIZENS DONATION FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

---

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Donations and other	<u>\$ 1,900</u>	<u>\$ 2,398</u>	<u>\$ 498</u>
EXPENDITURES:			
Parks, recreation and public lands	<u>12,600</u>	<u>2,106</u>	<u>10,494</u>
Excess (deficiency) of revenues over expenditures	(10,700)	292	10,992
Adjustment for prior year encumbrances	100	100	-
FUND BALANCES, BEGINNING OF YEAR	<u>13,938</u>	<u>13,938</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 3,338</u>	<u>\$ 14,330</u>	<u>\$ 10,992</u>

# CITY OF MENTOR, OHIO

## CULTURAL DONATION FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Donations and other	<u>\$ 17,500</u>	<u>\$ 18,010</u>	<u>\$ 510</u>
EXPENDITURES:			
Parks, recreation and public lands	<u>70,000</u>	<u>23,381</u>	<u>46,619</u>
Excess (deficiency) of revenues over expenditures	(52,500)	(5,371)	47,129
FUND BALANCES, BEGINNING OF YEAR	<u>85,969</u>	<u>85,969</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 33,469</u>	<u>\$ 80,598</u>	<u>\$ 47,129</u>



# CITY OF MENTOR, OHIO

## BEAUTIFICATION DONATION FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Donations and other	<u>\$ 5,000</u>	<u>\$ 6,318</u>	<u>\$ 1,318</u>
EXPENDITURES:			
Parks, recreation and public lands	<u>6,048</u>	<u>6,041</u>	<u>7</u>
Excess (deficiency) of revenues over expenditures	(1,048)	277	1,325
Adjustment for prior year encumbrances	48	48	-
FUND BALANCES, BEGINNING OF YEAR	<u>2,099</u>	<u>2,099</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,099</u>	<u>\$ 2,424</u>	<u>\$ 1,325</u>

# CITY OF MENTOR, OHIO

## IBIM FESTIVAL FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Donations and other	<u>\$ 71,000</u>	<u>\$ 71,013</u>	<u>\$ 13</u>
EXPENDITURES:			
Parks, recreation and public lands	<u>71,000</u>	<u>70,743</u>	<u>257</u>
Excess (deficiency) of revenues over expenditures	-	270	270
FUND BALANCES, BEGINNING OF YEAR	<u>1,263</u>	<u>1,263</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,263</u>	<u>\$ 1,533</u>	<u>\$ 270</u>

# CITY OF MENTOR, OHIO

## GENERAL OBLIGATION BOND RETIREMENT FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

	Final Budget	Actual	Variance - Positive (Negative)
REVENUES:			
Property taxes	\$ 1,436,550	\$ 1,436,550	\$ -
Intergovernmental	186,347	186,347	-
Investment income	<u>8,140</u>	<u>8,140</u>	<u>-</u>
Total revenues	<u>1,631,037</u>	<u>1,631,037</u>	<u>-</u>
EXPENDITURES:			
Debt service:			
Principal retirement	1,478,920	1,478,920	-
Interest and other charges	837,486	837,486	-
Bond issuance costs	<u>90,000</u>	<u>90,000</u>	<u>-</u>
Total expenditures	<u>2,406,406</u>	<u>2,406,406</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(775,369)</u>	<u>(775,369)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):			
Bond refunding proceeds	-	9,145,361	9,145,361
Bond refund escrow payment	(9,009,278)	(9,009,278)	-
Note proceeds	29,687	29,687	-
Transfers in	<u>486,667</u>	<u>486,667</u>	<u>-</u>
Total other financing sources (uses)	<u>(8,492,924)</u>	<u>652,437</u>	<u>9,145,361</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(9,268,293)	(122,932)	9,145,361
FUND BALANCES, BEGINNING OF YEAR	<u>441,048</u>	<u>441,048</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ (8,827,245)</u>	<u>\$ 318,116</u>	<u>\$ 9,145,361</u>

