

**MENTOR EXEMPTED VILLAGE SCHOOL DISTRICT
LAKE COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2005



**Auditor of State
Betty Montgomery**

**MENTOR EXEMPTED VILLAGE SCHOOL DISTRICT
LAKE COUNTY**

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**MENTOR EXEMPTED VILLAGE SCHOOL DISTRICT
LAKE COUNTY
SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

Federal Grantor/ Pass Through Grantor Program Title	Pass-Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution	N/A	10.550	\$0	\$ 93,073	\$0	\$ 93,073
School Breakfast Program	05-PU 04	10.553	322	0	322	0
School Breakfast Program	05-PU 05	10.553	5,219	0	5,219	0
Total School Breakfast Program			5,541	0	5,541	0
National School Lunch Program	LL-P4 04	10.555	83,594	0	83,594	0
National School Lunch Program	LL-P4 05	10.555	286,500	0	286,500	0
Fruit & Vegetable Pilot Program	VG-S1-03	10.555	83	0	83	0
Total National School Lunch Program			370,177	0	370,177	0
Total U.S. Department of Agriculture - Nutrition Cluster			375,718	93,073	375,718	93,073
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education - Grants to States	6B-SA-04-P	84.027	40,000	0	49,227	0
Special Education - Grants to States	6B-SD-04-P	84.027	14,152	0	14,152	0
Special Education - Grants to States	6B-SD-05	84.027	16,098	0	14,495	0
Special Education - Grants to States	6B-SF-04	84.027	368,748	0	447,448	0
Special Education - Grants to States	6B-SF-05	84.027	1,544,017	0	1,464,342	0
Total Special Education - Grants to States			1,983,015	0	1,989,664	0
Special Education - Preschool Grants	PG-D7-04-P	84.173	(17)	0	4,283	0
Special Education - Preschool Grants	PG-S1-04	84.173	7,370	0	20,239	0
Special Education - Preschool Grants	PG-S1-05	84.173	68,137	0	43,993	0
Total Special Education - Preschool Grants			75,490	0	68,515	0
Total Special Education Cluster			2,058,505	0	2,058,179	0
Even Start Educational Agencies	CMA1-05	84.213	1,125	0	1,047	0
Total Even Start Educational Agencies			1,125	0	1,047	0
Title 1 Grants to Local Educational Agencies	C1-S1-04	84.010	27,664	0	39,200	0
Title 1 Grants to Local Educational Agencies	C1-S1-05	84.010	303,271	0	288,432	0
Total Title 1 Grants to Local Educational Agencies			330,935	0	327,632	0
Vocational Education - Basic Grants to States	20-C1-04	84.048	72,907	0	141,671	0
Vocational Education - Basic Grants to States	20-C1-05	84.048	410,043	0	380,508	0
Total Vocational Education - Basic Grants to States			482,950	0	522,179	0
State Grants for Innovative Programs	C2-S1-04	84.298	21,971	0	27,117	0
State Grants for Innovative Programs	C2-S1-05	84.298	61,510	0	128,882	0
Total State Grants for Innovative Programs			83,481	0	155,999	0
Drug Free School Grant	DR-S1-05	84.186	23,569	0	20,447	0
Total Drug Free School Grant			23,569	0	20,447	0

**MENTOR EXEMPTED VILLAGE SCHOOL DISTRICT
LAKE COUNTY
SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2005
(Continued)**

Federal Grantor/ Pass Through Grantor Program Title	Pass-Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
Twenty-First Century Community Learning Centers	TJ-S1-05	84.287	300,000	0	267,912	0
Total Twenty-First Century Community Learning Centers			300,000	0	267,912	0
Comprehensive School Reform Demonstration	RF-S3-03	84.332	14,843	0	22,800	0
Total Comprehensive School Reform Demonstration			14,843	0	22,800	0
Education Technology State Grant	TJ-S1-04	84.318	7,075	0	7,526	0
Education Technology State Grant	TJ-S1-05	84.318	13,779	0	13,685	0
Total Education Technology State Grant			20,854	0	21,211	0
English Language Acquisition Grant	T3-S1-04	84.365	2,227	0	2,227	0
English Language Acquisition Grant	T3-S1-05	84.365	21,372	0	20,670	0
English Language Acquisition Grant	T3-S2-04	84.365	1,376	0	2,649	0
Total English Language Acquisition Grant			24,975	0	25,546	0
Improving Teacher Quality State Grant	TR-S1-04	84.367	31,221	0	42,210	0
Improving Teacher Quality State Grant	TR-S1-05	84.367	248,627	0	174,087	0
Total Improving Teacher Quality State Grant			279,848	0	216,297	0
Total U.S. Department of Education			3,621,085	0	3,639,249	0
TOTAL FEDERAL ASSISTANCE			\$ 3,996,803	\$ 93,073	\$ 4,014,967	\$ 93,073

See accompanying notes to the Schedule of Federal Awards Receipts and Expenditures

**MENTOR EXEMPTED VILLAGE SCHOOL DISTRICT
LAKE COUNTY
FISCAL YEAR ENDED JUNE 30, 2005**

NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B—CHILD NUTRITION CLUSTER

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants and local monies. It is assumed federal monies are expended first.

NOTE C – NEGATIVE RECEIPTS

The negative receipts for Special Education - Preschool Grant CFDA #84.183 in the amount of \$17 represent an amount that were transferred or refunded to the State due to expiration of period of availability.

CFDA – Catalog of Federal Domestic Assistance

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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*

Mentor Exempted Village School District
Lake County
6451 Center Street Road
Mentor, Ohio 44060

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mentor Exempted Village School District, Lake County, Ohio, (the District) as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 20, 2005. 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 District'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 District's management dated December 20, 2005, 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 District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instance of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated December 20, 2005, we reported other matters related to noncompliance we deemed immaterial.

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Mentor Exempted Village School District
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, the Board of Education, 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

December 20, 2005



Auditor of State Betty Montgomery

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

Mentor Exempted Village School District
Lake County
6451 Center Street
Mentor, Ohio 44060

To the Board of Education:

Compliance

We have audited the compliance of the Mentor Exempted Village School District, Lake County, Ohio, (the District) 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 June 30, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts and grants applicable to each major federal program. Our responsibility is to express an opinion on the District'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 District's compliance with those requirements and performing 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 District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2005.

Internal Control Over Compliance

The District'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 District'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 District's management in a separate letter dated December 20, 2005.

Federal Awards Receipts and Expenditure Schedule

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Mentor Exempted Village School District as of and for the year ended June 30, 2005, and have issued our report thereon dated December 20, 2005. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of federal awards receipts and expenditures schedule 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, the Board of Education, and federal awarding agencies and pass-through entities. It is not intended for anyone other than these specified parties.



Betty Montgomery
Auditor of State

December 20, 2005

**MENTOR EXEMPTED VILLAGE SCHOOL DISTRICT
LAKE COUNTY
JUNE 30, 2005**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §505**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under .510?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster, CFDA #84.027 and 84.173
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**MENTOR EXEMPTED VILLAGE SCHOOL DISTRICT
LAKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2005**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <i>Explain:</i>
2004-001	ORC 5705.41 (D)(1) Fiscal Officer Certification	Partially Corrected	Comment reissued in the Management Letter
2004-002	ORC 5705.41 (B)&(D) Expenditures Exceeded Appropriations	Yes	Corrective Action Taken
2004-003	ORC 5705.39 Appropriations Exceeding Estimated Resources	Yes	Corrective Action Taken



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2005



THE CORNERSTONE OF THE COMMUNITY

**Mentor Exempted Village
School District, Mentor Ohio**

**Comprehensive Annual
Financial Report For The
Year Ended June 30, 2005**

**Issued by: Chief Financial Officer's Office
Daniel L. Wilson, Chief Financial Officer**

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Introductory Section

Mentor Exempted Village School District

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2005

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Mentor Exempted Village School District

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2005

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Mentor Exempted Village School District

Comprehensive Annual Financial Report
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"THE CORNERSTONE OF THE COMMUNITY"

6451 Center Street, Mentor, Ohio 44060 • phone: 440.255.4444 • facsimile: 440.255.4622

Administration Building

Jacqueline A. Hoynes, Ph.D.
Superintendent

Daniel L. Wilson
Chief Financial Officer

Board of Education
Gwen J. Corban, President
William J. Shaw, Vice President
Richard D. Cicero, Member
Alan J. Mihok, Member
Andrew J. Sparacia, Member

December 20, 2005

Board of Education and Residents of Mentor Exempted Village School District:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of Mentor Exempted Village School District for the fiscal year ended June 30, 2005.

This CAFR, which includes an opinion from the Auditor of State and conforms to generally accepted accounting principles as applicable to governmental entities. This official report will provide the taxpayers of Mentor Exempted Village School District with comprehensive financial data in a format enabling them to gain an understanding of the School District's financial affairs. Copies will be made available to the Mentor Chamber of Commerce, the Mentor Public Library, major taxpayers, financial rating services and other interested parties.

Responsibility for the accuracy of the data presented and the completeness and fairness of the presentation, including all disclosures, rests with the School District. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the School District.

The Comprehensive Annual Financial Report is presented in the following three sections:

The Introductory Section includes a Title Page, Table of Contents, Letter of Transmittal, List of Principal Officials and an Organizational Chart of the School District.

The Financial Section begins with the Independent Accountants' Report, and includes Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the School District's financial position and operating results, the Combining Statements for Fund Types and other schedules that provide detailed information relative to the Basic Financial Statements.

The Statistical Section includes social and economic data, financial trends, School District data and the fiscal capacity of Mentor Exempted Village School District.

Reporting Entity

In evaluating how to define the School District for financial reporting purposes, management has considered all agencies, departments and organizations making up Mentor Exempted Village School District (the primary government) and its potential component units.

The City of Mentor, the City of Mentor-on-the-Lake, the Village of Kirtland Hills, the Township of Concord, the Township of Chardon and the Parent Teacher Association have not been included in the accompanying financial statements. The boards are not appointed by the School District, nor are they fiscally dependent on the School District.

The School District's Board of Education also serves as the statutory overseer of the Mentor Public Library (the Library). As provided by Ohio Law, the Board of Education appoints trustees to the Library and approves the Library's annual tax budget; however, the School District is not financially accountable for the activities of the Library. Furthermore, the School District has only ministerial approval of the Library's tax budget and cannot amend the budget. The trustees are charged with the responsibility to manage the Library's overall operations; therefore, the Library's financial position is not included in this report. The Library is considered a related organization whose relationship with the School District is described in Note 20 to the basic financial statements.

The School District participates in the Lake-Geauga Computer Association, the Ohio Schools Council, the East Shore Regional Transportation System, the East Shore Center for the fiscal year and the Health Care Benefits Program of Lake County School Council until June 1, 2005. These are jointly governed organizations whose relationship with the School District is described in Note 17 to the basic financial statements. A complete discussion of the School District's reporting entity is provided in Note 2 to the basic financial statements.

School District Organization

The Mentor Exempted Village School District is the eighteenth largest of the 612 school districts in the State of Ohio and the largest of nine school districts in Lake County. The School District provided education to 9,407 students in grades kindergarten through twelve during the 2004-2005 school year. Additionally, the School District provides preschool and after school services to a number of students. The Mentor Exempted Village School District is located in northeastern Ohio, approximately twenty-five miles east of downtown Cleveland.

The Mentor Exempted Village School District serves the cities of Mentor, Mentor-on-the-Lake, and portions of the Village of Kirtland Hills, Chardon Township and Concord Township. The School District operates one high school, three junior high schools, and eleven elementary schools. Beginning with the 2005-2006 school year, the School District will operate one high school, three junior high schools and ten elementary schools.

Statutorily, the School District operates under the standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 of the Ohio Revised Code, to provide education services prescribed by State and/or Federal agencies. The Board of Education is made up of five members elected at large, for overlapping four-year terms. The Board of Education elects its President and Vice President annually, and appoints two officials: the Superintendent, who serves as the Chief Executive Officer, and the Treasurer, who serves as the Chief Financial Officer.

Kindergarten The School District operates a two and one-half day kindergarten program in eleven elementary school buildings. These programs are designed to prepare children for school, to develop social skills and to promote the foundation for future learning. The School District began operating a pilot all day kindergarten program at one elementary school during the 2004-2005 school year.

Elementary The elementary school program provides students with exposure to reading, language arts, mathematics, science, social studies, health, music, art and physical education. Basic skill development is the key, and problem solving has been a focus in mathematics instruction. Science is hands-on in the Schools' eleven elementary schools, and manipulatives are used extensively in the math classes. Currently, the elementary schools service students in kindergarten through grade six. Three of these schools also receive reading intervention services through Title I staff members. Members of the Central Office staff have been challenged by the Superintendent to volunteer approximately one hour a week as Ohio Reads Volunteers at a school of their choice within the School District.

Junior High School Serving students in grades seven through nine, the three junior high schools offer an extension and continuation of the skill building work done at the elementary level by stressing student achievement in the core academic subjects of English, mathematics, science and social studies. Exploratory reading, keyboarding, exploratory languages and exploratory technology are also required courses depending upon a student's grade level. Electives are offered in music and art. Our junior high schools also continue to offer a full extracurricular program of sports, clubs, and service groups. Students excel in all areas and benefit from a well-rounded preparation that allows them to be successful at the high school and beyond.

High School The School District has one comprehensive high school serving 2,462 students in grades ten through twelve. It is accredited by the North Central Association of Colleges and Schools and by the Ohio Board of Education. Students select from a wide array of courses and electives from basic academic core subjects to advanced placement coursework, which offer the student the opportunity to do college level work. The Career Technical Program also offers the opportunity for students to pursue career objectives while in high school including the opportunity to earn college credit through the completion of college courses. Mentor High School continues to offer a full extracurricular program of sports, clubs and service groups. Students excel in all areas and benefit from a well-rounded preparation that allows them to be successful in whatever career path they choose.

Additional Programs and Services

High School Athletics Mentor High School competes in the Lake Erie League. The high school qualifies for the highly competitive Division I classification. Fall, winter and spring varsity sports are available for students, including football, soccer, volleyball, track, cross country, basketball, baseball, softball, wrestling, tennis, golf, swimming, lacrosse and hockey. There are also ninth grade, junior varsity, and junior high school athletic programs offered. Cheerleading is offered at each levels.

Transportation The transportation system of the Mentor Exempted Village School District exceeds the State's minimum standards and allows kindergarten through twelfth grade students to ride. The School District maintains a fleet of buses for this purpose and has additional vehicles to transport physically challenged students. A computer program assigns students to the appropriate bus route. Parents and students are informed by mail of appropriate bus number, time and location of street pick-up to school and drop-off for the return trip home.

Certificated Staff The average experience of the certificated staff is 17.0 years and 77.1 percent of the teaching staff have at least a master's degree. Textbook authors, doctorates, nationally known speakers and recognized experts in specific fields of study are among the School District's teachers and administrators. A blend of experienced staff along with new teachers offers students of the Mentor Exempted Village School District one of the strongest faculties in the area.

Economic Condition and Outlook

The City of Mentor and the surrounding areas have a strong and stable economic base. In the last two decades homes have been constructed to accommodate the large number of families moving into Mentor out of the more heavily populated Cleveland area.

With major employers including the Steris Corporation, Lincoln Electric Corporation and PCC Airfoil, the area continues to flourish.

The School District contributed to a relocation incentive package offered by the City of Mentor that resulted in an agreement with Avery Dennison to build its Fasson Roll North America Headquarters in the Newell Creek Development.

The involvement of local businesses and community groups in partnership with Mentor Exempted Village School District enhances the relationship between free enterprise and government entities.

Financial Update

The theme of the 2004-2005 fiscal year was restoring fiscal stability. The School District's execution of the theme was first detailed in the September 23, 2004 annual appropriations document which noted that the School District was beginning to conduct all fiscal management based on long-term plans. The following is a list of major long-term plans:

- Financial Recovery Plan
- Five-Year Budget Plan
- District Strategic Plan
- Capital Repair Plan
- Continuous Improvement Plan
- Enrollment Projections
- Auditor of State Performance Audit

New high-level financial summary reports were developed for use by the Board of Education. A new five-year forecasting system was implemented and the School District continued to utilize the resources of the Citizens Financial Advisory Committee and the Citizens Audit Committee.

During the 2004-2005 fiscal year, the Superintendent developed a new School District Strategic Plan. The financial management of the School District was connected to the new Strategic Plan with the goal of ensuring that our fiscal management supported the continued excellence of the educational program. The Treasurer's office also took advantage of the School District's redesigned website to post major financial reports as well as information from every Citizens Financial Advisory Committee meeting.

The result of all of the focus on managing plans and managing through our financial crisis resulted in the second fastest financial recovery in the history of the State of Ohio. One year to the date from being declared in fiscal emergency, the Auditor of State authorized a full release from oversight and returned the School District to the Board of Education and the community.

The School District is operating today more in line with peer districts (as defined in the Performance Audit) as it relates to staffing levels, class size and general fund spending. It is important to note that the Board of Education and Superintendent's success in managing the fiscal crisis did not come at the expense of our student's education. Academic performance remained at very high level throughout the financial crisis.

The initial financial recovery strategy in restoring fiscal stability was focused on developing at least three years of balanced budgets to ensure that the School District would be able to survive the next two-year State Budget (fiscal year 2007 and fiscal year 2008) as well as at least one year of the succeeding State Budget.

Additionally, the School District recognized the community's major effort to fund the fiscal recovery through the approval of two tax levies and understands the need to continue to be fiscally prudent.

On October 27, 2005, the Board of Education adopted the 2005-2006 Budget Estimate and Fiscal Projections 2006-2007 through 2009-2010. For the first time, the Board of Education approved five year fiscal plan has a balanced budget through June 30, 2009. This means that as a result of managing to long-term plans and the Superintendent's prudent fiscal management of the School District, the School District now anticipates balanced budgets for five consecutive years. This is significant because on average across the State of Ohio, school districts are only able to demonstrate three years of balanced budgets between levy requests.

The School District is committed to continuing to implement safeguards to prevent ever returning to a state of fiscal emergency and are continuing to develop new and enhanced management tools to continue to be fiscally prudent as we move into the future.

The Board of Education, Superintendent and Chief Financial Officer have committed to continued fiscal management of the School District that is connected to the Strategic Plan with the goal of pursuing our mission of ensuring successes for all of our students while exercising the best management of fiscal resources.

Financial Information

Internal Accounting and Budgetary Control The School District's accounting system is organized on a "fund" basis. Each fund is a distinct self-balancing accounting entity. Reports for governmental fund operations are presented on the modified accrual basis whereby revenues are recognized when measurable and available, and expenditures are recognized when goods and services are received. Reports of the School District's proprietary fund operations are presented on the accrual basis whereby revenues are recognized when earned and expenses when incurred.

In developing the School District's accounting system much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

The School District utilizes a fully automated accounting system as well as an automated system of control for payroll. These systems, coupled with the manual auditing of each voucher prior to payment, ensures that the financial information generated is both accurate and reliable.

At the beginning of each fiscal year, the Board of Education adopts a temporary appropriation measure for that fiscal year. By statute, permanent appropriations must be adopted upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates. The School District is required to adopt the permanent appropriations in September.

Annual appropriations may not exceed the County Budget Commission's official estimate of resources. The County Auditor must certify that the Board of Education's appropriation measures, including any supplements or amendments, do not exceed the amount set forth in the latest of those official estimates.

All disbursements and transfers of cash between funds require appropriation authority from the Board. Beginning with the 2005-2006 fiscal year, budgets are controlled at the fund, function and object level. All purchase order requests must be approved by the site administrator, a central office administrator, and certified by the Treasurer, necessary funds are then encumbered and purchase orders released to vendors.

Those requests which exceed the available appropriation are rejected until additional appropriations are secured.

Each administrator and school principal is furnished monthly reports showing the status of the budget accounts for which they are responsible. In addition, an online inquiry system is available at each cost center site. As an additional safeguard, all employees are covered by a blanket bond and certain individuals in policy-making roles are covered by a separate, higher limit bond.

The basis of accounting and the various funds and account groups utilized by Mentor Exempted Village School District are fully described in Note 2 of the financial statements. Additional information on the School District's budgetary accounting can also be found in Note 2.

Financial Condition This is the third year the School District has prepared financial statements following GASB 34, "Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments." GASB 34 creates new basic financial statements for reporting on the School District's financial activities as follows:

Government-wide financial statements These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by many businesses. The government-wide statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

Fund financial statements These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented, in total, in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting.

Statements of budgetary comparisons These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of this new reporting model, management is responsible for preparing a Management's Discussion and Analysis of the School District. This discussion is presented in the financial section of this report and provides an assessment of the School District finances for 2004-2005.

Cash Management

Cash management is a vital component in the School District's overall financial strategy. Cash not needed for immediate use during the fiscal year was invested in Charter One High Yield Fund, STAROhio, Certificates of Deposit, federal securities, commercial paper, and repurchase agreements. STAROhio is a statewide investment pool offered to political subdivisions of the State of Ohio as a conservative means of investing in a portfolio of investment instruments.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) as well as by qualified securities pledged by the institution holding the assets. By law financial institutions may establish a collateral pool to cover all public deposits. The market value of the pooled collateral must be equal to at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Risk Management

The School District participates in the State Workers' Compensation plan and pays the premium based on a rate per \$100 of salaries. The School District is a member of Ohio Schools Board Association Workers' Compensation Group Rating Program.

For fiscal year 2005, the School District contracted with Indiana Insurance Company for property and casualty insurance. There is a \$5,000 deductible with a one hundred percent blanket, all risk policy.

The Indiana Insurance Company provides general liability protection with a \$2,000,000 aggregate and no deductible. Indiana Insurance Company also provides a \$5,000,000 umbrella/excess liability policy. Vehicles are covered by Indiana Insurance Company and hold a \$500 comprehensive and \$500 collision deductible. Automobile liability has a \$1,000,000 liability limit per accident.

Indiana Insurance Company protects school leaders' errors and omissions with a \$1,000,000 annual aggregate and \$1,000 deductible per occurrence.

Pension Plans

All School District employees are covered by the state-wide School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System (STRS). The School District's employer contributions to both systems are based on a percentage of employees' salaries. State law requires the School District to pay the employer share as determined by each retirement system. See Notes 11 and 12 to the basic financial statements for complete details.

Independent Audit

Ohio Revised Code requires that the School District be subjected to an annual examination by an independent auditor. Independent auditor, Betty Montgomery, Auditor of State, was selected to render an opinion on the School District's financial statements as of and for the year ended June 30, 2005. An annual audit serves to maintain and strengthen the School District's accounting and budgetary controls. Pursuant to statute, the State prescribed a uniform accounting system to standardize accounting classification and financial reporting for all governments in Ohio. The School District adopted and has been in conformance with that system. The opinion appears at the beginning of the financial section.

Awards

GFOA Certificate of Achievement The Government Finance Officers Association in the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School District for its comprehensive annual financial report for the year ended June 30, 2004. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Association of School Business Officials International (ASBO) also awarded a Certificate of Excellence in Financial Reporting to the School District for its comprehensive annual financial report for the year ended June 30, 2004. The Association's Panel of Review judged that the School District's report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program. This certificate is awarded upon recommendation of the Association's Panel of Review and is valid for a period of one year only.

Acknowledgments

The publication of this CAFR represents an important achievement in the ability of the School District to provide significantly enhanced financial information and accountability to the taxpayers of the Mentor Exempted Village School District, its elected officials, management, staff and investors. This report is a continuation of the efforts of the Treasurer's Office to improve overall financial accounting, management and reporting capabilities.

The accomplishment of this report would not have been made possible without the assistance, support and efforts of the Treasurer's Office employees, particularly the Assistant Treasurer, various administrators, employees of the School District, Ciuni and Panichi, Inc. Assistance from the County Auditor's office staff and outside agencies made possible the fair presentation of statistical data.

Sincere appreciation is extended to the Board of Education, where the commitment to improved financial management and reporting begins.

Respectfully submitted,



Daniel L. Wilson, Chief Financial Officer



Jacqueline A. Hoynes, Ph.D., Superintendent

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Mentor Exempted
Village School District,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 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.



