



Mary Taylor, CPA
Auditor of State

CITY OF MENTOR
LAKE COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Schedule of Federal Awards Expenditures.....	1
Notes to the Schedule of Federal Awards Expenditures	2
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By <i>Government Auditing Standards</i>	3
Independent Accountants' Report on Compliance with Requirements Applicable to its Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	5
Schedule of Findings.....	7
Schedule of Prior Audit Findings.....	8

This page intentionally left blank.

**CITY OF MENTOR
LAKE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2006**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Direct Program:</i>			
Community Planning and Development			
Community Development Block Grants/Entitlement Grants	B-01-MC-39-0033	14.218	\$ 6,322
Community Development Block Grants/Entitlement Grants	B-03-MC-39-0033	14.218	12,500
Community Development Block Grants/Entitlement Grants	B-04-MC-39-0033	14.218	13,158
Community Development Block Grants/Entitlement Grants	B-05-MC-39-0033	14.218	87,142
Community Development Block Grants/Entitlement Grants	B-06-MC-39-0033	14.218	<u>38,067</u>
Total U.S. Department of Housing and Urban Development			<u>157,189</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Passed Through the Ohio Office of Criminal Justice Services:</i>			
Office of Justice Programs			
Crime Victim Assistance	2006VAGENE531	16.575	3,070
Public Safety Partnership and Community Policing Grants	2005CKWX0609	16.710	<u>69,336</u>
Total U.S. Department of Justice			<u>72,406</u>
<u>U.S. DEPARTMENT OF HIGHWAY ADMINISTRATION</u>			
<i>Passed Through Ohio Department of Transportation:</i>			
Highway Planning and Construction	E035(268)/20447	20.205	898,528
Recreational Trails Program	TE-21-G020(253)/3626	20.219	<u>508,581</u>
Total U.S. Department of Highway Administration			<u>1,407,109</u>
<u>DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Direct Program:</i>			
Disaster Grants - Public Assistance (Presidentially Declared Disaster)		97.036	<u>125,135</u>
Total Department of Homeland Security			<u>125,135</u>
<u>U.S. DEPARTMENT OF INTERIOR</u>			
<i>Passed Through Ohio Department of Natural Resources</i>			
Outdoor Recreation Acquisition, Developing and Planning	39-1277	15.916	<u>200,000</u>
Total U.S. Department of Interior			<u>200,000</u>
Total Federal Assistance			<u>\$ 1,961,839</u>

See the accompanying notes to the Schedule of Federal Award Expenditures

**CITY OF MENTOR
LAKE COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2006**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

CFDA – Catalog of Federal Domestic Assistance



Mary Taylor, CPA

Auditor of State

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

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

To the City Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Mentor, Lake County, Ohio, (the City) as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 19, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

We noted certain matters that we reported to the City's management in a separate letter dated June 19, 2007.

Compliance and Other Matters

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

We did note certain noncompliance or other matters that we reported to the City's management in a separate letter dated June 19, 2007.

We intend this report solely for the information and use of the audit committee, management, City Council, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

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

Mary Taylor, CPA
Auditor of State

June 19, 2007



Mary Taylor, CPA

Auditor of State

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

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

To the City Council:

Compliance

We have audited the compliance of the City of Mentor, Lake County, Ohio, (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended December 31, 2006. The summary of auditor's results section of the accompanying schedule of findings identifies the City's major federal program. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2006.

Internal Control Over Compliance

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

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

Schedule of Federal Awards Expenditures

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Mentor, Lake County, Ohio, as of and for the year ended December 31, 2006, and have issued our report thereon dated June 19, 2007. Our audit was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of federal awards expenditures provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Mary Taylor, CPA
Auditor of State

June 19, 2007

**CITY OF MENTOR
LAKE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2006**

1. SUMMARY OF AUDITOR'S RESULTS
--

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Highway Planning and Construction #20.205
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

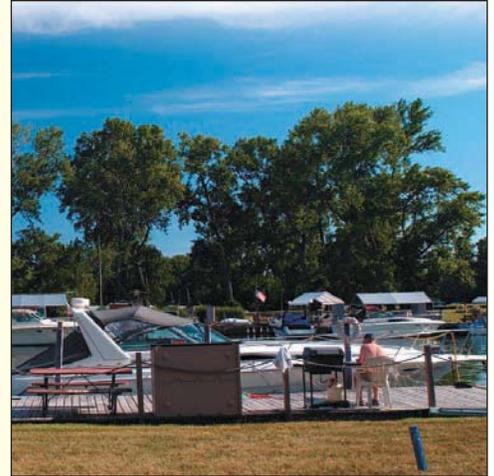
3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

None

CITY OF MENTOR
LAKE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2006

<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>
2005-001	ORC 5705.36 Amended Certificate of Estimated Resources	Yes	Corrected



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended December 31, 2006

MENTOR, OHIO

CITY OF
MENTOR, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

ISSUED BY THE DEPARTMENT OF FINANCE

DAVID W. MALINOWSKI, DIRECTOR
DEBORAH J. VANONE, ASSISTANT DIRECTOR

This page left blank intentionally.

CITY OF MENTOR, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED DECEMBER 31, 2006 TABLE OF CONTENTS

	Page
INTRODUCTORY SECTION	
Letter of Transmittal -----	1
Principal City Officials -----	8
Department of Finance Staff-----	9
Organization Chart -----	10
Certificate of Achievement for Excellence in Financial Reporting-----	11
FINANCIAL SECTION	
Independent Accountants' Report -----	13
Management's Discussion and Analysis-----	15
Basic Financial Statements	
Statement of Net Assets-----	29
Statement of Activities-----	30
Balance Sheet – Governmental Funds -----	31
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds -----	32
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities of Governmental Funds -----	33
General Fund – Statement of Revenues, Expenditures and Changes in Fund Balances– Budget and Actual (Non-GAAP Budgetary Basis)-----	34
Statement of Fiduciary Net Assets – Fiduciary Funds -----	35
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds-----	36
Notes to the Basic Financial Statements-----	37
Supplementary Information	
General Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis)-----	61
Combining Balance Sheet – Nonmajor Governmental Funds-----	67
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds -----	71
Combining Statement of Changes in Assets and Liabilities – Agency Funds -----	75
Schedules of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis):	
Street Fund-----	76
Police Pension Fund -----	77
Fire Pension Fund-----	78
Fire Levy Fund -----	79

CITY OF MENTOR, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED DECEMBER 31, 2006 TABLE OF CONTENTS

	Page
Supplementary Information (Continued)	
Senior Citizens Services Levy Fund -----	80
Community Recreation Facilities Fund -----	81
Cemetery Fund -----	82
Economic Development Fund -----	83
Subdivision Street Tree Fund -----	84
Street Lighting Fund-----	85
Court Computer Fund -----	86
Court Special Projects Fund-----	87
Enforcement and Education Fund -----	88
Court Probation Services Fund -----	89
Indigent Driver Alcohol Treatment Fund -----	90
Law Enforcement Trust Fund-----	91
Police Canine Fund -----	92
Seat Belt Grant Fund -----	93
VOCA Victims Assistance Grant 05-06 Fund -----	94
VOCA Victims Assistance Grant 06-07 Fund -----	95
Community Development Block Grant 00-01 Fund -----	96
Community Development Block Grant 01-02 Fund -----	97
Community Development Block Grant 02-03 Fund -----	98
Community Development Block Grant 03-04 Fund -----	99
Community Development Block Grant 04-05 Fund -----	100
Community Development Block Grant 05-06 Fund -----	101
Community Development Block Grant 06-07 Fund -----	102
Forfeited Property – U.S. Department of Justice Fund -----	103
COPS Secure Our Schools Grant Fund-----	104
Council Donation Fund -----	105
Police Donation Fund -----	106
Fire Donation Fund -----	107
Senior Citizens Donation Fund -----	108
Cultural Donation Fund -----	109
Beautification Donation Fund-----	110
IBIM Festival Fund-----	111
General Obligation Bond Retirement Fund-----	112
Special Assessment Bond Retirement Fund -----	113
Norton Parkway Fund-----	114
Hopkins Road Bridge Improvement Fund -----	115
Chillicothe Road Widening & Resurfacing – Phase 2 Fund -----	116
Marsh Creek Stormwater Detention Improvement Fund -----	117
Morton Property Acquisition Fund -----	118
Lakeshore Boulevard Bikeway Fund -----	119

CITY OF MENTOR, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT YEAR ENDED DECEMBER 31, 2006 TABLE OF CONTENTS

	Page
STATISTICAL SECTION	
Statistical Section - Contents -----	121
Net Assets by Components (Accrual Basis) – Last 4 Fiscal Years -----	122
Changes in Net Assets (Accrual Basis) – Last 4 Fiscal Years -----	123
Fund Balances, Governmental Funds (Modified Accrual Basis) – Last 10 Fiscal Years -----	125
Changes in Fund Balances, Governmental Funds (Modified Accrual Basis) – Last 10 Fiscal Years -----	126
Assessed Valuation and Estimated Actual Values of Taxable Property – Last 10 Fiscal Years -----	127
Property Tax Rates – Direct and Overlapping Governments – Last 10 Fiscal Years -----	128
Principal Property Tax Payers – Current Year and Nine Years Ago -----	129
Property Tax Levies and Collections – Last 10 Fiscal Years -----	130
Income Tax Revenue Base and Collections (Cash Basis) – Last 10 Fiscal Years -----	131
Top Ten Income Tax Withholders – Current Year and Ten Years Ago -----	131
Ratios of Outstanding Debt by Type – Last 10 Fiscal Years -----	132
Ratios of Net General Bonded Debt to Assessed Valuation and Net Bonded Debt per Capita – Last 10 Fiscal Years-----	133
Direct and Overlapping Debt -----	134
Legal Debt Margin – Last 10 Fiscal Years -----	135
Pledged-Revenue Coverage – Last 10 Fiscal Years-----	136
Demographic and Economic Statistics – Last 10 Fiscal Years -----	137
Principal Employers – Current Year and 9 Years Ago -----	138
Full-Time City Government Employees by Function/Program – Last 9 Fiscal Years-----	139
Operating Indicators by Function/Program – Last 10 Fiscal Years-----	140
Capital Assets Statistics by Function/Program – Last 10 Fiscal Years-----	141

This page left blank intentionally.



City of Mentor

Council-manager
government since 1963

8500 Civic Center Boulevard
Mentor, Ohio 44060-2499
440-255-1100
www.cityofmentor.com

June 19, 2007

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

Introduction

We are pleased to present the Comprehensive Annual Financial Report of the City of Mentor (the “City”) for the year ended December 31, 2006. This report, prepared by the Department of Finance, includes the basic financial statements that summarize the various operations related to the City’s 2006 activities. Our intention is to provide a clear, comprehensive, and materially accurate overview of the City’s financial position at the close of last year. The enclosed information has been designed to allow the reader to gain an understanding of the City’s finances, including financial trends, financial instruments, and fund performances. The City has complete responsibility for all information contained in this report.

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

The City’s financial statements may be audited either by the Auditor of the State of Ohio, or with permission of the Auditor of State, by an independent certified public accountant. The audit of the City’s basic financial statements for fiscal year 2006 was performed by the Auditor of the State of Ohio. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The Auditor of the State of Ohio concluded, based upon its audit, that there was a reasonable basis for rendering an unqualified opinion that the City’s financial statements for the fiscal year ended December 31, 2006 are fairly presented, in all material respects, in conformity with GAAP. The Independent Accountants’ Report is presented as the first component of the financial section of this document.

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

GASB require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (“MD&A”). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City’s MD&A can be found immediately following the Independent Accountants’ Report in the financial section of this document.

Profile of the Government

The City

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

City Government

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

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

Financial Reporting Entity

The City has applied guidelines established by Governmental Accounting Standards Board (“GASB”) Statement No. 14, *The Financial Reporting Entity*. Provisions outlined in this statement define the operational, functional and organizational units for which the City “acting as Primary Government” is required to include as part of its reporting entity. The inclusion of a component unit as part of the City’s reporting entity requires the appointment of a voting majority of the component unit’s board, and either (1) the City’s ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City.

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

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

Accounting and Financial Reporting

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

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

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

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

Budget Control

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

Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is shown on page 34 as part of the basic financial statements. For other governmental funds with appropriated annual budgets, this comparison is presented in the supplementary information subsection of this report along with more detailed information regarding the General Fund, which starts on page 61.

Factors Affecting Financial Condition

Local Economic Indicators

The information presented in the financial statements should be considered in the context of the economic climate within which the City operates. The City's economic condition tends to reflect the broader national economy. During 2006, its local economy was strong as reflected in the growth in municipal income tax receipts over the previous year of 4.5% (cash basis).

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

Major Industries and Employment

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

Current Projects and 2006 Accomplishments

In terms of roadway infrastructure improvements, the City resurfaced all or portions of 15 asphalt streets using City forces for paving and contract services for the milling, and replaced 400 cubic yards of concrete streets. Capital improvement projects included: resurfacing S.R. 283 (Lakeshore Boulevard) from the Mentor-on-the-Lake corporation line to S.R. 44; completion of the bikelanes on Lakeshore Boulevard from Hopkins Road to Corduroy Road; improvement of Reynolds Road north of Lakeshore Boulevard including the replacement of the existing roadway with concrete pavement, curb and gutter; construction of Norton Parkway, a two-lane/four-lane divided roadway approximately 4,000 feet in length connecting Center Street to Garfield Road, serving as the primary access road for Avery Dennison's Fasson North American Roll Division World Headquarters; and Marsh Creek watershed improvements and stormwater detention near the Concord Township line.

Drainage projects undertaken in 2006 included the continued field surveying and information mapping to assemble the required base maps as part of the Mentor City Stormwater Discharge Permit application to the Ohio EPA. The City also continued its roadside ditch improvement program, enclosing 9,200 feet of hazardous ditch. In addition, as part of a program to help residents alleviate drainage problems, 2,000 feet of pipe was installed benefiting 30 properties.

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

The Community Development Department serving as staff to the Municipal Planning Commission reviewed final site plans and reimagining projects for three Arby’s restaurants, Dairy Queen, Target, Atlas theatre, Mentor Plaza reimagining and 51 lots within the Newell Creek Preserve and 13 lots in the Sandy Acres IV subdivision.

The Public Information Office produced 157 programs representing 2,590 hours of programming for the City’s government access channel. The office received one Lake County Apex Award from Lake Communicators and the “2006 News-Herald Public Information Award” in recognition of Mentor’s comprehensive communications effort.

The Department of Parks, Recreation and Public Lands installed new windows at Old Council Hall, made drainage improvements at Black Brook Golf Course, and repaired flood damage from the historic July flood. Black Brook Golf Course recorded a new high for number of rounds of play. The City was named a Tree City USA for the 19th consecutive year.

The Police Department received two awards from the Northeast Ohio District of AAA. One award was a Platinum Award for Community Traffic Safety for overall traffic programs and initiatives. The second was for achieving no pedestrian traffic fatalities for the past 14 years. The department narcotics unit completed its first full year of operation. The City Jail received notice of compliance with minimum standards from the Ohio Department of Rehabilitation and Correction Bureau of Adult Detention for the 15th consecutive year.

For the Future

The City’s five-year (2007-2011) capital improvement program contains the following proposed expenditures:

Facility construction and improvements	\$ 2,877,890
Roadway construction and improvements	189,135,000
Traffic control	3,607,000
Storm drainage	4,863,000
Park acquisition, development & improvement	5,891,000
Major capital equipment	6,908,663
Miscellaneous (Waste Collection)	<u>15,368,000</u>
	<u>\$228,650,553</u>

Of the proposed \$228,650,553 for the five-year period, \$38,770,518 (17%) is expected to be funded by the City. The remaining \$189,880,035 (83%) is expected to be funded primarily by Federal/State/County assistance.

With a growing population and an extensive commercial and retail district, transportation issues are important to City officials. Projects anticipated in 2007 include the following: final completion including restoration on Norton Parkway improvements; resurfacing and repairing sections of Center Street between Mentor Avenue and Lindsey Drive; construction of a two-way center left turn lane on Lakeshore Boulevard from Dawson Boulevard to Brooks Boulevard; construction of a right turn lane at the Center Street and Mentor Avenue intersection; improvements and stormwater detention along the Two Town Ditch at Lost Nation Airport; improvements at the Roosevelt Avenue Culvert; and completion of the Marsh Creek Watershed improvements. Future building improvements include the remodeling of the former restaurant space at the Senior Citizens Center. Significant equipment purchases planned for 2007 include two new fire engines and a marina travel lift.