# CITY OF MENTOR, OHIO

## SPECIAL ASSESSMENT BOND RETIREMENT FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Special assessments	\$ 1,886,609	\$ 1,886,609	\$ -
EXPENDITURES:			
Debt service:			
Principal retirement	1,661,080	1,661,080	-
Interest and other charges	<u>538,635</u>	<u>538,635</u>	<u>-</u>
Total expenditures	<u>2,199,715</u>	<u>2,199,715</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(313,106)</u>	<u>(313,106)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	<u>190,994</u>	<u>190,994</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(122,112)	(122,112)	-
FUND BALANCES, BEGINNING OF YEAR	<u>122,112</u>	<u>122,112</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# CITY OF MENTOR, OHIO

## BLACK BROOK ACQUISITION FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

	Final Budget	Actual	Variance - Positive (Negative)
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES:			
Capital projects	6,250,000	6,250,000	-
Debt service:			
Principal retirement	6,250,000	6,250,000	-
Interest and other charges	<u>146,354</u>	<u>146,354</u>	<u>-</u>
Total expenditures	<u>12,646,354</u>	<u>12,646,354</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(12,646,354)</u>	<u>(12,646,354)</u>	<u>-</u>
OTHER FINANCING SOURCES:			
Note proceeds	6,250,000	6,250,000	-
Bond proceeds	<u>-</u>	<u>6,396,354</u>	<u>6,396,354</u>
Total other financing sources (uses)	<u>6,250,000</u>	<u>12,646,354</u>	<u>6,396,354</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(6,396,354)</u>	<u>-</u>	<u>6,396,354</u>
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ (6,396,354)</u>	<u>\$ -</u>	<u>\$6,396,354</u>

# CITY OF MENTOR, OHIO

## NORTON PARKWAY FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES:			
Capital projects	<u>627,294</u>	<u>627,294</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(627,294)</u>	<u>(627,294)</u>	<u>-</u>
OTHER FINANCING SOURCES:			
Advances in	<u>627,294</u>	<u>627,294</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# CITY OF MENTOR, OHIO

## HOPKINS ROAD BRIDGE IMPROVEMENT FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES:			
Capital projects	<u>220,782</u>	<u>220,782</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(220,782)</u>	<u>(220,782)</u>	<u>-</u>
OTHER FINANCING SOURCES:			
Note proceeds	196,480	196,480	-
Advances in	322,481	322,481	-
Advances out	<u>(334,319)</u>	<u>(334,319)</u>	<u>-</u>
Total other financing sources	<u>184,642</u>	<u>184,642</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(36,140)	(36,140)	-
Adjustment for prior year encumbrances	36,140	36,140	-
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# CITY OF MENTOR, OHIO

## CHILLICOTHE ROAD WIDENING & RESURFACING - PHASE 2 FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ 249,000	\$ 249,000	\$ -
EXPENDITURES:			
Capital projects	848,128	848,128	-
Excess (deficiency) of revenues over expenditures	<u>(599,128)</u>	<u>(599,128)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):			
Note proceeds	19,981	19,981	-
Advances in	146,271	146,271	-
Advances out	<u>(180,738)</u>	<u>(180,738)</u>	<u>-</u>
Total other financing sources (uses)	<u>(14,486)</u>	<u>(14,486)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(613,614)	(613,614)	-
Adjustment for prior year encumbrances	613,614	613,614	-
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



# CITY OF MENTOR, OHIO

## HEISLEY ROAD IMPROVEMENT FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

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	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES	<u>\$1,039,972</u>	<u>\$1,039,972</u>	<u>\$ -</u>
EXPENDITURES	<u>\$1,039,972</u>	<u>\$1,039,972</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