Nancy L. Zielke

President

Jeffrey R. Emer

Executive Director

Mentor Exempted Village School District

Principal Officials

As of June 30, 2005

MENTOR EXEMPTED VILLAGE SCHOOL DISTRICT

Elected Officials

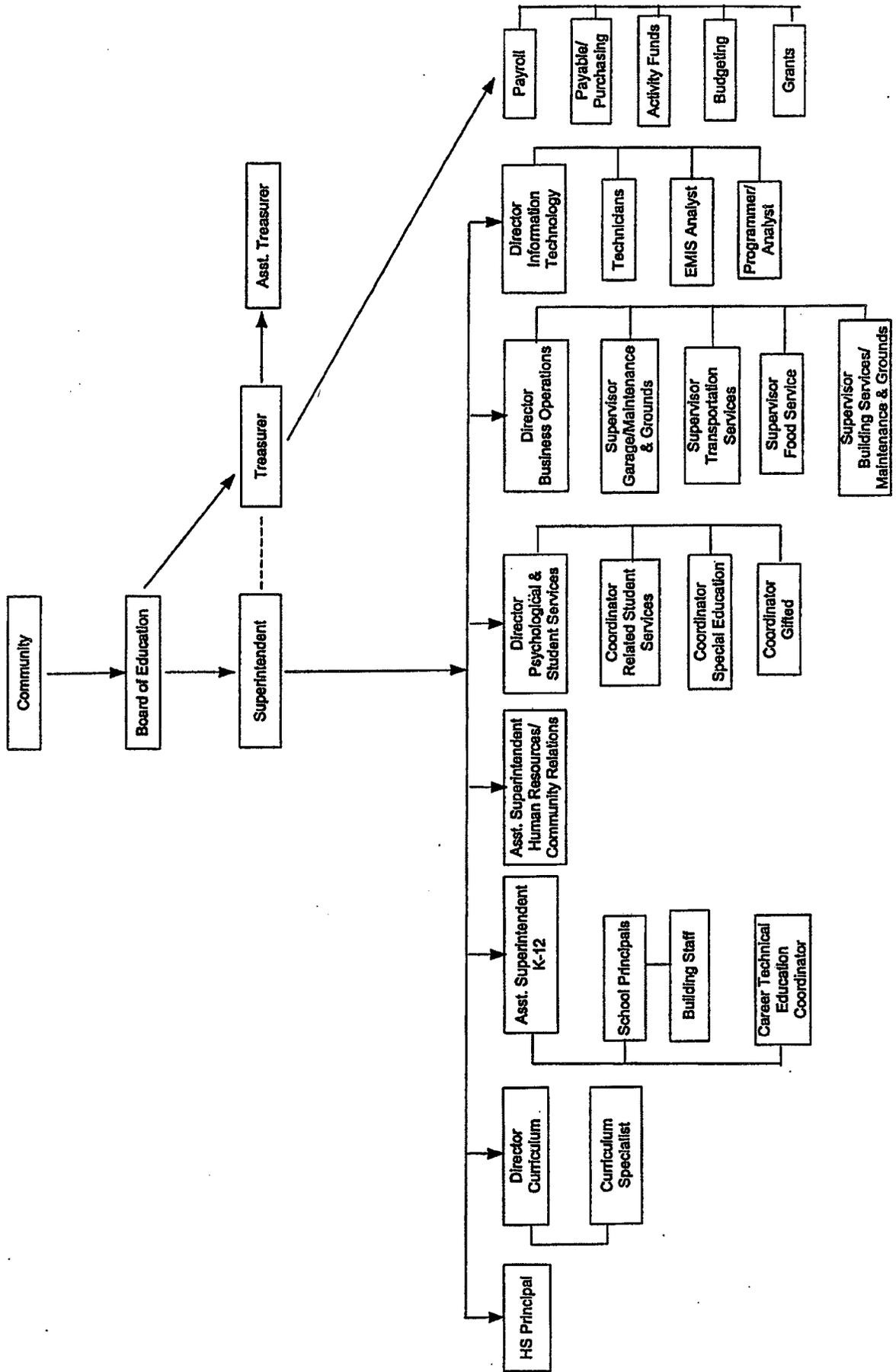
Board of Education

Mrs. Gwen Corban	President
Mr. William Shaw	Vice-President
Mr. Richard Cicero	Member
Mr. Alan Mihok	Member
Mr. Andrew Sparacia	Member

Appointed Officials

Dr. Jacqueline Hoynes	Superintendent
Mr. Daniel L. Wilson	Chief Financial Officer

ORGANIZATION CHART - MENTOR PUBLIC SCHOOLS



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Financial Section



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Mentor Exempted Village School District
Lake County
6451 Center Street
Mentor, Ohio 44060

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mentor Exempted Village School District, Lake County, Ohio, (the District) as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mentor Exempted Village School District, Lake County, Ohio, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, 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 December 20, 2005, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

Betty Montgomery
Auditor of State

December 20, 2005

Mentor Exempted Village School District

Management's Discussion & Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2005

Our discussion and analysis of the Mentor Exempted Village School District's (the "District") financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the transmittal letter, notes to the basic financial statements and the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2005 are as follows:

In total, net assets increased \$18,727,684. Net assets of governmental activities increased \$18,712,295 which represents an 89.09% increase from 2004. Net assets of business-type activities increased \$15,389 or 2.90% from 2004.

General revenues accounted for \$93,794,374 in revenue or 89.68% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$10,795,445 or 10.32% of total revenues of \$104,589,819.

The School District had \$83,111,236 in expenses related to governmental activities; only \$8,069,447 of these expenses was offset by program specific charges for services, operating grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$93,722,606 were able to provide for these programs resulting in an increase to net assets from (\$21,004,089) to (\$2,291,794).

The School District had \$2,750,899 in expenses related to business-type activities; a total of \$2,725,998 was offset by program specific charges for services, operating grants and contributions. General revenues include investment interest earnings of \$1,669. Total revenues were adequate to provide for these programs by \$15,389 resulting in an increase to net assets from \$529,843 to \$545,232.

The School District's major governmental funds were the General Fund and Debt Service Fund. The General Fund had \$89,390,399 in revenues and other financing sources and \$75,445,009 in expenditures and other financing uses. The General Fund increased \$13,945,390 from (\$2,852,590) to \$11,092,800. The Debt Service Fund had \$18,159,405 in revenues and other financing sources and \$17,938,866 in expenditures and other financing uses. The Debt Service Fund increased \$220,539 from \$992,110 to \$1,212,649.

Using this Comprehensive Annual Financial Report (CAFR)

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the School District as a whole, and then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of the School District, the General Fund and the Debt Service Fund are by far the most significant funds and are the only funds reported as major funds.

Mentor Exempted Village School District

Management's Discussion & Analysis (Unaudited) (continued)

For the Fiscal Year Ended June 30, 2005

Reporting the School District as a Whole

The Statement of Net Assets and Statement of Activities

One of the most important questions asked about the School District's finances is, "Is the School District better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the School District as a whole and about its activities in a manner that helps to answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in them. The change in net assets provides the reader a tool to assist in determining whether the School District's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as property tax base, current property tax laws, student enrollment growth, and facility conditions in arriving at his or her conclusion regarding the overall health of the School District.

In the Statement of Net Assets and the Statement of Activities, the School District is divided into two distinct kinds of activities:

Governmental Activities - Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Business-type Activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The School District's food service, uniform school supplies, adult education, rotary and recreation operations are reported as business-type activities.

Reporting The School District's Most Significant Funds

Fund Financial Statements

Our analysis of the School District's major governmental fund begins on page 8. The fund financial statements begin on page 16 and provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by State statute, while many other funds are established by the School District to help manage money for particular purposes and compliance with various grant provisions. The School District's three types of funds, governmental, proprietary and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

Governmental Funds

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

Mentor Exempted Village School District

Management's Discussion & Analysis (Unaudited) (continued)

For the Fiscal Year Ended June 30, 2005

Proprietary Funds

Proprietary funds use the accrual basis of accounting, the same as on the entity-wide statements; therefore the statements will essentially match the business-type activities portion of the entity-wide statements.

Fiduciary Funds

The School District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in an agency fund. The School District's fiduciary activities are reported in a separate statement on page 27. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

The School District As A Whole

The Statement of Net Assets provides the perspective of the School District as a whole. The table below provides a summary of the School District's net assets for 2005 and 2004.

	Net Assets			
	Governmental Activities <u>2005</u>	Business-Type Activities <u>2005</u>	Governmental Activities <u>2004</u>	Business-Type Activities <u>2004</u>
Assets:				
Current Assets	\$ 90,197,513	\$ 370,225	\$ 68,825,431	\$ 439,840
Capital Assets	<u>15,775,637</u>	<u>459,577</u>	<u>15,879,815</u>	<u>447,325</u>
Total Assets	<u>105,973,150</u>	<u>829,802</u>	<u>84,705,246</u>	<u>887,165</u>
Liabilities:				
Current Liabilities	73,819,007	169,175	68,854,043	220,858
Long Term Liabilities	<u>34,445,937</u>	<u>115,395</u>	<u>36,855,292</u>	<u>136,464</u>
Total Liabilities	<u>108,264,944</u>	<u>284,570</u>	<u>105,709,335</u>	<u>357,322</u>
Net Assets:				
Invested in Capital				
Assets, net of debt	3,480,443	344,182	1,764,840	310,861
Restricted	904,526	-	2,773,566	-
Unrestricted (deficit)	<u>(6,676,763)</u>	<u>201,050</u>	<u>(25,542,495)</u>	<u>218,982</u>
Total Net Assets	<u>\$ (2,291,794)</u>	<u>\$ 545,232</u>	<u>\$ (21,004,089)</u>	<u>\$ 529,843</u>

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

Mentor Exempted Village School District

Management's Discussion & Analysis (Unaudited) (continued)

For the Fiscal Year Ended June 30, 2005

	Changes in Net Assets			
	Governmental	Business-Type	Governmental	Business-Type
	Activities 2005	Activities 2005	Activities 2004	Activities 2004
Revenues:				
Program revenues:				
Charges for services	\$ 2,345,887	\$ 2,239,238	\$ 1,897,529	\$ 2,499,935
Operating grants and contributions	5,723,560	486,760	5,371,399	602,922
Total program revenues	<u>8,069,447</u>	<u>2,725,998</u>	<u>7,268,928</u>	<u>3,102,857</u>
General revenues:				
Property taxes	67,482,457	-	54,913,735	-
Grants and entitlements	24,591,265	71,937	23,729,703	-
Investment earnings	751,071	1,669	94,172	1,173
Miscellaneous	892,690	-	929,112	2,500
Gain on sale of capital assets	5,123	(1,838)	-	-
Total general revenues	<u>93,722,606</u>	<u>71,768</u>	<u>79,666,722</u>	<u>3,673</u>
Transfers	<u>31,478</u>	<u>(31,478)</u>	<u>(33,724)</u>	<u>33,724</u>
Total general revenues and transfers	<u>93,754,084</u>	<u>40,290</u>	<u>79,632,998</u>	<u>37,397</u>
Total revenues	<u>101,823,531</u>	<u>2,766,288</u>	<u>86,901,926</u>	<u>3,140,254</u>
Program expenses:				
Instruction:				
Regular education	36,199,146	-	43,134,601	-
Special education	9,724,457	-	9,584,464	-
Vocational education	2,714,935	-	2,835,166	-
Adult/continuing education	-	-	4,251	-
Other	3,238	-	1,513,815	-
Support services:				
Pupil	5,154,883	-	6,128,799	-
Instructional staff	3,704,672	-	5,393,115	-
Board of education	704,216	-	479,902	-
Administration	5,819,677	-	6,440,990	-
Fiscal	2,066,562	-	2,119,153	-
Business	334,689	-	302,004	-
Operation and maintenance - plant	7,174,525	-	8,494,172	-
Pupil transportation	4,887,065	-	5,668,170	-
Central	712,769	-	1,321,251	-
Operations of non-instructional services	1,420,093	-	1,914,056	-
Extracurricular activities	1,355,855	-	1,546,458	-
Interest and fiscal charges	1,134,454	-	1,604,865	-
Food service	-	2,355,277	-	2,703,619
Uniform school supplies	-	322,506	-	363,205
Adult and community education	-	73,116	-	127,653
Rotary	-	-	-	12,345
Recreation	-	-	-	143,733
Total program expenses	<u>83,111,236</u>	<u>2,750,899</u>	<u>98,485,232</u>	<u>3,350,555</u>
Change in net assets	\$ <u>18,712,295</u>	\$ <u>15,389</u>	\$ <u>(11,583,306)</u>	\$ <u>(210,301)</u>

Mentor Exempted Village School District

Management's Discussion & Analysis (Unaudited) (continued)

For the Fiscal Year Ended June 30, 2005

Governmental Activities

Net assets of the School District's governmental activities increased by \$18,712,295. Program revenues of \$8,069,447 and general revenues of \$93,722,606 were sufficient to offset total governmental expenses of \$83,111,236. Program revenues supported 9.71% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 90.43% of total governmental revenue.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2005 and 2004. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

	<u>Total Cost of</u> <u>Services 2005</u>	<u>Net Cost of</u> <u>Services 2005</u>	<u>Total Cost of</u> <u>Services 2004</u>	<u>Net Cost of</u> <u>Services 2004</u>
Program Expenses:				
Instruction:				
Regular education	\$ 36,199,146	\$ 33,739,804	\$ 43,134,601	\$ 41,473,183
Special education	9,724,457	7,628,839	9,584,464	6,997,840
Vocational education	2,714,935	1,471,000	2,835,166	1,969,472
Adult/ continuing education	-	-	4,251	4,251
Other	3,238	3,238	1,513,815	1,513,815
Support services:				
Pupil	5,154,883	5,154,883	6,128,799	6,084,400
Instructional staff	3,704,672	3,704,672	5,393,115	5,393,115
Board of education	704,216	704,216	479,902	479,902
Administration	5,819,677	5,761,698	6,440,990	6,339,917
Fiscal	2,066,562	2,066,562	2,119,153	2,119,153
Business	334,689	334,689	302,004	302,004
Operation and maintenance - plant	7,174,525	7,174,525	8,494,172	8,494,172
Pupil transportation	4,887,065	4,794,422	5,668,170	5,542,927
Central services	712,769	633,501	1,321,251	1,237,542
Operation of non-instructional services	1,420,093	272,759	1,914,056	699,428
Extracurricular activities	1,355,855	462,527	1,546,458	960,318
Interest and fiscal charges	1,134,454	1,134,454	1,604,865	1,604,865
Total expenses	\$ <u>83,111,236</u>	\$ <u>75,041,789</u>	\$ <u>98,485,232</u>	\$ <u>91,216,304</u>

The dependence upon tax revenues during fiscal year 2005 for governmental activities is apparent, as 100% of 2005 instruction activities are supported through taxes and other general revenues. The School District's taxpayers, as a whole, are by far the primary support for School District's students.

Mentor Exempted Village School District

Management's Discussion & Analysis (Unaudited) (continued)

For the Fiscal Year Ended June 30, 2005

Business-Type Activities

Business-type activities include food service operation, uniform supplies, adult education, rotary and recreation. These programs had revenues of \$2,766,288 and expenses of \$2,750,899 for fiscal year 2005. The food service operations had expenses of \$2,355,277 and revenues of \$2,406,679. This resulted in an increase to net assets for the fiscal year of \$51,402. The other enterprise funds had expenses of \$428,938 and revenues of \$392,925. This resulted in a decrease to net assets for the fiscal year of \$36,013. Management assesses the performance of each of these funds to ensure that they are run efficiently.

The School District's Funds

The School District's governmental funds (as presented on the balance sheet on page 16) reported a combined fund balance of \$13,254,063, which is greater than last year's deficit of \$1,811,502. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2005 and 2004.

	Fund Balance <u>June 30, 2005</u>	Restated Fund Balance/Deficit <u>June 30, 2004</u>	<u>Increase</u>
General	\$ 11,092,800	\$ (2,852,590)	\$ 13,945,390
Debt service	1,212,649	992,110	220,539
Other governmental	<u>948,614</u>	<u>48,978</u>	<u>899,636</u>
Total	<u>\$ 13,254,063</u>	<u>\$ (1,811,502)</u>	<u>\$ 15,065,565</u>

General Fund

The School District's General Fund balance increased by \$13,945,390, due to an increase in taxes, other revenue and issuance of notes during 2005. The table that follows assists in illustrating the financial activities and fund balance of the General Fund.

<u>Revenues</u>	2005 <u>Amount</u>	2004 <u>Amount</u>	Percentage <u>Change</u>
Taxes	\$ 63,618,872	\$ 52,882,232	20.30%
Earnings on investments	381,417	85,407	346.59
Intergovernmental	16,395,655	23,491,602	(30.21)
Other Revenue	<u>1,923,966</u>	<u>1,297,077</u>	48.33
Total	<u>\$ 82,319,910</u>	<u>\$ 77,756,318</u>	

The property tax revenue increased \$10,736,640 as a result of the first full year of collections of property taxes from the November 2003 3.0 mill operating levy and the first time partial collection of property taxes from the August 2004 7.9 mill operating levy.

Mentor Exempted Village School District

Management's Discussion & Analysis (Unaudited) (continued)

For the Fiscal Year Ended June 30, 2005

Intergovernmental revenue decreased \$7,095,947 or (30.21)% from the prior year. This decrease is attributed to a decrease of \$8,500,000 in the state basic aid subsidy received in the prior year. The increase in earnings on investments income is due to increases in the interest rates as a result of the Federal Reserve Bank actions throughout the year as well as a significant increase in the School District's cash flow. The other revenue increased as a result of collection of previous year's student tuition reimbursement from other districts and increased student pay to participate fee collections.

The table that follows assists in illustrating the expenditures of the General Fund.

<u>Expenditures by Function</u>	<u>2005 Amount</u>	<u>2004 Amount</u>	<u>Percentage Change</u>
Instruction	\$ 46,042,735	\$ 52,012,000	(11.48)%
Support services	27,940,286	32,305,350	(13.51)
Community services	1,270	63,576	(98.00)
Extracurricular activities	937,048	1,214,405	(22.83)
Other expenditures	-	231,581	(100.00)
Total	\$ <u>74,921,339</u>	\$ <u>85,826,912</u>	

Overall, fiscal year 2005 expenses were reduced in accordance with the five year budget plan. There was a net reduction of 205 full time equivalent positions, 125.5 teachers, 10 administrators and 69.5 support staff.

General Fund Budget Information

The School District's budget is prepared in accordance with Ohio law and is based on the cash basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

The School District's general fund budget was prepared and approved at the fund level for fiscal year 2005. During the course of fiscal 2005, the total budget was changed several times. For the general fund, final budgeted revenues and other financing sources were \$81,484,107. Actual revenues and other financing sources for fiscal year 2005 were \$86,122,787. Actual revenues and other financing sources were \$4,638,680 higher than budgeted revenues.

General fund original appropriations of \$83,133,478 remained the same in the final budget. The actual expenditures and other financing uses for fiscal year 2005 totaled \$79,708,118, which was \$3,425,360 less than the final budget appropriations.

Debt Service Fund

The School District's debt service fund balance increased by \$220,539, mainly due to an increase in intergovernmental revenues during 2005.

Mentor Exempted Village School District

Management's Discussion & Analysis (Unaudited) (continued)

For the Fiscal Year Ended June 30, 2005

The School District's debt service fund budget was prepared and approved at the fund level for fiscal year 2005. During the course of fiscal 2005, the total budget was changed several times. For the debt service fund, final budgeted revenues and other financing sources were \$18,210,335. Actual revenues and other financing sources for fiscal year 2005 were \$19,183,440. Actual revenues and other financing sources were \$973,105 higher than budgeted revenues. Debt service fund original appropriations of \$12,297,585. The actual expenditures for fiscal year 2005 totaled \$19,021,533, which was \$48,411 less than the final budget appropriations.

Capital Assets

The School District had \$3,824,625 invested in capital assets net of depreciation, with \$3,480,443 attributed to government activities. Acquisition for government activities totaled \$1,385,723 and depreciation was \$1,482,400. The majority of the additions were represented by acquisition of building improvements and furniture and equipment. Detailed information regarding capital asset activities is included in the notes to the financial statement (Note 9).

Debt

At June 30, 2005, the School District had \$28,696,528 in an outstanding long-term debt and \$77,334 in short-term debt. The School District paid \$16,661,000 in principal on bonds outstanding, state solvency loan and notes payable \$267,436 on capital leases outstanding and \$496,000 on long-term notes payable during the fiscal year. Detailed information regarding long-term debt activity, capital lease obligations and notes payable activity is included in the notes to the basic financial statements (Notes 14, 15 and 16, respectively).

Current Financial Related Activities

The theme of the 2004-2005 fiscal year was restoring fiscal stability. The School District's execution of the theme was first detailed in the September 23, 2004 annual appropriations document which noted that the School District was beginning to conduct all fiscal management based on long-term plans.

The following is a list of major long-term plans:

- Financial Recovery Plan
- Five-Year Budget Plan
- District Strategic Plan
- Capital Repair Plan
- Continuous Improvement Plan
- Enrollment Projections
- Auditor of State Performance Audit

New high-level financial summary reports were developed for use by the Board of Education. A new five-year forecasting system was implemented and the School District continued to utilize the resources of the Citizens Financial Advisory Committee and the Citizens Audit Committee.

During the 2005 fiscal year, the Superintendent developed a new School District Strategic Plan. The financial management of the School District was connected to the Strategic Plan with the goal of ensuring that our fiscal management supported the continued excellence of the educational program. The Treasurer's office also took advantage of the School District's redesigned website to post major financial reports as well as information from every Citizens Financial Advisory Committee meeting.

Mentor Exempted Village School District

Management's Discussion & Analysis (Unaudited) (continued)

For the Fiscal Year Ended June 30, 2005

The result of all of the focus on managing plans and managing through our financial crisis resulted in the second fastest financial recovery in the history of the State of Ohio. One year to the date from being declared in fiscal emergency, the Auditor of State authorized a full release from oversight and returned the School District to the Board of Education and the community.

The School District is operating today more in line with peer districts (as defined in the Performance Audit) as it relates to staffing levels, class size and general fund spending. It is important to note that the Board of Education and Superintendent's success in managing the fiscal crisis did not come at the expense of our student's education. Academic performance remained at a very high level throughout the financial crisis.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Daniel L. Wilson, Chief Financial Officer, Mentor Exempted Village School District, 6451 Center Street, Mentor, Ohio 44060 or by calling (440) 974-5230.

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Mentor Exempted Village School District

Statement of Net Assets

June 30, 2005

	Primary Government		Total
	Governmental Activities	Business - Type Activities	
Assets:			
Equity in pooled cash and investments	\$ 14,289,206	\$ 389,277	\$ 14,678,483
Accounts receivable	59,715	137	59,852
Prepaid items	39,702	-	39,702
Intergovernmental receivable	262,882	71,937	334,819
Internal balances	115,506	(115,506)	-
Materials and supplies inventory	279,296	24,380	303,676
Taxes receivable	75,151,206	-	75,151,206
Nondepreciable capital assets	725,721	-	725,721
Depreciable capital assets, net	<u>15,049,916</u>	<u>459,577</u>	<u>15,509,493</u>
Total assets	<u>105,973,150</u>	<u>829,802</u>	<u>106,802,952</u>
Liabilities:			
Accounts payable	1,198,747	6,345	1,205,092
Accrued wages and benefits	7,712,499	116,800	7,829,299
Intergovernmental payable	360,626	3,203	363,829
Accrued pension	1,720,855	42,223	1,763,078
Deferred revenue	62,611,789	-	62,611,789
Accrued interest payable	137,158	604	137,762
Notes payable	77,333	-	77,333
Long-term liabilities:			
Due within one year	12,218,272	22,432	12,240,704
Due in more than one year	<u>22,227,665</u>	<u>92,963</u>	<u>22,320,628</u>
Total liabilities	<u>108,264,944</u>	<u>284,570</u>	<u>108,549,514</u>
Net assets:			
Invested in capital assets, net of related debt	3,480,443	344,182	3,824,625
Restricted for:			
Special purposes	904,526	-	904,526
Unrestricted (deficit)	<u>(6,676,763)</u>	<u>201,050</u>	<u>(6,475,713)</u>
Total net assets	\$ <u>(2,291,794)</u>	\$ <u>545,232</u>	\$ <u>(1,746,562)</u>

The Notes to the Basic Financial Statements are an Integral Part of this Statement

Mentor Exempted Village School District

Statement of Activities

For The Fiscal Year Ended June 30, 2005

	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental activities:			
Instruction:			
Regular education	\$ 36,199,146	\$ 1,283,167	\$ 1,176,175
Special education	9,724,457	14,495	2,081,123
Vocational education	2,714,935	-	1,243,935
Other	3,238	-	-
Support services:			
Pupil	5,154,883	-	-
Instructional staff	3,704,672	-	-
Board of education	704,216	-	-
Administration	5,819,677	57,979	-
Fiscal	2,066,562	-	-
Business	334,689	-	-
Operations and maintenance of plant	7,174,525	-	-
Pupil transportation	4,887,065	92,643	-
Central	712,769	4,275	74,993
Operation and non-instructional services	1,420,093	-	1,147,334
Extracurricular activities	1,355,855	893,328	-
Interest and fiscal charges	1,134,454	-	-
Total governmental activities	<u>83,111,236</u>	<u>2,345,887</u>	<u>5,723,560</u>
Business-type activities:			
Food service	2,355,277	1,846,313	486,760
Uniform supplies	322,506	324,785	-
Rotary fund	73,116	68,140	-
Total business-type activities	<u>2,750,899</u>	<u>2,239,238</u>	<u>486,760</u>
Totals	<u>\$ 85,862,135</u>	<u>\$ 4,585,125</u>	<u>\$ 6,210,320</u>

General revenues:
 Property taxes levies for:
 General purpose
 Debt service
 Capital projects
 Grant and entitlements not restricted to
 specific programs
 Investment earnings
 Miscellaneous
 Gain (loss) on sale of capital assets
 Total general revenues
 Transfers
 Total general revenues and transfers

Change in net assets

Net assets, beginning of year

Net assets, end of year

The Notes to the Basic Financial Statements are an Integral Part of this Statement

<u>Primary Government</u>		
<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
\$ (33,739,804)	\$ -	\$ (33,739,804)
(7,628,839)	-	(7,628,839)
(1,471,000)	-	(1,471,000)
(3,238)	-	(3,238)
(5,154,883)	-	(5,154,883)
(3,704,672)	-	(3,704,672)
(704,216)	-	(704,216)
(5,761,698)	-	(5,761,698)
(2,066,562)	-	(2,066,562)
(334,689)	-	(334,689)
(7,174,525)	-	(7,174,525)
(4,794,422)	-	(4,794,422)
(633,501)	-	(633,501)
(272,759)	-	(272,759)
(462,527)	-	(462,527)
<u>(1,134,454)</u>	<u>-</u>	<u>(1,134,454)</u>
<u>(75,041,789)</u>	<u>-</u>	<u>(75,041,789)</u>
-	(22,204)	(22,204)
-	2,279	2,279
-	(4,976)	(4,976)
<u>-</u>	<u>(24,901)</u>	<u>(24,901)</u>
<u>(75,041,789)</u>	<u>(24,901)</u>	<u>(75,066,690)</u>
64,136,454	-	64,136,454
2,351,745	-	2,351,745
994,258	-	994,258
24,591,265	71,937	24,663,202
751,071	1,669	752,740
892,690	-	892,690
<u>5,123</u>	<u>(1,838)</u>	<u>3,285</u>
93,722,606	71,768	93,794,374
<u>31,478</u>	<u>(31,478)</u>	<u>-</u>
<u>93,754,084</u>	<u>40,290</u>	<u>93,794,374</u>
18,712,295	15,389	18,727,684
<u>(21,004,089)</u>	<u>529,843</u>	<u>(20,474,246)</u>
\$ <u><u>(2,291,794)</u></u>	\$ <u><u>545,232</u></u>	\$ <u><u>(1,746,562)</u></u>