Long-term financial planning

The City's long-term financial planning considers maintaining a healthy general fund balance reserve during the preparation of its capital budget and operating budget. The City anticipates issuing general obligation debt of approximately one million dollars during 2007 to finance certain capital equipment purchases. Special assessment bond anticipation notes will either be rolled to new notes or paid off through a bond issuance in the third quarter of 2007.

Relevant financial policies

The City's established purchasing and budgeting policies provide a framework for the budget process. All transactions utilizing financial resources require the availability of legally appropriated funds. Budgets are monitored real-time and adjusted legislatively if necessary.

Cash Management

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

We strive to invest all available dollars. The City uses a controlled disbursement approach in which only the amount needed to cover checks that are presented for payment each day is transferred from investments to the bank accounts. A money market fund is used to increase yield while maintaining adequate funds to pay bills day-to-day. The City also invests in certain bond mutual funds and in debt securities with maturities of up to five years. All investments are made in accordance with the City's investment ordinance; the Director of Finance may only invest in a debt security if, at the time the investment is made, he reasonably believes that it can be held until its maturity. Additional information regarding the City's cash management, including its investment policy and the security of City deposits can be found in Note 3 starting on page 45.

Risk Management

The City contracts the services of an insurance consultant to review coverage and make recommendations. The consultant is strictly an advisor and reviewer of all transactions pertaining to various aspects of the coverage needed in today's governmental operations. Additional information on the City's risk management, including insurance and self-insurance can be found in Note 9 on page 55.

Awards and Acknowledgements

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mentor for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2005. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

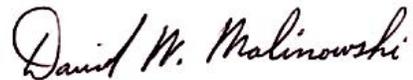
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal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

A Certificate of Achievement is valid for a period of one year only. The City of Mentor has received a Certificate of Achievement for the last twenty-two consecutive years (fiscal years 1984-2005). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgements

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

Sincerely,

A handwritten signature in cursive script that reads "David W. Malinowski".

David W. Malinowski
Director of Finance

CITY OF MENTOR, OHIO

PRINCIPAL CITY OFFICIALS DECEMBER 31, 2006

Mentor City Council

At-Large, President ----- Ray Kirchner
At-Large, Vice President-----Scott J. Marn
At-Large -----Mark T. Freeman
Ward 1 -----Robert M. Shiner
Ward 2 -----William D. Snow
Ward 3 -----Edward R. Walsh
Ward 4 -----George R. Maier

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

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

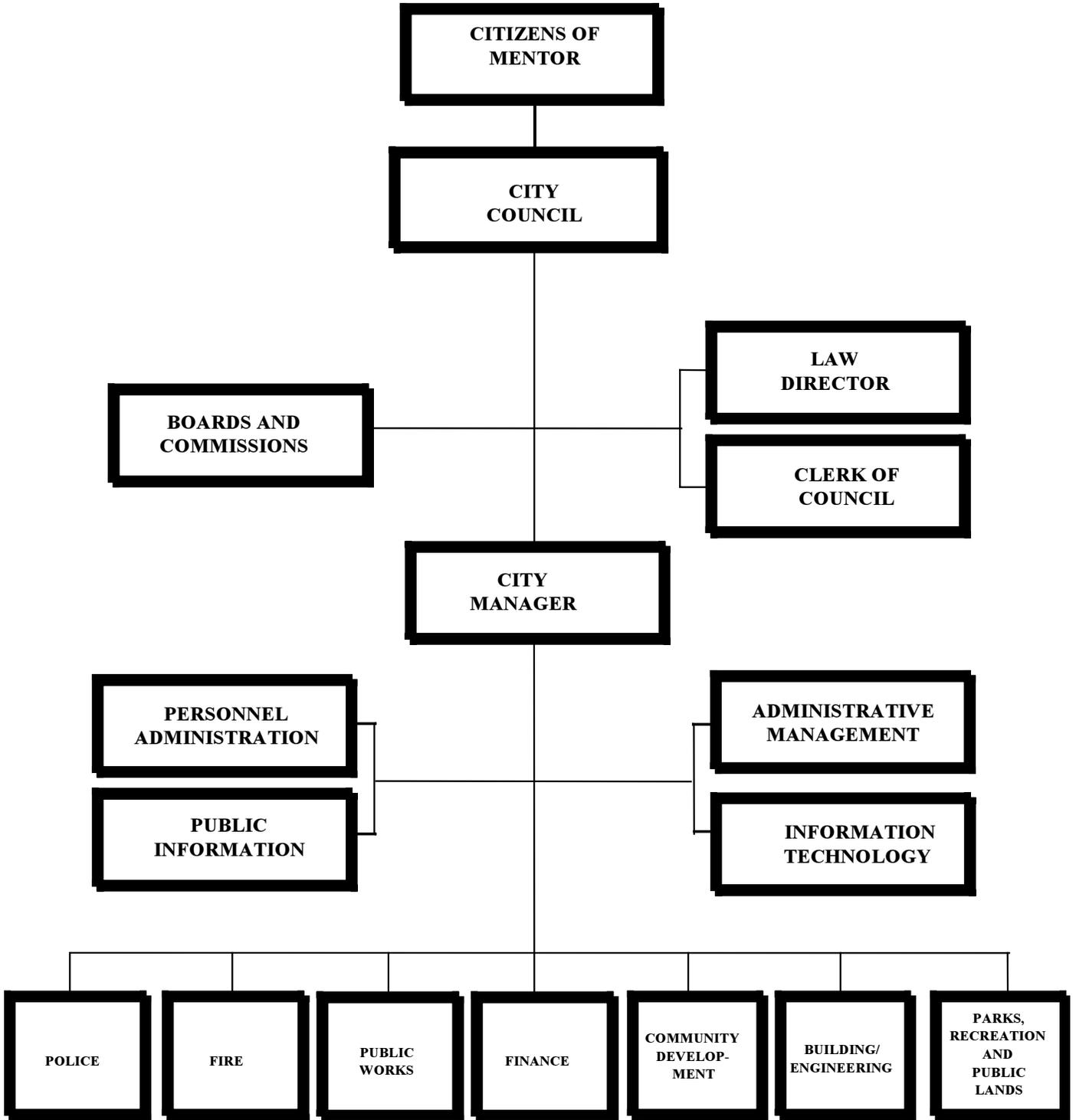
CITY OF MENTOR, OHIO

DEPARTMENT OF FINANCE STAFF DECEMBER 31, 2006

DAVID W. MALINOWSKI----- Director of Finance
DEBORAH J. VANONE----- Assistant Director
SHEARIN FERGUSON----- Assistant Tax Admin./Accounting Project Mgr.
DIANE L. PAULEY ----- Purchasing/Accounting Coordinator
JILL LEHNER ----- Payroll/Accounting Coordinator
LINDA HOVANCE----- Accounting Assistant
LINDA MARTINC----- Accounting Assistant
TAMMY STUBER----- Accounting Assistant
LINDA WIGHT ----- Accounting Assistant
VERONICA FETSKO----- Accounting Assistant
VACANT ----- Accounting Assistant
JO-ANN FOHL ----- Office Assistant
KRIS HANNAN ----- Office Assistant
MARIE SAMEC----- Office Assistant

CITY OF MENTOR, OHIO

Organization Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Mentor
Ohio

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

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



A handwritten signature in black ink, appearing to read "Ronald J. Klein".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

This page left blank intentionally.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the City Council:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 19, 2007, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

Mary Taylor, CPA
Auditor of State

June 19, 2007

CITY OF MENTOR, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Mentor (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2006. Please read this information in conjunction with the City's basic financial statements and footnotes that begin on page 29.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at December 31, 2006 by approximately \$181.4 million (net assets). All of the net assets are accounted for as governmental activities. Of this amount, \$18.2 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors
- The City's net assets increased by \$2.9 million during 2006.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$15.6 million and is available for spending at the City's discretion. The unreserved fund balance equals 36.3 percent of total current year general fund expenditures.
- The City's total debt and other long-term obligations increased by \$4.9 million (15.2 percent) during the current fiscal year. The increase was a result of new debt issued during the year, primarily related to the short-term notes for Norton Parkway, less normal debt service payments made during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

The City maintains 45 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Assessment Bond Retirement Fund, and the Norton Parkway Fund, which are considered to be major funds. Data from the other 42 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The fiduciary funds reporting focuses on net assets and changes in net assets.

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Statement of Net Assets looks at the City as a whole. The table below provides a summary of the City's net assets for 2006 compared to 2005.

	<u>Summary of Net Assets</u>	
	Summary of Net Assets as of <u>December 31, 2006</u>	Summary of Net Assets as of <u>December 31, 2005</u>
Assets:		
Cash, investments, receivables, and other assets	\$ 48,269,844	\$ 47,927,902
Capital assets	<u>180,273,346</u>	<u>176,503,109</u>
Total assets	<u>228,543,190</u>	<u>224,431,011</u>
Liabilities:		
Accounts payable, accrued liabilities, deferred revenues and other liabilities	10,086,010	13,808,877
Long-term obligations	<u>37,078,408</u>	<u>32,171,919</u>
Total liabilities	<u>47,164,418</u>	<u>45,980,796</u>
Net assets:		
Invested in capital assets, net of related debt	146,106,516	144,331,191
Restricted	17,035,184	14,227,329
Unrestricted	<u>18,237,072</u>	<u>19,891,696</u>
Total net assets	<u>\$ 181,378,772</u>	<u>\$ 178,450,216</u>

Total assets increased \$4,112,179 from 2005 to 2006. The increase was primarily due to investments in capital assets (net of accumulated depreciation), particularly for land such as the acquisition of the Morton Salt property and State Route 84/State Route 306 property (\$1.75 million) and the increase to construction in progress primarily due to the Norton Parkway project.

Total liabilities increased by \$1,183,622. The largest increase came in long-term obligations. The increase is attributable to the issuance of bond anticipation notes to fund the construction of the Norton Parkway project offset against debt payments to current principal during 2006, and the elimination of special assessment unearned revenue by reclassifying to earned revenue.

The result of increased assets and increased liabilities is an increase in total net assets of \$2,928,556.

A portion of the City's net assets (9.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$18.2 million or (10.1 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

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

Changes in Net Assets

	<u>2006</u>	<u>2005</u>
Revenues		
Program Revenues:		
Charges for services	\$ 7,840,395	\$ 7,521,014
Operating grants and contributions	997,524	756,562
Capital grants and contributions	5,643,220	4,565,877
General revenues:		
Municipal income taxes	29,885,930	28,019,315
Property taxes	5,798,329	5,510,500
Other local taxes	754,113	733,874
Shared revenues	7,272,144	7,402,225
Other grants and contributions	298,564	55,458
Unrestricted investment earnings	920,404	583,428
Note Premium	86,954	-
Other	<u>180,902</u>	<u>42,351</u>
 Total Revenues	 <u>59,678,479</u>	 <u>55,190,604</u>
 Expenses		
General government	7,550,150	7,201,492
Police	11,276,837	10,759,750
Fire	10,674,056	10,251,159
Streets and highways	14,120,600	12,062,550
Parks, recreation and public lands	8,406,060	8,382,989
Community development	1,336,892	1,247,418
Engineering and building	1,748,986	1,678,511
Interest and other charges	<u>1,636,342</u>	<u>1,285,841</u>
 Total expenses	 <u>56,749,923</u>	 <u>52,869,710</u>
 Increases in net assets	 2,928,556	 2,320,894
 Net assets at beginning of year	 <u>178,450,216</u>	 <u>176,129,322</u>
 Net assets at end of year	 <u>\$ 181,378,772</u>	 <u>\$ 178,450,216</u>

The increase in net assets of \$2.9 million in 2006 is a result of additional program revenues in various programs and general revenues offset by higher expenses per functional areas, particularly in streets and highways. The \$2.3 million increase in net assets in 2005 was a result of program revenues related to federal grants for land acquisition (Morton property) and street widening on Lakeshore Boulevard.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of December 31, 2006, the City's governmental funds reported combined ending fund balances of \$23.0 million, an increase of \$2.4 million from the prior year. The unreserved amount of \$19.3 million is available for spending at the City's discretion. The remainder of the combined fund balances is reserved to indicate that it is not available for general spending because it has already been committed 1) to liquidate contracts and purchase orders outstanding of \$2.6 million, 2) to pay \$0.5 million of debt service, and 3) to hold inventory of \$0.6 million.

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

- The City recorded revenues of \$1.1 million and expenditures of \$1.2 million related to special assessments for certain bonds issued in past years. The fund balance reserved for debt service increased by \$0.03 million this year.

The General Fund is the chief operating fund of the City. At December 31, 2006, the unreserved fund balance of the General Fund was \$15.6 million. As a measure of the General Fund's liquidity, it is useful to compare the unreserved fund balance to total fund expenditures. The unreserved fund balance represents 36.3 percent of total General Fund expenditures at December 31, 2006.

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

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance Information – Modified Accrual Basis
Years Ended December 31, 2006 and 2005

	2006	2005
Revenues:		
Property taxes	\$ 2,111,122	\$ 2,011,037
Municipal income taxes	29,944,652	28,735,602
Intergovernmental	5,345,390	5,145,865
Charges for services	3,890,898	3,672,915
Fines and forfeitures	1,135,527	1,120,720
Licenses, permits, and inspections	1,240,121	1,066,673
Investment income	920,404	583,428
Donations and other	260,494	209,449
Total Revenues	<u>44,848,608</u>	<u>42,545,689</u>
Expenditures:		
General government	6,682,937	6,882,028
Police	9,974,040	9,772,833
Fire	8,246,244	7,950,686
Streets and highways	6,814,055	6,639,437
Parks, recreation and public lands	7,650,858	7,051,638
Community development	1,162,985	1,087,874
Engineering and building	1,650,631	1,596,813
Capital outlay	806,388	2,207,291
Debt service – principal retirement	1,584	10,000
Total Expenditures	<u>42,989,722</u>	<u>43,198,600</u>
Excess of expenditures over revenues	1,858,886	(652,911)
Other Financing sources (Uses):		
Transfer out	(489,454)	(1,216,576)
Excess of expenditures and other financing uses over revenues and other financing sources	1,369,432	(1,869,487)
Fund balances at beginning of year	15,882,259	17,680,721
Change in reserve for inventory	(56,171)	71,025
Fund balance at end of year	<u>\$ 17,195,520</u>	<u>\$ 15,882,259</u>

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

Income tax revenue increased approximately \$1.2 million in 2006 versus the comparable amount in 2005 as a result of stable growth in the local economy. Revenue generated from the municipal income tax is recorded in the General Fund and may be used for any governmental purpose, including debt service on general obligation bonds of the City.

Intergovernmental

Intergovernmental revenues are composed of federal and state grants and other shared revenues including taxes levied and collected by the State of Ohio and Lake County and partially redistributed to the City and other political subdivisions. Shared revenues include state income, sales, corporate franchise, estate, and cigarette taxes as well as liquor fees. Intergovernmental revenues increased by approximately 3.9% in 2006 due to higher estate tax collections during the year.

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

Pursuant to the Ohio Revised Code, State LGF revenues are divided into county and municipal portions. The county portion, the larger of the two, is distributed to each of the State’s 88 counties and is allocated based upon a statutory formula utilizing county population and county municipal property values. Once received by a county, the funds can either be distributed to all subdivisions using the statutory formula or the county and its subdivisions may agree upon an alternate method for allocating the funds. Lake County and its recipient communities have chosen the latter method, which is comprised of a base allocation and an excess allocation. The excess allocation takes into account such factors as assessed value per capita, per capita income, population density and the number of individuals receiving public assistance. The municipal portion of the LGF is distributed directly by the State to those municipalities that collect an income tax. A municipality receives its share of the funds based upon its percentage of total municipal income taxes collected throughout the state in a given year. In 2006, the City had LGF revenue of \$3.4 million.

The LGRAF, which was created in 1989, is distributed to all counties based upon population. Either the statutory allocation method or an agreed upon alternative allocation is used to apportion the funds. Lake County allocates LGRAF funds using the same method as is used to distribute LGF monies. In 2006, the City had LGRAF revenue of \$0.3 million. LGRAF funding has fluctuated over the course of the last few years. Distributions from the State of Ohio and Lake County (as a conduit between the State and City) have remained constant or decreased since 2001.