# CITY OF MENTOR, OHIO

## MORTON PROPERTY ACQUISITION FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	<u>\$1,362,489</u>	<u>\$1,362,489</u>	<u>\$ -</u>
EXPENDITURES:			
Capital projects	<u>1,009,336</u>	<u>1,009,336</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>353,153</u>	<u>353,153</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	<u>132,847</u>	<u>132,847</u>	<u>-</u>
Advances in	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Total other financing sources (uses)	<u>332,847</u>	<u>332,847</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>686,000</u>	<u>686,000</u>	<u>-</u>
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 686,000</u>	<u>\$ 686,000</u>	<u>\$ -</u>

# CITY OF MENTOR, OHIO

## LAKESHORE BOULEVARD BIKEWAY FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2005

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES:			
Capital projects	<u>776,068</u>	<u>776,068</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(776,068)</u>	<u>(776,068)</u>	<u>-</u>
OTHER FINANCING SOURCES:			
Transfers in	<u>776,068</u>	<u>776,068</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



***STATISTICAL SECTION***

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**CITY OF MENTOR, OHIO**  
**GENERAL FUND REVENUES**  
**(MODIFIED ACCRUAL BASIS)**  
**LAST TEN FISCAL YEARS**

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
REVENUES:										
Property taxes	\$ 2,009,571	\$ 1,777,227	\$ 1,116,206	\$ 725,101	\$ 893,989	\$ 1,341,641	\$ 1,363,402	\$ 1,386,305	\$ 1,568,881	\$ 2,011,037
Municipal income tax	21,987,461	22,879,334	23,678,549	25,482,261	26,698,790	26,595,125	26,686,076	26,435,708	26,813,889	28,735,602
Intergovernmental	4,529,209	4,761,421	4,525,145	5,426,358	5,069,191	6,494,213	6,748,080	5,256,451 <sup>1</sup>	4,876,486	5,145,865
Charges for services	564,262	879,499	1,139,978	2,419,661	2,460,546	2,609,281	2,699,889	2,726,280	2,673,117	3,672,915
Fines and forfeitures	805,026	822,198	1,052,445	1,115,370	959,918	1,005,235	1,142,857	1,195,376	1,153,941	1,120,720
Licenses, permits, and inspections	1,203,748	1,130,325	1,224,835	1,254,640	1,078,703	1,141,955	1,079,367	1,099,716	1,142,216	1,066,673
Investment income	1,112,990	1,384,954	1,544,525	797,163	1,994,386	2,013,886	1,466,870	680,325	510,565	583,428
Donations and other	142,314	407,393	783,266	233,226	228,782	528,473	186,251	699,689	1,755,424	209,449
<b>TOTAL REVENUES</b>	<b>\$ 32,354,581</b>	<b>\$ 34,042,351</b>	<b>\$ 35,064,949</b>	<b>\$ 37,453,780</b>	<b>\$ 39,384,305</b>	<b>\$ 41,729,809</b>	<b>\$ 41,372,792</b>	<b>\$ 39,479,850</b>	<b>\$ 40,494,519</b>	<b>\$ 42,545,689</b>

<sup>1</sup> Reduction as a result of the reclassification of \$ 4,808,794 to a capital project fund