Mentor Exempted Village School District

Balance Sheet Governmental Funds

June 30, 2005

	<u>General</u>	<u>Debt Service</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and investments	\$ 10,427,650	\$ 1,021,515	\$ 2,712,895	\$ 14,162,060
Taxes receivable	72,525,922	1,601,429	1,023,855	75,151,206
Accounts receivable	52,264	23	4,052	56,339
Intergovernmental receivable	69,857	-	193,025	262,882
Interfund receivable	357,166	-	43	357,209
Materials and supplies inventory	279,296	-	-	279,296
Prepays and other assets	39,702	-	-	39,702
Total assets	\$ <u>83,751,857</u>	\$ <u>2,622,967</u>	\$ <u>3,933,870</u>	\$ <u>90,308,694</u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable	\$ 458,769	\$ -	\$ 739,978	\$ 1,198,747
Accrued wages and benefits	6,186,319	-	116,418	6,302,737
Accrued pension	1,676,832	-	30,144	1,706,976
Intergovernmental payable	353,168	-	6,644	359,812
Interfund payable	464,603	-	77,782	542,385
Deferred revenue	63,519,366	1,410,318	905,639	65,835,323
Accrued interest payable	-	-	25,984	25,984
Notes payable	-	-	77,333	77,333
Total liabilities	<u>72,659,057</u>	<u>1,410,318</u>	<u>1,979,922</u>	<u>76,049,297</u>
Fund balances:				
Reserved for inventory	279,296	-	-	279,296
Reserved for prepaid	39,702	-	-	39,702
Reserved for encumbrances	2,040,074	-	957,547	2,997,621
Reserve for property taxes	9,006,556	191,111	128,013	9,325,680
Reserved for debt	-	1,021,538	-	1,021,538
Unreserved; undesignated (deficit) for:				
General fund	(272,828)	-	-	(272,828)
Special revenue funds	-	-	477,949	477,949
Capital projects funds	-	-	390,439	390,439
Total fund balances	<u>11,092,800</u>	<u>1,212,649</u>	<u>1,953,948</u>	<u>14,259,397</u>
Total liabilities and fund balances	\$ <u>83,751,857</u>	\$ <u>2,622,967</u>	\$ <u>3,933,870</u>	\$ <u>90,308,694</u>

The Notes to the Basic Financial Statements are an Integral Part of this Statement

Mentor Exempted Village School District

Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities

June 30, 2005

Total Governmental Funds Balances		\$	14,259,397
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.			
			15,712,316
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
	Property and other taxes	\$	3,213,737
	Grants		<u>9,797</u>
	Total		3,223,534
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in Governmental Funds, an interest expenditure is reported when due.			
			(111,174)
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in Governmental Activities in the Statement of Net Assets.			
			465,569
Long-Term liabilities are not due and payable in the current period and are therefore not reported in the funds.			
	General obligation debt	(28,248,989)	
	Long-term note payable	(1,005,334)	
	Accrued wages and benefits	(1,395,499)	
	Capital leases	(447,539)	
	Compensated absences	<u>(4,744,075)</u>	
	Total		<u>(35,841,436)</u>
Net assets of governmental activities		\$	<u><u>(2,291,794)</u></u>

The Notes to the Basic Financial Statements are an Integral Part of this Statement

Mentor Exempted Village School District

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds

For The Fiscal Year Ended June 30, 2005

	General	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 63,618,872	\$ 2,351,745	\$ 994,258	\$ 66,964,875
Intergovernmental	16,395,655	8,684,103	5,473,855	30,553,613
Tuition and fees	1,363,365	-	12,445	1,375,810
Earnings on investments	381,417	23	34,039	415,479
Charges for services	-	-	4,275	4,275
Extracurricular activities	395,926	-	386,845	782,771
Miscellaneous revenue	164,675	-	262,004	426,679
Total revenues	<u>82,319,910</u>	<u>11,035,871</u>	<u>7,167,721</u>	<u>100,523,502</u>
Expenditures:				
Current:				
Instruction:				
Regular education	34,847,432	-	1,113,176	35,960,608
Special education	8,651,893	-	1,101,275	9,753,168
Vocational education	2,540,172	-	199,797	2,739,969
Other instruction	3,238	-	-	3,238
Support services:				
Pupil	4,383,526	-	1,003,181	5,386,707
Instructional staff	3,472,095	-	326,331	3,798,426
Board of education	701,966	-	2,250	704,216
Administration	4,126,654	-	297,676	4,424,330
Fiscal	1,982,614	68,741	16,583	2,067,938
Business	595,051	-	-	595,051
Operations and maintenance of plant	6,924,653	-	549,277	7,473,930
Pupil transportation	5,045,243	-	28,664	5,073,907
Central	708,484	-	170,734	879,218
Food service operations	-	-	5,346	5,346
Community services	1,270	-	1,206,090	1,207,360
Extracurricular activities	937,048	-	409,596	1,346,644
Debt services:				
Principal	-	16,661,000	-	16,661,000
Interest and fiscal charges	-	861,292	229,984	1,091,276
Total expenditures	<u>74,921,339</u>	<u>17,591,033</u>	<u>6,659,960</u>	<u>99,172,332</u>
Total excess of revenues over (under) expenditures	<u>7,398,571</u>	<u>(6,555,162)</u>	<u>507,761</u>	<u>1,351,170</u>

Continued

The Notes to the Basic Financial Statements are an Integral Part of this Statement

Mentor Exempted Village School District

Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds (continued)

For The Fiscal Year Ended June 30, 2005

	<u>General</u>	<u>Debt Service Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Other financing sources (uses):				
Other sources	-	335,592	-	335,592
Proceeds from the sale of capital assets	12,624	-	-	12,624
Issuance of notes	7,000,000	-	1,005,334	8,005,334
Issuance of bonds	-	6,439,989	-	6,439,989
Transfers - in	-	347,953	698,683	1,046,636
Refund of prior year expenditures	57,865	-	-	57,865
Transfers - out	(475,587)	(347,833)	(305,110)	(1,128,530)
Refund of prior years receipts	(48,083)	-	(1,698)	(49,781)
Total other financing sources (uses)	<u>6,546,819</u>	<u>6,775,701</u>	<u>1,397,209</u>	<u>14,719,729</u>
Net change in fund balance	13,945,390	220,539	1,904,970	16,070,899
Fund balance at beginning of year, restated (see Note 22)	<u>(2,852,590)</u>	<u>992,110</u>	<u>48,978</u>	<u>(1,811,502)</u>
Fund balance at end of year	\$ <u>11,092,800</u>	\$ <u>1,212,649</u>	\$ <u>1,953,948</u>	\$ <u>14,259,397</u>

The Notes to the Basic Financial Statements are an Integral Part of this Statement

Mentor Exempted Village School District

Reconciliation of The Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For The Fiscal Year Ended June 30, 2005

Net Change in Fund Balances - Total Governmental Funds \$ 16,070,899

Amounts Reported for Governmental Activities in the Statement of Activities are different because:

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

Capital outlay	\$	1,392,328	
Depreciation		<u>(1,482,400)</u>	
Total			(90,072)

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

Delinquent property and other taxes		517,582	
Grants		<u>(238,788)</u>	
Total			278,794

Other financing sources in the Governmental Funds that increase long-term liabilities in the Statement of Net Assets. These sources were attributed to the proceeds of long-term notes. (14,445,323)

Internal Service Funds are used by management to charge to costs of certain activities, such as insurance to individual funds. The net revenue (expense) of the Internal Service Funds are reported with Governmental Activities. (820,579)

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.

Capital leases		267,436	
Compensated absences		(73,758)	
Accrued interest on bonds		(43,178)	
Accrued wages and benefits		907,076	
General obligation debt		<u>16,661,000</u>	
Total			<u>17,718,576</u>

Change in Net Assets of Governmental Activities \$ 18,712,295

The Notes to the Basic Financial Statements are an Integral Part of this Statement

Mentor Exempted Village School District

Statement of Revenues, Expenditures, and Changes in Fund Balances Budget (Non-GAAP) and Actual – General Fund

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Revenues:				
Taxes	\$ 60,931,959	\$ 66,949,559	\$ 59,706,428	\$ (7,243,131)
Intergovernmental	11,240,707	9,021,055	16,395,655	7,374,600
Tuition	909,666	730,039	1,326,836	596,797
Earnings on investments	233,900	187,713	341,166	153,453
Extracurricular activities	271,443	217,842	395,926	178,084
Miscellaneous	106,886	85,780	155,904	70,124
Transportation fees	48,860	39,212	71,267	32,055
Total revenues	<u>73,743,421</u>	<u>77,231,200</u>	<u>78,393,182</u>	<u>1,161,982</u>
Expenditures:				
Current:				
Instruction:				
Regular	37,964,583	37,630,022	36,400,323	1,229,699
Special	9,894,992	9,701,627	9,487,287	214,340
Vocational education	2,817,034	2,792,726	2,700,963	91,763
Other	156,231	154,362	149,794	4,568
Support services:				
Pupil	4,591,703	4,573,741	4,402,510	171,231
Instructional staff	3,703,807	3,713,674	3,551,199	162,475
Board of education	775,446	764,295	743,495	20,800
Administration	4,767,828	4,710,592	4,571,379	139,213
Fiscal services	2,147,540	2,283,148	2,059,055	224,093
Business	649,903	719,604	623,125	96,479
Operation and maintenance - plant	7,715,515	7,946,665	7,397,612	549,053
Pupil transportation	5,373,329	5,287,518	5,151,931	135,587
Central services	819,255	933,778	785,499	148,279
Community services	2,672	55,367	2,562	52,805
Extracurricular activities:				
Subject oriented activities	130,162	197,532	124,799	72,733
Occupation oriented activities	2,348	5,220	2,251	2,969
Sports activities	700,963	683,358	672,081	11,277
Co-curricular activities	145,542	207,532	139,545	67,987
Total expenditures	<u>82,358,853</u>	<u>82,360,761</u>	<u>78,965,410</u>	<u>3,395,351</u>
Excess of revenues over (under) expenditures	<u>(8,615,432)</u>	<u>(5,129,561)</u>	<u>(572,228)</u>	<u>(4,557,333)</u>

Continued

The Notes to the Basic Financial Statements are an Integral Part of this Statement

Mentor Exempted Village School District

Statement of Revenues, Expenditures, and Changes in Fund Balances Budget (Non-GAAP) and Actual – General Fund (continued)

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Other financing sources (uses):				
Proceeds from sale of notes	4,799,134	3,851,471	7,000,000	3,148,529
Advances - in	466,538	374,412	680,490	306,078
Refund of prior year expenditures	26,007	20,872	37,934	17,062
Proceeds from the sale of capital assets	7,666	6,152	11,181	5,029
Transfers - out	(496,025)	(480,059)	(475,587)	4,472
Advances - out	(228,451)	(244,300)	(219,038)	25,262
Refund of prior year receipts	(50,149)	(48,358)	(48,083)	275
Total other financing sources (uses)	<u>4,524,720</u>	<u>3,480,190</u>	<u>6,986,897</u>	<u>3,506,707</u>
Net change in fund balance	(4,090,712)	(1,649,371)	6,414,669	8,064,040
Fund balance beginning of year	83,181	83,181	83,181	-
Prior year encumbrances appropriated	<u>1,566,191</u>	<u>1,566,191</u>	<u>1,566,191</u>	-
Fund balance end of year	\$ <u>(2,441,340)</u>	\$ <u>1</u>	\$ <u>8,064,041</u>	\$ <u>8,064,040</u>

The Notes to the Basic Financial Statements are an Integral Part of this Statement

Mentor Exempted Village School District

Statement of Fund Net Assets Proprietary Funds

June 30, 2005

	Non-Major Business Type	Governmental Activities Internal Service Fund
	<u> </u>	<u> </u>
Assets:		
Current assets:		
Equity in pooled cash and investments	\$ 389,277	\$ 127,146
Accounts receivable	137	3,376
Intergovernmental receivable	71,937	-
Materials and supplies inventory	24,380	-
Interfund receivable	<u>4,494</u>	<u>464,590</u>
Total current assets	<u>490,225</u>	<u>595,112</u>
Non-current assets:		
Depreciable capital assets, net	<u>459,577</u>	<u>63,322</u>
Total assets	<u>949,802</u>	<u>658,434</u>
Liabilities:		
Current liabilities:		
Accounts payable	6,345	-
Accrued wages and benefits	116,800	14,264
Intergovernmental payable	3,203	814
Accrued pension	42,223	13,879
Accrued interest payable	604	-
Interfund payable	120,000	163,908
Current portion of capital lease	<u>22,432</u>	<u>-</u>
Total current liabilities	311,607	192,865
Long-term liabilities:		
Capital lease	<u>92,963</u>	<u>-</u>
Total liabilities	<u>404,570</u>	<u>192,865</u>
Net assets:		
Invested in capital assets, net of related debt	344,182	63,322
Unreserved; undesignated	<u>201,050</u>	<u>402,247</u>
Total net assets	<u>\$ 545,232</u>	<u>\$ 465,569</u>

The Notes to the Basic Financial Statements are an Integral Part of this Statement

Mentor Exempted Village School District

Statement of Revenues, Expenses and Changes in Fund Net Assets Proprietary Funds

For The Fiscal Year Ended June 30, 2005

	Non-Major Business Type	Governmental Activities Internal Service Fund
Operating revenues:		
Tuition and fees	\$ 68,140	\$ 14,496
Classroom materials and fees	324,785	-
Extracurricular activities	-	110,557
Sales	1,843,431	-
Charges for services	-	6,726,700
Miscellaneous	<u>2,882</u>	<u>114</u>
Total operating revenues	<u>2,239,238</u>	<u>6,851,867</u>
Operating expenses:		
Salaries and wages	961,737	374,261
Fringe benefits	448,110	85,345
Contractual services	22,363	75,526
Supplies and materials	1,294,302	98,728
Claims expense	-	7,097,906
Other expenses	1,727	39,947
Depreciation	<u>22,660</u>	<u>14,105</u>
Total operating expenses	<u>2,750,899</u>	<u>7,785,818</u>
Operating loss	<u>(511,661)</u>	<u>(933,951)</u>
Non-operating revenues (expenses):		
Federal donated commodities	149,193	-
Grant revenue	409,504	-
Interest Income	1,669	-
Loss on sale of capital assets	<u>(1,838)</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>558,528</u>	<u>-</u>
Income (loss) before transfers	46,867	(933,951)
Transfers - in	-	136,344
Transfers - out	<u>(31,478)</u>	<u>(22,972)</u>
Change in net assets	15,389	(820,579)
Total net assets at beginning of year	<u>529,843</u>	<u>1,286,148</u>
Total net assets at end of year	<u>\$ 545,232</u>	<u>\$ 465,569</u>

Mentor Exempted Village School District

Statement of Cash Flows Proprietary Funds

For The Fiscal Year Ended June 30, 2005

	Non-Major Business Type	Governmental Activities Internal Service Fund
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Cash received from customers	\$ 1,862,610	\$ 6,713,596
Cash received from tuition payments	68,140	125,052
Cash payments received from classroom materials and fees	324,785	-
Cash payments for contractual services	(44,744)	(85,038)
Cash payments for materials and supplies	(1,206,960)	(77,718)
Cash payments to employees for services	(887,293)	(364,226)
Cash payments for employee benefits	(497,981)	(90,617)
Cash payments for claims	-	(8,213,029)
Cash payments for other operating expenses	(727)	(55,827)
<i>Net cash used for operating activities</i>	<u>(382,170)</u>	<u>(2,047,807)</u>
Cash flows from noncapital financing activities:		
Operating grants received	389,202	-
Advances-in	120,000	81,066
Advances-out	-	(200,595)
Transfers-in	-	152,563
Transfers-out	(31,478)	(49,215)
<i>Net cash provided by (used for) noncapital financing</i>	<u>477,724</u>	<u>(16,181)</u>
Cash flows from capital and related financing activities:		
Acquisition of capital assets	(36,750)	-
Principal payment on capital lease	(21,069)	-
<i>Net cash used for capital and related financing activities</i>	<u>(57,819)</u>	<u>-</u>
Cash flows from investing activities		
Interest received	<u>1,422</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	39,157	(2,063,988)
Cash and cash equivalents at beginning of year	<u>350,120</u>	<u>2,191,134</u>
Cash and cash equivalents at end of year	\$ <u><u>389,277</u></u>	\$ <u><u>127,146</u></u>
Non-cash noncapital financing activities:		
Federal donated commodities	\$ <u><u>149,193</u></u>	\$ <u><u>-</u></u>

Continued

Mentor Exempted Village School District

Statement of Cash Flows (continued) Proprietary Funds

For The Fiscal Year Ended June 30, 2005

	Non-Major Business Type	Governmental Activities Internal Service Fund
	<u> </u>	<u> </u>
<i>Reconciliation of operating loss to net cash from operating activities:</i>		
Operating loss	\$ (511,661)	\$ (933,951)
Adjustments:		
Depreciation	22,660	14,105
Federal donated commodities	149,193	-
Changes in assets/liabilities:		
Increase in accounts receivable	-	1,988
Decrease (increase) in interfund receivable	19,179	(14,278)
Increase in inventory	(7,215)	-
Decrease in accounts payable	(80,348)	(1,369)
Increase in accrued wages and benefits	40,028	10,369
Decrease in accrued pension	(5,040)	(5,272)
Decrease in intergovernmental payable	(6,213)	(334)
(Increase) decrease in interfund payable	(2,753)	11,150
Decrease in claims payable	<u>-</u>	<u>(1,130,215)</u>
Total adjustments	<u>129,491</u>	<u>(1,113,856)</u>
<i>Net cash used for operating activities</i>	\$ <u>(382,170)</u>	\$ <u>(2,047,807)</u>

Mentor Exempted Village School District

Statement of Fiduciary Net Assets
Fiduciary Funds

June 30, 2005

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ <u>483,734</u>
Liabilities:	
Accounts payable	\$ 29,591
Due to students	<u>454,143</u>
Total liabilities	\$ <u>483,734</u>

The Notes to the Basic Financial Statements are an Integral Part of this Statement

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Mentor Exempted Village School District

Notes To Basic Financial Statements

June 30, 2005

Note 1: Description of the School District

The Mentor Exempted Village School District (the “School District”) operates under a locally elected, five member Board and provides educational services as mandated by State and/or federal agencies. The Board controls fifteen public schools including one high school consisting of grades ten, eleven and twelve; three junior high schools with grades seven, eight, and nine; and eleven elementary schools, grades kindergarten through six.

The School District is located east of Cleveland, Ohio and serves primarily residences of Lake County and a small section of Geauga County. The School District’s population is drawn primarily from the cities of Mentor and Mentor-on-the-Lake but also serves portions of the Village of Kirtland Hills, Concord Township and Chardon Township. The School District’s population according to the Ohio Department of Taxation was 65,363 and its area covers approximately 34.5 square miles.

As of June 2005, 9,407 students were enrolled in the School District’s 15 schools. The School District employs approximately 568 certified staff and 444 non-teaching and support staff employees.

Note 2: Summary of Significant Accounting Policies

The basic financial statements of the Mentor Exempted Village School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The School District has the option to also apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities and enterprise funds, subject to this same limitation. The School District has elected not to apply these FASB Statements and Interpretations. The most significant of the School District’s accounting policies are described below.

A. Reporting Entity

The School District’s reporting entity has been defined in accordance with GASB Statement No. 14, “The Financial Reporting Entity.” A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. Component units are legally separate organizations for which the School District is financially accountable.

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 2: Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or the School District is obligated for the debt of the organization.

Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes for the organization. The financial statements of the reporting entity include only those of the School District (the primary government). The School District has no component units.

The School District participates in Jointly Governed Organizations that are further described in Note 17, and in one Related Organization as described in Note 20.

Health Care Benefits Program of Lake County School Council

The Health Care Benefits Program of Lake County School Council ("the Program") is a pool created on October 3, 1995, formed by the Boards of Education of eleven school districts in northeast Ohio, for the purpose of undertaking a joint program for the provision of health care benefits, undertaking other cooperative programs from time to time, and fostering cooperation among those school districts in all areas of educational service. The Program was formed and operates as a legally separate entity under Ohio Revised Code Section 9.833. The Board of Directors shall be the governing body of the Program. The Board of Education of each Program Member shall appoint its Superintendent or such Superintendent's designee to be its representative of the Program's Assembly. The Assembly elects at its annual meeting a five member Board of Directors and the officers who consist of a Chairman, Vice-Chairman and Recording Secretary, all of which serve until the next annual meeting. All of the authority of the Program shall be exercised by or under the direction of the Board of Directors. The Assembly sets and approves all benefit programs to be offered by or through the Program, and all policies and other contracts are accepted or entered into by the Board of Directors. The Board of Directors shall also set all premiums and other amounts to be paid by the Program Members, and the Board of Directors shall also have the authority to waive premiums and other payments. All members of the Board of Directors shall serve without compensation.

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 2: Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

The Fiscal Agent shall be the Board of Education responsible for administering the financial transactions of the Program. The Fiscal Agent shall carry out the responsibilities of the Program Fund, enter into contracts on behalf of the Program as authorized by the Directors and carry out such other responsibilities as approved by the Directors and agreed to by the Fiscal Agent. The Treasurer of the fiscal agent is the Treasurer of the Program. The Fiscal Agent is reimbursed for such costs incurred by it in carrying out its responsibilities as may be approved by the Board of Directors. Each School District Member enrolled in a benefit program may require contributions from its employees toward the cost of any benefit program being offered by such School District Member, and such contributions shall be included in the payments from such School District Member to the Fiscal Agent for such benefit program. Contributions are to be submitted by each School District Member, as required under the terms of the Program Agreement and any benefit program in which such School District Member is enrolled, to the Fiscal Agent on a monthly basis, or as otherwise required in accordance with any benefit program in which such School District Member is enrolled. All general administrative costs incurred by the Program that are not covered by the premium payments shall be shared equally by the Program Members as approved by the Directors. It is the express intention of the Program Members that the Program Agreement and the Program shall continue for an indefinite term, but may be terminated as provided in the Program Agreement.

Any Program Member wishing to withdraw from participation in the Program or any benefit program shall notify the Board of Directors on or before October 15 proceeding the first day of the fiscal year the member will withdrawal. Specifics governing the withdrawal of a Program Member and the run out of all claims for such Program Member are addressed in Section 11 of the Program Agreement. Financial information for the Program can be obtained from the Lake County Educational Service Center at 30 South Park Place, Suite 320, Painesville, Ohio 44077. The School District withdrew from the consortium effective May 30, 2005. In the opinion of the Program, the School District was not part of the consortium at the end of the fiscal year, June 30, 2005. This means that the School District had no reserves, IBNR, or claims allocation because the Program has assumed payment for all of the School District's IBNR and claims allocation expenses.

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental, proprietary and fiduciary.

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 2: Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

Governmental Funds Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following is the School District's major governmental fund:

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

Debt Service Fund The debt service fund provides for the retirement of debt. All revenue derived from general or special levies, either within or exceeding the ten mill limitation, which is levied for debt charges on bonds or loans shall be paid into this fund.

Other governmental funds of the School District are used to account for the accumulation of resources for and the repayment of general long-term debt principal, interest and related costs; for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds Proprietary funds focus on the determination of operating income/loss, changes in net assets, financial position and cash flows and are classified as either enterprise or internal service.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District has no major enterprise fund.

The other proprietary funds of the School District are used to account for food services, the purchase and sale of school supplies, educational opportunities offered on a tuition basis to adults living within the community, a community recreation program, and rotary.

Internal Service Fund Internal service fund accounts for the financing of goods or services provided by one department or agency to other departments or agencies of the School District, or to other governments, on a cost reimbursement basis. The School District accounts for a self insurance program, which provides medical, dental and vision benefits to employees.

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: investment trust funds, private-purpose trust funds, pension trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District does not have any private-purpose trust funds. The investment trust fund was used to account for monies held on behalf of the Health Care Benefits Program of Lake County School Council for which the School District was fiscal agent. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District has only one agency fund, the Student Activities fund.

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 2: Summary of Significant Accounting Policies (continued)

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

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

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

Fund Financial Statements Fund financial statements report detailed information about the School District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

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

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

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 2: Summary of Significant Accounting Policies (continued)

C. Basis of Presentation and Measurement Focus (continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the School District's internal service fund is charges for sales and services. Operating expenses for internal service funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Non-exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 5.) Revenue from grants, entitlements and donations is 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 fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 2: Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2005, but which were levied to finance fiscal year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The fair value of donated commodities used during the year is reported in the operating statements as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgets

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 resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2005 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Lake County Budget Commission for tax rate determination.

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 2: Summary of Significant Accounting Policies (continued)

E. Budgets (continued)

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the School District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2005. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures for all funds, which are the legal levels of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. All funds, other than agency funds, are legally required to be budgeted and appropriated. Short-term inter-fund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the legal level of budgetary control for a fund must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds, consistent with the general obligation bond indenture and other statutory provisions.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2005.
9. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the legal level of budgetary control for the fund.

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 2: Summary of Significant Accounting Policies (continued)

F. Cash and Cash Equivalents

Cash received by the School District is pooled for investment purposes. Interest in the pool is presented as "equity in pooled cash and investments" on the financial statements.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. For investments in open-end mutual funds, fair value is determined by the fund's share price. Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

The State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. At fiscal year-end the School District did not invest in STAR Ohio.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2005 amounted to \$381,417, which includes \$77,881 assigned from other funds.

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

G. Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. No restricted assets are required in the general fund, see Note 18 for additional information regarding set-asides.

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 2: Summary of Significant Accounting Policies (continued)

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2005, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Inventory

On the government-wide financial statements inventories are presented at the lower of cost or market cost on a first-in, first-out basis and are expended/expensed when used.

On fund financial statements, inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis and is expensed/expended when used. Inventories consist of donated food, purchased food, school supplies held for resale and materials and supplies held for consumption.

J. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	8 - 44 years	N/A
Buildings and Buildings Improvements	15 - 82 years	10 years
Furniture and Equipment	5 - 40 years	5 - 15 years
Vehicles	8 - 20 years	20 years

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 2: Summary of Significant Accounting Policies (continued)

K. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

L. Compensated Absences

Compensated absences of the School District consist of vacation leave and severance liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the School District and the employee.

In accordance with the provisions of GASB Statement No. 16, "*Accounting for Compensated Absences*", vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is based on the School District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

In the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Accrued Wages and Benefits" in the fund from which the employees are paid. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

M. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due.

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 2: Summary of Significant Accounting Policies (continued)

N. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity that is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, property taxes, prepaids, inventory, and debt.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

O. Net Assets

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

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

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are tuition and miscellaneous for adult education, sales and miscellaneous for food service and uniform school supplies, a recreation program, and charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Revenues and expenditures not meeting this definition are reported as non-operating.

Q. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 2: Summary of Significant Accounting Policies (continued)

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2005, the School District had neither extraordinary nor special items.

S. Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note 3: Accountability and Legal Compliance

A. Accountability

Deficit Fund Balances The following funds had negative fund balances at June 30, 2005:

	<u>Deficit Fund Balance</u>
Non-major Governmental Funds:	
LEP/immigrants title III	\$ 8,044
Classroom reduction	2,114
Non-major Capital Projects Funds:	
Building	103,317

The deficits in the above funds are due to timing differences in accruing revenues and expenditures.

B. Legal Compliance

The School District had appropriations for the original budget that exceeded estimated resources, contrary to Ohio Revised Code 5705.39, for the general fund in the amount of \$2,441,340 and the debt service fund in the amount of \$9,187,523.