Charges for Services

Revenue from charges for services increased by approximately 5.9% in 2006 primarily due to revenue generated from the golf course.

Licenses, permits and inspections

Revenue from licenses, permits and inspections increased by \$173,448 during 2006 primarily due to an increased volume of permits issued during 2006.

Investment Income

Investment income in 2006 was \$920,404, up from \$583,428 in 2005. The City had an average of \$25.8 million invested during 2006 versus \$23.2 million in 2005, which increased investment income by about \$91,000. A higher effective yield on the portfolio caused the remaining increase of about \$246,000.

Analysis of General Fund Expenditures

General Fund expenditures and other uses totaled \$43.5 million in 2006, a decrease of 2.1% from 2005. The amount of expenditures and other uses by function on a modified accrual basis for the year ended December 31, 2006, including the increases (decreases) over the prior year, are shown in the following table:

<u>Expenditures and Other Uses</u>	<u>2006</u>	<u>Total</u>	<u>2005</u>	<u>Total</u>	<u>Increase (Decrease) Over 2005</u>	<u>Change</u>
			(\$ Amounts in 000's)			
Current:						
General Government	\$ 6,683	15.37 %	\$ 6,882	15.49 %	\$ (199)	(2.89)%
Police	9,974	22.94	9,773	22.00	201	2.06
Fire	8,246	18.97	7,951	17.90	295	3.71
Streets and highways	6,814	15.67	6,639	14.95	175	2.64
Parks, recreation and public land	7,651	17.60	7,052	15.88	599	8.49
Community development	1,163	2.67	1,088	2.45	75	6.89
Engineering and building	1,651	3.80	1,597	3.60	54	3.38
Capital outlay	806	1.86	2,207	4.97	(1,401)	(63.48)
Debt service - principal retirement	2	-	10	0.02	(8)	(80.00)
Transfers Out	<u>489</u>	<u>1.12</u>	<u>1,217</u>	<u>2.74</u>	<u>(728)</u>	<u>(59.82)</u>
Total expenditures and other financing uses	<u>\$ 43,479</u>	<u>100.00 %</u>	<u>\$ 44,416</u>	<u>100.00 %</u>	<u>\$ (937)</u>	<u>(2.11)%</u>

Almost all governmental functions showed minor increases or decreases in expenditures.

Capital outlay and transfers out decreased significantly as a result of fewer major infrastructure projects requiring general fund monies during 2006.

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

Employee Compensation and Labor Relations

As of December 31, 2006 and 2005, the City had approximately 379 and 373 full-time employees, respectively. As of December 31, 2006, approximately 237 full-time employees are represented in 5 collective bargaining units. The labor unions, together with the approximate number of employees represented by each, are the Municipal, County and State Employees’ Union 1099- 70, the Ohio Patrolmen’s Benevolent Assn. representing three units – 95, and the International Assn. of Firefighters Local 1845 – 72.

There have been no work stoppages in the City within the last 20 years. The current three-year agreements with the labor unions, which represent the full-time employees, all expire in March 2008. The agreement covering the part-time firefighters expires in April 2009. The current agreements have wage increases of generally 3%.

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

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

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

2006	\$ 24,513,962
2005	\$ 23,475,952

The increase in salaries and wages in 2006 is primarily due to retroactive union agreement settlements, along with general wage increases, and step increases as employees advance with experience in their classifications.

Employee Retirement Benefits

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

These two retirement systems are:

- Ohio Public Employees Retirement System (OPERS), created in 1935, represents state and local government employees not included in one of the other four state-mandated systems. The traditional pension and combined plans had 369,214 active contributing participants as of December 31, 2006. More data on this pension fund is shown in Notes 13 and 14 to the financial statements.
- Ohio Police and Fire Pension Fund (OP&F), created in 1966, represents sworn personnel, not civilians, employed in police and fire divisions of Ohio's local governments. All of the City's full-time police and fire officers are members of this pension fund. More data on this pension fund is shown in Notes 13 and 14 to the financial statements.

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

	<u>2006</u>	<u>2005</u>
	(in thousands)	
Paid by City to:		
OPERS	\$ 1,913	\$ 1,811
OP&F	<u>2,413</u>	<u>2,275</u>
Total paid by City	<u>4,326</u>	<u>4,086</u>
Paid by employees to:		
OPERS	1,306	1,170
OP&F	<u>1,121</u>	<u>1,063</u>
Total paid by employees	<u>2,427</u>	<u>2,233</u>
Total	<u>\$ 6,753</u>	<u>\$ 6,319</u>

The increase in amounts paid to OPERS and OP&F during 2006 is primarily due to the effect of the retroactive settlement of union contracts and the rate increase for employer and employee contributions.

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

GENERAL FUND BUDGETARY ANALYSIS

The difference between the original and the final amended budget for the City's General Fund expenditures, including transfers and advances out, (see page 34) was an increase of \$2.4 million, a 4.9 percent increase in appropriations. The budget for general fund expenditures was increased as a result of underestimating original appropriations due to the following:

- Budgets for various capital project funds and grant funds were increased by \$1.9 million through temporary cash advances from the General Fund. The General Fund will be reimbursed next year upon revenue received from outside funding sources.
- A permanent cash transfer was made to the General Obligation Bond Retirement Fund for \$0.5 million.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets: The City's investment in capital assets as of December 31, 2006 equaled \$180.3 million (net of accumulated depreciation). This investment in capital assets includes land, land improvements, buildings and improvements, equipment, infrastructure, and construction in progress. The total increase in the City's investment in capital assets in 2006 was 2.1 percent. A summary of the City's capital assets at December 31, 2006 and December 31, 2005 is as follows:

	2006 Capital Assets, Net of Accumulated Depreciation	2005 Capital Assets, Net of Accumulated Depreciation
Land	\$ 62,285,140	\$ 59,734,684
Land improvements	1,536,022	1,739,851
Buildings and improvements	25,992,250	27,131,531
Equipment	7,335,500	7,670,529
Infrastructure	76,287,062	77,085,514
Construction in progress	<u>6,837,371</u>	<u>3,141,000</u>
Total	<u>\$ 180,273,345</u>	<u>\$ 176,503,109</u>

The following were the major transactions during the current fiscal year that affected the City's capital assets:

- Acquisition of land and buildings – Morton Salt property \$1.75 million and Route 84/Route 306 \$0.6 million.
- Construction in progress of the Norton Parkway \$6.0 million

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

Long-term debt and other obligations. As of December 31, 2006 the City had total bond and notes outstanding of \$34.2 million. These are backed by the full faith and credit of the City.

The activity affecting the City's debt obligations outstanding during the year ended December 31, 2006 is summarized below.

	Balance January 1, 2006	Debt Issued	Debt Retired	Balance December 31, 2006
	(in thousands)			
General Obligation Bonds	\$ 22,104	\$ -	\$ (1,420)	\$ 20,684
Special Assessment Bonds	6,996	-	(760)	6,236
General Obligation Notes Payable	<u>404</u>	<u>13,474</u>	<u>(6,632)</u>	<u>7,246</u>
Total Governmental Activities	<u>\$ 29,504</u>	<u>\$ 13,474</u>	<u>\$ (8,812)</u>	<u>\$ 34,166</u>

The funds used to meet the debt service requirements of the City's general obligation bonds are from certain ad valorem taxes and other revenue sources. Ad valorem taxes, the primary source of funds, amounted to \$1.5 million in 2006 which represented 69% of the debt service requirements on the general obligation bonds. Admission tax and hotel/motel tax revenues and transfers from the general fund were used to pay the remaining 31% of debt service requirements.

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

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

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

The ratio of net general bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the City's debt position. Net general bonded debt is total general bonded debt supported by taxes less amounts available in the Debt Service Funds. This data at December 31, 2006 was:

Net General Bonded Debt \$20,293,897

Ratio of Net Bonded Debt to Assessed Valuation 1.28%

Net General Bonded Debt Per Capita \$403.63

The Ohio Revised Code provides that the net debt of the municipal corporation, whether or not approved by the electors, shall not exceed 10.5 percent of the assessed value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5 percent of the total assessed value of property. The City's total debt limit (10.5 percent) is \$165,957,868 and unvoted debt limit (5.5 percent) is \$86,930,312. These debt limitations are not expected to affect the financing of any currently planned facilities or services.

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

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

On a cash basis the City's general fund budget for 2007 projects a year-end unencumbered balance of \$4.1 million. This includes estimated income tax collections of \$30.5 million which is 2.1% more than actual 2006 collections. For the four months through April 30, 2007 income tax collections were up 4.6% from the comparable 2006 period. The general fund unencumbered balance at April 30, 2007 was \$7.8 million.

NEED ADDITIONAL INFORMATION

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

CITY OF MENTOR, OHIO

STATEMENT OF NET ASSETS DECEMBER 31, 2006

ASSETS

Cash and investments	\$20,292,594
Receivables, net of allowance for doubtful accounts	22,510,683
Due from other governments	4,454,676
Inventory	588,862
Prepaid expenses	34,064
Deferred charges	250,965
Land held for resale	138,000
Nondepreciable capital assets	69,122,511
Depreciable capital assets, net of accumulated depreciation	<u>111,150,835</u>
Total assets	<u><u>228,543,190</u></u>

LIABILITIES

Accounts payable and accrued liabilities	5,470,650
Deposits	342,936
Unearned revenue	4,272,424
Long-term obligations:	
Due within one year	10,281,754
Due in more than one year	<u>26,796,654</u>
Total liabilities	<u><u>47,164,418</u></u>

NET ASSETS

Invested in capital assets, net of related debt	146,106,516
Restricted for:	
Debt Service	10,308,462
Capital projects	1,045,244
Streets and public safety	5,681,478
Unrestricted	<u>18,237,072</u>
Total net assets	<u><u>\$181,378,772</u></u>

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

CITY OF MENTOR, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2006

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
General Government	\$7,550,150	\$2,083,099	\$54,788	\$ -	(\$5,412,263)
Police	11,276,837	56,520	57,709	24,925	(11,137,683)
Fire	10,674,056	8,050	64,437	-	(10,601,569)
Streets and highways	14,120,600	1,043,860	687,388	3,387,422	(9,001,931)
Parks, recreation and public lands	8,406,060	4,001,727	35,710	1,860,118	(2,508,504)
Community development	1,336,892	49,475	97,492	-	(1,189,925)
Engineering and building	1,748,986	597,664	-	-	(1,151,322)
Interest and other charges	1,636,342	-	-	370,755	(1,265,587)
Total governmental activities	<u>\$56,749,923</u>	<u>\$7,840,395</u>	<u>\$997,524</u>	<u>\$5,643,220</u>	<u>(\$42,268,784)</u>

General revenues:		
Municipal income taxes		29,885,930
Property taxes levied for:		
General purpose		2,111,122
Special revenue		2,179,159
Debt service		1,508,048
Other local taxes		754,113
Shared revenues		7,272,144
Grants and contributions		298,564
Unrestricted investment earnings		920,404
Note Premium		86,954
Other		180,902
Total general revenues		<u>45,197,340</u>
Changes in net assets		2,928,556
Net assets at beginning of year		178,450,216
Net assets at end of year		<u>\$181,378,772</u>

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

CITY OF MENTOR, OHIO

**BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	General	Special Assessment Bond Retirement	Norton Parkway	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 12,497,557	\$ 31,846	\$ 1,539,459	\$ 6,223,732	\$ 20,292,594
Receivables, net	9,021,662	9,426,207	-	4,062,814	22,510,683
Due from other funds	1,880,912	-	-	838	1,881,750
Due from other governments	2,235,685	-	-	2,218,991	4,454,676
Inventory	588,862	-	-	-	588,862
Land held for resale	-	138,000	-	-	138,000
TOTAL ASSETS	\$ 26,224,678	\$ 9,596,053	\$ 1,539,459	\$ 12,506,375	\$ 49,866,565
LIABILITIES					
Accounts payable	\$ 1,147,117	\$ -	\$ 581,481	\$ 739,497	\$ 2,468,095
Accrued payroll and employee benefits	2,609,752	-	-	-	2,609,752
Accrued liabilities	284,621	12,072	-	-	296,693
Construction, security and bid deposits	342,935	-	-	-	342,935
Due to other funds	-	1,714	287,665	1,592,371	1,881,750
Deferred revenue	4,644,733	9,426,207	-	5,173,021	19,243,961
Total liabilities	9,029,158	9,439,993	869,146	7,504,889	26,843,186
FUND BALANCES					
Reserved for:					
Inventory	588,862	-	-	-	588,862
Debt service	-	156,060	-	390,167	546,227
Encumbrances	993,421	-	614,800	964,881	2,573,102
Unreserved, reported in:					
General fund	15,613,237	-	-	-	15,613,237
Special revenue funds	-	-	-	4,455,878	4,455,878
Capital project funds	-	-	55,513	(809,440)	(753,927)
Total fund balances	17,195,520	156,060	670,313	5,001,486	23,023,379
TOTAL LIABILITIES AND FUND BALANCES	\$ 26,224,678	\$ 9,596,053	\$ 1,539,459	\$ 12,506,375	

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.	180,273,346
Other long-term assets are not available to pay for current -period expenditures and, therefore, are deferred in the funds.	15,256,566
Long-term liabilities, including bonds and claims payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(37,174,519)

Net assets of governmental activities \$ 181,378,772

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

CITY OF MENTOR, OHIO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2006

	General	Special Assessment Bond Retirement	Norton Parkway	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 2,111,122	\$ -	\$ -	\$ 3,687,206	\$ 5,798,328
Municipal income taxes	29,944,652	-	-	-	29,944,652
Other local taxes	-	-	-	754,522	754,522
Intergovernmental	5,345,390	-	-	4,985,289	10,330,679
Charges for services	3,890,898	-	-	158,760	4,049,658
Fines and forfeitures	1,135,527	-	-	300,156	1,435,683
Licenses, permits, and inspections	1,240,121	-	-	13,320	1,253,441
Special assessments	-	1,117,069	-	1,019,243	2,136,312
Investment income	920,404	-	203,455	95,109	1,218,968
Donations and other	260,494	-	-	32,932	293,426
Total revenues	<u>44,848,608</u>	<u>1,117,069</u>	<u>203,455</u>	<u>11,046,537</u>	<u>57,215,669</u>
EXPENDITURES					
Current:					
General government	6,682,937	-	138,482	237,437	7,058,856
Police	9,974,040	-	-	561,839	10,535,879
Fire	8,246,244	-	-	1,715,194	9,961,438
Streets and highways	6,814,055	-	-	2,403,609	9,217,664
Parks, recreations and public lands	7,650,858	-	-	121,044	7,771,902
Community development	1,162,985	-	-	149,163	1,312,148
Engineering and building	1,650,631	-	-	-	1,650,631
Capital outlay	806,388	-	5,547,203	4,053,387	10,406,978
Debt service:					
Principal retirement	1,584	760,091	6,635,301	1,419,909	8,816,885
Interest and other expenditures	-	412,086	186,272	1,011,088	1,609,446
Total expenditures	<u>42,989,722</u>	<u>1,172,177</u>	<u>12,507,258</u>	<u>11,672,670</u>	<u>68,341,827</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,858,886</u>	<u>(55,108)</u>	<u>(12,303,803)</u>	<u>(626,133)</u>	<u>(11,126,158)</u>
OTHER FINANCING SOURCES (USES)					
Issuance of notes	-	-	13,454,000	19,842	13,473,842
Premium on notes	-	86,954	-	-	86,954
Transfers in	-	-	-	859,454	859,454
Transfers out	(489,454)	-	-	(370,000)	(859,454)
Total other financing sources and (uses)	<u>(489,454)</u>	<u>86,954</u>	<u>13,454,000</u>	<u>509,296</u>	<u>13,560,796</u>
NET CHANGE IN FUND BALANCES	1,369,432	31,846	1,150,197	(116,837)	2,434,638
FUND BALANCES AT BEGINNING OF YEAR	15,882,259	124,214	(479,884)	5,118,323	20,644,912
CHANGE IN RESERVE FOR INVENTORY	<u>(56,171)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(56,171)</u>
FUND BALANCES AT END OF YEAR	<u>\$ 17,195,520</u>	<u>\$ 156,060</u>	<u>\$ 670,313</u>	<u>\$ 5,001,486</u>	<u>\$ 23,023,379</u>

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

CITY OF MENTOR, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES OF GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2006

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

Net change in fund balances - total governmental funds	\$ 2,434,638
--	--------------

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

Capital asset additions	\$ 10,075,311	
Current year depreciation	<u>(5,020,481)</u>	5,054,830

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

Municipal income taxes	(58,721)	
Other local taxes	(410)	
Intergovernmental	11,129	
Special Assessment	<u>1,772,167</u>	1,724,165

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

(4,683,854)

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.