SOURCE: The City's audited financial statements

**CITY OF MENTOR, OHIO**  
**GENERAL FUND EXPENDITURES**  
**(MODIFIED ACCRUAL BASIS)**  
**LAST TEN FISCAL YEARS**

	1996	1997	1998	1999	2000 <sup>1</sup>	2001	2002	2003	2004	2005
EXPENDITURES:										
General government	\$ 4,652,006	\$ 5,653,773	\$ 5,544,266	\$ 5,518,315	\$ 5,757,072	\$ 6,056,376	\$ 6,523,127	\$ 7,254,548	\$ 6,700,502	\$ 6,882,028
Security of persons and property	10,386,846	11,912,303	12,879,996	12,603,249	7,373,121	7,837,997	8,414,230	8,904,309	9,448,701	9,772,833
Police	-	-	-	-	5,790,790	6,141,090	6,484,760	6,922,959	7,261,000	7,950,686
Fire	-	-	-	-	5,336,046	6,461,918	5,795,672	6,765,589	6,522,918	6,639,437
Streets and highways	6,048,316	5,605,355	8,530,944	5,689,159	-	-	-	-	-	-
Public health and welfare	580,960	635,431	652,353	-	-	-	-	-	-	-
Parks, recreation and public lands	3,191,377	3,907,537	7,281,462	5,228,690	5,635,932	6,141,941	6,369,788	5,893,284	6,261,937	7,051,638
Community development	727,056	744,314	787,661	811,413	855,607	918,463	965,387	1,046,266	1,104,509	1,087,874
Engineering and building	2,324,131	2,612,744	3,150,419	1,680,656	1,700,348	1,916,517	1,920,058	1,766,664	1,666,248	1,596,813
Capital outlay	-	-	-	4,033,695	3,585,057	5,990,773	5,661,195	3,609,529 <sup>2</sup>	2,345,369	2,207,291
Debt Service - Principal retirement	-	-	-	-	-	10,000	10,000	10,000	10,000	10,000
<b>TOTAL EXPENDITURES</b>	<b>\$ 27,910,692</b>	<b>\$ 31,071,457</b>	<b>\$ 38,827,101</b>	<b>\$ 35,565,177</b>	<b>\$ 36,033,973</b>	<b>\$ 41,475,075</b>	<b>\$ 42,144,217</b>	<b>\$ 42,173,148</b>	<b>\$ 41,321,184</b>	<b>\$ 43,198,600</b>

<sup>1</sup> General Fund police and fire expenditures are shown separately in 2000. Previously, such expenditures were classified as security of persons and property.

<sup>2</sup> Reduction as a result of a reclassification of \$ 4,808,794 to a capital project fund

SOURCE: The City's audited financial statements





# CITY OF MENTOR, OHIO

## PROPERTY TAX LEVIES AND COLLECTIONS - REAL AND PUBLIC UTILITY<sup>1</sup> LAST TEN FISCAL YEARS

<b>Tax Year/ Collection Year</b>	<b>Current Levy</b>	<b>Current Collections</b>	<b>Current Levy Collected</b>	<b>Accumulated Delinquent Taxes</b>	<b>Collections Including Delinquencies</b>	<b>Total Collections as Percent of Current Levy</b>
1995/1996	\$ 3,979,176	\$ 3,924,433	98.6%	\$ 41,294	\$ 4,038,822	101.5%
1996/1997	4,073,145	4,040,170	99.2	51,779	4,090,227	100.4
1997/1998	4,486,018	4,394,516	98.0	90,817	4,444,559	99.1
1998/1999	4,154,785	4,070,505	98.0	61,816	4,134,128	99.5
1999/2000	4,214,185	4,136,392	98.2	66,378	4,231,557	100.4
2000/2001	4,634,608	4,522,876	97.6	111,732	4,601,515	99.3
2001/2002	4,678,297	4,545,230	97.2	147,110	4,647,946	99.3
2002/2003	4,723,775	4,610,929	97.6	107,612	4,785,800	101.3
2003/2004	5,347,501	5,234,725	97.9	78,982	5,333,773	99.7
2004/2005	5,425,592	5,276,946	97.3	99,690	5,385,319	99.3

<sup>1</sup> Table excludes tangible personal property tax.

SOURCE: Office of the Lake County Auditor

# CITY OF MENTOR, OHIO

## SPECIAL ASSESSMENT COLLECTIONS<sup>1</sup> LAST TEN FISCAL YEARS

<b>Collection Year</b>	<b>Current Assessments Due</b>	<b>Total Collections Including Delinquencies</b>	<b>Total Collections as Percent of Current Assessments</b>	<b>Cumulative Delinquencies<sup>2</sup></b>
1996	\$ 1,535,489	\$ 1,483,010	96.6%	\$ 222,763
1997	1,419,916	1,356,376	95.5	318,975
1998	1,312,813	1,395,224	106.3	234,609
1999	1,216,785	1,250,027	102.7	272,410
2000	1,154,819	1,122,990	97.2	155,769
2001	1,088,136	1,076,875	98.9	190,128
2002	951,990	933,375	98.0	219,136
2003	1,316,582	1,235,207	93.8	298,989
2004	1,289,238	1,266,494	98.2	321,358
2005	1,286,097	1,284,139	99.8	388,013

<sup>1</sup> Table prepared for Special Assessment Bond Retirement Fund only

<sup>2</sup> Includes penalty.