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 4: Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non- GAAP) and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the fund liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund:

	<u>Net Change In Fund Balance</u>
GAAP Basis	\$ 13,945,390
Net Adjustment for Revenue Accruals	(3,267,612)
Net Adjustment for Expenditure Accruals	(6,626,734)
Adjustment for Encumbrances	<u>2,363,625</u>
Budget Basis	\$ <u>6,414,669</u>

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 5: Property Taxes

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2005 for real and public utility property taxes represents collections of calendar 2004 taxes. Property tax payments received during calendar 2005 for tangible personal property (other than public utility property) are for calendar 2005 taxes.

2004 real property taxes are levied after April 1, 2004, on the assessed value as of January 1, 2004, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2005 public utility property taxes became a lien December 31, 2003, are levied after April 1, 2004 and are collected in 2005 with real property taxes.

2005 tangible personal property taxes are levied after April 1, 2004, on the value as of December 31, 2004. Collections are made in 2005. Tangible personal property assessments are twenty-five percent of true value and twenty-three percent of true value for inventory.

The assessed values upon which the fiscal year 2005 taxes were collected are:

	2004 Second-Half Collections		2005 First-Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 1,685,185,080	89%	\$ 1,709,904,170	89%
Public Utility Personal	43,693,710	2%	44,533,230	2%
Tangible Personal Property	<u>167,917,519</u>	<u>9%</u>	<u>160,416,040</u>	<u>9%</u>
	\$ <u>1,896,796,309</u>	<u>100%</u>	\$ <u>1,914,853,440</u>	<u>100%</u>
Tax rate per \$1,000 of Assessed Valuation		69.62		77.46

Real property taxes are payable annually or semiannually. If paid annually, payment is due January 20; if paid semiannually, the first payment is due January 20 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30 and are intended to finance the fiscal year in which they are paid. This year, the June 2005 tangible personal property tax settlement was not received until July of 2005.

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 5: Property Taxes (continued)

The Lake County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Mentor Exempted Village School District. The Lake County Auditor periodically advances to the School District its portion of the taxes. Second-half real property tax payments collected by the County by June 30, 2005, are available to finance fiscal year 2005 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable include the late settlement of personal property, real, personal and public utility taxes which became measurable as of June 30, 2005 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed settlement of personal property tax and the amount of real property taxes available as an advance at June 30 were levied to finance current year fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current fiscal year operations. The late settlement and the amount available to the School District as an advance at June 30, 2005 is recognized as revenue. At June 30, 2005, \$9,006,556 was available as an advance to the general fund, \$191,111 was available to the debt service fund and \$128,013 for the permanent improvement capital projects fund. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

Note 6: Deposits and Investments

State statutes classify monies held by the School District 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 School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive monies are public deposits that the Board of Education has 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 deposits are deposits of interim monies. 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 must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies are to 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;

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 6: Deposits and Investments (continued)

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 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 twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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 short 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 School District, 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 School District's deposits may not be returned to it. Protection of the School District'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 School District funds shall be required to pledge as security for repayment of all public moneys.

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 6: Deposits and Investments (continued)

At year-end, the carrying amount of the School District's deposits was \$15,162,217 and the bank balance was \$15,540,616. \$201,000 of the bank balance was covered by federal depository insurance and \$15,339,616 was uninsured. Of the remaining uninsured bank balance, \$3,000,000 was collateralized with securities held by the pledging institution's agent in the School District's name and \$12,339,616 was collateralized with securities held by the pledging institution's trust department, not in the School District's name.

Investments

Investments are reported at fair value. As of June 30, 2005, the School District had no investments. Account activity at year-end has been classified as either active, inactive or interim deposits.

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 School District's investment policy addresses interest rate risk requiring that the School District'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 School District investment policy also limits security purchases to those that mature five years unless specifically matched to a specific cash flow. To date, no investments have been purchased with a life greater than one year.

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

Credit Risk is addressed by the School District's investment policy by the requirements that all investments are authorized by Ohio Revised Code and that portfolio be diversified both by types of investment and issuer. All investments of the School District are registered and carry a rating AAA by Standard & Poor's.

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

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 7: Interfund Transactions

A. Interfund transactions for the year ended June 30, 2005 consisted of the following:

	Interfund Payable					Total
	General Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Internal Service Fund		
Interfund receivable						
General Fund	\$ -	\$ 73,258	\$ 120,000	\$ 163,908	\$	357,166
Nonmajor Governmental Funds	13	30	-	-		43
Nonmajor Enterprise Funds	-	4,494	-	-		4,494
Internal Service Fund	<u>464,590</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>464,590</u>
	<u>\$ 464,603</u>	<u>\$ 77,782</u>	<u>\$ 120,000</u>	<u>\$ 163,908</u>	\$	<u>826,293</u>

B. Interfund transfers for the year ended June 30, 2005, consisted of the following:

Transfer to	Transfer From					Total
	General Fund	Debt Service	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Internal Service Fund	
Debt Service Fund	\$ 347,953	\$ -	\$ -	\$ -	\$ -	\$ 347,953
Nonmajor Governmental Funds	9,000	347,833	305,110	31,478	5,262	698,683
Internal Service Fund	<u>118,634</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,710</u>	<u>136,344</u>
	<u>\$ 475,587</u>	<u>\$ 347,833</u>	<u>\$ 305,110</u>	<u>\$ 31,478</u>	<u>\$ 22,972</u>	<u>\$ 1,182,980</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 8: Receivables

Receivables at June 30, 2005, consisted of taxes, accounts (rent and student fees) and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the non-payment of taxes the stable condition of the state programs and the current fiscal year guarantee of federal funds.

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 8: Receivables (continued)

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities:

Accounts receivable	\$ 59,715
Intergovernmental receivable	262,882
Taxes receivable	75,151,206

Business-Type Activities:

Accounts receivable	137
Intergovernmental receivable	71,937
Total receivables	<u>\$ 75,545,877</u>

Note 9: Capital Assets

Capital asset activity for the fiscal year ended June 30, 2005 was as follows:

	Balance June 30, 2004	Additions	Disposals	Balance June 30, 2004
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ <u>725,721</u>	\$ -	\$ -	\$ <u>725,721</u>
Capital assets, being depreciated:				
Land improvements	3,054,671	-	-	3,054,671
Buildings and improvements	36,098,108	370,035	-	36,468,143
Furniture and equipment	9,173,933	699,144	-	9,873,077
Vehicles	<u>5,542,144</u>	<u>316,544</u>	<u>(601,050)</u>	<u>5,257,638</u>
Total capital assets, being depreciated	<u>53,868,856</u>	<u>1,385,723</u>	<u>(601,050)</u>	<u>54,653,529</u>
Less accumulated depreciation:				
Land improvements	(2,709,765)	(60,783)	-	(2,770,548)
Buildings and improvements	(25,752,238)	(624,373)	-	(26,376,611)
Furniture and equipment	(6,767,333)	(500,627)	-	(7,267,960)
Vehicles	<u>(3,485,426)</u>	<u>(296,617)</u>	<u>593,549</u>	<u>(3,188,494)</u>
Total accumulated depreciation	<u>(38,714,762)</u>	<u>(1,482,400)</u>	<u>593,549</u>	<u>(39,603,613)</u>
Depreciated, net	<u>15,154,094</u>	<u>(96,678)</u>	<u>(7,501)</u>	<u>15,049,916</u>
Total governmental activities capital assets, net	<u>\$ 15,879,815</u>	<u>\$ (96,678)</u>	<u>\$ (7,501)</u>	<u>\$ 15,775,637</u>
Business-type activities:				
Buildings and improvements	\$ 30,104	\$ -	\$ (6,234)	\$ 23,870
Furniture and equipment	743,599	36,750	-	780,349
Vehicles	164,142	-	-	164,142
Less accumulated depreciation	<u>(490,520)</u>	<u>(22,660)</u>	<u>4,396</u>	<u>(508,784)</u>
Total business-type activities Capital assets, net	<u>\$ 447,325</u>	<u>\$ 14,090</u>	<u>\$ (1,838)</u>	<u>\$ 459,577</u>

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 9: Capital Assets (continued)

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular education	\$ 964,277
Special education	3,636
Vocational education	41,579
Support services:	
Pupil	2,563
Business	546
Operation and maintenance of plant	395,207
Pupil transportation	21,502
Central	42,557
Community services	4,156
Sports oriented	4,093
Co-curricular sports oriented activities	<u>2,284</u>
 Total depreciation expense	 \$ <u>1,482,400</u>

Note 10: Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2005, the School District contracted with Indiana Insurance Company for property, building contents, and data processing insurance.

Indiana Insurance Company covers the boiler and machinery, there is a \$2,500 deductible per occurrence. General liability is protected by Indiana Insurance Company with a \$1,000,000 single occurrence limit, a \$5,000,000 aggregate and a \$5,000 deductible. Vehicles are covered by Indiana Insurance Company and hold a \$500 deductible for comprehensive collision. Automobile liability has a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past ten years. There have been no significant reductions in insurance coverage from the prior year.

B. Workers Compensation

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 10: Risk Management (continued)

B. Workers Compensation (continued)

The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant share equally in the overall performance of the GRP. Participation in the GRP is limited to districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the GRP.

C. Employee Medical Benefits

The School District's claims liability is determined based on the percentage of the School District's participants to total pool participants. As previously noted, the School District withdrew from the consortium effective May 30, 2005. In the opinion of the Lake County School Council, the School District does not have a claims liability at year-end.

	<u>Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
June 30, 2004	\$ 901,868	\$ 6,153,243	\$ 5,924,896	\$ 1,130,215
June 30, 2005	1,130,215	6,204,813	7,335,028	-

Note 11: Defined Benefit Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, or by calling (614) 222 - 5853.

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 11: Defined Benefit Pension Plans (continued)

A. School Employees Retirement System (continued)

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2005, 10.57 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004, and 2003 were \$1,237,030, \$1,058,400, and \$1,838,875, respectively; 60 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227 - 4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 11: Defined Benefit Pension Plans (continued)

B. State Teachers Retirement System (continued)

For the fiscal year ended June 30, 2005, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for members and employer contributions. The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2005, 2004, and 2003 were \$5,405,965, \$6,084,240, and \$6,478,736, respectively; 86 percent has been contributed for fiscal year 2005 and 100 percent for fiscal years 2004 and 2003. Contributions to the DC and Combined Plans for fiscal year 2005 were \$50,725 made by the School District and \$53,261 made by the plan members.

Note 12: Postemployment Benefits

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2005, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the fiscal year ended June 30, 2004, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$415,844 for fiscal year 2005.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2004 (the latest information available), the balance in the Fund was \$3.1 billion. For the year ended June 30, 2004, net health care costs paid by STRS were \$268,739,000 and STRS had 111,853 eligible benefit recipients.

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 12: Postemployment Benefits (continued)

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. Medicare eligibility and retirement status premiums may be reduced for retirees whose household income falls below the poverty level.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2005, employer contributions to fund health care benefits were 3.43 percent of covered payroll, a decrease of 1.48 percent from fiscal year 2004. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay was established at \$27,400. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2005 fiscal year equaled \$657,165.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2004 (the latest information available), were \$223,443,805 and the target level was \$335.2 million. At June 30, 2004, SERS had net assets available for payment of health care benefits of \$300.8 million. SERS has approximately 62,000 participants currently receiving health care benefits.

Note 13: Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated with no maximum. Upon retirement, payment is made for one fourth of the total sick leave accumulation, up to a maximum accumulation of 95 days. An employee receiving such payment must meet the retirement provisions set by STRS or SERS.

B. Early Retirement Incentive

The School District Board of Education has approved an early retirement incentive program for certified and classified employees. For classified employees, the bonus is as follows:

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 13: Other Employee Benefits (continued)

B. Early Retirement Incentive (continued)

Any employee who first becomes eligible for SERS retirement before July 1, 2005, shall be entitled to a retirement incentive bonus amounting to forty percent (40%) of said employee's highest earnings in any employment year with the Board inclusive of longevity, overtime, supplemental contracts, if any, and any other income reported to the government, during the period of July 1 through June 30, provided the employee retires during the first year of eligibility during the term of this Agreement. Employees previously eligible to retire and continue to be employed will be eligible for a twenty-five percent (25%) one-time bonus if the employee retires before July 1, 2005. For certified employees the bonus is as follows: Any employee who is currently eligible for retirement with the State Teachers Retirement System or becomes eligible by the end of the 2004-2005 school year shall be entitled to a retirement incentive in the amount of \$15,000 as listed under the articles of this program. Those individuals who were eligible during the 2004-2005 school year and do not elect this incentive, will receive \$7,500 during the second year eligibility. If the retirement incentive is not taken during the first or second year of eligibility, then the employee will no longer be eligible.

The liability of unpaid severance, in the amount of \$1,395,499 has been included as accrued wages and benefits on the statement of net assets. This obligation will ultimately be paid from the fund which the employee was paid.

Note 14: Long - Term Liabilities

All bonds outstanding are general obligations of the School District for which the full faith and credit of the School District is pledged for repayment. Payments of principal and interest relating to these liabilities are recorded as expenditures in the debt service fund. The source of payment is derived from a current 1.14 mill bonded-debt tax levy.

	<u>Original Bond Issue</u>	<u>Interest Rate</u>	<u>Issue Date</u>
School Improvement Refunding	\$ 4,514,993	2.20% – 11.19%	10/ 01/ 01
School Improvement Refunding	12,729,687	2.30% – 5.375%	03/ 01/ 93
School Improvement Refunding	6,439,989	3%	12/ 01/ 04

On March 1, 1993, the School District issued \$12,729,687 in school improvement refunding bonds to advance refund \$12,730,000 of outstanding School Improvement Bonds, Series 1989. On December 1, 1999, the Series 1989 school improvement bonds outstanding were paid in full.

On October 1, 2001, the School District issued \$4,514,993 in school improvement refunding bonds to advance refund \$8,600,000 of outstanding School Improvement Bonds, Series 1991. On December 1, 2001, the Series 1991 school improvement bonds were called.

On April 21, 2005, the School District issued \$6,439,989 in school improvement refunding bonds to advance refund \$6,440,000 of outstanding school improvement bonds, series. On December 1, the series 1993 school improvement bonds were called.

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 14: Long - Term Liabilities (continued)

The changes in the School District's long-term obligations during the year consist of the following:

	Principal Outstanding <u>6/30/04</u>	<u>Additions</u>	<u>Reductions</u>	Principal Outstanding <u>6/30/05</u>	Amounts Due in <u>One Year</u>
Governmental activities:					
School improvement refunding bonds, 2.20%-5.375%, 12/11 maturity	\$ 8,185,000	\$ -	\$ (7,290,000)	\$ 895,000	\$ 895,000
School improvement refunding bonds 2.20%-11.19%, 12/13 maturity	3,805,000	-	(375,000)	3,430,000	385,000
School improvement refunding bonds 3%, 12/11 maturity	-	6,439,989	-	6,439,989	-
Long-term notes payable 3.5%, 12/08 maturity	2,480,000	-	(496,000)	1,984,000	496,000
Long-term notes payable 3.05%	-	1,005,334	-	1,005,334	-
State solvency loan, 0.0%, 06/06 maturity	17,000,000	-	(8,500,000)	8,500,000	8,500,000
Long-term notes payable 2.8759%, 9/09 maturity	-	7,000,000	-	7,000,000	1,400,000
Capital lease obligations	714,975	-	(267,436)	447,539	239,421
Compensated absences	<u>4,670,317</u>	<u>4,605,924</u>	<u>(4,532,166)</u>	<u>4,744,075</u>	<u>302,851</u>
Total governmental activities long-term liabilities	\$ <u>36,855,292</u>	\$ <u>19,051,247</u>	\$ <u>(21,460,602)</u>	\$ <u>34,445,937</u>	\$ <u>12,218,272</u>
Business-type activities					
Capital lease obligations	\$ <u>136,464</u>	\$ <u>-</u>	\$ <u>(21,069)</u>	\$ <u>115,395</u>	\$ <u>22,432</u>

At June 30, 2005, the School District's overall legal debt margin was \$162,745,041 with an unvoted debt margin of \$1,914,853. Principal and interest requirements to retire long-term liabilities outstanding at June 30, 2005 are as follows:

Fiscal Year Ending <u>June 30</u>	General Obligation Bonds		Total
	<u>Principal</u>	<u>Interest</u>	
2006	\$ 1,280,000	\$ 821,221	\$ 2,101,221
2007	1,166,697	422,076	1,588,773
2008	1,193,303	370,207	1,563,510
2009	1,440,000	308,450	1,748,450
2010	1,505,000	236,287	1,741,287
2011 - 2014	<u>4,179,989</u>	<u>278,505</u>	<u>4,458,494</u>
Total	\$ <u>10,764,989</u>	\$ <u>2,436,746</u>	\$ <u>13,201,735</u>

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 14: Long - Term Liabilities (continued)

Fiscal Year Ending June 30	Long-term Notes Payable		Total	State Solvency
	Principal	Interest		Loan Principal
2006	\$ 1,973,333	\$ 257,217	\$ 2,230,550	\$ 8,500,000
2007	2,824,001	199,606	3,023,607	-
2008	1,896,000	126,665	2,022,665	-
2009	1,896,000	69,055	1,965,055	-
2010	1,400,000	20,125	1,420,125	-
Total	\$ 9,989,334	\$ 672,668	\$ 10,662,002	\$ 8,500,000

Note 15: Capital Lease Obligations

The School District has entered into capital leases for technology/electrical upgrades, vehicles and acquisition of equipment. These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments have been reflected as program/function expenditures in the basic financial statements.

Governmental activities and business-type activities capital assets consisting of technology/electrical equipment and upgrades and vehicles have been capitalized in the amount of \$1,610,759 and \$164,142, respectively. These amounts represent the present value of the future minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements as well as the Statement of Net Assets for Proprietary Funds. Principal payments in the 2005 fiscal year totaled \$267,436 and \$21,069, respectively for the governmental activities and the business-type activities. These amounts are reported as program/function expenditures of the General Fund and as an expense in the Food Service Enterprise Fund, respectively for the governmental activities and the business-type activities.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2005:

<u>Year Ending June 30,</u>	<u>Governmental Activities Amount</u>	<u>Business-Type Activities Amount</u>
2006	\$ 256,169	\$ 29,040
2007	215,296	29,040
2008	-	29,040
2009	-	29,040
2010	-	16,940
Total minimum lease payment	471,465	133,100
Less: amount representing interest	(23,926)	(17,705)
Present value of minimum lease payments	\$ 447,539	\$ 115,395

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 16: Short-Term Notes Payable

In accordance with Ohio law, general obligation note debt service (interest and fiscal charges) was recorded in the Debt Service Fund. GASB Codification B50.101 requires the Debt Service Fund present general obligation long-term debt principal and interest retirement only and that short-term anticipation notes payable be shown as liabilities of the funds which receive the note proceeds. Accordingly, bond anticipation notes have been reported in the capital projects fund.

	Interest Rate	Issue Date	Maturity Date	Outstanding Beginning of Year	Addition During Year	Redemption During Year	Outstanding End of Period
Energy conservation note	3.05%	07/08/04	07/08/05	\$ -	\$ 77,333	\$ -	\$ 77,333
Energy conservation note	2.40%	04/29/04	04/19/05	250,000	-	(250,000)	-
Energy conservation note	1.25%	07/10/03	07/08/04	1,160,000	-	(1,160,000)	-
				<u>\$ 1,410,000</u>	<u>\$ 77,333</u>	<u>\$ (1,410,000)</u>	<u>\$ 77,333</u>

Note 17: Jointly Governed Organizations

Ohio Schools Council

The Ohio Schools Council (Council) is a jointly governed organization among ninety-one school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. During fiscal year 2005 the School District paid \$4,148 to the Council. Financial information can be obtained by contacting Kathleen T. Neal, the Executive Secretary/Treasurer of the Ohio Schools' Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The School District participates in the Council's electric purchase program which was implemented during fiscal year 1998. This program allows school districts to purchase electricity at reduced rates, if the school district will commit to participating for an eight-year period. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage for the year and any necessary adjustments are made.

Energy Acquisition Corp., a non-profit corporation with a self-appointing board, issued \$119,140,000 in debt to prepurchase eight years of electricity from Cleveland Electric Illuminating (CEI) for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the School District is required to repay savings to CEI and CEI will refund the remaining prepayment related to that participant to Energy Acquisition Corporation.

The School District also participates in the Council's prepaid natural gas program which was implemented during fiscal year 2000. This program allows school districts to purchase natural gas at reduced rates, if the school districts will commit to participating for a twelve year period. The participants make monthly payments based on estimated usage. Each month these estimated payments are compared to their actual usage and any necessary adjustments are made.

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 17: Jointly Governed Organizations (continued)

The City of Hamilton, a municipal corporation and political subdivision duly organized and existing under the laws of the State of Ohio, issued \$89,450,000 in debt to purchase twelve years of natural gas from CMS Energy Corporation for the participants. The participating school districts are not obligated in any manner for the debt. If a participating school district terminates its agreement, the district is entitled to recover that amount, if any, of its contributions to the operating fund which are not encumbered for its share of program administrative costs.

Health Care Benefits

The Health Care Benefits Program of Lake County School Council (“the Program”) is a pool created on October 3, 1995, formed by the Boards of Education of eleven school districts in northeast Ohio, for the purpose of undertaking a joint program for the provision of health care benefits, undertaking other cooperative programs from time to time, and fostering cooperation among those school districts in all areas of educational service. The Program was formed and operates as a legally separate entity under Ohio Revised Code Section 9.833. The Board of Directors shall be the governing body of the Program. The Board of Education of each Program Member shall appoint its Superintendent or such Superintendent’s designee to be its representative of the Program’s Assembly. The Assembly elects at its annual meeting a five member Board of Directors and the officers who consist of a Chairman, Vice-Chairman and Recording Secretary, all of which serve until the next annual meeting.

East Shore Regional Transportation System

The East Shore Regional Transportation System (ESRTS) is a jointly governed organization that was formed for the purpose of providing a transportation system for the handicapped children in the sixteen member school districts. The governing board consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. ESRTS is not accumulating significant financial resources or experiencing fiscal distress, which would cause additional financial benefit or burden on the School District. In fiscal year 2005, the School District paid \$170,014 to ESRTS. Financial information can be obtained by writing the fiscal agent, Kirtland Board of Education, 9152 Chillicothe Road, Kirtland, Ohio 44094.

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 17: Jointly Governed Organizations (continued)

East Shore Center

The East Shore Center is a jointly governed organization that was formed for the purpose of providing special education for the handicapped children in the sixteen member school districts. The governing board consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. East Shore Center is not accumulating significant financial resources or experiencing fiscal distress, which would cause additional financial benefit or burden on the School District. In fiscal year 2005, the School District paid \$105,872 to the East Shore Center. Financial information can be obtained by writing the fiscal agent, Lake County Educational Service Center, 30 South Park Place, Suite 30, Painesville, OH 44077.

Lake-Geauga Computer Association

The Lake-Geauga Computer Association (LGCA) is a jointly governed organization consisting of 18 school districts in Lake, Geauga and Cuyahoga County. This jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. LCGA is organized under Chapter 167 and 3313 of the Ohio Revised Code and is governed by an assembly that consists of a superintendent or designated representative from each participating member. LGCA has a Board of Directors chosen from the general membership of the LGCA's assembly. The assembly exercises total control over the operation of the consortium including budgeting, appropriating, contracting, and designating management. The degree of control exercised by any participating school district is limited to its voting rights at general assembly meetings. The Educational Service Center is the fiscal agent as well as a voting member of LGCA. All the consortium revenues are generated from charges and State funding. To obtain financial information can, write the Lake-Geauga Computer Association, 8221 Auburn Road, Painesville, Ohio 44077.

Note 18: Set-Aside Calculations

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization.

The following cash basis information describes the change in the year-end set-aside amounts for textbooks and capital maintenance. Disclosure of this information is required by State statute.

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 18: Set-Aside Calculations (continued)

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>
Set-Aside Reserve Balance as of July 1, 2004	\$ (9,401)	\$ -
Current Year Set-Aside Requirements	1,399,508	1,399,508
Offset Credits	-	(612,671)
Qualifying Disbursements	<u>(1,620,018)</u>	<u>(971,699)</u>
Total	\$ <u>(229,911)</u>	\$ <u>(184,862)</u>
Set-aside Balance Carried Forward To Future Fiscal Years	\$ <u>(229,911)</u>	\$ <u>-</u>
Set-aside Reserve Balance as of June 30, 2005	\$ <u>-</u>	\$ <u>-</u>

The School District had qualifying disbursements during the fiscal year that reduced the capital improvements set-aside amounts below zero. This amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years.

Note 19: Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2005.

B. Litigation

The Mentor Exempted Village School District is a party to legal proceedings. The School District management is of the opinion that ultimate disposition of these claims will not have a material effect on the financial condition of the School District.

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2005

Note 20: Related Organization

The Mentor Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Mentor Exempted Village School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Mentor Public Library, Clerk/Treasurer, at 8215 Mentor Avenue, Mentor, Ohio 44060.

Note 21: Fiscal Emergency

In accordance with Ohio Revised Code Chapter 3316, the School District was placed under fiscal emergency by the Auditor of State in February of 2004. The declaration of fiscal emergency results from spending exceeding revenues, relying on carryover cash balances from prior years, and borrowing to finance recent deficits. The financial operation of the School District has in part been turned over to the Financial Planning and Supervision Commission. This commission is comprised of five members including the Superintendent of Public Instruction and the School Management Assistance Assistant Director. On February 4, 2005, the School District was removed from fiscal emergency by the Auditor of State.

Note 22: Change in Accounting Principle and Restatement of Fund Balance

For fiscal year 2005, the School District has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures," which establishes disclosure requirements for investment credit risk, interest rate risk, deposit custodial risk and foreign currency risk. The implementation of GASB 40 did not affect the presentation of the financial statements of the School District.

Based on guidance issued in GASB Technical Bulletin No. 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers", it was determined that unpaid pension expenditures due at year-end should be recorded as a fund liability on the balance sheet. As a result, fund balances have been restated as follows:

	<u>General</u>	<u>Debt Service</u>	<u>Other Governmental</u>	<u>Total</u>
Fund balance June 30, 2004	\$ (1,935,213)	\$ 992,110	\$ 62,454	\$ (880,649)
Addition of pension obligation payable	<u>(917,377)</u>	<u>-</u>	<u>(13,476)</u>	<u>(930,853)</u>
Restated fund balance July 1, 2004	\$ <u>(2,852,590)</u>	\$ <u>992,110</u>	\$ <u>48,978</u>	\$ <u>(1,811,502)</u>

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Mentor Exempted Village School District
Combining Statements and Individual
Fund Schedules

Mentor Exempted Village School District

Fund Descriptions

Nonmajor Special Revenue Funds

The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or for major capital projects) that are legally restricted to expenditure for specified purposes. Following is a description of the School District's nonmajor special revenue funds:

Other Grants Fund This fund accounts for the proceeds of specific revenue sources, except for state and federal grants that are legally restricted to expenditures for specific purposes.