(1,601,223)

Changes in net assets of governmental activities

\$ 2,928,556

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

CITY OF MENTOR, OHIO

**GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2006**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:				
Property taxes	\$ 2,046,670	\$ 2,046,670	\$ 2,111,121	\$ 64,451
Municipal income tax	28,100,000	28,100,000	29,365,084	1,265,084
Intergovernmental	5,124,560	5,124,560	5,390,546	265,986
Charges for services	3,571,740	3,571,740	3,890,898	319,158
Fines and forfeitures	1,112,000	1,112,000	1,106,131	(5,869)
Licenses, permits, and inspections	1,046,600	1,046,600	1,240,121	193,521
Investment income	863,000	863,000	1,029,721	166,721
Other	684,000	684,000	260,494	(423,506)
Total revenues	<u>42,548,570</u>	<u>42,548,570</u>	<u>44,394,116</u>	<u>1,845,546</u>
EXPENDITURES:				
Function:				
General government	8,344,976	8,204,476	6,740,467	1,464,009
Police	10,922,896	10,970,922	10,612,780	358,142
Fire	9,056,221	9,186,721	8,789,532	397,189
Streets and highways	8,434,661	8,444,661	6,929,593	1,515,068
Parks, recreation and public lands	8,945,543	8,945,543	7,967,446	978,097
Community development	1,499,511	1,499,511	1,174,303	325,208
Engineering and building	2,338,048	2,338,048	1,997,620	340,428
Total expenditures	<u>49,541,856</u>	<u>49,589,882</u>	<u>44,211,741</u>	<u>5,378,141</u>
Excess (deficiency) of revenues over expenditures	<u>(6,993,286)</u>	<u>(7,041,312)</u>	<u>182,375</u>	<u>7,223,687</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(489,454)	(489,454)	-
Advances in	1,060,000	1,060,000	1,322,948	262,948
Advances out	-	(1,880,036)	(1,880,036)	-
Total other financing sources (uses)	<u>1,060,000</u>	<u>(1,309,490)</u>	<u>(1,046,542)</u>	<u>262,948</u>
Excess expenditures and other uses over revenues and other sources	<u>(5,933,286)</u>	<u>(8,350,802)</u>	<u>(864,167)</u>	<u>7,486,635</u>
Adjustment for prior year encumbrances	941,416	941,416	941,416	-
FUND BALANCES, BEGINNING OF YEAR	<u>7,724,492</u>	<u>7,724,492</u>	<u>7,724,492</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,732,622</u>	<u>\$ 315,106</u>	<u>\$ 7,801,741</u>	<u>\$ 7,486,635</u>

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

CITY OF MENTOR, OHIO

STATEMENT OF FIDUCIARY NET ASSETS FIDUCIARY FUNDS DECEMBER 31, 2006

	Cemetery Bequest and Endowment Private-Purpose Trust Fund	Municipal Court Agency Fund
ASSETS		
Cash	\$25,930	\$43,621
LIABILITIES		
Accounts payable	\$316	-
Deposits held and due to others	-	43,621
Total liabilities	316	\$43,621
NET ASSETS		
Held in trust for decoration of specific graves	\$25,614	

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

CITY OF MENTOR, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS FIDUCIARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Cemetery Bequest and Endowment Private-Purpose Trust Fund</u>
ADDITIONS	
Investment income	\$ 1,248
Donations and other	<u>117</u>
Total additions	<u>1,365</u>
DEDUCTIONS	
General expenses	<u>1,080</u>
Total deductions	<u>1,080</u>
Change in net assets	285
Net assets - beginning of year	<u>25,329</u>
Net assets - end of year	<u>\$ 25,614</u>

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

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2006

NOTE 1 – DESCRIPTION OF CITY OPERATIONS AND REPORTING ENTITY

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

Reporting Entity: The accompanying financial statements as of December 31, 2006 and for the year then ended have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) applicable to local governments. The Governmental Accounting Standards Board (“GASB”) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB’s Codification of Governmental Accounting and Financial Reporting Standards (“GASB Codification”). The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities unless those pronouncements conflict with or contradict GASB pronouncements.

In evaluating how to define the governmental reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, under which the financial statements include all the organizations, activities, functions, and component units for which the City (“primary government”) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit’s board, and either (1) the City’s ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the City.

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. *Government-wide and fund financial statements*

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

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2006

Basic Financial Statements:

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

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

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

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

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

The City's major governmental funds are the General Fund, the Special Assessment Bond Retirement Fund, and the Norton Parkway Fund.

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

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

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

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2006

The Norton Parkway Fund is a capital projects fund used to account for the construction and financing of a new road known as Norton Parkway.

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

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

B. *Financial reporting presentation*

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance (equity), revenues, and expenditures (expenses). The fund types and classifications that exist under GAAP are as follows:

GOVERNMENTAL FUNDS

1. **General Fund** - The General Fund is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.
2. **Special Revenue Funds** - Special revenue funds are used to account for revenues derived from specific taxes, grants, or other restricted revenue sources. The uses and limitations of each special revenue fund are specified by legal, regulatory or administrative provisions. These funds include most federal and state grants.
3. **Debt Service Funds** - Debt service funds are used to account for the accumulation of resources for, and the payment of, general obligation and special assessment long-term debt principal, interest, and related costs.
4. **Capital Projects Funds** - The capital projects funds are used to account for financial resources used for the acquisition or construction of major capital projects.
5. **Permanent Funds** - Permanent funds are used for the purpose of accounting for resources that are legally restricted to the extent that earnings, and not principal, may be used for purposes that support the reporting government's programs. During 2006, the City did not utilize any permanent funds.

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2006

PROPRIETARY FUNDS

1. **Enterprise Funds** - The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. During 2006, the City did not utilize any enterprise funds.
2. **Internal Service Funds** - The internal service funds are used to account for the financing of goods or services provided by one department to other departments or to other governments on a cost-reimbursement basis. During 2006, the City did not utilize any internal service funds.

FIDUCIARY FUNDS

1. **Private-purpose Trust Funds** - Private-purpose trust funds are used to account for trust arrangements which benefit individuals, private organizations, or other governments. For accounting measurement purposes, the private-purpose trust funds are accounted for in essentially the same manner as proprietary funds. The City accounts for the cost of decorating specific graves as designated by individual donors in a Cemetery Bequest and Endowment Fund.
2. **Agency Funds** - Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The City's agency fund accounts for the Mentor Municipal Court.
3. **Other Fiduciary Funds** - Other fiduciary funds include pension trust funds and investment trust funds. During 2006, the City did not utilize any such trust funds.

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

C. *Measurement focus and basis of accounting*

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

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

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2006

recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a cost reimbursement basis.

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

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

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

D. *Budgetary Procedures*

Budgetary Process: The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance. These budgetary documents are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources as certified. The tax budget and appropriation ordinance are prepared under the direction of the City Manager and submitted to City Council for adoption. Budgeted expenditures represent original appropriations as modified by adjustments during the year. The primary level of budgetary control is at the departmental level. Budget revisions within appropriated amounts are subject to the approval of the City Manager. Changes in a department's total appropriation require action by City Council. For the year ended December 31, 2006, expenditures did not exceed appropriations in any individual department.

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2006

Tax Budget: A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

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

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

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

A reconciliation of the General Fund's results of operations for 2006 reported on the budget basis versus the GAAP basis is as follows:

<u>Net Change in Fund Balance</u>	
Budget basis	\$ (864,167)
Adjustments:	
Revenue accruals	(868,456)
Expenditure accruals	2,024,941
Encumbrances	<u>1,077,114</u>
GAAP basis	<u>\$ 1,369,432</u>

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2006

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

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

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

E. *Other Significant Accounting Policies*

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

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

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

Capital Assets: Capital assets, which include land, land improvements, buildings (including renovations and improvements), equipment, and infrastructure assets are reported in the governmental activities column in the government-wide financial statements to the extent the City's capitalization threshold is met. The City defines capital assets as assets with an estimated useful life in excess of five years (except vehicles) and an individual cost of more than \$3,000. Assets are recorded at historical cost or estimated historical cost, if historical cost is not available. Contributed fixed assets are recorded at their estimated fair market value on the date contributed.

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

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2006

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

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

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

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

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

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

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

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

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2006

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

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

F. *Recently Issued Accounting Pronouncements*

For 2006, the City has implemented GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section an amendment of NCGA Statement 1". This Statement amends the portions of NCGA Statement 1, *Governmental Accounting and Financial Reporting Principles*, that guide the preparation of the statistical section. The statistical section presents detailed information, typically in ten-year trends, that assists users in utilizing the basic financial statements, notes to basic financial statements, and required supplementary information to assess the economic condition of a government.

For fiscal year 2006, the City has implemented GASB Statement No. 47, "Accounting for Termination Benefits". GASB Statement No. 47 establishes standards of accounting and financial reporting for termination benefits. The implementation of GASB Statement No. 47 did not materially affect the presentation of the financial statements of the City.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2006

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that the investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed three million dollars face amount invested in the acceptances of any one bank at any time; and,
8. Under limited circumstances, three mutual funds which invest in corporate and GNMA bonds: Vanguard Short-Term Corporate Fund, Vanguard Intermediate-Term Corporate Fund, and Vanguard GNMA Fund.

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 City, and must be purchased with the expectation it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

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

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2006

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

At year-end, the carrying amount of the City's deposits including certificates of deposit was \$5,450,470 and the bank balance was \$7,186,831. Of the bank balance \$400,000 was covered by Federal depository insurance and \$6,786,831 was uninsured. Of the remaining uninsured bank balance, \$6,786,831 was collateralized with securities held by the pledging institution's agent or trust department, not in the City's name.

Investments

As of December 31, 2006, the City had the following investments:

	Fair Value	Maturity		
		Less than	1 to 2	Greater than
		1 year	years	2 years
Federal Home Loan Bank Bonds	\$ 1,208,256	-	-	\$ 1,208,256
United States Treasury Notes	500,935	\$ 500,935	-	-
Vanguard Short-Term Corporate Bond Fund	501,425	-	\$ 501,425	-
Vanguard Intermediate-Term Corporate Bond Fund	4,115,195	-	-	4,115,195
Vanguard GNMA Fund	3,020,256	-	-	3,020,256
STAROhio	5,565,608	5,565,608	-	-
Total Portfolio	<u>\$ 14,911,675</u>	<u>\$ 6,066,543</u>	<u>\$ 501,425</u>	<u>\$ 8,343,707</u>

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

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

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2006

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

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

Concentration of Credit Risk is defined by the Governmental Accounting Standards Board as five percent or more in the securities of a single issuer. The City's investment policy requires diversification of the portfolio but does not indicate specific percentage allocations. The following is the City's allocation as of December 31, 2006: Federal Home Loan Bank Bonds - 8%, United States Treasury Notes - 3.3%, Vanguard Short-Term Corporate Bond Fund - 3.3%, Vanguard Intermediate Term Corporate Bond Fund - 28%, Vanguard GNMA Fund - 20%, and StarOhio - 37.4%.

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

Government-Wide Financial Statements

Unrestricted:	
Cash and investments	<u>\$ 20,292,594</u>

Fund Financial Statements

Balance Sheet - Governmental Funds:	
Cash and investments	\$ 20,292,594
Statement of Fiduciary Net Assets:	
Cash	<u>69,551</u>
Total	<u>\$ 20,362,145</u>

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2006

NOTE 4 – RECEIVABLES AND DEFERRED REVENUE

Receivables consist of the following at December 31, 2006:

	Income Taxes	Property Taxes	Special Assess- ments	Other	Gross Receivables	Allowance for Uncol- lectibles	Net
Governmental Activities							
Governmental Funds							
General Fund	\$ 7,681,441	\$ 1,895,811	\$ -	\$ 115,430	\$ 9,692,682	\$ (671,020)	\$ 9,021,662
Special Assessment Bond Retirement Fund	-	-	9,587,326	-	9,587,326	(161,119)	9,426,207
Other Governmental Funds	-	3,975,948	24,216	70,896	4,071,060	(8,246)	4,062,814
Total Receivables	<u>\$ 7,681,441</u>	<u>\$ 5,871,759</u>	<u>\$ 9,611,542</u>	<u>\$ 186,326</u>	<u>\$ 23,351,068</u>	<u>\$ (840,385)</u>	<u>\$ 22,510,683</u>

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

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2006

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

	Government-Wide Statement of Net Assets	Governmental Funds Balance Sheet
Governmental Funds:		
General Fund:		
Property tax receivable	\$ 725,667	\$ 1,762,613
Income tax receivable	-	2,039,498
State shared revenue receivable	-	752,366
Intergovernmental revenue receivable	<u>-</u>	<u>90,256</u>
Total General Fund	<u>725,667</u>	<u>4,644,733</u>
Special Assessment Bond Retirement Fund:		
Special assessment receivable and land held for resale	<u>-</u>	<u>9,426,207</u>
Other Governmental Funds:		
Property tax receivable	3,530,246	3,975,948
Special assessment receivable	16,511	16,511
State shared revenue receivable	-	1,180,562
Intergovernmental revenue receivable	<u>-</u>	<u>-</u>
Total other governmental funds	<u>3,546,757</u>	<u>5,173,021</u>
Total Unearned Revenue/ Deferred Revenue	<u>\$ 4,272,424</u>	<u>\$ 19,243,961</u>

NOTE 5 – MUNICIPAL COURT

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

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

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2006

NOTE 6 – CAPITAL ASSETS

Capital Asset Activity: Capital asset activity for the year ended December 31, 2006 was as follows:

	Balance January 1, 2006	Additions	Deductions	Balance December 31, 2006
	(Amount in 000's)			
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 59,736	\$ 2,552	(3)	\$ 62,285
Construction in progress	3,141	6,546	(2,850)	6,837
Total capital assets, not being depreciated	<u>62,877</u>	<u>9,098</u>	<u>(2,853)</u>	<u>69,122</u>
Capital assets, being depreciated:				
Land improvements	6,832	-	-	6,832
Buildings and improvements	40,433	-	(151)	40,282
Equipment	20,520	1,117	(925)	20,712
Infrastructure	105,255	1,515	-	106,770
Cost	<u>173,040</u>	<u>2,632</u>	<u>(1,076)</u>	<u>174,596</u>
Less accumulated depreciation for:				
Land improvements	(5,091)	(204)	-	(5,295)
Buildings and improvements	(13,302)	(1,094)	106	(14,290)
Equipment	(12,850)	(1,410)	884	(13,376)
Infrastructure	(28,171)	(2,313)	-	(30,484)
Total accumulated depreciation	<u>(59,414)</u>	<u>(5,021)</u>	<u>990</u>	<u>(63,445)</u>
Total accumulated assets being depreciated, net	<u>113,626</u>	<u>(2,389)</u>	<u>(86)</u>	<u>111,151</u>
Capital assets, net	<u>\$ 176,503</u>	<u>\$ 6,709</u>	<u>\$ (2,939)</u>	<u>\$ 180,273</u>

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

	(Amounts in 000's)
Governmental Activities:	
General government	\$ 109
Police	419
Fire	630
Streets and highways	2,653
Parks, recreation and public lands	1,172
Community development	8
Engineering and building	<u>30</u>
Total depreciation expense charged to governmental activities	<u>\$ 5,021</u>

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2006

NOTE 7 – DEBT AND OTHER LONG-TERM OBLIGATIONS

A summary of the changes in the debt and other long-term obligations of the City during the year ended December 31, 2006 is as follows:

	Balance January 1, 2006	Additions	(Reductions)	Balance December 31, 2006	Due Within One Year
Governmental Activities					
General Obligation Bonds due through 2017, 2% to 9.125%	\$ 22,103,974	\$ -	\$ (1,419,910)	\$ 20,684,064	\$ 1,439,688
Special Assessment Bonds due through 2022, 2% to 9.625%	6,996,026	-	(760,090)	6,235,936	675,312
Other Obligations:					
Compensated absences	2,617,346	357,252	(113,020)	2,861,578	1,321,534
Claims and judgments	50,000	-		50,000	-
Capital projects notes payable	<u>404,572</u>	<u>13,473,842</u>	<u>(6,631,584)</u>	<u>7,246,830</u>	<u>6,845,220</u>
Total Debt and Other Long-Term Obligations	<u>\$ 32,171,918</u>	<u>\$ 13,831,094</u>	<u>\$ (8,924,604)</u>	<u>\$ 37,078,408</u>	<u>\$ 10,281,754</u>

During January 2006 the City issued \$6,630,000 of Street Improvement Bond Anticipation notes with an interest rate of 4.00% maturing October 1, 2006. On September 27, 2006 the City Issued \$6,824,000 of Bond Anticipation notes for the purpose of rolling the January short-term notes and to obtain funds for the anticipated special assessment bond issuance to cover the costs of constructing the Norton Parkway. The short-term notes mature September 14, 2007 and carry an interest rate of 4.50%.