SOURCE: Office of the Lake County Auditor

# CITY OF MENTOR, OHIO

## ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY LAST TEN FISCAL YEARS

Tax Year/ Collection Year	Real Property		Personal Property Assessed Value <sup>1</sup>	Public Utilities Assessed Value <sup>1</sup>	Total Assessed Value
	Assessed Value <sup>1</sup>	Estimated Actual Value			
1995/1996	\$ 815,189,420	\$ 2,329,112,629	\$ 123,354,041	\$ 50,426,410	\$ 988,969,871
1996/1997	839,480,070	2,398,514,486	140,386,304	49,988,460	1,029,854,834
1997/1998	975,528,640	2,787,224,686	145,382,074	48,549,500	1,169,460,214
1998/1999	999,347,400	2,855,278,286	150,599,739	49,949,560	1,199,896,699
1999/2000	1,016,927,670	2,905,507,629	166,636,682	46,721,270	1,230,285,622
2000/2001	1,155,168,000	3,300,480,000	170,222,816	44,297,170	1,369,687,986
2001/2002	1,169,553,690	3,341,581,971	177,900,785	38,507,980	1,385,962,455
2002/2003	1,189,075,280	3,397,357,800	170,313,459	36,151,460	1,395,540,149
2003/2004	1,390,301,500	3,972,290,000	158,265,924	36,951,470	1,585,518,894
2004/2005	1,405,566,960	4,015,905,600	152,470,740	36,934,900	1,594,972,600

<sup>1</sup> The current assessed valuation is computed at approximately the following percentages of estimated true value: real property - 35%, public utility personal property - 100%, 88%, or 25% and tangible personal property - 23%.

SOURCE: Office of the Lake County Auditor

# CITY OF MENTOR, OHIO

## PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS<sup>1</sup> LAST TEN FISCAL YEARS

Tax Year/ Collection Year	City of Mentor			Total	Mentor Exempted Village School District <sup>2</sup>	Lake County	Total
	General Fund	Special Revenue Funds	Debt Service Funds				
1995/1996	\$ 2.85	\$ 2.10	\$ 1.10	\$ 6.05	\$ 63.45	\$ 14.00	\$ 83.50
1996/1997	2.60	2.10	1.35	6.05	67.95	14.00	88.00
1997/1998	1.90	2.10	2.00	6.00	67.71	14.10	87.81
1998/1999	0.60	2.10	1.80	4.50	67.84	15.60	87.94
1999/2000	0.80	2.10	1.60	4.50	67.50	15.70	87.70
2000/2001	1.10	2.10	1.30	4.50	67.47	15.70	87.67
2001/2002	1.10	2.10	1.30	4.50	67.42	15.70	87.62
2002/2003	1.10	2.10	1.30	4.50	67.40	15.70	87.60
2003/2004	1.10	2.10	1.30	4.50	70.25	15.70	90.45
2004/2005	1.40	2.10	1.00	4.50	78.09	15.70	98.29

<sup>1</sup> Dollars of tax per \$1,000 of assessed valuation

<sup>2</sup> Includes Mentor Public Library

SOURCE: Office of the Lake County Auditor

**CITY OF MENTOR, OHIO**

**RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUATION  
AND NET BONDED DEBT PER CAPITA  
LAST TEN FISCAL YEARS**