Athletic DMSA Fund This fund accounts for gate receipts and other revenues from athletic events and all costs (except supplemental coaching contracts) of the School District's athletic program and transportation of the band to and from athletic events.

Auxiliary Services Fund This fund accounts for State monies used to provide services and materials for pupils attending non-public schools within the School District.

Public School Support Fund This fund is used for the general support of the school building, staff and students.

Entry Year Programs Fund This fund is used to implement entry-year programs, pursuant to Division (T) of Section 3317.024 of the Ohio Revised Code.

Management Information Systems Fund This fund accounts for State monies which support the development of hardware and software or other costs associated with the requirements of the management information system.

OneNet Ohio Program Fund This fund provides for wiring to all classrooms in the State and to provide a computer workstation and related technology for every classroom in Ohio's low-wealth school districts.

SchoolNet Professional Development Fund This fund accounts for State monies to assist staff in gaining knowledge of technology.

Ohio Reads Fund This fund accounts for State monies to improve reading outcomes, especially on the fourth grade reading proficiency test and for volunteer coordinators in public schools and costs associated with volunteer coordination, for background checks for volunteers, to evaluate the Ohio Reads Program, and for operating expenses associated with administering the program.

Summer Intervention Fund This fund accounts for summer intervention services satisfying criteria defined in division (E) of section 3313.608 of the Revised Code.

Vocational Education Enhancement Fund This fund accounts for supplemental vocational equipment.

Mentor Exempted Village School District

Fund Descriptions

Nonmajor Special Revenue Funds (continued)

Miscellaneous State Grants Fund This fund accounts for other State Grants which are not required to be accounted for in a separate fund.

Title VI-B Fund This fund accounts for Federal monies used to assist schools in the identification of handicapped children, development of procedural safeguards, and provision of full educational opportunities to handicapped children at the preschool, elementary, and secondary levels.

Vocational Education Fund This fund accounts for the development of vocational education programs in the following categories: secondary, post-secondary, adult, disadvantaged and handicapped persons, exemplary programs, cooperative education, construction of area vocational schools, ancillary services, research, advisory committees, and work-study projects.

LEP/Immigrant Title III Fund This fund accounts for federal monies used for costs associated with English proficiency.

Title I Fund This fund accounts for Federal monies used to assist the School District in meeting the special needs of educationally deprived children.

Chapter II Fund This fund accounts for federal revenues which support the implementation of a variety of programs such as computer education, gifted and talented programs, and in-service and staff development.

Drug Free School Grant Fund This fund accounts for Federal monies used to support the implementation of programs for drug abuse education and prevention.

Preschool Grant for the Handicapped Fund This fund accounts for the improvement and expansion of services for handicapped children ages 3-5 years.

Special Trust This fund accounts for monies used for purposes that are beneficial to the overall operation of the School District.

E-Rate Reimbursement Fund This fund accounts for a federal grant that is paid directly to the telecommunications service provider.

Classroom Reduction Fund This fund accounts for Federal monies used to reduce class sizes in elementary schools.

Miscellaneous Federal Grants Fund This fund accounts for other Federal Grants, which are not required to be accounted for in a separate fund.

Nonmajor Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). Following is a description of the nonmajor capital projects funds.

Permanent Improvement Fund This fund accounts for property taxes levied to be used for various capital improvements within the School District.

Mentor Exempted Village School District

Fund Descriptions

Nonmajor Special Revenue Funds (continued)

Building Fund This fund accounts for financial resources to be used for the purchase of major capital equipment and facilities renovation.

Replacement Fund This fund accounts for the monies used in the rebuilding, restoration, repair or improvement of property which has been totally or partially destroyed from any cause. Such property may have become unfit for use, necessitating its demolition in whole or in part, and require repair or restoration before it can again be used.

SchoolNet Plus Fund This fund accounts for State monies to be used to provide wiring to all classrooms that supports the transmission of voice, video and data, and to provide a computer workstation and related technology for every classroom.

Nonmajor Enterprise Funds

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. Following is a description of the nonmajor enterprise funds:

Food Service Fund This fund accounts for financial transactions related to food service operations.

Uniform School Supply Fund This fund is under the authority of Section 3313.811, Ohio Revised Code, for the purchase and sale of school supplies as adopted by the Board of Education for use in the schools of the district.

Rotary Fund This fund accounts for income and expenses made in connection with goods and services provided by a school district.

Adult Education Fund This fund accounts for monies received and expended in connection with adult education classes.

Recreation Fund This fund accounts for monies received and expended in connection with a Community Recreation Program.

Mentor Exempted Village School District

Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2005

	Nonmajor Special Revenue	Nonmajor Capital Project	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and investments	\$ 1,353,140	\$ 1,359,755	\$ 2,712,895
Taxes receivable	-	1,023,855	1,023,855
Accounts receivable	336	3,716	4,052
Intergovernmental receivable	193,025	-	193,025
Interfund receivable	43	-	43
Total assets	<u>\$ 1,546,544</u>	<u>\$ 2,387,326</u>	<u>\$ 3,933,870</u>
Liabilities:			
Accounts payable	\$ 401,233	\$ 338,745	\$ 739,978
Accrued wages and benefits	116,418	-	116,418
Accrued pension	30,144	-	30,144
Intergovernmental payable	6,644	-	6,644
Interfund payable	77,782	-	77,782
Deferred revenue	9,797	895,842	905,639
Accrued interest payable	-	25,984	25,984
Notes payable	-	77,333	77,333
Total liabilities	<u>642,018</u>	<u>1,337,904</u>	<u>1,979,922</u>
Fund balance:			
Reserve for encumbrances	426,577	530,970	957,547
Reserve for property taxes	-	128,013	128,013
Unreserved; undesignated (deficit)	477,949	390,439	868,388
Total fund balance	<u>904,526</u>	<u>1,049,422</u>	<u>1,953,948</u>
Total liabilities and fund balances	<u>\$ 1,546,544</u>	<u>\$ 2,387,326</u>	<u>\$ 3,933,870</u>

Mentor Exempted Village School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds

For The Fiscal Year Ended June 30, 2005

	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Capital Project</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Taxes	\$ -	\$ 994,258	\$ 994,258
Intergovernmental	5,283,713	190,142	5,473,855
Tuition and fees	12,445	-	12,445
Earnings on investments	6,094	27,945	34,039
Charges for services	4,275	-	4,275
Extracurricular activities	386,845	-	386,845
Miscellaneous revenue	262,004	-	262,004
Total revenues	<u>5,955,376</u>	<u>1,212,345</u>	<u>7,167,721</u>
Expenditures:			
Current:			
Instruction:			
Regular	1,070,208	42,968	1,113,176
Special	1,101,275	-	1,101,275
Vocational education	199,797	-	199,797
Support services:			
Pupil	1,003,181	-	1,003,181
Instructional staff	323,243	3,088	326,331
Board of education	2,250	-	2,250
Administration	297,676	-	297,676
Fiscal	5,049	11,534	16,583
Operations and maintenance of plant	23,656	525,621	549,277
Pupil transportation	28,664	-	28,664
Central	170,734	-	170,734
Food service operations	5,346	-	5,346
Community services	1,206,090	-	1,206,090
Extracurricular activities	409,596	-	409,596
Debt service:			
Interest and fiscal charges	-	229,984	229,984
Total expenditures	<u>5,846,765</u>	<u>813,195</u>	<u>6,659,960</u>
Excess of revenues over (under) expenditures	<u>108,611</u>	<u>399,150</u>	<u>507,761</u>

Continued

Mentor Exempted Village School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds (continued)

For The Fiscal Year Ended June 30, 2005

	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Capital Project</u>	<u>Total Nonmajor Governmental Funds</u>
Other financing sources (uses):			
Issuance of notes	-	1,005,334	1,005,334
Transfers - in	350,791	347,892	698,683
Transfers - out	(305,052)	(58)	(305,110)
Refund of prior years receipts	<u>(1,698)</u>	<u>-</u>	<u>(1,698)</u>
Total other financing sources (uses)	<u>44,041</u>	<u>1,353,168</u>	<u>1,397,209</u>
Net change in fund balance	152,652	1,752,318	1,904,970
Fund balance (deficit), beginning of year , restated	<u>751,874</u>	<u>(702,896)</u>	<u>48,978</u>
Fund balance, end of year	\$ <u><u>904,526</u></u>	\$ <u><u>1,049,422</u></u>	\$ <u><u>1,953,948</u></u>

Mentor Exempted Village School District

Combining Balance Sheet Nonmajor Special Revenue Funds

June 30, 2005

	<u>Other Grants</u>	<u>Athletic DMSA</u>	<u>Auxiliary Services</u>
Assets:			
Equity in pooled cash and investments	\$ 345,471	\$ 160,028	\$ 216,189
Accounts receivable	284	-	-
Intergovernmental receivable	-	-	-
Interfund receivable	-	-	-
Total assets	<u>\$ 345,755</u>	<u>\$ 160,028</u>	<u>\$ 216,189</u>
Liabilities and fund balances:			
Liabilities:			
Accounts payable	\$ 212,815	\$ 15,898	\$ 62,172
Accrued wages and benefits	-	-	-
Accrued pension	-	7	-
Intergovernmental payables	-	-	-
Interfund payable	-	3,009	11,171
Deferred revenue	-	-	-
Total liabilities	<u>212,815</u>	<u>18,914</u>	<u>73,343</u>
Fund balances:			
Reserve for encumbrances	5,459	49,204	179,160
Unreserved; undesignated (deficit)	<u>127,481</u>	<u>91,910</u>	<u>(36,314)</u>
Total fund balances (deficit)	<u>132,940</u>	<u>141,114</u>	<u>142,846</u>
Total liabilities and fund balance	<u>\$ 345,755</u>	<u>\$ 160,028</u>	<u>\$ 216,189</u>

<u>Public School Support</u>	<u>Entry Year Programs</u>	<u>Management Information Systems</u>	<u>OneNet Ohio Program</u>	<u>School Net Professional Development</u>	<u>Ohio Reads</u>
\$ 137,832	\$ 3,242	\$ 21,867	\$ 1,241	\$ 4	\$ 16,045
-	-	-	-	-	-
-	-	-	-	-	406
-	-	-	-	-	-
<u>\$ 137,832</u>	<u>\$ 3,242</u>	<u>\$ 21,867</u>	<u>\$ 1,241</u>	<u>\$ 4</u>	<u>\$ 16,451</u>

\$ 367	\$ -	\$ 7,258	\$ 400	\$ -	\$ -
-	-	-	-	-	-
21	-	-	-	-	141
-	-	-	-	-	-
494	-	-	-	-	-
-	-	-	-	-	-
<u>882</u>	<u>-</u>	<u>7,258</u>	<u>400</u>	<u>-</u>	<u>141</u>

24,744	795	8,165	841	-	10,735
<u>112,206</u>	<u>2,447</u>	<u>6,444</u>	<u>-</u>	<u>4</u>	<u>5,575</u>
<u>136,950</u>	<u>3,242</u>	<u>14,609</u>	<u>841</u>	<u>4</u>	<u>16,310</u>
<u>\$ 137,832</u>	<u>\$ 3,242</u>	<u>\$ 21,867</u>	<u>\$ 1,241</u>	<u>\$ 4</u>	<u>\$ 16,451</u>

Continued

Mentor Exempted Village School District

Combining Balance Sheet Nonmajor Special Revenue Funds (continued)

June 30, 2005

	<u>Summer Intervention</u>	<u>Vocational Education Enhancement</u>	<u>Miscellaneous State Grants</u>	<u>Title VI-B</u>
Assets:				
Equity in pooled cash and investments	\$ 17,494	\$ -	\$ 21,029	\$ 104,251
Accounts receivable	-	-	-	-
Intergovernmental receivable	14,896	-	-	124,080
Interfund receivable	-	-	-	-
Total assets	<u>\$ 32,390</u>	<u>\$ -</u>	<u>\$ 21,029</u>	<u>\$ 228,331</u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable	\$ 12,524	\$ -	\$ -	\$ 44,297
Accrued wages and benefits	-	-	2,359	59,152
Accrued pension	52	-	589	15,196
Intergovernmental payable	-	-	135	3,377
Interfund payable	-	-	-	53,108
Deferred revenue	-	-	-	6,350
Total liabilities	<u>12,576</u>	<u>-</u>	<u>3,083</u>	<u>181,480</u>
Fund balances:				
Reserve for encumbrances	225	-	-	60,616
Unreserved; undesignated (deficit)	<u>19,589</u>	<u>-</u>	<u>17,946</u>	<u>(13,765)</u>
Total fund balances (deficit)	<u>19,814</u>	<u>-</u>	<u>17,946</u>	<u>46,851</u>
Total liabilities and fund balance	<u>\$ 32,390</u>	<u>\$ -</u>	<u>\$ 21,029</u>	<u>\$ 228,331</u>

<u>Vocational Education</u>	<u>LEP/ Immigrants Title III</u>	<u>Title I</u>	<u>Chapter II</u>	<u>Drug Free Schools Grant</u>	<u>Preschool Grant for the Handicapped</u>	<u>Special Trust</u>
\$ 29,534	\$ 702	\$ 14,840	\$ 186	\$ 3,122	\$ 24,145	\$ 85,578
-	-	-	-	-	-	52
6,272	-	25,570	1,018	3,359	7	-
-	-	-	-	-	-	43
<u>\$ 35,806</u>	<u>\$ 702</u>	<u>\$ 40,410</u>	<u>\$ 1,204</u>	<u>\$ 6,481</u>	<u>\$ 24,152</u>	<u>\$ 85,673</u>

\$ 11,133	\$ -	\$ -	\$ -	\$ -	\$ 11,831	\$ -
-	6,694	27,858	-	-	39	-
-	1,670	7,066	5	-	10	-
-	382	1,589	-	-	2	-
10,000	-	-	-	-	-	-
-	-	47	1	3,359	7	-
<u>21,133</u>	<u>8,746</u>	<u>36,560</u>	<u>6</u>	<u>3,359</u>	<u>11,889</u>	<u>-</u>

21,346	401	202	185	251	14,155	5,716
<u>(6,673)</u>	<u>(8,445)</u>	<u>3,648</u>	<u>1,013</u>	<u>2,871</u>	<u>(1,892)</u>	<u>79,957</u>
<u>14,673</u>	<u>(8,044)</u>	<u>3,850</u>	<u>1,198</u>	<u>3,122</u>	<u>12,263</u>	<u>85,673</u>
<u>\$ 35,806</u>	<u>\$ 702</u>	<u>\$ 40,410</u>	<u>\$ 1,204</u>	<u>\$ 6,481</u>	<u>\$ 24,152</u>	<u>\$ 85,673</u>

Continued

Mentor Exempted Village School District

Combining Balance Sheet Nonmajor Special Revenue Funds (continued)

June 30, 2005

	<u>E-Rate Reimbursement</u>	<u>Classroom Reduction</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue</u>
Assets:				
Equity in pooled cash and investments	\$ 111,097	\$ 6,983	\$ 32,260	\$ 1,353,140
Accounts receivable	-	-	-	336
Intergovernmental receivable	-	17,417	-	193,025
Interfund receivable	-	-	-	43
Total assets	<u>\$ 111,097</u>	<u>\$ 24,400</u>	<u>\$ 32,260</u>	<u>\$ 1,546,544</u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable	\$ 15,995	\$ -	\$ 6,543	\$ 401,233
Accrued wages and benefits	-	20,316	-	116,418
Accrued pension	-	5,071	316	30,144
Intergovernmental payable	-	1,094	65	6,644
Interfund payable	-	-	-	77,782
Deferred revenue	-	33	-	9,797
Total liabilities	<u>15,995</u>	<u>26,514</u>	<u>6,924</u>	<u>642,018</u>
Fund balances:				
Reserve for encumbrances	26,280	-	18,097	426,577
Unreserved; undesignated (deficit)	<u>68,822</u>	<u>(2,114)</u>	<u>7,239</u>	<u>477,949</u>
Total fund balances (deficit)	<u>95,102</u>	<u>(2,114)</u>	<u>25,336</u>	<u>904,526</u>
Total liabilities and fund balance	<u>\$ 111,097</u>	<u>\$ 24,400</u>	<u>\$ 32,260</u>	<u>\$ 1,546,544</u>

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Mentor Exempted Village School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds

For The Fiscal Year Ended June 30, 2005

	<u>Other Grants</u>	<u>Athletic DMSA</u>	<u>Auxiliary Services</u>
Revenues:			
Intergovernmental	\$ 236,700	\$ -	\$ 1,147,334
Tuition and fees	-	12,445	-
Earnings on investments	1,879	226	3,502
Charges for services	-	-	-
Extracurricular activities	-	313,941	-
Miscellaneous revenue	<u>88,631</u>	<u>41,687</u>	<u>-</u>
Total revenues	<u>327,210</u>	<u>368,299</u>	<u>1,150,836</u>
Expenditures:			
Current:			
Instruction:			
Regular education	237,753	-	-
Special education	-	-	-
Vocational education	-	-	-
Support services:			
Pupil	-	-	-
Instructional staff	-	-	-
Board of education	-	-	-
Administration	50,380	-	-
Fiscal	449	-	-
Operations and maintenance of plant	-	-	-
Pupil transportation	-	-	-
Central	-	-	-
Food service operations	-	-	-
Community service	-	-	1,068,126
Extracurricular activities	<u>-</u>	<u>356,144</u>	<u>-</u>
Total expenditures	<u>288,582</u>	<u>356,144</u>	<u>1,068,126</u>
Excess of revenues over (under) expenditures	<u>38,628</u>	<u>12,155</u>	<u>82,710</u>
Other financing sources (uses):			
Transfers-in	94,312	48,213	39,081
Transfers-out	-	(3,964)	(39,081)
Refund of prior years receipts	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>94,312</u>	<u>44,249</u>	<u>-</u>
Net change in fund balance	132,940	56,404	82,710
Fund balance (deficit), beginning of year, restated	<u>-</u>	<u>84,710</u>	<u>60,136</u>
Fund balance (deficit), end of year	\$ <u><u>132,940</u></u>	\$ <u><u>141,114</u></u>	\$ <u><u>142,846</u></u>

<u>Public School Support</u>	<u>Entry Year Programs</u>	<u>Management Information Systems</u>	<u>OneNet Ohio Program</u>	<u>School Net Professional Development</u>	<u>Ohio Reads</u>
\$ -	\$ 5,500	\$ 29,993	\$ 45,000	\$ 6,750	\$ 120,201
-	-	-	-	-	-
150	-	-	-	-	-
4,275	-	-	-	-	-
68,308	-	-	-	-	-
80,764	-	-	-	-	-
<u>153,497</u>	<u>5,500</u>	<u>29,993</u>	<u>45,000</u>	<u>6,750</u>	<u>120,201</u>
1,006	1,555	-	-	3,159	114,859
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	447
-	703	-	-	10,338	16,333
-	-	-	-	-	-
5,647	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
56,419	-	41,641	54,999	-	-
5,346	-	-	-	-	-
-	-	-	-	-	1,555
38,506	-	-	-	-	-
<u>106,924</u>	<u>2,258</u>	<u>41,641</u>	<u>54,999</u>	<u>13,497</u>	<u>133,194</u>
<u>46,573</u>	<u>3,242</u>	<u>(11,648)</u>	<u>(9,999)</u>	<u>(6,747)</u>	<u>(12,993)</u>
91,868	-	-	-	-	-
(1,491)	-	-	-	-	-
-	-	-	-	-	(649)
<u>90,377</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(649)</u>
136,950	3,242	(11,648)	(9,999)	(6,747)	(13,642)
-	-	26,257	10,840	6,751	29,952
\$ <u>136,950</u>	\$ <u>3,242</u>	\$ <u>14,609</u>	\$ <u>841</u>	\$ <u>4</u>	\$ <u>16,310</u>

Continued

Mentor Exempted Village School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds (continued)

For The Fiscal Year Ended June 30, 2005

	<u>Summer Intervention</u>	<u>Vocational Educational Enhancement</u>	<u>Miscellaneous State Grants</u>	<u>Title VI-B</u>
Revenues:				
Intergovernmental	\$ 174,403	\$ 4,957	\$ 35,660	\$ 1,893,342
Tuition and fees	-	-	-	-
Earnings on investments	-	-	-	-
Charges for services	-	-	-	-
Extracurricular activities	-	-	-	-
Miscellaneous revenue	-	-	-	-
Total revenues	<u>174,403</u>	<u>4,957</u>	<u>35,660</u>	<u>1,893,342</u>
Expenditures:				
Current:				
Instruction:				
Regular education	147,881	-	5,242	-
Special education	-	-	88	731,100
Vocational education	-	6,942	-	-
Support services:				
Pupil	8,783	-	33,784	688,313
Instructional staff	34,983	-	9,905	108,527
Board of education	-	-	-	-
Administration	6,395	-	-	189,823
Fiscal	-	-	-	-
Operations and maintenance of plant	-	-	-	-
Pupil transportation	-	-	-	24,407
Central	-	-	-	-
Food service operations	-	-	-	-
Community service	6,588	-	-	111,838
Extracurricular activities	-	-	252	-
Total expenditures	<u>204,630</u>	<u>6,942</u>	<u>49,271</u>	<u>1,854,008</u>
Excess of revenues over (under) expenditures	<u>(30,227)</u>	<u>(1,985)</u>	<u>(13,611)</u>	<u>39,334</u>
Other financing sources (uses):				
Transfers-in	-	-	-	-
Transfers-out	-	-	-	-
Refund of prior years receipts	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(30,227)	(1,985)	(13,611)	39,334
Fund balance (deficit), beginning of year, restated	<u>50,041</u>	<u>1,985</u>	<u>31,557</u>	<u>7,517</u>
Fund balance (deficit), end of year	\$ <u>19,814</u>	\$ <u>-</u>	\$ <u>17,946</u>	\$ <u>46,851</u>

<u>Vocational Education</u>	<u>LEP/ Immigrants Title III</u>	<u>Title I</u>	<u>Chapter II</u>	<u>Drug Free Schools Grant</u>	<u>Preschool Grant for the Handicapped</u>	<u>Special Trust</u>
\$ 421,222	\$ 21,371	\$ 337,060	\$ 80,360	\$ 23,569	\$ 68,138	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	337
-	-	-	-	-	-	-
-	-	-	-	-	-	4,596
-	-	-	-	-	-	50,922
<u>421,222</u>	<u>21,371</u>	<u>337,060</u>	<u>80,360</u>	<u>23,569</u>	<u>68,138</u>	<u>55,855</u>
-	-	987	95,649	3,480	-	17,481
-	33,670	292,466	-	-	42,165	1,786
192,855	-	-	-	-	-	-
201,064	-	29,755	17,070	3,489	10,142	-
23,994	621	22,048	8,329	13,479	16,484	13,057
-	-	-	-	-	-	2,250
19,987	-	466	4,134	-	-	852
-	-	-	-	-	-	-
-	-	-	-	-	-	-
4,257	-	-	-	-	-	-
174	-	-	-	-	-	3,213
-	-	-	-	-	-	-
99	-	-	7,691	-	-	-
-	-	-	-	-	-	14,694
<u>442,430</u>	<u>34,291</u>	<u>345,722</u>	<u>132,873</u>	<u>20,448</u>	<u>68,791</u>	<u>53,333</u>
<u>(21,208)</u>	<u>(12,920)</u>	<u>(8,662)</u>	<u>(52,513)</u>	<u>3,121</u>	<u>(653)</u>	<u>2,522</u>
-	-	5,556	67,556	-	-	437
-	-	(5,556)	-	-	-	(183,635)
-	-	-	-	-	(17)	(1,032)
-	-	-	67,556	-	(17)	(184,230)
(21,208)	(12,920)	(8,662)	15,043	3,121	(670)	(181,708)
<u>35,881</u>	<u>4,876</u>	<u>12,512</u>	<u>(13,845)</u>	<u>1</u>	<u>12,933</u>	<u>267,381</u>
\$ <u>14,673</u>	\$ <u>(8,044)</u>	\$ <u>3,850</u>	\$ <u>1,198</u>	\$ <u>3,122</u>	\$ <u>12,263</u>	\$ <u>85,673</u>

Continued

Mentor Exempted Village School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Special Revenue Funds (continued)

For The Fiscal Year Ended June 30, 2005

	E-rate Reimbursement	Classroom Reduction	Miscellaneous Federal grants	Total Nonmajor Special Revenues
Revenues:				
Intergovernmental	\$ 51,238	\$ 266,011	\$ 314,904	\$ 5,283,713
Tuition and fees	-	-	-	12,445
Earnings on investments	-	-	-	6,094
Charges for services	-	-	-	4,275
Extracurricular activities	-	-	-	386,845
Miscellaneous revenue	-	-	-	262,004
Total revenues	<u>51,238</u>	<u>266,011</u>	<u>314,904</u>	<u>5,955,376</u>
Expenditures:				
Current:				
Instruction:				
Regular education	-	192,884	248,272	1,070,208
Special education	-	-	-	1,101,275
Vocational education	-	-	-	199,797
Support services:				
Pupil	-	-	10,334	1,003,181
Instructional staff	12,690	19,615	12,137	323,243
Board of education	-	-	-	2,250
Administration	7,795	-	12,197	297,676
Fiscal	4,600	-	-	5,049
Operations and maintenance of plant	23,656	-	-	23,656
Pupil transportation	-	-	-	28,664
Central	14,288	-	-	170,734
Food service operations	-	-	-	5,346
Community service	-	-	10,193	1,206,090
Extracurricular activities	-	-	-	409,596
Total expenditures	<u>63,029</u>	<u>212,499</u>	<u>293,133</u>	<u>5,846,765</u>
Excess of revenues over (under) expenditures	<u>(11,791)</u>	<u>53,512</u>	<u>21,771</u>	<u>108,611</u>
Other financing sources (uses):				
Transfers-in	-	3,768	-	350,791
Transfers-out	-	(71,325)	-	(305,052)
Refund of prior years receipts	-	-	-	(1,698)
Total other financing sources (uses)	<u>-</u>	<u>(67,557)</u>	<u>-</u>	<u>44,041</u>
Net change in fund balance	(11,791)	(14,045)	21,771	152,652
Fund balance (deficit), beginning of year, Restated	<u>106,893</u>	<u>11,931</u>	<u>3,565</u>	<u>751,874</u>
Fund balance (deficit), end of year	\$ <u>95,102</u>	\$ <u>(2,114)</u>	\$ <u>25,336</u>	\$ <u>904,526</u>