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

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2006

Bonds payable at December 31, 2006 are comprised of the following issues:

	Amount of Original Issuance	Bonds Outstanding December 31, 2006
Governmental Activities Obligations:		
General unvoted obligations:		
1997 Various Purpose Acquisition and Improvement Bonds due in annual installments of \$370,000 to \$1,125,000 through 2017, plus interest at rates varying between 4.8% to 5.25%	\$ 13,680,000	\$ 630,000
2004 Various Purpose Refunding Bonds due in annual installments ranging from \$260,000 to \$622,364 through 2016 plus interest at rates varying between 2% to 5%	5,808,974	5,044,064
2005 Various Purpose Improvement and Refunding Bonds due in annual installments ranging from \$200,000 to \$1,410,000 through 2025 plus interest rates varying between 3.5% to 5%	<u>15,210,000</u>	<u>15,010,000</u>
Total general obligation bonds	<u>34,698,974</u>	<u>20,684,064</u>
Special assessment obligations:		
1987 Tyler Boulevard-White Oak Drive Improvement Bonds due in annual installments of \$85,000 to \$210,000 through 2007, plus interest at 7.9%	2,240,000	210,000
1991 Street Improvement Bonds due in annual installments ranging from \$166,005 to \$493,272 through 2011, plus interest at rates varying between 6.7% to 7.15%	5,582,511	1,445,000
1993 Various Purpose Improvement Bonds due in annual installments ranging from \$17,136 to \$46,795 through 2013, plus interest at rates varying between 5% to 5.65%	580,000	280,000
2002 Tyler Boulevard Extension Bonds due in annual installments ranging from \$145,000 to \$375,000 through 2022, plus interest at rates varying between 3% to 4.7%	4,850,000	4,230,000
2004 Various Purpose Refunding Bonds due in annual installments ranging from \$260,000 to \$622,364 through 2016 plus interest at rates varying between 2% and 5%	<u>76,026</u>	<u>70,936</u>
Total special assessment bonds	<u>13,328,537</u>	<u>6,235,936</u>
Total bonds	<u>\$ 48,027,511</u>	<u>\$ 26,920,000</u>

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

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2006

The following is a summary of the City's future debt service requirements as of December 31, 2006:

Year Ending December 31	Governmental Activities					Total
	General		Special			
	Obligation Bonds		Assessment Bonds			
	Principal	Interest	Principal	Interest		
2007	\$ 1,439,688	\$ 827,942	\$ 675,312	\$ 325,386	\$ 3,268,328	
2008	1,474,245	775,052	490,755	282,407	3,022,459	
2009	1,524,024	729,330	525,976	254,175	3,033,505	
2010	1,583,581	680,069	561,419	223,498	3,048,567	
2011	1,638,139	627,462	596,861	190,168	3,052,630	
2012-2016	8,359,387	2,191,889	1,390,613	647,691	12,589,580	
2017-2021	2,900,000	658,938	1,620,000	320,340	5,499,278	
2022-2026	1,765,000	190,944	375,000	17,625	2,348,569	
	<u>\$ 20,684,064</u>	<u>\$ 6,681,626</u>	<u>\$ 6,235,936</u>	<u>\$ 2,261,290</u>	<u>\$ 35,862,916</u>	

Under the Ohio Revised Code, at December 31, 2006, the City legally could issue approximately \$66.2 million of additional, unvoted, general obligation debt.

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

As of December 31, 2006, there were four series of industrial revenue bonds outstanding. The aggregate principal amount payable for the three series issued since July 1, 1995, was \$5.8 million. The aggregate principal amount payable for the series issued prior to July 1, 1995, could not be determined; however the original issue amount totaled \$1.6 million.

NOTE 8 – COMPLIANCE AND ACCOUNTABILITY

At December 31, 2006, the Hopkins Road/Bridge Improvement, the Marsh Creek Detention Improvement and Morton Property Acquisition Capital Projects Funds and Community Development Block Grant 05-06 and Community Development Block Grant 06-07 Special Revenue Funds had a deficit fund balance of \$4,136, \$299,935, \$133,024, \$24,523 and \$38,067, respectively. All deficits will be eliminated through the receipt of grant proceeds during 2007. No other funds had deficit balances as of December 31, 2006.

At September 30, 2006, the Other (General Fund), Community Development Block Grant 03-04 (Special Revenue Fund) and Marsh Creek (Capital Project Fund) had expenditures plus encumbrances in excess of appropriations contrary to Ohio Revised Code 5705.41(B) in the amount of \$481,684, \$12,500 and \$529,056, respectively. These variances were corrected in the following month.

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2006

NOTE 9 – RISK MANAGEMENT

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

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

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

Changes in the estimated claims payable for self-insured risks (employee dental benefits) during the years ended December 31, 2006 and 2005 were as follows:

	<u>2006</u>	<u>2005</u>
Estimated claims payable, January 1	\$ 45,250	\$ 46,250
Current year claims (including IBNRs) and changes in estimates	274,420	270,500
Claim payments	<u>(274,000)</u>	<u>(271,500)</u>
Estimated claims payable, December 31	<u>\$ 45,670</u>	<u>\$ 45,250</u>

Insurance: The City purchases insurance policies in varying amounts for general liability, property damage, employee health care benefits (excluding dental benefits), and employee and police officials’ liability, including errors and omissions of the City’s safety forces. Otherwise, the City is generally self-insured. No material losses, including incurred but not reported losses, occurred in 2006. There was no significant decrease in any insurance coverages in 2006. In addition, there were no insurance settlements in excess of insurance coverage during the past three fiscal years.

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

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2006

NOTE 10 – CONTINGENCIES

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

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

NOTE 11 – INTERFUND TRANSACTIONS AND BALANCES

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

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

For the year ended December 31, 2006 transfers consisted of the following:

	Transfers Out	Transfers In	
		Other Governmental Funds	Total Governmental Funds
	<u>Total</u>		
Governmental Funds:			
General	\$ 489,454	\$ -	\$ -
Other governmental	<u>370,000</u>	<u>859,454</u>	<u>859,454</u>
Total	<u>\$ 859,454</u>	<u>\$ 859,454</u>	<u>\$ 859,454</u>

Interfund balances: Interfund balances at December 31, 2006 represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting records, and (3) payments between funds are made. All are expected to be paid within one year.

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2006

Interfund receivable and payable balances as of December 31, 2006 are as follows:

	Due To	Due From		
		General Fund	Other Governmental Funds	Total
Governmental Funds:				
General	\$ -	\$ 1,880,912	\$ -	\$ 1,880,912
Norton Parkway	287,665	-	-	-
Special Assessment Bond				
Retirement	1,714	-	-	-
Other governmental	<u>1,592,371</u>	<u>-</u>	<u>838</u>	<u>838</u>
Total	<u>\$ 1,881,750</u>	<u>\$ 1,880,912</u>	<u>\$ 838</u>	<u>\$ 1,881,750</u>

NOTE 12 - TAXES

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

Property Taxes – Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Taxes collected from real property (other than public utility) in one calendar year are levied in October of the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued by appraisal every six years and, three years after each revaluation, all property values are reviewed and revised, as necessary, as part of a triennial update based on recent sales of properties. The last revaluation was completed in 2006. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semiannually, the first payment is due January 20, with the remainder payable June 20. In certain instances, State statute permits earlier or later payment dates to be established.

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2006

Personal property (other than public utility) taxes are levied in October of the preceding calendar year based on tax rates determined in the preceding year and assessed values determined at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year. Tangible personal property used in business (except for public utilities) is currently being phased-out over a three-year period. The listing percentage on all tangible personal property for 2006 is 18.75%. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30 with the remainder payable by September 20. Under Ohio law, personal property taxes do not attach as a lien on the personal property.

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

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

The assessed value upon which the 2005 levy (collected in 2006) was based was approximately \$1.6 billion. Ohio law limits unvoted property taxation, combined for all overlapping taxing authorities, to 10 mills. The City's current share of the unvoted property tax is 3 mills of assessed value, and the City's total property tax levy, including all voted levies is 4.50 mills of assessed value.

NOTE 13 – DEFINED BENEFIT PENSION PLANS

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2006

Plan members are required to contribute 9.0 percent of their annual covered salary to fund pension obligations. For calendar year 2006 the employer pension contribution rate was 13.70 percent of covered payroll. For calendar years 2005 and 2004, the employer pension contribution rates for the City were 13.55 percent of covered payroll. Contributions are authorized by State statute and the contribution rates are determined actuarially. The City's required contributions (including post-employment benefits) to OPERS for the years ended December 31, 2006, 2005, and 2004 were \$1,912,859, \$1,811,214 and \$1,777,360, respectively; 74 percent has been contributed for 2006 and 100 percent for 2005 and 2004.

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

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.5 percent for police and 24 percent for firefighters. Contributions are authorized by State statute. The City's contributions (including post-employment benefits) to the OP&F for police and firefighters were \$1,069,254 and \$1,343,812 for the year ended December 31, 2006, \$1,023,296 and \$1,251,387 for the year ended December 31, 2005 and \$992,570 and \$1,177,357 for the year ended December 31, 2004, respectively, equal to the required payments for each year. The full amount has been contributed for 2005 and 2004. 72 percent for police and 73 percent for firefighters has been contributed for 2006.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System: The Ohio Public Employees Retirement System provides postretirement health care coverage to age and service retirees that are in the traditional pension and combined plans, with ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care based on authority granted by State statute. Of the 2006 employer contribution rate of 13.70 percent of covered payroll, 4.5 percent was the portion that was used to fund postretirement health care benefits for 2006.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase .50 to 6 percent annually for the next 9 years. In subsequent years, (10 and beyond) health care costs were assumed to increase at 4 percent.

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2006

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed 12 percent corridor. At December 31, 2006, the number of active contribution participants in the traditional pension and combined plans was 369,214. The number of active contributing participants for both plans used in December 31, 2005, actuarial valuation was 358,804. The City's actual contributions for 2006, which were used to fund postemployment benefits, were \$628,374. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005 (the latest information available) were \$11.1 billion. The actuarial liability and the unfunded actuarial liability were \$31.3 billion and \$20.2 billion, respectively. On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund: The Ohio Police and Fire Pension Fund provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22, if attending school full-time or on a two-thirds basis.

The Ohio Revised Code permits the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. Of the total police employer contribution of 19.5 percent of covered payroll and the total firefighter employer contribution of 24 percent of covered payroll, 7.75 percent of covered payroll was applied to the postemployment health care program during 2006 and 2005. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2006 that were used to fund postemployment benefits were \$424,494 for police and \$434,051 for firefighters. The OP&F's total health care expenses for the year ended December 31, 2005 (the latest information available) were \$108,039,449, which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005 was 13,922 police and 10,537 firefighters.

CITY OF MENTOR, OHIO

**GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2006**

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
REVENUES:				
Property taxes	\$ 2,046,670	\$ 2,046,670	\$ 2,111,121	\$ 64,451
Municipal income tax	28,100,000	28,100,000	29,365,084	1,265,084
Intergovernmental	5,124,560	5,124,560	5,390,546	265,986
Charges for services	3,571,740	3,571,740	3,890,898	319,158
Fines and forfeitures	1,112,000	1,112,000	1,106,131	(5,869)
Licenses, permits, and inspections	1,046,600	1,046,600	1,240,121	193,521
Investment income	863,000	863,000	1,029,721	166,721
Other	684,000	684,000	260,494	(423,506)
Total revenues	<u>42,548,570</u>	<u>42,548,570</u>	<u>44,394,116</u>	<u>1,845,546</u>
EXPENDITURES:				
GENERAL GOVERNMENT:				
Council:				
Employee compensation	186,800	186,800	171,782	15,018
Other	<u>201,189</u>	<u>201,189</u>	<u>175,438</u>	<u>25,751</u>
Total council	<u>387,989</u>	<u>387,989</u>	<u>347,220</u>	<u>40,769</u>
Court:				
Employee compensation	809,150	809,150	756,514	52,636
Other	<u>386,282</u>	<u>386,282</u>	<u>335,477</u>	<u>50,805</u>
Total court	<u>1,195,432</u>	<u>1,195,432</u>	<u>1,091,991</u>	<u>103,441</u>
City manager:				
Employee compensation	1,139,000	1,139,000	1,006,376	132,624
Other	<u>971,761</u>	<u>997,665</u>	<u>899,729</u>	<u>97,936</u>
Total city manager	<u>2,110,761</u>	<u>2,136,665</u>	<u>1,906,105</u>	<u>230,560</u>
Finance:				
Employee compensation	783,900	783,900	678,697	105,203
Other	<u>1,790,793</u>	<u>1,790,793</u>	<u>1,459,717</u>	<u>331,076</u>
Total finance	<u>2,574,693</u>	<u>2,574,693</u>	<u>2,138,414</u>	<u>436,279</u>
Legal:				
Employee compensation	309,650	309,650	302,212	7,438
Other	<u>286,451</u>	<u>387,167</u>	<u>384,030</u>	<u>3,137</u>
Total legal	<u>596,101</u>	<u>696,817</u>	<u>686,242</u>	<u>10,575</u>
Other	<u>1,480,000</u>	<u>1,212,880</u>	<u>570,495</u>	<u>642,385</u>
Total general government	<u>8,344,976</u>	<u>8,204,476</u>	<u>6,740,467</u>	<u>1,464,009</u>

Continued

CITY OF MENTOR, OHIO

**GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
YEAR ENDED DECEMBER 31, 2006**

	Original Budget	Final Budget	Actual	Variance - Positive (Negative)
POLICE:				
Employee compensation	\$ 7,391,550	\$ 7,391,550	\$ 7,240,554	\$ 150,996
Other	<u>3,531,346</u>	<u>3,579,372</u>	<u>3,372,226</u>	<u>207,146</u>
Total police	<u>10,922,896</u>	<u>10,970,922</u>	<u>10,612,780</u>	<u>358,142</u>
FIRE:				
Employee compensation	5,955,650	5,955,650	5,761,148	194,502
Other	<u>3,100,571</u>	<u>3,231,071</u>	<u>3,028,384</u>	<u>202,687</u>
Total fire	<u>9,056,221</u>	<u>9,186,721</u>	<u>8,789,532</u>	<u>397,189</u>
STREETS AND HIGHWAYS:				
Employee compensation	3,146,960	3,146,955	2,941,902	205,053
Other	<u>5,287,701</u>	<u>5,297,706</u>	<u>3,987,691</u>	<u>1,310,015</u>
Total streets and highways	<u>8,434,661</u>	<u>8,444,661</u>	<u>6,929,593</u>	<u>1,515,068</u>
PARKS, RECREATION AND PUBLIC LANDS:				
Employee compensation	3,927,890	3,927,890	3,828,785	99,105
Other	<u>5,017,653</u>	<u>5,017,653</u>	<u>4,138,661</u>	<u>878,992</u>
Total parks, recreation and public lands	<u>8,945,543</u>	<u>8,945,543</u>	<u>7,967,446</u>	<u>978,097</u>
COMMUNITY DEVELOPMENT:				
Employee compensation	793,050	793,050	762,309	30,741
Other	<u>706,461</u>	<u>706,461</u>	<u>411,994</u>	<u>294,467</u>
Total community development	<u>1,499,511</u>	<u>1,499,511</u>	<u>1,174,303</u>	<u>325,208</u>
ENGINEERING AND BUILDING:				
Employee compensation	1,128,000	1,128,000	1,063,683	64,317
Other	<u>1,210,048</u>	<u>1,210,048</u>	<u>933,937</u>	<u>276,111</u>
Total engineering and building	<u>2,338,048</u>	<u>2,338,048</u>	<u>1,997,620</u>	<u>340,428</u>
Total expenditures	<u>49,541,856</u>	<u>49,589,882</u>	<u>44,211,741</u>	<u>5,378,141</u>
Excess (deficiency) of revenues over expenditures	<u>(6,993,286)</u>	<u>(7,041,312)</u>	<u>182,375</u>	<u>7,223,687</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	(489,454)	(489,454)	-
Advances in	1,060,000	1,060,000	1,322,948	262,948
Advances out	<u>-</u>	<u>(1,880,036)</u>	<u>(1,880,036)</u>	<u>-</u>
Total other financing sources (uses)	<u>1,060,000</u>	<u>(1,309,490)</u>	<u>(1,046,542)</u>	<u>262,948</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(5,933,286)</u>	<u>(8,350,802)</u>	<u>(864,167)</u>	<u>7,486,635</u>
Adjustment for prior year encumbrances	941,416	941,416	941,416	-
FUND BALANCES, BEGINNING OF YEAR	<u>7,724,492</u>	<u>7,724,492</u>	<u>7,724,492</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,732,622</u>	<u>\$ 315,106</u>	<u>\$ 7,801,741</u>	<u>\$ 7,486,635</u>