<b>Year</b>	<b>Population</b>	<b>Assessed Value</b>	<b>Gross General Bond Debt</b>	<b>Less Balance in General Bond Retirement Fund</b>	<b>Net General Bond Debt</b>	<b>Percentage of Net General Bonded Debt to Assessed Value</b>	<b>Net General Bonded Debt per Capita</b>
1996	50,058	\$ 988,969,871	\$ 11,942,252	\$ 301,823	\$ 11,640,429	1.18%	\$ 232.54
1997	50,251	1,029,854,834	24,768,449	123,351	24,645,098	2.39	490.44
1998	50,251	1,169,460,214	23,555,672	189,732	23,365,940	2.00	464.99
1999	51,126	1,199,896,699	22,563,664	428,953	22,134,711	1.84	432.94
2000	50,278	1,230,285,622	21,531,765	516,913	21,014,852	1.71	417.97
2001	50,278	1,369,687,986	20,455,634	320,040	20,135,594	1.47	400.49
2002	50,278	1,385,962,455	19,335,015	222,000	19,113,015	1.38	380.15
2003	50,278	1,395,540,149	18,160,824	173,787	17,987,037	1.29	357.75
2004	50,278	1,585,518,894	17,147,894	441,048	16,706,846	1.05	332.29
2005	50,278	1,594,972,600	22,103,974	318,116	21,785,858	1.37	433.31

SOURCES: Office of the Lake County Auditor  
City of Mentor, Department of Community Development

# CITY OF MENTOR, OHIO

## COMPUTATION OF LEGAL DEBT MARGIN DECEMBER 31, 2005

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Total of all City debt outstanding	\$ 29,504,572
Less special assessment debt exempt from calculation	<u>6,996,026</u>
Total (voted and unvoted) subject to 10.5% limitation	22,508,546
Less General Obligation Bond Retirement Fund Balance	<u>318,116</u>
Net indebtedness subject to 10.5% limitation	<u>\$ 22,190,430</u>
Assessed valuation of City	<u>\$ 1,594,972,600</u>
10.5% of valuation (maximum voted general obligation debt allowed)	\$ 167,472,123
Less total debt outstanding subject to 10.5% limitation	<u>22,190,430</u>
Legal 10.5% margin (voted and unvoted)	<u>\$ 145,281,693</u>
5.5% of valuation (maximum unvoted general obligation debt allowed)	\$ 87,723,493
Less total debt outstanding subject to 5.5% limitation	<u>22,190,430</u>
Legal 5.5% margin (unvoted)	<u>\$ 65,533,063</u>

# CITY OF MENTOR, OHIO

## COMPUTATION OF DIRECT AND OVERLAPPING DEBT DECEMBER 31, 2005

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	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City of Mentor</u>	<u>Amount Applicable to Taxpayers of City of Mentor</u>
Direct:			
City of Mentor	<u>\$ 22,103,974</u>	100.00%	<u>\$ 22,103,974</u>
Overlapping:			
Mentor Exempted Village School District and Mentor Public Library	10,305,315	83.29	8,583,297
Lake County	<u>27,050,000</u>	25.13	<u>6,797,665</u>
Total overlapping	<u>37,355,315</u>		<u>15,380,962</u>
TOTAL	<u>\$ 59,459,289</u>		<u>\$ 37,484,936</u>

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SOURCES City of Mentor, Finance Department  
Mentor Exempted Village School District  
Office of the Lake County Auditor



# CITY OF MENTOR, OHIO

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

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Year	Debt Service on General Bonded Debt			General Fund Expenditures	Percentage of Tax-Supported Debt Service to General Fund Expenditures
	Principal	Interest	Total		
1996	\$ 738,587	\$ 639,333	\$ 1,377,920	\$ 28,806,222	4.78%
1997	853,803	969,433	1,823,236	33,654,402	5.42
1998	1,212,777	1,435,070	2,647,847	36,628,572	7.23
1999	992,008	1,349,924	2,341,932	35,798,610	6.54
2000	1,031,899	1,283,690	2,315,589	36,033,973	6.43
2001	1,076,131	1,218,689	2,294,820	41,475,075	5.53
2002	1,120,619	1,152,524	2,273,143	42,144,217	5.39
2003	1,174,191	1,084,413	2,258,604	47,307,987	4.77
2004	1,218,680	1,096,955	2,315,635	41,321,184	5.60
2005	1,478,920	927,485	2,406,405	43,198,600	5.57