Mentor Exempted Village School District

Combining Balance Sheet Nonmajor Capital Projects Funds

June 30, 2005

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Replacement</u>	<u>SchoolNet Plus</u>	<u>Total Nonmajor Capital Projects</u>
Assets:					
Equity in pooled cash and investments	\$ 1,313,724	\$ -	\$ -	\$ 46,031	\$ 1,359,755
Taxes receivable	1,023,855	-	-	-	1,023,855
Accounts receivable	3,716	-	-	-	3,716
Total assets	<u>\$ 2,341,295</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,031</u>	<u>\$ 2,387,326</u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ 333,178	\$ -	\$ -	\$ 5,567	\$ 338,745
Deferred revenue	895,842	-	-	-	895,842
Accrued interest payable	-	25,984	-	-	25,984
Notes payable	-	77,333	-	-	77,333
Total liabilities	<u>1,229,020</u>	<u>103,317</u>	<u>-</u>	<u>5,567</u>	<u>1,337,904</u>
Fund balance:					
Reserve for encumbrances	524,968	-	-	\$ 6,002	530,970
Reserve for property taxes	128,013	-	-	-	128,013
Unreserved, undesignated (deficit)	459,294	(103,317)	-	34,462	390,439
Total fund balance (deficit)	<u>1,112,275</u>	<u>(103,317)</u>	<u>-</u>	<u>40,464</u>	<u>1,049,422</u>
Total liabilities and fund balances	<u>\$ 2,341,295</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,031</u>	<u>\$ 2,387,326</u>

Mentor Exempted Village School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Capital Projects Funds

For The Fiscal Year Ended June 30, 2005

	<u>Permanent Improvement</u>	<u>Building</u>	<u>Replacement</u>	<u>SchoolNet Plus</u>	<u>Total Nonmajor Capital Projects</u>
Revenues:					
Taxes	\$ 994,258	\$ -	\$ -	\$ -	\$ 994,258
Intergovernmental	103,622	-	-	86,520	190,142
Earnings on investments	<u>27,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,945</u>
Total revenues	<u>1,125,825</u>	<u>-</u>	<u>-</u>	<u>86,520</u>	<u>1,212,345</u>
Expenditures:					
Current:					
Regular education	-	-	-	42,968	42,968
Instructional staff	-	-	-	3,088	3,088
Fiscal	11,534	-	-	-	11,534
Operations and maintenance of plant	525,621	-	-	-	525,621
Debt service:					
Interest and fiscal charges	<u>204,000</u>	<u>25,984</u>	<u>-</u>	<u>-</u>	<u>229,984</u>
Total expenditures	<u>741,155</u>	<u>25,984</u>	<u>-</u>	<u>46,056</u>	<u>813,195</u>
Excess of revenues over (under) expenditures	<u>384,670</u>	<u>(25,984)</u>	<u>-</u>	<u>40,464</u>	<u>399,150</u>
Other financing sources (uses):					
Issuance of notes	-	1,005,334	-	-	1,005,334
Transfers-in	256,059	91,833	-	-	347,892
Transfers-out	<u>-</u>	<u>(30)</u>	<u>(28)</u>	<u>-</u>	<u>(58)</u>
Total other financing sources (uses)	<u>256,059</u>	<u>1,097,137</u>	<u>(28)</u>	<u>-</u>	<u>1,353,168</u>
Net change in fund balance	640,729	1,071,153	(28)	40,464	1,752,318
Fund balance (deficit), beginning of year	<u>471,546</u>	<u>(1,174,470)</u>	<u>28</u>	<u>-</u>	<u>(702,896)</u>
Fund balance (deficit), end of year	\$ <u>1,112,275</u>	\$ <u>(103,317)</u>	\$ <u>-</u>	\$ <u>40,464</u>	\$ <u>1,049,422</u>

Mentor Exempted Village School District

Combining Statement of Fund Net Assets Nonmajor Enterprise Funds

June 30, 2005

	<u>Food Service</u>	<u>Uniform School Supply</u>	<u>Rotary Fund</u>	<u>Adult Education</u>	<u>Recreation</u>	<u>Total Nonmajor Enterprise Funds</u>
Assets:						
Current assets:						
Equity in pooled cash and investments	\$ 54,048	\$ 260,827	\$ 68,835	\$ 5,567	\$ -	\$ 389,277
Accounts receivable	137	-	-	-	-	137
Intergovernmental receivable	71,937	-	-	-	-	71,937
Materials and supplies inventories	24,380	-	-	-	-	24,380
Interfund receivable	<u>4,494</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,494</u>
Total current assets	154,996	260,827	68,835	5,567	-	490,225
Non-current assets:						
Depreciable capital assets, net	<u>459,577</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>459,577</u>
Total assets	<u>614,573</u>	<u>260,827</u>	<u>68,835</u>	<u>5,567</u>	<u>-</u>	<u>949,802</u>
Liabilities:						
Current liabilities:						
Accounts payable	-	6,345	-	-	-	6,345
Accrued wages and benefits	114,604	-	2,196	-	-	116,800
Intergovernmental payable	3,078	-	125	-	-	3,203
Accrued pension	41,610	-	613	-	-	42,223
Accrued interest payable	604	-	-	-	-	604
Interfund payable	-	120,000	-	-	-	120,000
Current portion of capital lease	<u>22,432</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,432</u>
Total current liabilities	182,328	126,345	2,934	-	-	311,607
Long-term liabilities:						
Capital lease	<u>92,963</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,963</u>
Total liabilities	<u>275,291</u>	<u>126,345</u>	<u>2,934</u>	<u>-</u>	<u>-</u>	<u>404,570</u>
Net assets:						
Invested in capital assets, net of related debt	344,182	-	-	-	-	344,182
Unreserved (deficit)	<u>(4,900)</u>	<u>134,482</u>	<u>65,901</u>	<u>5,567</u>	<u>-</u>	<u>201,050</u>
Total net assets	\$ <u>339,282</u>	\$ <u>134,482</u>	\$ <u>65,901</u>	\$ <u>5,567</u>	\$ <u>-</u>	\$ <u>545,232</u>

Mentor Exempted Village School District

Combining Statement of Revenues, Expenditures and Changes in Fund Balances in Fund Net Assets
Nonmajor Enterprise Funds

For The Fiscal Year Ended June 30, 2005

	Food Service	Uniform Supply	Rotary Fund	Adult Education	Recreation	Total Nonmajor Enterprise Funds
Operating revenues:						
Tuition and fees	\$ -	\$ -	\$ 68,140	\$ -	\$ -	\$ 68,140
Classroom materials and fees	-	324,785	-	-	-	324,785
Sales	1,843,431	-	-	-	-	1,843,431
Miscellaneous revenue	<u>2,882</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,882</u>
Total operating revenues	<u>1,846,313</u>	<u>324,785</u>	<u>68,140</u>	<u>-</u>	<u>-</u>	<u>2,239,238</u>
Operating expenses:						
Salaries and wages	900,056	-	61,681	-	-	961,737
Fringe benefits	437,531	-	10,579	-	-	448,110
Contractual services	16,018	6,345	-	-	-	22,363
Supplies and materials	978,141	316,161	-	-	-	1,294,302
Other operating expenses	871	-	856	-	-	1,727
Depreciation expense	<u>22,660</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,660</u>
Total operating expenses	<u>2,355,277</u>	<u>322,506</u>	<u>73,116</u>	<u>-</u>	<u>-</u>	<u>2,750,899</u>
Operating income (loss)	<u>(508,964)</u>	<u>2,279</u>	<u>(4,976)</u>	<u>-</u>	<u>-</u>	<u>(511,661)</u>
Non-operating revenues (expenses):						
Federal donated commodities	149,193	-	-	-	-	149,193
Grant revenue	409,504	-	-	-	-	409,504
Interest and fiscal charges	1,669	-	-	-	-	1,669
Loss on sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,838)</u>	<u>(1,838)</u>
Total non-operating revenues (expenses)	<u>560,366</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,838)</u>	<u>558,528</u>
Income (loss) before transfers	51,402	2,279	(4,976)	-	(1,838)	46,867
Transfers-out	<u>-</u>	<u>-</u>	<u>(31,478)</u>	<u>-</u>	<u>-</u>	<u>(31,478)</u>
Change in net assets	51,402	2,279	(36,454)	-	(1,838)	15,389
Net assets, beginning of year	<u>287,880</u>	<u>132,203</u>	<u>102,355</u>	<u>5,567</u>	<u>1,838</u>	<u>529,843</u>
Net assets, end of year	\$ <u>339,282</u>	\$ <u>134,482</u>	\$ <u>65,901</u>	\$ <u>5,567</u>	\$ <u>-</u>	\$ <u>545,232</u>

Mentor Exempted Village School District

Combining Statement of Cash Flows Nonmajor Enterprise Funds

For The Fiscal Year Ended June 30, 2005

	<u>Food Service</u>	<u>Uniform Supply</u>	<u>Rotary Fund</u>	<u>Adult Education</u>	<u>Recreation</u>	<u>Total Nonmajor Enterprise Funds</u>
Increase (decrease) in cash and cash equivalents:						
Cash flows from operating activities:						
Cash received from customers	\$ 1,862,610	\$ -	\$ -	\$ -	\$ -	\$ 1,862,610
Cash received from tuition payments	-	-	68,140	-	-	68,140
Cash payments received from classroom materials and fees	-	324,785	-	-	-	324,785
Cash payments for contractual services	(44,744)	-	-	-	-	(44,744)
Cash payments for materials and supplies	(815,094)	(391,804)	(62)	-	-	(1,206,960)
Cash payments to employees for services	(823,731)	-	(63,562)	-	-	(887,293)
Cash payments for employee benefits	(487,931)	-	(10,050)	-	-	(497,981)
Cash payments for other operating expenses	129	-	(856)	-	-	(727)
<i>Net cash used for operating activities</i>	<u>(308,761)</u>	<u>(67,019)</u>	<u>(6,390)</u>	<u>-</u>	<u>-</u>	<u>(382,170)</u>
Cash flows from noncapital financing activities:						
Operating grants received	389,202	-	-	-	-	389,202
Advances-in	-	120,000	-	-	-	120,000
Transfers-out	-	-	(31,478)	-	-	(31,478)
<i>Net cash provided by (used for) noncapital financing</i>	<u>389,202</u>	<u>120,000</u>	<u>(31,478)</u>	<u>-</u>	<u>-</u>	<u>477,724</u>
Cash flows from capital and related financing activities:						
Acquisition of capital assets	(36,750)	-	-	-	-	(36,750)
Principal payment on capital lease	(21,069)	-	-	-	-	(21,069)
<i>Net cash used for capital and related financing activities</i>	<u>(57,819)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(57,819)</u>
Cash flows from investing activities:						
Interest received	1,422	-	-	-	-	1,422
Net increase (decrease) in cash and cash equivalents	24,044	52,981	(37,868)	-	-	39,157
Cash and cash equivalents at beginning of year	30,004	207,846	106,703	5,567	-	350,120
Cash and cash equivalents at end of year	\$ <u>54,048</u>	\$ <u>260,827</u>	\$ <u>68,835</u>	\$ <u>5,567</u>	\$ <u>-</u>	\$ <u>389,277</u>
Non-cash noncapital financing activities:						
Federal donated commodities	\$ <u>149,193</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>149,193</u>

Continued

Mentor Exempted Village School District

Combining Statement of Cash Flows Nonmajor Enterprise Funds (continued)

For The Fiscal Year Ended June 30, 2005

	<u>Food Service</u>	<u>Uniform Supply</u>	<u>Rotary Fund</u>	<u>Adult Education</u>	<u>Recreation</u>	<u>Total Nonmajor Enterprise Funds</u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:						
Operating income (loss)	\$ (508,964)	\$ 2,279	\$ (4,976)	\$ -	\$ -	\$ (511,661)
Adjustments:						
Depreciation	22,660	-	-	-	-	22,660
Federal donated commodities	149,193	-	-	-	-	149,193
Changes in assets/liabilities:						
Decrease in interfund receivable	19,179	-	-	-	-	19,179
Increase in inventory	(7,215)	-	-	-	-	(7,215)
Decrease in accounts payable	(6,786)	(69,298)	(4,264)	-	-	(80,348)
Increase in accrued wages and benefits	37,832	-	2,196	-	-	40,028
Increase (decrease) in accrued pension	(5,569)	-	529	-	-	(5,040)
Increase (decrease) in intergovernmental payable	(6,338)	-	125	-	-	(6,213)
Decrease in interfund payable	(2,753)	-	-	-	-	(2,753)
Total adjustments	<u>200,203</u>	<u>(69,298)</u>	<u>(1,414)</u>	<u>-</u>	<u>-</u>	<u>129,491</u>
Net cash used for operating activities	\$ <u>(308,761)</u>	\$ <u>(67,019)</u>	\$ <u>(6,390)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(382,170)</u>

Mentor Exempted Village School District

Combining Statement of Changes in Assets and Liabilities All Agency Funds

For The Fiscal Year Ended June 30, 2005

	<u>Balance</u> <u>06/30/04</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/05</u>
Student Activities:				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>506,305</u>	\$ <u>587,175</u>	\$ <u>609,746</u>	\$ <u>483,734</u>
Liabilities:				
Accounts payable	\$ 37,559	\$ 29,591	\$ 37,559	\$ 29,591
Due to students	<u>468,746</u>	<u>454,143</u>	<u>468,746</u>	<u>454,143</u>
Total liabilities	\$ <u>506,305</u>	\$ <u>483,734</u>	\$ <u>506,305</u>	\$ <u>483,734</u>

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Mentor Exempted Village School District

Individual Fund Schedules of Revenues, Expenditures/Expenses and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual

Mentor Exempted Village School District

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 60,931,959	\$ 66,949,559	\$ 59,706,428	\$ (7,243,131)
Intergovernmental	11,240,707	9,021,055	16,395,655	7,374,600
Tuition	909,666	730,039	1,326,836	596,797
Earnings on investments	233,900	187,713	341,166	153,453
Extracurricular activities	271,443	217,842	395,926	178,084
Miscellaneous	106,886	85,780	155,904	70,124
Transportation fees	48,860	39,212	71,267	32,055
Total revenues	<u>73,743,421</u>	<u>77,231,200</u>	<u>78,393,182</u>	<u>1,161,982</u>
Expenditures:				
Current:				
Instruction:				
Regular	37,964,583	37,630,022	36,400,323	1,229,699
Special	9,894,992	9,701,627	9,487,287	214,340
Vocational education	2,817,034	2,792,726	2,700,963	91,763
Other	156,231	154,362	149,794	4,568
Support services:				
Pupil	4,591,703	4,573,741	4,402,510	171,231
Instructional staff	3,703,807	3,713,674	3,551,199	162,475
Board of education	775,446	764,295	743,495	20,800
Administration	4,767,828	4,710,592	4,571,379	139,213
Fiscal services	2,147,540	2,283,148	2,059,055	224,093
Business	649,903	719,604	623,125	96,479
Operation and maintenance - plant	7,715,515	7,946,665	7,397,612	549,053
Pupil transportation	5,373,329	5,287,518	5,151,931	135,587
Central services	819,255	933,778	785,499	148,279
Community services	2,672	55,367	2,562	52,805
Extracurricular activities:				
Subject oriented activities	130,162	197,532	124,799	72,733
Occupation oriented activities	2,348	5,220	2,251	2,969
Sports activities	700,963	683,358	672,081	11,277
Co-curricular activities	145,542	207,532	139,545	67,987
Total expenditures	<u>82,358,853</u>	<u>82,360,761</u>	<u>78,965,410</u>	<u>3,395,351</u>
Excess of revenues over (under) expenditures	<u>(8,615,432)</u>	<u>(5,129,561)</u>	<u>(572,228)</u>	<u>4,557,333</u>

Continued

Mentor Exempted Village School District

General Fund (continued)

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other financing sources (uses):				
Proceeds from sale of notes	4,799,134	3,851,471	7,000,000	3,148,529
Advances - in	466,538	374,412	680,490	306,078
Refund of prior year expenditures	26,007	20,872	37,934	17,062
Proceeds from the sale of capital assets	7,666	6,152	11,181	5,029
Transfers - out	(496,025)	(480,059)	(475,587)	4,472
Advances - out	(228,451)	(244,300)	(219,038)	25,262
Refund of prior year receipts	(50,149)	(48,358)	(48,083)	275
Total other financing sources (uses)	<u>4,524,720</u>	<u>3,480,190</u>	<u>6,986,897</u>	<u>3,506,707</u>
Net change in fund balance	(4,090,712)	(1,649,371)	6,414,669	8,064,040
Fund balance beginning of year	83,181	83,181	83,181	-
Prior year encumbrances appropriated	<u>1,566,191</u>	<u>1,566,191</u>	<u>1,566,191</u>	-
Fund balance end of year	\$ <u>(2,441,340)</u>	\$ <u>1</u>	\$ <u>8,064,041</u>	\$ <u>8,064,040</u>

Mentor Exempted Village School District

Debt Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,700,454	\$ 1,707,507	\$ 2,293,136	\$ 585,629
Intergovernmental	282,781	8,484,883	8,684,103	199,220
Total revenues	<u>1,983,235</u>	<u>10,192,390</u>	<u>10,977,239</u>	<u>784,849</u>
Expenditures:				
Current:				
Support services:				
Fiscal services	117,152	117,152	68,741	48,411
Debt service:				
Repayment of debt	<u>12,180,433</u>	<u>18,952,792</u>	<u>18,952,792</u>	<u>-</u>
Total expenditures	<u>12,297,585</u>	<u>19,069,944</u>	<u>19,021,533</u>	<u>48,411</u>
Excess of revenues over (under) expenditures	<u>(10,314,350)</u>	<u>(8,877,554)</u>	<u>(8,044,294)</u>	<u>833,260</u>
Other financing sources (uses):				
Interest on bond and note	10,928	327,894	335,592	7,698
Proceeds from the sale of bonds	209,706	6,292,251	6,439,989	147,738
Proceeds from the sale of notes	35,255	1,057,830	1,082,667	24,837
Transfers - in	<u>11,330</u>	<u>339,971</u>	<u>347,953</u>	<u>7,982</u>
Total other financing sources (uses)	<u>267,219</u>	<u>8,017,946</u>	<u>8,206,201</u>	<u>188,255</u>
Net change in fund balance	(10,047,131)	(859,608)	161,907	1,021,515
Fund balance at beginning of year	<u>859,608</u>	<u>859,608</u>	<u>859,608</u>	<u>-</u>
Fund balance at end of year	\$ <u>(9,187,523)</u>	\$ <u>-</u>	\$ <u>1,021,515</u>	\$ <u>1,021,515</u>

Mentor Exempted Village School District

Other Grants – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 132,609	\$ 210,150	\$ 236,700	\$ 26,550
Earnings on investments	894	1,416	1,595	179
Miscellaneous	49,655	78,689	88,631	9,942
Total revenues	<u>183,158</u>	<u>290,255</u>	<u>326,926</u>	<u>36,671</u>
Expenditures:				
Current:				
Instruction:				
Regular	142,963	302,416	240,212	62,204
Support services:				
Administration	31,769	67,202	53,379	13,823
Fiscal services	268	566	450	116
Total expenditures	<u>175,000</u>	<u>370,184</u>	<u>294,041</u>	<u>76,143</u>
Excess of revenues over expenditures	<u>8,158</u>	<u>(79,929)</u>	<u>32,885</u>	<u>112,814</u>
Other financing sources (uses):				
Transfers - in	52,837	83,733	94,312	10,579
Advances - in	14,006	22,196	25,000	2,804
Advances - out	(25,000)	(25,000)	(25,000)	-
Total other financing sources (uses)	<u>41,843</u>	<u>80,929</u>	<u>94,312</u>	<u>13,383</u>
Net change in fund balance	50,001	1,000	127,197	126,197
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ <u>50,001</u>	\$ <u>1,000</u>	\$ <u>127,197</u>	\$ <u>126,197</u>

Mentor Exempted Village School District

Venture Capital Grant – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ <u>41</u>	\$ <u>41</u>	\$ <u>-</u>	\$ <u>(41)</u>
Expenditures:				
Current:				
Support services:				
Central services	<u>41</u>	<u>41</u>	<u>-</u>	<u>41</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

Mentor Exempted Village School District

Athletic DMSA – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Tuition	\$ 14,088	\$ 16,859	\$ 12,445	\$ (4,414)
Earnings on investments	256	307	226	(81)
Extracurricular activities	355,383	425,290	313,941	(111,349)
Miscellaneous	47,190	56,473	41,687	(14,786)
Total revenues	<u>416,917</u>	<u>498,929</u>	<u>368,299</u>	<u>(130,630)</u>
Expenditures:				
Current:				
Sports oriented	<u>353,710</u>	<u>650,827</u>	<u>433,007</u>	<u>217,820</u>
Excess of revenues over (under) expenditures	<u>63,207</u>	<u>(151,898)</u>	<u>(64,708)</u>	<u>87,190</u>
Other financing sources (uses):				
Transfers - in	83,084	99,427	73,395	(26,032)
Transfers - out	<u>(3,964)</u>	<u>(3,964)</u>	<u>(3,964)</u>	<u>-</u>
Total other financing sources (uses)	<u>79,120</u>	<u>95,463</u>	<u>69,431</u>	<u>(26,032)</u>
Net change in fund balance	<u>142,327</u>	<u>(56,435)</u>	<u>4,723</u>	<u>61,158</u>
Fund balance at beginning of year	56,435	56,435	56,435	-
Prior year encumbrances appropriated	<u>32,874</u>	<u>32,874</u>	<u>32,874</u>	<u>-</u>
Fund balance at end of year	\$ <u>231,636</u>	\$ <u>32,874</u>	\$ <u>94,032</u>	\$ <u>61,158</u>

Mentor Exempted Village School District

Auxiliary Services – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Earnings on investments	\$ 3,826	\$ 3,502	\$ 3,502	\$ -
Intergovernmental	<u>1,253,478</u>	<u>1,147,334</u>	<u>1,147,334</u>	<u>-</u>
Total revenues	<u>1,257,304</u>	<u>1,150,836</u>	<u>1,150,836</u>	<u>-</u>
Expenditures:				
Current:				
Community services	<u>1,295,303</u>	<u>1,332,882</u>	<u>1,331,157</u>	<u>1,725</u>
Excess of revenues over (under) expenditures	<u>(37,999)</u>	<u>(182,046)</u>	<u>(180,321)</u>	<u>1,725</u>
Other financing sources (uses):				
Transfers - in	42,697	39,081	39,081	-
Transfers - out	<u>(39,081)</u>	<u>(39,081)</u>	<u>(39,081)</u>	<u>-</u>
Total other financing sources (uses)	<u>3,616</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(34,383)	(182,046)	(180,321)	1,725
Fund balance at beginning of year	26,818	26,818	26,818	-
Prior year encumbrances appropriated	<u>155,228</u>	<u>155,228</u>	<u>155,228</u>	<u>-</u>
Fund balance at end of year	\$ <u>147,663</u>	\$ <u>-</u>	\$ <u>1,725</u>	\$ <u>1,725</u>

Mentor Exempted Village School District

Public School Support – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Earnings on investments	\$ 158	\$ 175	\$ 150	\$ (25)
Food services	4,482	4,977	4,275	(702)
Extracurricular activities	71,620	82,667	68,308	(14,359)
Miscellaneous	84,680	94,028	80,764	(13,264)
Total revenues	<u>160,940</u>	<u>181,847</u>	<u>153,497</u>	<u>(28,350)</u>
Expenditures:				
Supporting services:				
Administration	6,801	15,768	6,692	9,076
Central	91,931	152,852	90,459	62,393
Operation of Non-instructional:				
Food services operations	6,437	59,397	6,334	53,063
Extracurricular activities:				
Academic and subject oriented activities	3,294	9,200	3,241	5,959
Sports oriented	1,642	8,400	1,616	6,784
Co-curricular activities	<u>36,000</u>	<u>55,967</u>	<u>35,423</u>	<u>20,544</u>
Total expenditures	<u>146,105</u>	<u>301,584</u>	<u>143,765</u>	<u>157,819</u>
Excess of revenues over (under) expenditures	<u>14,835</u>	<u>(119,737)</u>	<u>9,732</u>	<u>129,469</u>
Other financing sources and uses:				
Transfers - in	-	122,185	104,949	(17,236)
Advances - in	-	49	42	(7)
Transfers - out	<u>-</u>	<u>(2,497)</u>	<u>(2,497)</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>119,737</u>	<u>102,494</u>	<u>(17,243)</u>
Net change in fund balance	14,835	-	112,226	112,226
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u>14,835</u>	\$ <u>-</u>	\$ <u>112,226</u>	\$ <u>112,226</u>

Mentor Exempted Village School District

Entry Level Programs – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 5,500	\$ 5,500	\$ 5,500	\$ -
Expenditures:				
Current:				
Instruction:				
Regular	3,635	3,635	1,555	2,080
Support services:				
Administration	175	175	-	175
Instructional staff	1,690	1,690	1,498	192
Total expenditures	5,500	5,500	3,053	2,447
Net change in fund balance	-	-	2,447	2,447
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ -	\$ -	\$ 2,447	\$ 2,447

Mentor Exempted Village School District

Management Information Systems – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>110,000</u>	\$ <u>21,425</u>	\$ <u>29,993</u>	\$ <u>8,568</u>
Expenditures:				
Current:				
Support services:				
Central services	<u>11,617</u>	<u>51,949</u>	<u>44,968</u>	<u>6,981</u>
Net change in fund balance	98,383	(30,524)	(14,975)	15,549
Fund balance at beginning of year	26,257	26,257	26,257	-
Prior year encumbrances appropriated	<u>2,420</u>	<u>2,420</u>	<u>2,420</u>	-
Fund balance at end of year	\$ <u>127,060</u>	\$ <u>(1,847)</u>	\$ <u>13,702</u>	\$ <u>15,549</u>

Mentor Exempted Village School District

OneNet Ohio Program – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ <u>60,000</u>	\$ <u>45,000</u>	\$ <u>45,000</u>	\$ <u>-</u>
Expenditures:				
Current:				
Support services:				
Central services	<u>55,841</u>	<u>55,841</u>	<u>55,841</u>	<u>-</u>
Net change in fund balance	4,159	(10,841)	(10,841)	-
Fund balance at beginning of year	9,718	9,718	9,718	-
Prior year encumbrances appropriated	<u>1,123</u>	<u>1,123</u>	<u>1,123</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>15,000</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