CITY OF MENTOR, OHIO

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

SPECIAL REVENUE FUNDS (Continued)

Court Probation Services Fund	To accumulate probation fees collected for the operation of Mentor Municipal Court's Probation Department.
Indigent Driver Alcohol Treatment Fund	To account for fines and fees received from the Mentor Municipal Court and the Ohio Department of Alcohol and Drug Addiction Services for the purpose of providing indigent drivers with alcohol and/or drug treatment.
Law Enforcement Trust Fund	To account for monies received from the seizure and sale of contraband and property used in criminal activity.
Police Canine Fund	To account for monies received from the Ortrud Higgins Trust for the Police Department's canine unit.
Seat Belt Grant Fund	To account for monies received from the Ohio Department of Highway Safety for the encouragement of seat belt use.
VOCA Victims Assistance Grant 05-06 Fund	To account for monies received from the Crime Victims Assistance Office to assist victims of crime.
VOCA Victims Assistance Grant 06-07 Fund	To account for monies received from the Crime Victims Assistance Office to assist victims of crime.
Community Development Block Grant 00-01 Fund	To account for monies received from the U.S. Department of Housing and Urban Development for various community development block grant programs.
Community Development Block Grant 01-02 Fund	To account for monies received from the U.S. Department of Housing and Urban Development for various community development block grant programs.
Community Development Block Grant 02-03 Fund	To account for monies received from the U.S. Department of Housing and Urban Development for various community development block grant programs.
Community Development Block Grant 03-04 Fund	To account for monies received from the U.S. Department of Housing and Urban Development for various community development block grant programs.
Community Development Block Grant 04-05 Fund	To account for monies received from the U.S. Department of Housing and Urban Development for various community development block grant programs.
Community Development Block Grant 05-06 Fund	To account for monies received from the U.S. Department of Housing and Urban Development for various community development block grant programs.
Community Development Block Grant 06-07 Fund	To account for monies received from the U.S. Department of Housing and Urban Development for various community development block grant programs.
Forfeited Property – U.S. Department of Justice Fund	To account for shared federally forfeited property proceeds received from the U.S. Department of Justice.
COPS – Secure Our Schools Grant	To account for monies received from the U.S. Department of Justice for the security at Mentor High School.

SPECIAL REVENUE FUNDS (Continued)

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

DEBT SERVICE FUNDS

General Obligation Bond Retirement Fund	To accumulate property taxes levied toward retirement of outstanding general obligation debt.
---	---

CAPITAL PROJECT FUNDS

Hopkins Road Bridge Improvement Fund	To account for the financing of the replacement of the bridge over Marsh Creek and improving its roadway approach.
Chillicothe Road Widening & Resurfacing Fund Phase 2	To account for the financing of the widening and resurfacing Chillicothe Road from King Memorial Road to Fairlawn Avenue.
Marsh Creek Detention Improvement Fund	To account for the financing of the Marsh Creek watershed improvement and storm water detention near the Concord Township line.
Morton Property Acquisition Fund	To account for the financing of the acquisition of 99 acres of protected wetland habitat adjacent to the Mentor Marsh State Nature Preserve.
Lakeshore Boulevard Bikeway Fund	To account for the financing of the construction of a bikeway along Lakeshore Boulevard between Hopkins Road and Corduroy Road.

This page left blank intentionally.

**CITY OF MENTOR, OHIO
COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	Special Revenue Funds											
	Street	Police Pension	Fire Pension	Fire Levy	Senior Citizens Services Levy	Community Recreation Facilities	Cemetery	Economic Development	Subdivision Street Tree	Street Lighting	Court Computer	Court Special Projects
ASSETS												
Cash and investments	\$ 1,875,178	\$ -	\$ -	\$ -	\$ 538,531	\$ 32,712	\$ 386,621	\$ 101,817	\$ 61,705	\$ 690,700	\$ 149,320	\$ 277,429
Receivables, net	2,700	451,356	451,356	1,117,160	-	33,518	-	-	-	15,970	7,034	7,015
Due from other funds	-	-	-	297	-	-	-	-	-	541	-	-
Due from other governments	1,034,946	66,685	66,685	211,774	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 2,912,824	\$ 518,041	\$ 518,041	\$ 1,329,231	\$ 538,531	\$ 66,230	\$ 386,621	\$ 101,817	\$ 61,705	\$ 707,211	\$ 156,354	\$ 284,444
LIABILITIES												
Accounts payable	\$ 89,932	\$ -	\$ -	\$ -	\$ 3,572	\$ -	\$ -	\$ -	\$ 10,123	\$ 162,958	\$ 4,118	\$ -
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	650,446	518,041	518,041	1,329,231	-	-	-	-	-	16,511	-	-
Total liabilities	740,378	518,041	518,041	1,329,231	3,572	-	-	-	10,123	179,469	4,118	-
FUND BALANCES												
Reserved for:												
Debt service	-	-	-	-	-	-	-	-	-	-	-	-
Encumbrances	164,350	-	-	-	12,196	-	-	8,744	-	-	5,069	-
Unreserved, undesignated	2,008,096	-	-	-	522,763	66,230	386,621	93,073	51,582	527,742	147,167	284,444
Total fund balances	2,172,446	-	-	-	534,959	66,230	386,621	101,817	51,582	527,742	152,236	284,444
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,912,824	\$ 518,041	\$ 518,041	\$ 1,329,231	\$ 538,531	\$ 66,230	\$ 386,621	\$ 101,817	\$ 61,705	\$ 707,211	\$ 156,354	\$ 284,444

Continued

CITY OF MENTOR, OHIO

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	Special Revenue Funds												
	Enforcement and Education	Court Probation Services	Indigent Driver Alcohol Treatment	Law Enforcement Trust	Police Canine	Seat Belt Grant	VOCA Victims Assistance Grant 05-06	VOCA Victims Assistance Grant 06-07	Community Development Block Grant 00-01	Community Development Block Grant 01-02	Community Development Block Grant 02-03	Community Development Block Grant 03-04	Community Development Block Grant 04-05
ASSETS													
Cash and investments	\$ 27,716	\$ 125,996	\$ 24,088	\$ 56,614	\$ 70,710	\$ 6,567	\$ -	\$ 789	\$ (168)	\$ 18,994	\$ 3,553	\$ -	\$ 9,200
Reservables, net	714	8,306	400	273	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-
Due from other governments	-	-	3,500	-	-	-	-	-	1,372	-	-	-	-
TOTAL ASSETS	\$ 28,430	\$ 134,302	\$ 27,988	\$ 56,887	\$ 70,710	\$ 6,567	\$ -	\$ 789	\$ 1,204	\$ 18,994	\$ 3,553	\$ -	\$ 9,200
LIABILITIES													
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 180	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-	-	16,800	-	-	9,200
Deferred revenue	-	-	3,500	-	-	-	-	-	-	-	-	-	-
Total liabilities	-	-	3,500	-	180	-	-	-	-	16,800	-	-	9,200
FUND BALANCES													
Reserved for:													
Debt service	-	-	-	-	-	-	-	-	-	-	-	-	-
Encumbrances	-	-	3,000	-	-	61	-	-	-	14,685	2,059	-	-
Unreserved, undesignated	28,430	134,302	21,488	56,887	70,530	6,506	-	789	1,204	(12,491)	1,494	-	-
Total fund balances	28,430	134,302	24,488	56,887	70,530	6,567	-	789	1,204	2,194	3,553	-	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 28,430	\$ 134,302	\$ 27,988	\$ 56,887	\$ 70,710	\$ 6,567	\$ -	\$ 789	\$ 1,204	\$ 18,994	\$ 3,553	\$ -	\$ 9,200

Continued

CITY OF MENTOR, OHIO

**COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2006**

	Debt Service Fund		Capital Project Funds					Total Capital Project Funds	Total All Nonmajor Funds
	General Obligation Bond Retirement	Hopkins Road/Bridge Improvement	Chillicothe Road Widening & Resurfacing - Phase 2	Marsh Creek Detention Improvements	Morton Property Acquisition	Lakeshore Boulevard Bikeway			
ASSETS									
Cash and investments	\$ 390,167	\$ 4,845	\$ 3,578	\$ 623,828	\$ 44,755	\$ 382,222	\$ 1,059,228	\$ 6,223,732	
Receivables, net	1,956,076	-	-	-	-	-	-	4,062,814	
Due from other funds	-	-	-	-	-	-	-	838	
Due from other governments	181,175	313,500	132,500	105,382	-	101,472	652,854	2,218,991	
	\$ 2,527,418	\$ 318,345	\$ 136,078	\$ 729,210	\$ 44,755	\$ 483,694	\$ 1,712,082	\$ 12,506,375	
TOTAL ASSETS									
LIABILITIES									
Accounts payable	\$ -	\$ -	\$ -	\$ 311,827	\$ 3,779	\$ 152,162	\$ 467,768	\$ 739,497	
Due to other funds	-	322,481	101,585	717,318	174,000	-	1,315,384	1,592,371	
Deferred revenue	2,137,251	-	-	-	-	-	-	5,173,021	
Total liabilities	2,137,251	322,481	101,585	1,029,145	177,779	152,162	1,783,152	7,504,889	
FUND BALANCES									
Reserved for:									
Debt service	390,167	-	-	-	-	-	-	390,167	
Encumbrances	-	(4,136)	34,493	417,383	-	320,987	738,370	964,881	
Unreserved, undesignated	-	(4,136)	34,493	(717,318)	(133,024)	10,545	(809,440)	3,646,438	
Total fund balances	390,167	(4,136)	34,493	(299,935)	(133,024)	331,532	(71,070)	5,001,486	
	\$ 2,527,418	\$ 318,345	\$ 136,078	\$ 729,210	\$ 44,755	\$ 483,694	\$ 1,712,082	\$ 12,506,375	
TOTAL LIABILITIES AND FUND BALANCES									

CITY OF MENTOR, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2006

	Special Revenue Funds												
	Street	Police Pension	Fire Pension	Fire Levy	Senior Citizens Service Levy	Community Recreation Facilities	Cemetery	Economic Development	Subdivision Street Tree	Street Lighting	Court Computer	Court Special Projects	Enforcement and Education
REVENUES													
Property taxes	\$ -	\$ 452,383	\$ 452,383	\$ 1,274,392	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Municipal income tax	-	-	-	-	-	-	-	-	-	-	-	-	-
Other local taxes	366,951	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	2,116,408	-	-	-	99,327	387,571	-	-	-	-	-	-	-
Charges for services	-	41,370	41,370	99,502	-	-	15,150	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	38,210	-	-	-	-	-	-	-
Licenses, permits, and inspections	-	-	-	-	-	-	-	13,320	-	93,846	-	93,916	6,806
Special assessments	95,043	-	-	-	-	-	-	-	1,019,243	-	-	-	-
Investment income	24,929	-	-	-	-	-	-	-	-	-	-	-	-
Donations and other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	2,605,331	493,753	493,753	1,373,894	99,327	387,571	15,150	13,320	1,019,243	93,846	93,916	93,916	6,806
EXPENDITURES													
Current:													
General government	-	-	-	-	-	-	-	-	-	-	-	-	-
Police	-	493,753	-	-	-	-	-	-	-	95,517	-	55,373	-
Fire	-	-	493,753	1,219,434	-	-	-	-	-	-	-	-	1,011
Streets and highways	1,392,973	-	-	-	-	-	-	-	-	-	-	-	-
Parks, recreations and public lands	-	-	-	-	6,100	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	8,000	-	-	-	-	-	-
Engineering and building	-	-	-	-	-	-	-	16,379	-	-	-	-	-
Capital outlay	921,194	-	-	163,255	18,601	-	-	-	-	21,333	-	-	-
Debt service:													
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest and other expenditures	-	-	-	-	-	-	-	-	-	-	-	-	-
Total expenditures	2,314,167	493,753	493,753	1,382,689	24,701	-	8,000	16,379	1,005,044	116,850	55,373	55,373	1,011
Excess (deficiency) of revenues over (under) expenditures	291,164	-	-	(8,795)	74,626	387,571	7,150	(3,059)	14,199	(23,004)	38,543	38,543	5,795
OTHER FINANCING SOURCES (USES)													
Bonds issued	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds of notes	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(370,000)	-	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	(370,000)	-	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	291,164	-	-	(8,795)	74,626	17,571	7,150	(3,059)	14,199	(23,004)	38,543	38,543	5,795
FUND BALANCES AT BEGINNING OF YEAR	1,881,282	-	-	8,795	460,333	48,659	94,667	54,641	513,543	175,240	245,901	245,901	22,635
FUND BALANCE AT END OF YEAR	\$ 2,172,446	\$ -	\$ -	\$ -	\$ 534,959	\$ 66,230	\$ 101,817	\$ 51,582	\$ 527,742	\$ 152,236	\$ 284,444	\$ 284,444	\$ 28,430

Continued

CITY OF MENTOR, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2006

	Court Probation Services	Indigent Driver Alcohol Treatment	Law Enforcement Trust	Police Canine	Seat Belt Grant	Special Revenue Funds					Community Development Block Grant 05-06							
						VOCA Victims Assistance Grant 05-06	VOCA Victims Assistance Grant 06-07	Community Development Block Grant 00-01	Community Development Block Grant 01-02	Community Development Block Grant 02-03		Community Development Block Grant 03-04	Community Development Block Grant 04-05					
REVENUES																		
Property taxes																		
Municipal income tax																		
Other local taxes																		
Intergovernmental		12,472			1,294			1,050	8,516		12,500		13,158					62,619
Charges for services																		
Fines and forfeitures	96,184	5,974	1,430															
Licenses, permits, and inspections																		
Special assessments																		
Investment income																		
Donations and other				670														
Total revenues	96,184	18,446	1,430	670	1,294	2,316	789	1,050	8,516	12,500	13,158							62,619
EXPENDITURES																		
Current:																		
General government	59,682	26,181																
Police				15,057		3,070												
Fire																		
Streets and highways																		
Parks, recreations and public lands																		
Community development								(505)	6,322		12,500		13,158					71,621
Engineering and building																		
Capital outlay																		
Debt service:																		
Principal retirement																		
Interest and other expenditures																		
Total expenditures	59,682	26,181		15,057	2,177	3,070		(505)	6,322	12,500	13,158							87,142
Excess (deficiency) of revenues over (under) expenditures	36,502	(7,735)	1,430	(14,387)	(883)	(754)	789	1,555	2,194									(24,523)
OTHER FINANCING SOURCES (USES)																		
Bonds issued																		
Payment to refund bond escrow agent																		
Proceeds of notes																		
Transfers in																		
Transfers out																		
Total other financing sources and uses																		
NET CHANGE IN FUND BALANCES	36,502	(7,735)	1,430	(14,387)	(883)	(754)	789	1,555	2,194									(24,523)
FUND BALANCES AT BEGINNING OF YEAR	95,800	32,223	55,457	84,917	7,450	754	-	(351)	-	3,553	-	-	-	-	-	-	-	-
FUND BALANCE AT END OF YEAR	\$ 134,302	\$ 24,488	\$ 56,887	\$ 70,530	\$ 6,567	\$ -	\$ 789	\$ 1,204	\$ 2,194	\$ 3,553	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (24,523)