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SOURCE: City of Mentor, Finance Department

**CITY OF MENTOR, OHIO**

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

Collection Year	Commercial/ Industrial Construction		Residential Construction		Assessed Value	
	Number of Permits	Value	Number of Permits	Value	Commercial <sup>1</sup>	Residential
1996	22	\$ 13,025,000	190	\$ 33,557,135	\$ 393,025,131	\$ 595,944,740
1997	23	19,682,455	168	31,786,070	422,283,634	607,571,200
1998	22	21,133,600	151	28,194,085	445,204,154	724,256,060
1999	28	32,508,000	125	25,405,985	466,720,129	733,176,570
2000	21	21,310,000	93	18,462,180	483,231,162	747,054,460
2001	17	25,337,931	86	18,356,344	531,734,976	837,953,010
2002	17	11,606,500	99	21,794,940	540,428,075	845,534,380
2003	10	12,140,928	104	21,194,829	540,799,589	854,740,560
2004	13	13,880,000	81	20,069,500	571,204,974	1,014,313,920
2005	6	4,300,000	74	20,573,386	569,820,270	1,025,152,330

<sup>1</sup> Includes commercial, public utility, and personal property assessed value.

SOURCES: Office of the Lake County Auditor  
City of Mentor, Department of Building/Engineering

# CITY OF MENTOR, OHIO

## PRINCIPAL TAXPAYERS DECEMBER 31, 2005

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	<u>Real Property 2005 Assessed Valuation</u>	<u>Percentage of Total City Real Property Assessed Valuation</u>
Simon Property Group Limited Partnership	\$ 25,900,140	1.80 %
Cleveland Electric Illuminating Company	17,177,440	1.19
Aqua Ohio, Inc.	8,142,070	0.56
Ohio Bell Telephone Company	7,231,000	0.50
Points East	7,013,210	0.49
Steris Corporation	6,372,170	0.44
University Hospitals	4,501,630	0.31
F I Mentor Commons Limited	4,238,230	0.29
Deepwood North Company	4,086,290	0.28
First Interstate	3,929,240	0.27
Royal Appliance Manufacturing Company	3,768,630	0.26
	<hr/>	<hr/>
TOTAL PRINCIPAL TAXPAYERS	\$ <u>92,360,050</u>	<u>6.39 %</u>
TOTAL CITY REAL PROPERTY	\$ <u>1,442,501,860</u>	

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NOTE: By Ohio law, public utility personal property is taxed as real property.

SOURCE: Office of the Lake County Auditor

# CITY OF MENTOR

## DEMOGRAPHIC STATISTICS DECEMBER 31, 2005

	<u>1980</u>	<u>1990</u>	<u>2000</u>
Population	42,065	47,358	50,278
Per capita income	\$ 8,952	\$ 16,717	\$ 24,592
Number of dwelling units	14,123	17,172	19,301
Person per household	2.98	2.76	2.65
Median age (years)	29.70	33.90	38.90
Percent owner-occupied dwelling units	84.9 %	85.9 %	87.5 %
Median family income	\$ 27,003	\$ 46,589	\$ 65,322
Family income distribution			
Under \$9,999	1,376	332	191
\$10,000 to \$14,999	1,147	407	169
\$15,000 to \$24,999	4,119	1,332	864
Over \$25,000	<u>6,015</u>	<u>11,387</u>	<u>12,999</u>
Total families	<u><u>12,657</u></u>	<u><u>13,458</u></u>	<u><u>14,223</u></u>
Education distribution - grades/years completed			
0 to 8	6.2 %	3.2 %	1.8 %
9 to 11	12.9	10.8	9.0
12	43.1	33.0	30.0
13 to 15	18.8	30.7	24.9
16 or more	18.9	22.3	34.3
High school graduates	80.8	86.0	89.2