Mentor Exempted Village School District

SchoolNet Professional Development – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>10,000</u>	\$ <u>6,750</u>	\$ <u>6,750</u>	\$ <u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	3,158	3,158	3,158	-
Support services:				
Instructional staff	<u>10,342</u>	<u>10,342</u>	<u>10,338</u>	<u>4</u>
Total expenditures	<u>13,500</u>	<u>13,500</u>	<u>13,496</u>	<u>4</u>
Net change in fund balance	(3,500)	(6,750)	(6,746)	4
Fund balance at beginning of year	<u>6,750</u>	<u>6,750</u>	<u>6,750</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>3,250</u></u>	\$ <u><u>-</u></u>	\$ <u><u>4</u></u>	\$ <u><u>4</u></u>

Mentor Exempted Village School District

Ohio Reads – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>140,000</u>	\$ <u>127,000</u>	\$ <u>119,795</u>	\$ <u>(7,205)</u>
Expenditures:				
Current:				
Instruction:				
Regular	136,914	136,914	129,745	7,169
Support services:				
Pupils	3,414	3,414	306	3,108
Instructional staff	19,258	19,258	17,737	1,521
Community services	<u>2,272</u>	<u>2,272</u>	<u>1,555</u>	<u>717</u>
Total expenditures	<u>161,858</u>	<u>161,858</u>	<u>149,343</u>	<u>12,515</u>
Excess of revenues over (under) expenditures	(21,858)	(34,858)	(29,548)	5,310
Other financing sources (uses):				
Refund of prior year receipts	<u>(649)</u>	<u>(649)</u>	<u>(649)</u>	<u>-</u>
Net change in fund balance	(22,507)	(35,507)	(30,197)	5,310
Fund balance at beginning of year	898	898	898	-
Prior year encumbrances appropriated	<u>34,609</u>	<u>34,609</u>	<u>34,609</u>	<u>-</u>
Fund balance at end of year	\$ <u>13,000</u>	\$ <u>-</u>	\$ <u>5,310</u>	\$ <u>5,310</u>

Mentor Exempted Village School District

Summer Intervention – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>150,000</u>	\$ <u>260,250</u>	\$ <u>245,353</u>	\$ <u>(14,897)</u>
Expenditures:				
Current:				
Instruction:				
Regular	163,310	215,901	205,022	10,879
Support services:				
Pupils	6,955	11,071	8,731	2,340
Instructional staff	32,940	41,617	41,353	264
Administration	5,094	9,847	6,395	3,452
Community services	<u>5,248</u>	<u>9,295</u>	<u>6,588</u>	<u>2,707</u>
Total expenditures	<u>213,547</u>	<u>287,731</u>	<u>268,089</u>	<u>19,642</u>
Excess of revenues over (under) expenditures	(63,547)	(27,481)	(22,736)	4,745
Other financing sources (uses):				
Advances - out	<u>(43,409)</u>	<u>(43,409)</u>	<u>(43,409)</u>	<u>-</u>
Net change in fund balance	(106,956)	(70,890)	(66,145)	4,745
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated	<u>70,890</u>	<u>70,890</u>	<u>70,890</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>(36,066)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>4,745</u></u>	\$ <u><u>4,745</u></u>

Mentor Exempted Village School District

Vocational Education Enhancement – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 10,000	\$ 8,462	\$ 8,462	\$ -
Expenditures:				
Current:				
Instruction:				
Vocational education	10,090	10,090	10,090	-
Excess of revenues over (under) expenditures	(90)	(1,628)	(1,628)	-
Other financing sources (uses):				
Advances - out	(3,797)	(3,797)	(3,797)	-
Net change in fund balance	(3,887)	(5,425)	(5,425)	-
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated	5,425	5,425	5,425	-
Fund balance at end of year	\$ 1,538	\$ -	\$ -	\$ -

Mentor Exempted Village School District

Miscellaneous State Grants – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>100,000</u>	\$ <u>35,660</u>	\$ <u>35,660</u>	\$ <u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	23,466	23,467	5,242	18,225
Special	142	142	88	54
Support services:				
Pupils	34,979	34,979	33,784	1,195
Instructional staff	7,629	7,629	6,822	807
Extracurricular activities:				
Sports oriented	<u>1,000</u>	<u>1,000</u>	<u>252</u>	<u>748</u>
Total expenditures	<u>67,216</u>	<u>67,217</u>	<u>46,188</u>	<u>21,029</u>
Net change in fund balance	32,784	(31,557)	(10,528)	21,029
Fund balance at beginning of year	31,526	31,526	31,526	-
Prior year encumbrances appropriated	<u>31</u>	<u>31</u>	<u>31</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>64,341</u></u>	\$ <u><u>-</u></u>	\$ <u><u>21,029</u></u>	\$ <u><u>21,029</u></u>

Mentor Exempted Village School District

Title VI-B – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>2,570,226</u>	\$ <u>2,323,653</u>	\$ <u>1,983,015</u>	\$ <u>(340,638)</u>
Expenditures:				
Current:				
Instruction:				
Special	1,039,410	1,039,410	926,563	112,847
Support services:				
Pupils	810,061	810,061	693,750	116,311
Instructional staff	138,849	138,849	120,261	18,588
Administration	257,561	257,561	215,003	42,558
Operation and plant maintenance	1,000	1,000	-	1,000
Transportation	47,855	47,855	26,484	21,371
Community services	<u>143,762</u>	<u>143,762</u>	<u>111,853</u>	<u>31,909</u>
Total expenditures	<u>2,438,498</u>	<u>2,438,498</u>	<u>2,093,914</u>	<u>344,584</u>
Excess of revenues over (under) expenditures	<u>131,728</u>	<u>(114,845)</u>	<u>(110,899)</u>	<u>3,946</u>
Other financing sources (uses):				
Transfers - in	29,774	26,918	22,972	(3,946)
Advances - out	<u>(329,672)</u>	<u>(329,672)</u>	<u>(329,672)</u>	<u>-</u>
Total other financing sources (uses)	<u>(299,898)</u>	<u>(302,754)</u>	<u>(306,700)</u>	<u>(3,946)</u>
Net change in fund balance	(168,170)	(417,599)	(417,599)	-
Fund balance at beginning of year	4,627	4,627	4,627	-
Prior year encumbrances appropriated	<u>412,972</u>	<u>412,972</u>	<u>412,972</u>	<u>-</u>
Fund balance at end of year	\$ <u>249,429</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

Mentor Exempted Village School District

Vocational Education – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>650,000</u>	\$ <u>489,220</u>	\$ <u>482,950</u>	\$ <u>6,270</u>
Expenditures:				
Current:				
Instruction:				
Vocational education	276,751	276,751	276,551	200
Support services:				
Pupils	224,597	224,597	220,409	4,188
Instructional staff	31,063	31,063	28,570	2,493
Administration	19,987	19,987	19,987	-
Transportation	5,274	5,274	5,236	38
Central	213	213	213	-
Community services	<u>100</u>	<u>100</u>	<u>99</u>	<u>1</u>
Total expenditures	<u>557,985</u>	<u>557,985</u>	<u>551,065</u>	<u>6,920</u>
Excess of revenues over (under) expenditures	92,015	(68,765)	(68,115)	650
Other financing sources (uses):				
Advances - out	<u>(66,362)</u>	<u>(66,362)</u>	<u>(66,362)</u>	<u>-</u>
Net change in fund balance	25,653	(135,127)	(134,477)	650
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated	<u>135,127</u>	<u>135,127</u>	<u>135,127</u>	<u>-</u>
Fund balance at end of year	\$ <u>160,780</u>	\$ <u>-</u>	\$ <u>650</u>	\$ <u>650</u>

Mentor Exempted Village School District

LEP/Immigrant Title III – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 50,000	\$ 24,078	\$ 24,975	\$ 897
Expenditures:				
Current:				
Instruction:				
Special	25,248	25,248	25,224	24
Support services:				
Instructional staff	1,000	1,000	722	278
Total expenditures	<u>26,248</u>	<u>26,248</u>	<u>25,946</u>	<u>302</u>
Excess of revenues over (under) expenditures	23,752	(2,170)	(971)	1,199
Other financing sources (uses):				
Advances - out	<u>(3,603)</u>	<u>(3,603)</u>	<u>(3,603)</u>	<u>-</u>
Net change in fund balance	20,149	(5,773)	(4,574)	1,199
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated	<u>4,875</u>	<u>4,875</u>	<u>4,875</u>	<u>-</u>
Fund balance at end of year	\$ <u>25,024</u>	\$ <u>(898)</u>	\$ <u>301</u>	\$ <u>1,199</u>

Mentor Exempted Village School District

Title I – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes In Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 492,093	\$ 425,427	\$ 345,778	\$ (79,649)
Expenditures:				
Current:				
Instruction:				
Regular	987	987	987	-
Special	365,292	365,292	294,927	70,365
Support services:				
Pupils	33,566	33,566	29,755	3,811
Instructional staff	45,889	45,889	24,498	21,391
Administration	466	466	466	-
Total expenditures	446,200	446,200	350,633	95,567
Excess of revenues over (under) expenditures	45,893	(20,773)	(4,855)	15,918
Other financing sources (uses):				
Transfers - in	7,907	6,836	5,556	(1,280)
Transfers - out	(5,556)	(5,556)	(5,556)	-
Advances - out	(6,228)	(6,228)	(6,228)	-
Total other financing sources (uses)	(3,877)	(4,948)	(6,228)	(1,280)
Net change in fund balance	42,016	(25,721)	(11,083)	14,638
Fund balance at beginning of year	11,536	11,536	11,536	-
Prior year encumbrances appropriated	14,185	14,185	14,185	-
Fund balance at end of year	\$ 67,737	\$ -	\$ 14,638	\$ 14,638

Mentor Exempted Village School District

Chapter II – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 82,907	\$ 87,169	\$ 83,481	\$ (3,688)
Expenditures:				
Current:				
Instruction:				
Regular	111,863	111,863	109,163	2,700
Support services:				
Pupils	17,067	17,067	17,067	-
Instructional staff	21,446	21,446	17,944	3,502
Administration	4,135	4,135	4,135	-
Community services	8,346	8,346	7,875	471
Total expenditures	162,857	162,857	156,184	6,673
Excess of revenues over (under) expenditures	(79,950)	(75,688)	(72,703)	2,985
Other financing sources (uses):				
Advances - in	67,093	70,541	67,557	(2,984)
Advances - out	(17,395)	(17,395)	(17,395)	-
Total other financing sources (uses)	49,698	53,146	50,162	(2,984)
Net change in fund balance	(30,252)	(22,542)	(22,541)	1
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated	22,542	22,542	22,542	-
Fund balance at end of year	\$ (7,710)	\$ -	\$ 1	\$ 1

Mentor Exempted Village School District

Drug Free Schools Grant – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 50,000	\$ 27,223	\$ 23,569	\$ (3,654)
Expenditures:				
Current:				
Instruction:				
Regular	4,000	4,000	3,731	269
Support services:				
Pupils	9,742	9,742	3,489	6,253
Instructional staff	13,481	13,481	13,478	3
Total expenditures	27,223	27,223	20,698	6,525
Net change in fund balance	22,777	-	2,871	2,871
Fund balance at beginning of year	-	-	-	-
Fund balance at end of year	\$ 22,777	\$ -	\$ 2,871	\$ 2,871

Mentor Exempted Village School District

Preschool Grant for the Handicapped – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>100,000</u>	\$ <u>79,055</u>	\$ <u>75,508</u>	\$ <u>(3,547)</u>
Expenditures:				
Current:				
Instruction:				
Special	58,812	58,812	57,472	1,340
Support services:				
Pupils	14,980	14,980	10,326	4,654
Instructional staff	<u>22,415</u>	<u>22,415</u>	<u>21,174</u>	<u>1,241</u>
Total expenditures	<u>96,207</u>	<u>96,207</u>	<u>88,972</u>	<u>7,235</u>
Excess of revenues over (under) expenditures	<u>3,793</u>	<u>(17,152)</u>	<u>(13,464)</u>	<u>3,688</u>
Other financing sources (uses):				
Advances - out	(7,353)	(7,353)	(7,353)	-
Refund of prior year receipts	<u>(17)</u>	<u>(17)</u>	<u>(17)</u>	<u>-</u>
Total other financing sources (uses)	<u>(7,370)</u>	<u>(7,370)</u>	<u>(7,370)</u>	<u>-</u>
Net change in fund balance	(3,577)	(24,522)	(20,834)	3,688
Fund balance at beginning of year	16	16	16	-
Prior year encumbrances appropriated	<u>24,506</u>	<u>24,506</u>	<u>24,506</u>	<u>-</u>
Fund balance at end of year	\$ <u>20,945</u>	\$ <u>-</u>	\$ <u>3,688</u>	\$ <u>3,688</u>

Mentor Exempted Village School District

Special Trust – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Interest	\$ 1,427	\$ 222	\$ 285	\$ 63
Extracurricular activities	23,008	3,576	4,596	1,020
Miscellaneous	271,846	42,253	54,304	12,051
Total revenues	<u>296,281</u>	<u>46,051</u>	<u>59,185</u>	<u>13,134</u>
Expenditures:				
Current:				
Instruction:				
Regular	9,395	44,997	20,955	24,042
Special	1,474	4,230	3,286	944
Support services:				
Pupils	-	5,673	250	5,423
Instructional staff	6,501	23,161	18,659	4,502
Board of education	1,009	2,250	2,250	-
Administration	382	852	852	-
Central	1,511	6,350	4,051	2,299
Community services	-	46	-	46
Extracurricular activities:				
Academic and subject oriented activities	4,424	32,298	9,950	22,348
Sports oriented	-	100	-	100
Co-curricular activities	2,221	7,108	4,967	2,141
Total expenditures	<u>26,917</u>	<u>127,065</u>	<u>65,220</u>	<u>61,845</u>
Excess of revenues over (under) expenditures	<u>269,364</u>	<u>(81,014)</u>	<u>(6,035)</u>	<u>74,979</u>
Other financing sources (uses):				
Transfers - in	3,719	578	743	165
Transfers - out	(82,471)	(187,147)	(183,897)	3,250
Refund of prior years receipts	(1,032)	(1,032)	(1,032)	-
Total other financing sources (uses)	<u>(79,784)</u>	<u>(187,601)</u>	<u>(184,186)</u>	<u>3,415</u>
Net change in fund balance	189,580	(268,615)	(190,221)	78,394
Fund balance at beginning of year	209,036	209,036	209,036	-
Prior year encumbrances appropriated	<u>61,047</u>	<u>61,047</u>	<u>61,047</u>	-
Fund balance at end of year	\$ <u>459,663</u>	\$ <u>1,468</u>	\$ <u>79,862</u>	\$ <u>78,394</u>

Mentor Exempted Village School District

E-Rate Reimbursement – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 60,000	\$ -	\$ 51,238	\$ 51,238
Expenditures:				
Current:				
Support services:				
Instructional staff	12,690	12,690	12,690	-
Administration	9,000	9,000	-	9,000
Fiscal	6,565	6,565	14,360	(7,795)
Operation and maintenance - plant	25,849	25,849	24,656	1,193
Central Services	54,754	54,754	31,773	22,981
Total expenditures	108,858	108,858	83,479	25,379
Net change in fund balance	(48,858)	(108,858)	(32,241)	76,617
Fund balance at beginning of year	90,168	90,168	90,168	-
Prior year encumbrances appropriated	18,690	18,690	18,690	-
Fund balance at end of year	\$ 60,000	\$ -	\$ 76,617	\$ 76,617

Mentor Exempted Village School District

Classroom Reduction – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>394,686</u>	\$ <u>335,361</u>	\$ <u>279,848</u>	\$ <u>(55,513)</u>
Expenditures:				
Current:				
Instruction:				
Regular	254,354	254,354	197,206	57,148
Support services:				
Instructional staff	<u>25,186</u>	<u>25,186</u>	<u>19,091</u>	<u>6,095</u>
Total expenditures	<u>279,540</u>	<u>279,540</u>	<u>216,297</u>	<u>63,243</u>
Excess of revenues over (under) expenditures	<u>115,146</u>	<u>55,821</u>	<u>63,551</u>	<u>7,730</u>
Other financing sources (uses):				
Transfers - in	5,314	4,515	3,768	(747)
Advance - out	<u>(71,325)</u>	<u>(71,325)</u>	<u>(71,325)</u>	<u>-</u>
Total other financing sources (uses)	<u>(66,011)</u>	<u>(66,810)</u>	<u>(67,557)</u>	<u>(747)</u>
Net change in fund balance	49,135	(10,989)	(4,006)	6,983
Fund balance at beginning of year	6,563	6,563	6,563	-
Prior year encumbrances appropriated	<u>4,426</u>	<u>4,426</u>	<u>4,426</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>60,124</u></u>	\$ <u><u>-</u></u>	\$ <u><u>6,983</u></u>	\$ <u><u>6,983</u></u>

Mentor Exempted Village School District

Miscellaneous Federal Grants – Special Revenue Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 40,000	\$ 322,395	\$ 321,979	\$ (416)
Expenditures:				
Current:				
Instruction:				
Regular	193,538	277,000	269,857	7,143
Support services:				
Pupils	7,185	10,897	10,018	879
Instructional staff	8,705	12,137	12,137	-
Administration	8,973	12,511	12,511	-
Community services	7,378	10,302	10,287	15
Total expenditures	<u>225,779</u>	<u>322,847</u>	<u>314,810</u>	<u>8,037</u>
Excess of revenues over (under) expenditures	(185,779)	(452)	7,169	7,621
Other financing sources (uses):				
Advances - out	-	(7,075)	(7,075)	-
Net change in fund balance	(185,779)	(7,527)	94	7,621
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated	<u>7,527</u>	<u>7,527</u>	<u>7,527</u>	-
Fund balance at end of year	\$ <u>(178,252)</u>	\$ <u>-</u>	\$ <u>7,621</u>	\$ <u>7,621</u>

Mentor Exempted Village School District

Permanent Improvement – Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,075,256	\$ 1,066,323	\$ 996,879	\$ (69,444)
Earnings on investments	1,894	2,450	24,229	21,779
Intergovernmental	8,106	10,483	103,622	93,139
Total revenues	<u>1,085,256</u>	<u>1,079,256</u>	<u>1,124,730</u>	<u>45,474</u>
Expenditures:				
Current:				
Instruction:				
Regular	20,000	20,000	3,549	16,451
Support Services:				
Fiscal services	14,785	14,785	11,534	3,251
Operation and maintenance - plant	1,444,657	1,444,657	757,617	687,040
Central Services	<u>205,000</u>	<u>205,000</u>	<u>199,000</u>	<u>6,000</u>
Total expenditures	<u>1,684,442</u>	<u>1,684,442</u>	<u>971,700</u>	<u>712,742</u>
Excess of revenues over (under) expenditures	(599,186)	(605,186)	153,030	758,216
Other financing sources (uses):				
Transfers - in	<u>-</u>	<u>-</u>	<u>59</u>	<u>59</u>
Net change in fund balance	(599,186)	(605,186)	153,089	758,275
Fund balance at beginning of year	575,755	575,755	575,755	-
Prior year encumbrances appropriated	<u>29,431</u>	<u>29,431</u>	<u>29,431</u>	<u>-</u>
Fund balance at end of year	\$ <u>6,000</u>	\$ <u>-</u>	\$ <u>758,275</u>	\$ <u>758,275</u>

Mentor Exempted Village School District

Building – Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Other financing sources (uses):				
Transfers - out	\$ (31)	\$ (31)	\$ (31)	\$ -
Net change in fund balance	(31)	(31)	(31)	-
Fund balance at beginning of year	<u>31</u>	<u>31</u>	<u>31</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

Mentor Exempted Village School District

Replacement – Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other financing sources (uses):				
Transfers - out	\$ (28)	\$ (28)	\$ (28)	\$ -
Net change in fund balance	(28)	(28)	(28)	-
Fund balance at beginning of year	28	28	28	-
Fund balance at end of year	\$ -	\$ -	\$ -	\$ -

Mentor Exempted Village School District

SchoolNet Plus – Capital Projects Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>100,000</u>	\$ <u>86,520</u>	\$ <u>86,520</u>	\$ <u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	77,868	42,968	34,900
Support services:				
Instructional staff	<u>-</u>	<u>8,652</u>	<u>3,523</u>	<u>5,129</u>
Total expenditures	<u>-</u>	<u>86,520</u>	<u>46,491</u>	<u>40,029</u>
Net change in fund balance	100,000	-	40,029	40,029
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u>100,000</u>	\$ <u>-</u>	\$ <u>40,029</u>	\$ <u>40,029</u>

Mentor Exempted Village School District

Food Service – Enterprise Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Food service	\$ 2,065,933	\$ 2,219,131	\$ 1,862,610	\$ (356,521)
Interest	1,577	1,694	1,422	(272)
Intergovernmental	431,687	463,699	389,202	(74,497)
Total revenues	<u>2,499,197</u>	<u>2,684,524</u>	<u>2,253,234</u>	<u>(431,290)</u>
Expenditures:				
Salaries	997,052	997,052	823,731	173,321
Employees' retirement and insurance	590,597	590,597	487,931	102,666
Purchased services	70,073	70,073	57,892	12,181
Materials and supplies	1,056,583	1,056,583	872,913	183,670
Capital outlay	1,054	1,054	871	183
Total expenditures	<u>2,715,359</u>	<u>2,715,359</u>	<u>2,243,338</u>	<u>472,021</u>
Excess of revenues over (under) expenditures	<u>(216,162)</u>	<u>(30,835)</u>	<u>9,896</u>	<u>40,731</u>
Other financing sources and (uses):				
Advances - in	624	671	-	(671)
Refund of prior year expenditures	177	191	160	(31)
Refund of prior year receipts	<u>(31)</u>	<u>(31)</u>	<u>(31)</u>	<u>-</u>
Total other financing sources and (uses)	<u>770</u>	<u>831</u>	<u>129</u>	<u>(702)</u>
Net change in fund balance	(215,392)	(30,004)	10,025	40,029
Fund balance at beginning of year	<u>30,004</u>	<u>30,004</u>	<u>30,004</u>	<u>-</u>
Fund balance at end of year	\$ <u>(185,388)</u>	\$ <u>-</u>	\$ <u>40,029</u>	\$ <u>40,029</u>

Mentor Exempted Village School District

Uniform School Supply – Enterprise Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Classroom materials and fees	\$ <u>255,572</u>	\$ <u>306,663</u>	\$ <u>324,785</u>	\$ <u>18,122</u>
Expenditures:				
Materials and supplies	<u>507,457</u>	<u>627,772</u>	<u>531,751</u>	<u>96,021</u>
Excess of revenues over (under) expenditures	(251,885)	(321,109)	(206,966)	114,143
Other financing sources (uses):				
Advances - in	<u>94,428</u>	<u>113,293</u>	<u>120,000</u>	<u>6,707</u>
Net change in fund balance	(157,457)	(207,816)	(86,966)	120,850
Fund balance at beginning of year	<u>207,846</u>	<u>207,846</u>	<u>207,846</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>50,389</u></u>	\$ <u><u>30</u></u>	\$ <u><u>120,880</u></u>	\$ <u><u>120,050</u></u>

Mentor Exempted Village School District

Rotary – Enterprise Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Tuition	\$ <u>150,000</u>	\$ <u>50,819</u>	\$ <u>68,140</u>	\$ <u>17,321</u>
Expenditures:				
Salaries	98,028	111,185	67,538	43,647
Employees retirement and insurance	14,587	4,788	10,050	(5,262)
Materials and supplies	90	-	62	(62)
Other expenses	<u>792</u>	<u>-</u>	<u>546</u>	<u>(546)</u>
Total expenditures	<u>113,497</u>	<u>115,973</u>	<u>78,196</u>	<u>37,777</u>
Excess of revenues over (under) expenditures	<u>36,503</u>	<u>(65,154)</u>	<u>(10,056)</u>	<u>55,098</u>
Other financing sources (uses):				
Transfers - out	(31,526)	(31,526)	(31,478)	48
Refund of prior year receipts	<u>(1,500)</u>	<u>(1,500)</u>	<u>(310)</u>	<u>1,190</u>
Total other financing sources (uses)	<u>(33,026)</u>	<u>(33,026)</u>	<u>(31,788)</u>	<u>1,238</u>
Net change in fund balance	3,477	(98,180)	(41,844)	56,336
Fund balance at beginning of year	<u>106,704</u>	<u>106,704</u>	<u>106,704</u>	<u>-</u>
Fund balance at end of year	\$ <u>110,181</u>	\$ <u>8,524</u>	\$ <u>64,860</u>	\$ <u>56,336</u>

Mentor Exempted Village School District

Adult Education – Enterprise Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ <u>5,000</u>	\$ <u>6,783</u>	\$ <u>-</u>	\$ <u>(6,783)</u>
Expenses:				
Other	<u>12,350</u>	<u>12,350</u>	<u>-</u>	<u>12,350</u>
Net change in fund balance	(7,350)	(5,567)	-	5,567
Fund balance at beginning of year	<u>5,567</u>	<u>5,567</u>	<u>5,567</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>(1,783)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>5,567</u></u>	\$ <u><u>5,567</u></u>

Mentor Exempted Village School District

Recreation – Enterprise Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance –
Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ <u>150,000</u>	\$ <u>150,000</u>	\$ <u>-</u>	\$ <u>(150,000)</u>
Expenses:				
Other	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>
Net change in fund balance	-	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

Mentor Exempted Village School District

Internal Service Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Budgetary Basis) and Actual