Continued

CITY OF MENTOR, OHIO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2006

	Special Revenue Funds										Debt Service Fund		
	Community Development Block Street 06-07	Forfeited Property - U.S. Department of Justice	COPS Secure Our Schools Pension	Municipal Income Tax	Senior Citizens Levyation	Community Recreation Facilities	Senior Citizens Cemetery	Educational Demonstration	Subdivision Streetification Thematation	Street Lighting	Total Special Revenue	General Obligation Special	Refinement
REVENUES													
Property taxes		\$ 452,383	\$ 452,383	\$ 1,274,392	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,179,158	\$ 1,508,048	
Municipal income tax	366,961	-	-	-	-	-	-	-	-	-	754,622	-	-
Other local taxes	2,118,408	41,370	48,300	99,502	99,327	387,571	-	-	-	2,583,771	145,000	-	-
Intergovernmental	-	-	-	1,000	-	-	-	16,180	79,472	-	198,760	-	-
Charges for services	-	-	-	-	-	-	-	-	5,696	-	300,986	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	13,320	-	13,320	-	93,816
Licenses, permits, and inspections	-	-	-	-	-	-	-	-	1,019,243	-	1,019,243	-	-
Special assessments	95,043	-	-	-	-	-	-	-	-	-	95,109	-	-
Investment income	24,929	-	-	-	-	-	-	-	-	-	32,832	-	-
Donations and other	-	-	-	-	2,285	3,420	-	1,928	-	-	32,832	-	-
Total revenues	2,605,331	493,756	493,756	1,373,300	99,285	387,570	3,823,011	18,158	1,353,986	1,019,243	7,926,861	1,663,048	
EXPENDITURES													
Current:													
General government	-	-	-	664	-	-	-	-	-	-	285,437	55,373	-
Police	-	493,753	44,426	-	2,345	-	-	-	-	-	561,839	-	-
Fire	-	-	493,753	1,219,434	-	2,607	-	-	-	-	1,715,194	-	-
Streets and highways	1,392,973	-	-	-	-	-	-	-	1,005,044	-	2,398,017	-	-
Parks, recreations and public lands	-	-	-	-	6,100	-	2,619	12,866	165,396	77,382	121,044	-	-
Community development	-	-	-	-	-	-	-	8,000	-	-	149,163	-	-
Engineering and building	38,667	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	921,194	-	24,810	163,255	18,601	-	-	-	-	-	1,124,334	-	-
Debt service:													
Principal retirement	-	-	-	-	-	-	-	-	-	-	-	1,419,909	-
Interest and other expenditures	-	-	-	-	-	-	-	-	-	-	-	1,011,088	-
Total expenditures	2,318,167	493,753	493,756	1,382,684	24,745	2,607	2,619	82,066	1,653,986	1,005,044	6,134,788	2,480,387	
Excess (deficiency) of revenues over (under) expenditures	286,164	-	(256)	(8,384)	74,660	387,970	38,400	75,883	(3,000)	142,690	(288,064)	(787,548)	
OTHER FINANCING SOURCES (USES)													
Bonds issued	-	-	-	-	-	-	-	-	-	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds of notes	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	9,454	-	-	-	-	-	-	-	9,454	850,000	-
Transfers out	-	-	-	-	(370,000)	(370,000)	-	-	-	-	(370,000)	-	-
Total other financing sources and uses	-	-	9,454	-	(370,000)	(370,000)	-	-	-	-	(360,546)	850,000	-
NET CHANGE IN FUND BALANCES	286,164	-	9,198	(8,724)	74,660	171,970	38,400	75,883	(3,000)	142,690	(288,064)	(787,548)	
FUND BALANCES AT BEGINNING OF YEAR	1,881,282	1,315	-	8,724	460,303	488,658	3,484,880	980,676	5,426,424	513,583	4,125,242	28,689,016	
FUND BALANCE AT END OF YEAR	\$ 2,167,446	\$ 1,315	\$ 9,198	\$ 900	\$ 534,963	\$ 660,628	\$ 3,523,280	\$ 1,056,559	\$ 5,153,822	\$ 527,372	\$ 4,184,796	\$ 28,901,467	

Continued

CITY OF MENTOR, OHIO

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2006**

	Capital Project Funds						Total All Nonmajor Funds
	Hopkins Road/Bridge Improvements	Chillicothe Road Widening & Resurfacing - Phase 2	Marsh Creek Detention Improvement	Morton Property Acquisition	Lakeshore Boulevard Phase 2	Total Capital Project Funds	
REVENUES							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,687,206
Municipal income tax	-	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	-	754,522
Intergovernmental	313,500	132,500	105,382	1,138,428	566,708	2,256,518	4,985,289
Charges for services	-	-	-	-	-	-	158,760
Fines and forfeitures	-	-	-	-	-	-	300,156
Licenses, permits, and inspections	-	-	-	-	-	-	13,320
Special assessments	-	-	-	-	-	-	1,019,243
Investment income	-	-	-	-	-	-	95,109
Donations and other	-	-	-	-	-	-	32,932
Total revenues	313,500	132,500	105,382	1,138,428	566,708	2,256,518	11,046,537
EXPENDITURES							
Current:							
General government	-	-	-	-	-	-	237,437
Police	-	-	-	-	-	-	561,839
Fire	-	-	-	-	-	-	1,715,194
Streets and highways	3,603	1,989	-	-	-	5,592	2,403,609
Parks, recreations and public lands	-	-	-	-	-	-	121,044
Community development	-	-	-	-	-	-	149,163
Engineering and building	-	-	-	-	-	-	-
Capital outlay	-	14,408	405,317	1,757,952	710,896	2,888,573	4,053,387
Debt service:							
Principal retirement	-	-	-	-	-	-	1,419,909
Interest and other expenditures	-	-	-	-	-	-	1,011,088
Total expenditures	3,603	16,397	405,317	1,757,952	710,896	2,894,165	11,672,670
Excess (deficiency) of revenues over (under) expenditures	309,897	116,103	(299,935)	(619,524)	(144,188)	(637,647)	(626,133)
OTHER FINANCING SOURCES (USES)							
Bonds issued	-	-	-	-	-	-	-
Payment to refund bond escrow agent	-	-	-	-	-	-	-
Proceeds of notes	8,138	11,704	-	-	-	19,842	19,842
Transfers in	-	-	-	-	-	-	889,454
Transfers out	-	-	-	-	-	-	(370,000)
Total other financing sources and uses	8,138	11,704	-	-	-	19,842	509,296
NET CHANGE IN FUND BALANCES	318,035	127,807	(299,935)	(619,524)	(144,188)	(617,805)	(116,837)
FUND BALANCES AT BEGINNING OF YEAR	(322,171)	(93,314)	-	486,500	475,720	546,735	5,118,323
FUND BALANCE AT END OF YEAR	\$ (4,136)	\$ 34,493	\$ (299,935)	\$ (133,024)	\$ 331,532	\$ (71,070)	\$ 5,001,486

CITY OF MENTOR, OHIO

AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
YEAR ENDED DECEMBER 31, 2006

	<u>Balance</u> <u>January 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 2006</u>
<u>Municipal Court Fund:</u>				
ASSETS:				
Cash	\$ <u>57,392</u>	\$ <u>1,319,429</u>	\$ <u>1,333,200</u>	\$ <u>43,621</u>
LIABILITIES:				
Deposits held and due to others	\$ <u>57,392</u>	\$ <u>1,319,429</u>	\$ <u>1,333,200</u>	\$ <u>43,621</u>

CITY OF MENTOR, OHIO

STREET FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Other local taxes	\$ 360,000	\$ 368,442	\$ 8,442
Intergovernmental	1,980,000	2,139,690	159,690
Investment income	60,000	95,043	35,043
Other	-	24,929	24,929
	<u>2,400,000</u>	<u>2,628,104</u>	<u>228,104</u>
EXPENDITURES:			
Streets and highways	<u>3,627,058</u>	<u>2,532,655</u>	<u>1,094,403</u>
Excess (deficiency) of revenues over expenditures	<u>(1,227,058)</u>	<u>95,449</u>	<u>1,322,507</u>
Adjustment for prior year encumbrances	66,058	66,058	-
FUND BALANCES, BEGINNING OF YEAR	<u>1,462,089</u>	<u>1,462,089</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 301,089</u>	<u>\$ 1,623,596</u>	<u>\$ 1,322,507</u>

CITY OF MENTOR, OHIO

**POLICE PENSION FUND
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 YEAR ENDED DECEMBER 31, 2006**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Property taxes	\$ 439,023	\$ 452,384	\$ 13,361
Intergovernmental	<u>54,731</u>	<u>41,370</u>	<u>(13,361)</u>
Total revenues	<u>493,754</u>	<u>493,754</u>	<u>-</u>
EXPENDITURES:			
Police	<u>493,754</u>	<u>493,754</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	-
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MENTOR, OHIO

**FIRE PENSION FUND
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 YEAR ENDED DECEMBER 31, 2006**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Property taxes	\$ 439,023	\$ 452,384	\$ 13,361
Intergovernmental	<u>54,731</u>	<u>41,370</u>	<u>(13,361)</u>
Total revenues	<u>493,754</u>	<u>493,754</u>	<u>-</u>
EXPENDITURES:			
Fire	<u>493,754</u>	<u>493,754</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	-
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MENTOR, OHIO

FIRE LEVY FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	Final Budget	Actual	Variance - Positive (Negative)
REVENUES:			
Property taxes	\$ 1,229,492	\$ 1,274,392	\$ 44,900
Intergovernmental	<u>144,402</u>	<u>99,502</u>	<u>(44,900)</u>
Total revenues	<u>1,373,894</u>	<u>1,373,894</u>	<u>-</u>
EXPENDITURES:			
Fire:			
Employee compensation	1,202,985	1,202,985	-
Other	<u>179,704</u>	<u>179,704</u>	<u>-</u>
Total expenditure	<u>1,382,689</u>	<u>1,382,689</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(8,795)	(8,795)	-
FUND BALANCES, BEGINNING OF YEAR	<u>8,795</u>	<u>8,795</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MENTOR, OHIO

SENIOR CITIZENS SERVICES LEVY FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ 80,000	\$ 99,326	\$ 19,326
EXPENDITURES:			
Parks, recreation and public lands	321,350	36,898	284,452
Excess (deficiency) of revenues over expenditures	(241,350)	62,428	303,778
Adjustment for prior year encumbrances	16,350	16,350	-
FUND BALANCES, BEGINNING OF YEAR	443,984	443,984	-
FUND BALANCES, END OF YEAR	<u>\$ 218,984</u>	<u>\$ 522,762</u>	<u>\$ 303,778</u>

CITY OF MENTOR, OHIO

COMMUNITY RECREATION FACILITIES FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	Final Budget	Actual	Variance - Positive (Negative)
REVENUES:			
Other local taxes	\$ 369,000	\$ 391,468	\$ 22,468
EXPENDITURES	-	-	-
Excess (deficiency) of revenues over expenditures	369,000	391,468	22,468
OTHER FINANCING USES:			
Transfers out	(370,000)	(370,000)	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(1,000)	21,468	22,468
FUND BALANCES, BEGINNING OF YEAR	11,279	11,279	-
FUND BALANCES, END OF YEAR	\$ 10,279	\$ 32,747	\$ 22,468

CITY OF MENTOR, OHIO

**CEMETERY FUND
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 YEAR ENDED DECEMBER 31, 2006**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Charges for services	\$ 34,000	\$ 38,210	\$ 4,210
EXPENDITURES	-	-	-
Excess (deficiency) of revenues over expenditures	34,000	38,210	4,210
FUND BALANCES, BEGINNING OF YEAR	<u>348,411</u>	<u>348,411</u>	-
FUND BALANCES, END OF YEAR	<u>\$ 382,411</u>	<u>\$ 386,621</u>	<u>\$ 4,210</u>

CITY OF MENTOR, OHIO

ECONOMIC DEVELOPMENT FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Charges for services	\$ 11,000	\$ 15,150	\$ 4,150
EXPENDITURES:			
Community development	98,744	16,744	82,000
Excess (deficiency) of revenues over expenditures	(87,744)	(1,594)	86,150
Adjustment for prior year encumbrances	8,744	8,744	-
FUND BALANCES, BEGINNING OF YEAR	<u>85,923</u>	<u>85,923</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 6,923</u>	<u>\$ 93,073</u>	<u>\$ 86,150</u>

CITY OF MENTOR, OHIO

SUBDIVISION STREET TREE FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Licenses, permits, and inspections	\$ 10,000	\$ 13,320	\$ 3,320
EXPENDITURES:			
Parks, recreation and public lands	48,970	16,379	32,591
Excess (deficiency) of revenues over expenditures	(38,970)	(3,059)	35,911
Adjustment for prior year encumbrances	3,970	3,970	-
FUND BALANCES, BEGINNING OF YEAR	50,671	50,671	-
FUND BALANCES, END OF YEAR	<u>\$ 15,671</u>	<u>\$ 51,582</u>	<u>\$ 35,911</u>

CITY OF MENTOR, OHIO

STREET LIGHTING FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Special assessments	\$ 982,000	\$ 1,019,243	\$ 37,243
EXPENDITURES:			
Streets and highways	<u>1,061,000</u>	<u>1,005,044</u>	<u>55,956</u>
Excess (deficiency) of revenues over expenditures	(79,000)	14,199	93,199
FUND BALANCES, BEGINNING OF YEAR	<u>513,543</u>	<u>513,543</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 434,543</u>	<u>\$ 527,742</u>	<u>\$ 93,199</u>

CITY OF MENTOR, OHIO

COURT COMPUTER FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Fines and forfeitures	\$ 100,000	\$ 93,858	\$ (6,142)
EXPENDITURES:			
General government	<u>150,000</u>	<u>121,920</u>	<u>28,080</u>
Excess (deficiency) of revenues over expenditures	(50,000)	(28,062)	21,938
FUND BALANCES, BEGINNING OF YEAR	<u>168,194</u>	<u>168,194</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 118,194</u>	<u>\$ 140,132</u>	<u>\$ 21,938</u>

CITY OF MENTOR, OHIO

COURT SPECIAL PROJECTS SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Fines and forfeitures	\$ 102,000	\$ 93,856	\$ (8,144)
EXPENDITURES:			
General government	<u>250,000</u>	<u>55,373</u>	<u>194,627</u>
Excess (deficiency) of revenues over expenditures	(148,000)	38,483	186,483
FUND BALANCES, BEGINNING OF YEAR	<u>238,946</u>	<u>238,946</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 90,946</u>	<u>\$ 277,429</u>	<u>\$ 186,483</u>

CITY OF MENTOR, OHIO

ENFORCEMENT AND EDUCATION FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Fines and forfeitures	\$ 5,000	\$ 6,480	\$ 1,480
EXPENDITURES:			
Police	<u>20,000</u>	<u>1,011</u>	<u>18,989</u>
Excess (deficiency) of revenues over expenditures	(15,000)	5,469	20,469
FUND BALANCES, BEGINNING OF YEAR	<u>22,247</u>	<u>22,247</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 7,247</u>	<u>\$ 27,716</u>	<u>\$ 20,469</u>

CITY OF MENTOR, OHIO

**COURT PROBATION SERVICES FUND
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 YEAR ENDED DECEMBER 31, 2006**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Fines and forfeitures	\$ 70,000	\$ 97,193	\$ 27,193
EXPENDITURES:			
General government	100,000	59,682	40,318
Excess (deficiency) of revenues over expenditures	(30,000)	37,511	67,511
FUND BALANCES, BEGINNING OF YEAR	<u>88,485</u>	<u>88,485</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 58,485</u>	<u>\$ 125,996</u>	<u>\$ 67,511</u>