	<u>1990</u>		<u>2000</u>	
	<u>Number Employed</u>	<u>Percent of Total</u>	<u>Number Employed</u>	<u>Percent of Total</u>
<b>Residents Employment Distribution by Occupation</b>				
Management, professional, and related	7,404	30.0%	9,882	36.1%
Service	3,531	14.3	3,051	11.1
Sales and office	7,586	30.7	7,876	28.7
Farming, fishing, and forestry	167	0.7	52	0.2
Construction, extraction, and maintenance	1,299	19.0	1,912	7.0
Production, transportation, and material moving	<u>4,685</u>	<u>5.3</u>	<u>4,626</u>	<u>16.9</u>
Total employment	<u><u>24,672</u></u>	<u><u>100.0%</u></u>	<u><u>27,399</u></u>	<u><u>100.0%</u></u>
2005 average unemployment data, unadjusted:	Lake County	5.1%		
	State of Ohio	5.9%		
	United States	5.1%		

SOURCES: U.S. Census 1980, 1990, and 2000  
Ohio Bureau of Employment Services

# CITY OF MENTOR

## TOP TWENTY EMPLOYERS DECEMBER 31, 2005

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<u>Employer</u>	<u>Nature of Business</u>	<u>Number of Employees</u>
Mentor Public Schools	Education	1,071
City of Mentor	Government	911 <sup>1</sup>
STERIS Corporation	Manufacturing - infection prevention systems	700
Lincoln Electric Company	Arc welding consumables	515
PCC Airfoil - Mentor	Investments casting manufacturer	372
Deepwood Industries, Inc.	Social services	355
Dillard's	Retail sales	280
Wiseco Piston Company	Hi-performance piston manufacturer	270
Royal Plastics, Inc.	Plastic injection molding	250
SourceOne Healthcare Technologies	Imaging equipment distributor	250
Kaufmann's	Retail sales	250
Wal-Mart	Discount retail center	240
The News-Herald	Publishing	240
Sears Roebuck & Co.	Retail sales	230
Home Depot	Retail sales	215
Classic-Chevrolet	Automobile dealership	202
Super K-Mart Center	Discount retail center	200
Worthington Precision Metals	Precision machined components	200
Libra Industries, Inc.	Electronic manufacturer	200
The Mill-Rose Company	Brush manufacturer	200

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<sup>1</sup> Including all part-time and seasonal employees.

SOURCES: City of Mentor, Department of Community Development

# CITY OF MENTOR

## OTHER STATISTICS DECEMBER 31, 2005

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Date of incorporation	December 18, 1963
Form of government	Council-Manager
Population, 2000 census	50,278
Area (square miles)	27.91
Miles of streets	228.3
Number of street lights	5,209
Number of City employees	
Regular full-time	373
Part-time and temporary	539
Number of stations	5
Number of firefighters and officers*	73
Police protection	
Number of stations	1
Number of policemen and officers	78
Sewers	
Miles of storm sewers	186.5
Miles of sanitary sewers	243.7
Parks and recreation	
Number of parks	11
Number of pools	3
Number of ice rinks	2
Number of community centers	6
Number of tennis courts	17
Number of baseball diamonds	19
Number of soccer fields	12
Number of basketball courts	5

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\* Excluding part-time firefighters

SOURCES: City of Mentor, Department of Building/Engineering  
City of Mentor, Department of Public Works  
City of Mentor, Department of Parks, Recreation and Public Lands



**Auditor of State  
Betty Montgomery**

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Facsimile 614-466-4490

**CITY OF MENTOR**

**LAKE 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  
AUGUST 8, 2006**