For The Fiscal Year Ended June 30, 2005

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Tuition	\$ 28,541	\$ 15,768	\$ 14,495	\$ (1,273)
Extracurricular activities	217,692	120,266	110,557	(9,709)
Miscellaneous	<u>1,023,231</u>	<u>565,291</u>	<u>519,657</u>	<u>(45,634)</u>
Total revenues	<u>1,269,464</u>	<u>701,325</u>	<u>644,709</u>	<u>(56,616)</u>
Expenditures:				
Current:				
Instruction:				
Regular Instruction:				
Salaries	451,356	427,639	364,227	63,412
Employees' retirement and insurance	113,508	106,393	90,617	15,776
Contractual services	119,083	111,619	95,068	16,551
Supplies and materials	97,350	91,249	77,718	13,531
Other expenses	67,721	63,477	54,064	9,413
Capital outlay	<u>14,064</u>	<u>13,183</u>	<u>11,228</u>	<u>1,955</u>
Total expenditures	<u>863,082</u>	<u>813,560</u>	<u>692,922</u>	<u>120,638</u>
Excess of revenues over (under) expenditures	<u>406,382</u>	<u>(112,235)</u>	<u>(48,213)</u>	<u>64,022</u>
Other financing sources (uses):				
Transfers - in	270,687	149,543	137,471	(12,072)
Advances - in	159,623	88,185	81,066	(7,119)
Refund of prior year expenditures	224	124	114	(10)
Refund of prior year receipts	(4,250)	(4,250)	(1,877)	2,373
Transfers - out	(34,198)	(34,198)	(34,123)	75
Advances - out	<u>(200,595)</u>	<u>(200,595)</u>	<u>(200,595)</u>	<u>-</u>
Total other financing sources (uses)	<u>191,491</u>	<u>(1,191)</u>	<u>(17,944)</u>	<u>(16,753)</u>
Net change in fund balance	597,873	(113,426)	(66,157)	47,269
Fund balance at beginning of year	<u>167,828</u>	<u>167,828</u>	<u>167,828</u>	<u>-</u>
Fund balance at end of year	\$ <u>765,701</u>	\$ <u>54,402</u>	\$ <u>101,671</u>	\$ <u>47,269</u>



Statistical Section

Mentor Exempted Village School District

Governmental Activities – Revenues by Source and Expenses by Function – Full Accrual

For The Fiscal Year Ended June 30, 2005

Table 1

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Program revenues			
Charges for services	\$ 2,345,887	\$ 1,897,529	\$ 1,865,210
Operating grants and contributions	5,723,560	5,371,399	4,853,351
Capital grants and contributions	-	-	161,631
General revenues			
Taxes	67,482,457	54,913,735	58,061,187
Intergovernmental	24,591,265	23,729,703	21,901,553
Earnings on investments	751,071	94,172	92,578
Miscellaneous	892,690	912,588	267,402
Gain on sale of capital assets	5,123	16,524	13,142
Transfers	<u>31,478</u>	<u>-</u>	<u>-</u>
Total	<u>101,823,531</u>	<u>86,935,650</u>	<u>87,216,054</u>
Expenses/expenditures			
Current:			
Regular education	36,199,146	43,134,601	40,956,464
Special education	9,724,457	9,584,464	8,260,968
Vocational education	2,714,935	2,835,166	2,544,369
Adult/continuing education	-	4,251	71,533
Other	3,238	1,513,815	2,298,419
Support services:			
Pupil	5,154,883	6,128,799	5,683,969
Instructional staff	3,704,672	5,393,115	4,816,165
Board of education	704,216	479,902	629,729
Administration	5,819,677	6,440,990	6,311,385
Fiscal	2,066,562	2,119,153	1,694,931
Business	334,689	302,004	23,205
Operation and maintenance of plant	7,174,525	8,494,172	8,766,874
Pupil transportation	4,887,065	5,668,170	5,635,017
Central	712,769	1,321,251	1,960,997
Operation of non-instructional services	1,420,093	1,914,056	1,011,416
Extracurricular activities	1,355,855	1,546,458	2,858,612
Debt service	1,134,454	1,604,865	1,321,916
Transfers	<u>-</u>	<u>33,724</u>	<u>-</u>
Total	<u>83,111,236</u>	<u>98,518,956</u>	<u>94,845,969</u>
Change in net assets	\$ <u>18,712,295</u>	\$ <u>(11,583,306)</u>	\$ <u>(7,629,915)</u>

Source: School District financial records

Mentor Exempted Village School District

General Fund Expenditures by Function and Other Financial Uses

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Current:										
Expenditures										
Instructional staff	\$ 53,898,356	\$ 61,904,392	\$ 60,234,686	\$ 54,794,415	\$ 51,433,556	\$ 49,888,750	\$ 48,814,644	\$ 44,379,280	\$ 42,461,201	\$ 39,730,709
Board of education services	701,966	479,902	629,729	677,709	614,501	501,619	452,184	443,515	502,075	477,207
Administration services	4,126,654	5,242,560	4,967,550	4,172,450	4,068,479	3,993,159	4,286,549	3,987,373	3,810,039	3,133,921
Fiscal services	1,982,614	2,036,540	1,660,704	2,257,246	1,639,639	1,604,864	1,540,286	1,321,966	1,117,029	1,126,747
Business services	595,051	636,011	694,926	593,821	608,986	518,860	496,820	464,579	461,529	496,366
Operation and maintenance	6,924,653	7,858,228	8,119,846	7,988,028	7,485,661	6,740,570	6,397,565	6,471,654	5,660,774	5,576,331
Pupil transportation	5,045,243	5,128,283	6,453,258	4,659,453	4,327,853	4,002,300	4,009,118	3,450,259	3,118,878	3,042,095
Central support services	708,484	1,031,434	1,554,874	1,031,226	797,597	670,483	683,873	865,654	485,377	410,800
Community services	1,270	63,576	98,695	87,280	78,896	75,307	70,978	66,874	74,449	61,582
Extracurricular activities	937,048	1,214,405	1,220,804	1,124,107	1,022,947	906,986	1,020,920	924,638	866,678	854,019
Capital outlay	-	-	-	-	-	200,667	362,235	780,865	-	-
Non-program services	-	-	-	-	-	50,418	68,933	84,764	101,814	187,918
Facilities acquisition	-	-	273	236	-	-	-	-	-	-
Interest and fiscal charges	-	231,581	-	-	-	-	-	-	-	-
Other financing sources	523,670	1,533,041	465,631	939,664	1,300,789	1,230,620	1,549,475	1,475,738	1,469,290	1,212,210
Total expenditures	\$ 75,445,009	\$ 87,359,953	\$ 86,100,976	\$ 78,325,635	\$ 73,378,904	\$ 70,384,603	\$ 69,753,580	\$ 64,717,159	\$ 60,129,133	\$ 56,309,905

SOURCE: School District financial records

Mentor Exempted Village School District

General Fund Revenues by Source and Other Financing Sources

	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Taxes	\$ 63,618,872	\$ 52,882,232	\$ 54,296,175	\$ 52,958,493	\$ 48,042,371	\$ 46,640,454	\$ 46,881,050	\$ 46,071,361	\$ 41,147,629	\$ 37,356,211
Tuition and fees	1,363,365	896,991	175,267	209,099	195,240	206,366	163,254	194,011	190,352	190,745
Earnings on investments	381,417	85,407	89,592	245,068	743,950	701,218	562,731	408,005	247,071	231,226
Intergovernmental	16,395,655	23,491,602	22,628,508	22,985,526	21,531,337	21,367,997	21,390,073	20,330,654	18,699,863	19,160,209
Refund of prior year expenditures	57,865	-	159,262	141,635	333,595	-	-	-	-	-
Extracurricular activities	395,926	157,315	-	-	-	-	-	-	-	-
Miscellaneous revenue	164,675	242,996	158,003	106,073	86,642	280,673	504,318	801,218	308,016	438,064
Sale of capital assets	12,624	-	-	-	-	-	10,163	15,664	14,038	8,994
Other financing sources	<u>7,000,000</u>	<u>19,500,986</u>	<u>1,020,197</u>	<u>349,393</u>	<u>322,532</u>	<u>10,787</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL	\$ <u>89,390,399</u>	\$ <u>97,257,529</u>	\$ <u>78,527,004</u>	\$ <u>76,995,287</u>	\$ <u>71,255,667</u>	\$ <u>69,207,495</u>	\$ <u>69,511,589</u>	\$ <u>67,820,913</u>	\$ <u>60,606,969</u>	\$ <u>57,385,449</u>

SOURCE: School District financial records

(1) 1998 through 2005 reported on a modified accrual basis; all others on cash basis.

Mentor Exempted Village School District

Property Tax Levies And Collections – Real and Tangible Personal Property

Last Ten Years Table 4

Year	Current Levy	Current Tax Collection	Percent of Current Levy Collected	Delinquent Collections	Total Collection as a Percent of Collections
2004	\$ 64,618,639	\$ 63,309,098	97.97%	\$ 1,268,514	2.00%
2003	58,608,457	56,910,391	97.10	1,719,718	3.02
2002	59,032,060	57,073,211	96.88	1,606,667	2.82
2001	58,892,070	56,889,448	96.60	1,022,971	1.80
2000	56,704,322	55,441,703	97.77	1,262,619	2.28
1999	56,626,512	54,995,114	97.12	1,631,398	2.97
1998	49,280,143	48,117,168	97.64	1,162,974	2.42
1997	48,182,502	47,087,957	97.73	1,094,546	2.32
1996	41,817,576	41,035,072	98.13	782,504	1.91
1995	36,418,241	35,525,994	97.55	892,247	2.51

SOURCE: Lake County Auditor – Data is presented on a calendar year basis, consistent with the County Auditor’s method of maintaining the information.

Mentor Exempted Village School District

Assessed and Estimated Actual Value of Taxable Property

Last Ten Years Table 5

Tax Year/ Collection Year	Agricultural & Residential Real Estate	Public Utility Personal	Total Tangible Personal	Estimated Assessed Valuation	Actual Value	Ratio
2004 - 2005	\$ 1,709,904,170	\$ 44,533,230	\$ 160,416,040	\$ 1,914,853,440	\$ 5,577,710,589	34.33%
2003 - 2004	1,685,185,080	43,693,710	167,917,519	1,896,796,309	5,536,136,533	39.39
2002 - 2003	1,436,430,740	42,734,840	182,230,555	1,661,396,135	4,825,407,848	40.48
2001 - 2002	1,412,020,610	45,017,670	189,929,231	1,646,967,511	4,839,079,194	34.03
2000 - 2001	1,394,604,940	51,031,770	180,385,071	1,626,021,781	4,718,846,384	34.46
1999 - 2000	1,228,998,710	53,714,800	175,243,944	1,457,957,454	4,266,111,950	34.18
1998 - 1999	1,207,740,240	57,296,770	156,299,500	1,421,336,510	4,133,196,170	34.39
1997 - 1998	1,179,758,070	55,926,310	151,200,048	1,386,884,428	4,005,621,308	34.62
1996 - 1997	1,018,263,300	57,392,890	144,752,054	1,220,408,244	3,505,681,780	34.81
1995 - 1996	990,347,770	57,895,210	127,189,351	1,175,432,331	3,396,274,262	34.61

SOURCE: Lake County Auditor - Data is presented on a calendar year basis, consistent with the County Auditor's method of maintaining the information.

Real Property - Assessed value represents 35.0% of actual value.

Tangible Personal Property - Tax year 1983 begins a 1% reduction of assessed valuation for 10 year period. Prior to 1983 property was appraised at 35% of true value.

Public Utility - Personal - Assessed value represents 88% of true value.

Mentor Exempted Village School District

Property Tax Rates – Direct and Overlapping Governments

Last Ten Years Table 6

Tax Year/ Collection Year	Concord Township	City of Mentor	City of Willoughby	Mentor-on the-Lake	Village of Kirtland Hills	Chardon Township (a)	
2004/2005	Municipality/Township School Library District County TOTAL	9.40 77.46 0.62 15.70 103.18	4.50 77.46 0.62 15.70 98.28	6.68 49.77 1.30 15.70 73.45	24.00 77.46 0.62 15.70 117.78	20.00 77.46 0.62 15.70 113.78	6.70 77.46 0.63 15.10 99.89
2003/2004	Municipality/Township School Library District County TOTAL	9.40 69.62 0.63 15.70 95.35	4.50 69.62 0.63 15.70 90.45	7.19 66.87 0.63 15.70 90.39	24.00 69.62 0.63 15.70 109.95	20.00 69.62 0.63 15.70 105.95	7.70 66.70 0.63 9.50 84.53
2002/2003	Municipality/Township School Library District County TOTAL	9.40 66.77 0.63 15.70 92.50	4.50 66.77 0.63 15.70 87.60	7.19 66.87 0.63 15.70 90.39	24.00 66.77 0.63 15.70 107.10	23.00 66.77 0.63 15.70 106.10	7.70 66.70 0.63 9.50 84.53
2001/2002	Municipality/Township School Library District County TOTAL	9.40 66.79 0.63 15.70 92.52	4.50 66.79 0.63 15.70 87.62	7.19 66.79 0.63 15.70 90.31	24.00 66.79 0.63 15.70 107.12	23.00 66.79 0.63 15.70 106.12	7.70 66.79 0.63 9.50 84.62
2000/2001	Municipality/Township School Library District County TOTAL	9.40 66.84 0.63 15.70 92.57	4.50 66.84 0.63 15.70 87.67	7.19 66.84 0.63 15.70 90.36	24.00 66.84 0.63 15.70 107.17	23.00 66.84 0.63 15.70 106.17	7.70 66.84 0.63 9.50 84.67

Mentor Exempted Village School District

Property Tax Rates – Direct and Overlapping Governments (continued)

Last Ten Years Table 6

Tax Year/ Collection Year	Municipality/Township	Concord Township	City of Mentor	City of Willoughby	Mentor-on the-Lake	Village of Kirtland Hills	Chardon Township (a)
1999 / 2000	Municipality/Township	9.40	4.50	7.19	24.00	23.00	7.70
	School	66.87	66.87	66.87	66.87	66.87	66.87
	Library District	0.63	0.63	0.63	0.63	0.63	0.63
	County	15.70	15.70	15.70	15.70	15.70	9.50
	TOTAL	92.60	87.70	90.39	107.20	106.20	84.70
1998 / 1999	Municipality/Township	9.40	4.50	7.19	24.00	23.00	7.70
	School	67.21	67.21	67.21	67.21	67.21	67.21
	Library District	0.63	0.63	0.63	0.63	0.63	0.63
	County	15.60	15.60	15.60	15.60	15.60	9.50
	TOTAL	92.84	87.94	90.63	107.44	106.44	85.04
1997 / 1998	Municipality/Township	9.40	6.00	6.29	24.00	23.00	7.70
	School	67.21	67.21	67.21	67.21	67.21	67.21
	Library District	0.50	0.50	0.50	0.50	0.50	0.50
	County	14.10	14.10	14.10	14.10	14.10	9.50
	TOTAL	91.21	87.81	88.10	105.81	104.81	84.91
1996 / 1997	Municipality/Township	9.40	6.05	6.55	24.00	23.00	7.70
	School	67.45	67.45	67.45	67.45	67.45	67.45
	Library District	0.50	0.50	0.50	0.50	0.50	0.50
	County	14.00	14.00	14.00	14.00	14.00	9.70
	TOTAL	91.35	88.00	88.50	105.95	104.95	85.35
1995 / 1996	Municipality/Township	9.40	6.05	6.55	19.50	23.00	7.70
	School	62.95	62.95	62.95	62.95	62.95	62.95
	Library District	0.50	0.50	0.50	0.50	0.50	0.50
	County	14.00	14.00	14.00	14.00	14.00	9.70
	TOTAL	86.85	83.50	84.00	96.95	100.45	80.85

SOURCE: Lake and Geauga County Auditors - Data is presented on a calendar year basis consistent with the County Auditor's method of maintaining the information.

(a) Located in Geauga County

Mentor Exempted Village School District

Ratio of Net General Obligation Bonded Debt to Assessed Value and Net Bonded Debt Per Capita

Last Ten Years Table 7

<u>Year</u>	<u>Net General Bonded Debt</u>	<u>Assessed Value</u>	<u>Population</u>	<u>Ratio of Net Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
2005	\$ 10,764,989	\$ 1,914,853,440	63,742	0.56%	\$ 169
2004	11,990,000	1,896,796,309	63,742	0.63%	187
2003	11,826,977	1,661,396,135	63,742	0.71%	185
2002	12,083,311	1,646,967,511	63,742	0.73%	190
2001	12,838,681	1,626,021,781	63,742	0.79%	201
2000	12,722,120	1,457,957,454	63,742	0.87%	200
1999	13,301,168	1,421,336,510	64,025	0.94%	208
1998	14,039,991	1,386,884,428	64,314	1.01%	218
1997	15,466,461	1,220,408,244	62,848	1.27%	246
1996	16,659,158	1,176,966,661	62,690	1.42%	266

SOURCE: Lake County Auditor, School District Financial Records, and the U.S. Census Bureau

Mentor Exempted Village School District

Computation of Legal Debt Margin

June 30, 2005

Table 8

Assessed Valuation	\$ <u>1,914,853,440</u>
Debt Limit – 9% of Assessed Value	\$ 172,336,809
Amount of Debt Applicable to Debt Limit:	
General Obligation Bonds	10,764,989
Energy Conservation Notes	1,082,667
Less: Amount Available in Debt Service Fund	<u>(1,212,649)</u>
Total	10,635,007
Exemptions:	
Energy Conservation Notes	<u>(1,082,667)</u>
Amount of Debt Subject to the Limit	<u>9,552,340</u>
Overall Debt Margin	\$ <u><u>162,784,469</u></u>
Debt Limit – 0.1% of Assessed Value ⁽¹⁾	\$ 1,914,853
Amount of Debt Applicable	<u>-</u>
Unvoted Debt Margin	\$ <u><u>1,914,853</u></u>

SOURCE: Lake County Auditor and School District Financial Records

(1) Ohio Bond law sets an overall limit of 9% for total debt and 1/10 of 1% for unvoted debt.

Mentor Exempted Village School District

Computation of Direct and Overlapping General Obligation Bonded Debt

As of December 31, 2004

Table 9

Jurisdiction	General Obligation Bonded Debt Outstanding	Percentage Applicable to School District ⁽¹⁾	Amount Applicable to School District
Direct:			
Mentor Exempted Village School District	\$ 10,764,989	100.00%	\$ 10,764,989
Total Direct	<u>10,764,989</u>		<u>10,764,989</u>
Overlapping:			
City of Mentor	17,147,894	100.00%	17,147,894
City of Mentor-on-the-Lake	880,000	100.00%	880,000
Lake County	13,255,000	30.34%	4,021,567
Geauga County	8,349,031	0.16%	13,358
Total Overlapping	<u>39,631,925</u>		<u>22,062,819</u>
Total	<u>\$ 50,396,914</u>		<u>\$ 32,827,808</u>

SOURCE: Lake and Geauga County Auditors, City of Mentor and City of Mentor-on-the-Lake.

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision. The valuations used were for the 2004 collection year.

Mentor Exempted Village School District

Ratio of Annual Debt Service Expenditures For General Obligation Bonded Debt to General Fund Expenditures

Last Ten Fiscal Years Table 10

Year	Principal	Interest	Total Debt Service	Total General Fund Expenditures	General Fund Expenditures (Percentages)
2005	\$ 18,071,000	\$ 881,792	\$ 18,952,792	\$ 75,445,009	25.30%
2004	15,964,926	1,582,435	17,547,361	85,826,912	20.45%
2003	1,216,933	1,304,918	2,521,851	85,635,345	2.94%
2002	1,394,540	1,395,725	2,790,265	78,325,635	3.56%
2001	1,666,507	1,462,360	3,128,867	73,378,904	4.26%
2000	1,942,945	1,432,468	3,375,413	70,384,603	4.80%
1999	2,233,836	1,417,137	3,650,973	69,753,580	5.23%
1998	3,020,000	799,315	3,819,315	64,717,159	5.90%
1997	3,785,000	945,603	4,730,603	60,129,133	7.87%
1996	4,860,000	1,079,759	5,939,759	56,309,905	10.55%

SOURCE: School District financial records.

Mentor Exempted Village School District

Property Value, Financial Institution Deposits and Building Permits

Last Ten Calendar Years

Table 11

Year	Commercial/ Industrial Construction		Residential Construction		Assessed Value		Bank Deposits at December 31
	Number of Permits	Value	Number of Permits	Value	Commercial	Residential	
2004	13	\$ 13,880,000	81	\$ 20,069,500	\$ 571,204,974	\$ 1,014,313,920	\$ 101,838,959
2003	10	12,140,928	104	21,194,829	540,799,589	854,740,560	97,238,973,000
2002	17	11,606,500	99	21,794,940	540,428,075	845,534,380	95,760,917,000
2001	17	25,337,931	86	18,356,344	531,734,976	837,953,010	63,893,769,000
2000	21	21,310,000	93	18,462,180	483,231,162	747,054,460	61,942,764,000
1999	28	32,508,000	125	25,405,985	466,720,129	733,176,570	57,816,942,000
1998	22	21,133,600	151	28,194,085	445,204,154	724,256,060	58,904,596,000
1997	23	19,682,455	168	31,786,070	422,283,634	607,871,200	53,941,971,000
1996	22	13,025,000	190	33,557,135	393,025,131	595,944,740	27,068,211,000
1995	17	6,783,292	169	26,788,600	371,363,376	581,323,100	22,458,573,000

SOURCES: Federal Reserve Bank of Cleveland, Lake County Auditor, Building Department reports

Mentor Exempted Village School District

Principal Taxpayers: Real Estate Tax

As of December 31, 2004

Table 12

Name of Taxpayer	Nature of Business	Assessed Value	Percent of Total Assessed Value
Simon Property Group LP	Shopping Center	\$ 25,900,140	1.52%
Steris Corporation	Medical Equipment Mfg.	6,372,170	0.37%
Points East	Retail Sales	7,013,210	0.41%
F I Mentor Commons LTD	Retail Sales	4,238,230	0.25%
Royal Appliance Mfg. Co.	Appliance Manufacturer	3,768,630	0.22%
Deepwood North Co.	Condominiums	4,086,290	0.24%
Aqua Ohio Inc.	Water	8,112,070	0.47%
University Hospitals	Medical	4,501,630	0.26%
Laekway Harbour	Rental Property	3,646,160	0.21%
First Interstate	Holding Company	3,929,240	0.23%
Total		<u>71,567,770</u>	4.18%
Total Assessed Value		<u>\$ 1,709,904,170</u>	

SOURCE: Lake County Auditor

Mentor Exempted Village School District

Principal Taxpayers: Tangible Personal Property Tax

As of December 31, 2004

Table 13

Name of Taxpayer	Nature of Business	Assessed Value	Percent of Total Assessed Value
Nupro Co.	Manufacturing	\$ 6,952,750	4.34%
Avery Dennison Co.	Adhesive Labels	6,067,810	3.78%
Caraustar Custom Packaging	Recycled Pkg. Co.	5,052,830	3.15%
Jim Brown Chevrolet Inc	Automobile Dealership	4,382,590	2.73%
Steris Corporation	Medical Equipment Mfg	3,560,240	2.22%
P C C Airfoils Inc.	Mfg of Castings	5,119,820	3.19%
Wiseco Piston Company	High Performance Pistons	3,393,210	2.12%
Lincoln Electric Co	Welding Equipment	3,852,680	2.40%
Worthington Precision	Mfg of Parts and Components	3,733,840	2.33%
Polychem Corporation Inc	Plastic Strapping	3,132,150	1.95%
Total		<u>45,247,920</u>	28.21%
Total Assessed Value		<u>\$ 160,416,040</u>	

SOURCE: Lake County Auditor

Mentor Exempted Village School District

Principal Taxpayers: Public Utilities Tax

As of December 31, 2004

Table 14

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Value</u>	<u>Percent of Total Assessed Value</u>
Cleveland Electric Illuminating Company	Electricity	\$ 17,854,120	40.09%
Aqua Ohio Inc.	Water	13,330,980	29.94%
Ohio Bell Telephone	Telephone	5,763,360	12.94%
American Transmission System	Electric	1,725,720	3.88%
East Ohio Gas	Natural Gas	1,226,330	2.75%
Total		<u>39,900,510</u>	89.60%
Total Assessed Value		\$ <u>44,533,230</u>	

SOURCE: Lake County Auditor

Mentor Exempted Village School District

Per Pupil Cost

Last Ten Fiscal Years Table 15

<u>Year</u>	<u>General Fund Expenditures</u>	<u>Average Daily Student Enrollment(1)</u>	<u>Per Pupil Cost (2)</u>
Fiscal 2005	\$ 75,445,009	9,407	\$ 8,020
Fiscal 2004	87,359,953	9,759	8,952
Fiscal 2003	86,100,976	9,887	8,708
Fiscal 2002	78,325,635	10,154	7,714
Fiscal 2001	73,378,904	10,272	7,144
Fiscal 2000	70,384,603	10,261	6,859
Fiscal 1999	69,753,580	10,466	6,665
Fiscal 1998	64,717,159	11,018	5,874
Fiscal 1997	60,129,133	11,055	5,439
Fiscal 1996	56,309,905	11,182	5,036

SOURCE: School District financial records

(1) Average Daily Membership includes all full time kindergarten students

(2) Per Pupil Cost = General Fund Expenditures / Average Daily Membership

Mentor Exempted Village School District

Teacher Education and Experience

June 30, 2005

Table 16

Degree	Number of Teachers	Percentage of Total
Non Degree	9	1.58%
Bachelor's Degree	41	7.22%
150 Hours	n/a	0.00%
Bachelor + 15	95	16.73%
Master's Degree	9	1.58%
Master + 15	92	16.21%
Master + 30	50	8.80%
Master + 45	268	47.18%
PhD	4	0.70%
National Board Certified	n/a	0.00%
Total	<u>568</u>	<u>100.00%</u>

Years of Experience	Number of Teachers	Percentage of Total
0 – 5	129	22.71%
6 – 10	118	20.77%
11 and Over	321	56.52%
Total	<u>568</u>	<u>100.00%</u>

SOURCE: School District Personnel Records

Mentor Exempted Village School District

Student Demographic Information

June 30, 2005

Table 17

Grade	Total (1)
K	599
1	609
2	616
3	663
4	660
5	674
6	740
7	779
8	809
9	796
10	855
11	809
12	<u>798</u>
Total	<u>9,407</u>

Student Data (2)

Grade	Enrollment	Percent
Elementary (Pre-6)	4,561	48.49
Secondary (High School, Junior High Schools)	<u>4,846</u>	<u>51.51</u>
Total	<u>9,407</u>	<u>100.00</u>

Ethnic	Total	Percent
Caucasian	9,047	96.17
Asian American	114	1.21
Black American	99	1.05
Hispanic/Latino	58	0.63
American Indian/Alaskan Native	7	0.07
Multi - Racial	<u>82</u>	<u>.87</u>
Total	<u>9,407</u>	<u>100.00</u>

Male/Female Ratio (2)

Grade	Male	Female
Elementary & Secondary	4,763	4,644
Percent	50.63	49.37

(1) Ohio Department of Education, Division of Information Management Services

(2) School District Records



Educating students from Mentor, Mentor-on-the-Lake, Concord Township and Kirtland Hills.

6451 Center Street, Mentor, Ohio 44060 • phone: 440.255.4444 • facsimile: 440.255.4622

www.mentorschools.org



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Facsimile 614-466-4490

**MENTOR EXEMPTED VILLAGE OF SCHOOL DISTRICT
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
DECEMBER 30, 2005**