CITY OF MENTOR, OHIO

**INDIGENT DRIVER ALCOHOL TREATMENT FUND
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 YEAR ENDED DECEMBER 31, 2006**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ 10,000	\$ 12,472	\$ 2,472
Fines and forfeitures	<u>4,000</u>	<u>5,899</u>	<u>1,899</u>
Total revenues	<u>14,000</u>	<u>18,371</u>	<u>4,371</u>
EXPENDITURES:			
General government	<u>30,000</u>	<u>26,181</u>	<u>3,819</u>
Excess (deficiency) of revenues over expenditures	(16,000)	(7,810)	8,190
FUND BALANCES, BEGINNING OF YEAR	<u>31,898</u>	<u>31,898</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 15,898</u>	<u>\$ 24,088</u>	<u>\$ 8,190</u>

CITY OF MENTOR, OHIO

**LAW ENFORCEMENT TRUST FUND
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 YEAR ENDED DECEMBER 31, 2006**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Fines and forfeitures	\$ 5,000	\$ 1,257	\$ (3,743)
EXPENDITURES:			
Police	40,000	-	40,000
Excess (deficiency) of revenues over expenditures	(35,000)	1,257	36,257
FUND BALANCES, BEGINNING OF YEAR	<u>55,357</u>	<u>55,357</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 20,357</u>	<u>\$ 56,614</u>	<u>\$ 36,257</u>

CITY OF MENTOR, OHIO

**POLICE CANINE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 YEAR ENDED DECEMBER 31, 2006**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES			
Donations and other	\$ -	\$ 670	\$ 670
EXPENDITURES:			
Police	<u>75,720</u>	<u>15,057</u>	<u>60,663</u>
Excess (deficiency) of revenues over expenditures	(75,720)	(14,387)	61,333
Adjustment for prior year encumbrances	720	720	-
FUND BALANCES, BEGINNING OF YEAR	<u>84,197</u>	<u>84,197</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 9,197</u>	<u>\$ 70,530</u>	<u>\$ 61,333</u>

CITY OF MENTOR, OHIO

SEAT BELT GRANT FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ 1,400	\$ 1,294	\$ (106)
EXPENDITURES:			
Police	<u>8,000</u>	<u>2,239</u>	<u>5,761</u>
Excess (deficiency) of revenues over expenditures	(6,600)	(945)	5,655
FUND BALANCES, BEGINNING OF YEAR	<u>7,451</u>	<u>7,451</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 851</u>	<u>\$ 6,506</u>	<u>\$ 5,655</u>

CITY OF MENTOR, OHIO

**VOCA VICTIMS ASSISTANCE GRANT 05-06 FUND
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 YEAR ENDED DECEMBER 31, 2006**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ 2,336	\$ 2,316	\$ (20)
EXPENDITURES:			
Police	3,070	3,070	-
Excess (deficiency) of revenues over expenditures	(734)	(754)	(20)
FUND BALANCES, BEGINNING OF YEAR	754	754	-
FUND BALANCES, END OF YEAR	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ (20)</u>

CITY OF MENTOR, OHIO

**VOCA VICTIMS ASSISTANCE GRANT 06-07 FUND
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 YEAR ENDED DECEMBER 31, 2006**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ -	\$ 789	\$ 789
EXPENDITURES:			
Police	-	-	-
Excess (deficiency) of revenues over expenditures	-	789	789
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ 789</u>	<u>\$ 789</u>

CITY OF MENTOR, OHIO

COMMUNITY DEVELOPMENT BLOCK GRANT 00-01 FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	Final Budget	Actual	Variance - Positive (Negative)
REVENUES:			
Intergovernmental	\$ 686	\$ 364	\$ (322)
EXPENDITURES:			
Community development	13	(505)	518
Excess (deficiency) of revenues over expenditures	673	869	196
OTHER FINANCING SOURCES (USES):			
Advances out	(351)	(351)	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	322	518	196
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	<u>\$ 322</u>	<u>\$ 518</u>	<u>\$ 196</u>

CITY OF MENTOR, OHIO

COMMUNITY DEVELOPMENT BLOCK GRANT 01-02 FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	Final Budget	Actual	Variance - Positive (Negative)
REVENUES:			
Intergovernmental	\$ 56,541	\$ 8,516	\$ (48,025)
EXPENDITURES:			
Community development	21,631	21,007	624
Excess (deficiency) of revenues over expenditures	34,910	(12,491)	(47,401)
OTHER FINANCING SOURCES (USES):			
Advances in	16,800	16,800	-
Advances out	(19,578)	(15,893)	3,685
Total other financing sources (uses)	(2,778)	907	3,685
Excess (deficiency) of revenues and other sources over expenditures and other uses	32,132	(11,584)	(43,716)
Adjustment for prior year encumbrances	15,893	15,893	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	\$ 48,025	\$ 4,309	\$ (43,716)

CITY OF MENTOR, OHIO

COMMUNITY DEVELOPMENT BLOCK GRANT 02-03 FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	Final Budget	Actual	Variance - Positive (Negative)
REVENUES:			
Intergovernmental	\$ 11,852	\$ -	\$ (11,852)
EXPENDITURES:			
Community development	3,553	2,059	1,494
Excess (deficiency) of revenues over expenditures	8,299	(2,059)	(10,358)
OTHER FINANCING SOURCES (USES):			
Advances in	52	-	(52)
Excess (deficiency) of revenues and other sources over expenditures and other uses	8,351	(2,059)	(10,410)
Adjustment for prior year encumbrances	2,059	2,059	-
FUND BALANCES, BEGINNING OF YEAR	1,494	1,494	-
FUND BALANCES, END OF YEAR	<u>\$ 11,904</u>	<u>\$ 1,494</u>	<u>\$ (10,410)</u>

CITY OF MENTOR, OHIO

**COMMUNITY DEVELOPMENT BLOCK GRANT 03-04 FUND
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 YEAR ENDED DECEMBER 31, 2006**

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

CITY OF MENTOR, OHIO

COMMUNITY DEVELOPMENT BLOCK GRANT 04-05 FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ 69,918	\$ 15,658	\$ (54,260)
EXPENDITURES:			
Community development	22,358	13,158	9,200
Excess (deficiency) of revenues over expenditures	47,560	2,500	(45,060)
OTHER FINANCING SOURCES (USES):			
Advances in	9,200	9,200	-
Advances out	(10,658)	(10,658)	-
Total other financing sources (uses)	(1,458)	(1,458)	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	46,102	1,042	(45,060)
Adjustment for prior year encumbrances	8,158	8,158	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	<u>\$ 54,260</u>	<u>\$ 9,200</u>	<u>\$ (45,060)</u>

CITY OF MENTOR, OHIO

COMMUNITY DEVELOPMENT BLOCK GRANT 05-06 FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ 203,616	\$ 62,619	\$ (140,997)
EXPENDITURES:			
Community development	125,619	103,082	22,537
Excess (deficiency) of revenues over expenditures	77,997	(40,463)	(118,460)
OTHER FINANCING SOURCES (USES):			
Advances in	63,000	63,000	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	140,997	22,537	(118,460)
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	<u>\$ 140,997</u>	<u>\$ 22,537</u>	<u>\$ (118,460)</u>

CITY OF MENTOR, OHIO

COMMUNITY DEVELOPMENT BLOCK GRANT 06-07 FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ -	\$ -	\$ -
EXPENDITURES:			
Community development	38,067	38,067	-
Excess (deficiency) of revenues over expenditures	(38,067)	(38,067)	-
OTHER FINANCING SOURCES (USES):			
Advances in	38,067	187,988	149,921
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	149,921	149,921
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ 149,921</u>	<u>\$ 149,921</u>

CITY OF MENTOR, OHIO

**FORFEITED PROPERTY - U.S. DEPARTMENT OF JUSTICE FUND
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 YEAR ENDED DECEMBER 31, 2006**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ 9,900	\$ -	\$ (9,900)
Investment Income	<u>100</u>	<u>66</u>	<u>(34)</u>
Total revenues	10,000	66	(9,934)
EXPENDITURES			
Police	<u>1,381</u>	<u>-</u>	<u>1,381</u>
Excess (deficiency) of revenues over expenditures	8,619	66	(8,553)
FUND BALANCES, BEGINNING OF YEAR	<u>1,315</u>	<u>1,315</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 9,934</u>	<u>\$ 1,381</u>	<u>\$ (8,553)</u>

CITY OF MENTOR, OHIO

**COPS - Secure Our Schools Grant
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 YEAR ENDED DECEMBER 31, 2006**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ 150,947	\$ 69,080	\$ (81,867)
EXPENDITURES:			
Police	78,534	69,336	9,198
Excess (deficiency) of revenues over expenditures	72,413	(256)	(72,669)
OTHER FINANCING SOURCES (USES):			
Transfers in	18,910	9,454	(9,456)
Excess (deficiency) of revenues and other sources over expenditures and other uses	91,323	9,198	(82,125)
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	<u>\$ 91,323</u>	<u>\$ 9,198</u>	<u>\$ (82,125)</u>

CITY OF MENTOR, OHIO

COUNCIL DONATION FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Donations and other	\$ 500	\$ 1,000	\$ 500
EXPENDITURES:			
General government	685	685	-
Excess (deficiency) of revenues over expenditures	(185)	315	500
FUND BALANCES, BEGINNING OF YEAR	585	585	-
FUND BALANCES, END OF YEAR	<u>\$ 400</u>	<u>\$ 900</u>	<u>\$ 500</u>

CITY OF MENTOR, OHIO

POLICE DONATION FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Donations and other	\$ 500	\$ 2,285	\$ 1,785
EXPENDITURES:			
Police	8,000	2,345	5,655
Excess (deficiency) of revenues over expenditures	(7,500)	(60)	7,440
FUND BALANCES, BEGINNING OF YEAR	9,491	9,491	-
FUND BALANCES, END OF YEAR	<u>\$ 1,991</u>	<u>\$ 9,431</u>	<u>\$ 7,440</u>

CITY OF MENTOR, OHIO

FIRE DONATION FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Donations and other	\$ 1,500	\$ 3,120	\$ 1,620
EXPENDITURES:			
Fire	7,000	2,007	4,993
Excess (deficiency) of revenues over expenditures	(5,500)	1,113	6,613
FUND BALANCES, BEGINNING OF YEAR	<u>8,858</u>	<u>8,858</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 3,358</u>	<u>\$ 9,971</u>	<u>\$ 6,613</u>

CITY OF MENTOR, OHIO

SENIOR CITIZENS DONATION FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Donations and other	\$ 2,300	\$ 2,511	\$ 211
EXPENDITURES:			
Parks, recreation and public lands	14,050	2,619	11,431
Excess (deficiency) of revenues over expenditures	(11,750)	(108)	11,642
Adjustment for prior year encumbrances	250	250	-
FUND BALANCES, BEGINNING OF YEAR	<u>14,330</u>	<u>14,330</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,830</u>	<u>\$ 14,472</u>	<u>\$ 11,642</u>

CITY OF MENTOR, OHIO

CULTURAL DONATION FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Donations and other	\$ 19,100	\$ 18,749	\$ (351)
EXPENDITURES:			
Parks, recreation and public lands	<u>70,180</u>	<u>13,257</u>	<u>56,923</u>
Excess (deficiency) of revenues over expenditures	(51,080)	5,492	56,572
Adjustment for prior year encumbrances	180	180	-
FUND BALANCES, BEGINNING OF YEAR	<u>80,598</u>	<u>80,598</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 29,698</u>	<u>\$ 86,270</u>	<u>\$ 56,572</u>

CITY OF MENTOR, OHIO

BEAUTIFICATION DONATION FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Donations and other	\$ 5,000	\$ 5,596	\$ 596
EXPENDITURES:			
Parks, recreation and public lands	6,000	5,714	286
Excess (deficiency) of revenues over expenditures	(1,000)	(118)	882
FUND BALANCES, BEGINNING OF YEAR	2,424	2,424	-
FUND BALANCES, END OF YEAR	<u>\$ 1,424</u>	<u>\$ 2,306</u>	<u>\$ 882</u>

CITY OF MENTOR, OHIO

IBIM FESTIVAL FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Donations and other	\$ 75,850	\$ 79,472	\$ 3,622
EXPENDITURES:			
Parks, recreation and public lands	<u>77,382</u>	<u>77,382</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(1,532)	2,090	3,622
FUND BALANCES, BEGINNING OF YEAR	<u>1,532</u>	<u>1,532</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ 3,622</u>	<u>\$ 3,622</u>

CITY OF MENTOR, OHIO

GENERAL OBLIGATION BOND RETIREMENT FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	Final Budget	Actual	Variance - Positive (Negative)
REVENUES:			
Property taxes	\$ 1,480,930	\$ 1,508,048	\$ 27,118
Intergovernmental	190,903	145,000	(45,903)
Investment income	-	-	-
Total revenues	<u>1,671,833</u>	<u>1,653,048</u>	<u>(18,785)</u>
EXPENDITURES:			
Debt service:			
Principal retirement	1,419,910	1,419,910	-
Interest and other charges	<u>1,011,087</u>	<u>1,011,087</u>	<u>-</u>
Total expenditures	<u>2,430,997</u>	<u>2,430,997</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(759,164)</u>	<u>(777,949)</u>	<u>(18,785)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	<u>441,048</u>	<u>850,000</u>	<u>408,952</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(318,116)	72,051	390,167
FUND BALANCES, BEGINNING OF YEAR	<u>318,116</u>	<u>318,116</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ 390,167</u>	<u>\$ 390,167</u>

CITY OF MENTOR, OHIO

SPECIAL ASSESSMENT BOND RETIREMENT FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Special assessments	\$ 1,079,606	\$ 1,117,069	\$ 37,463
EXPENDITURES:			
Debt service:			
Principal retirement	760,091	760,091	-
Interest and other charges	<u>412,086</u>	<u>412,086</u>	<u>-</u>
Total expenditures	<u>1,172,177</u>	<u>1,172,177</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(92,571)</u>	<u>(55,108)</u>	<u>37,463</u>
OTHER FINANCING SOURCES (USES):			
Note proceeds	34,483	86,954	52,471
Transfers in	<u>58,088</u>	<u>-</u>	<u>(58,088)</u>
Total other financing sources (uses)	<u>92,571</u>	<u>86,954</u>	<u>(5,617)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	31,846	31,846
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ 31,846</u>	<u>\$ 31,846</u>

CITY OF MENTOR, OHIO

NORTON PARKWAY FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	Final Budget	Actual	Variance - Positive (Negative)
REVENUES			
Investment income	\$ 203,455	\$ 203,455	\$ -
EXPENDITURES:			
Capital projects	7,084,652	6,741,474	343,178
Debt service:			
Principal retirement	6,635,301	6,635,301	-
Interest and other charges	186,272	186,272	-
Total expenditures	13,906,225	13,563,047	343,178
Excess (deficiency) of revenues over expenditures	(13,702,770)	(13,359,592)	343,178
OTHER FINANCING SOURCES:			
Advances in	287,665	287,665	-
Note proceeds	13,932,880	13,454,000	(478,880)
Advances out	(627,294)	(627,294)	-
Total other financing sources (uses)	13,593,251	13,114,371	(478,880)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(109,519)	(245,221)	(135,702)
Adjustment for prior year encumbrances	588,399	588,399	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	\$ 478,880	\$ 343,178	\$ (135,702)

CITY OF MENTOR, OHIO

HOPKINS ROAD BRIDGE IMPROVEMENT FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	Final Budget	Actual	Variance - Positive (Negative)
REVENUES			
Intergovernmental	\$ 313,500	\$ -	\$ (313,500)
EXPENDITURES:			
Capital projects	3,913	3,603	310
Excess (deficiency) of revenues over expenditures	309,587	(3,603)	(313,190)
OTHER FINANCING SOURCES:			
Note proceeds	11,100	8,138	(2,962)
Transfers in	1,484	-	(1,484)
Advances in	322,481	322,481	-
Advances out	(322,481)	(322,481)	-
Total other financing sources	12,584	8,138	(4,446)
Excess (deficiency) of revenues and other sources over expenditures and other uses	322,171	4,535	(317,636)
Adjustment for prior year encumbrances	310	310	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	\$ 322,481	\$ 4,845	\$ (317,636)

CITY OF MENTOR, OHIO

CHILLICOTHE ROAD WIDENING & RESURFACING - PHASE 2 FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	Final Budget	Actual	Variance - Positive (Negative)
REVENUES:			
Intergovernmental	\$ 132,500	\$ -	\$ (132,500)
EXPENDITURES:			
Capital projects	26,023	22,445	3,578
Excess (deficiency) of revenues over expenditures	106,477	(22,445)	(128,922)
OTHER FINANCING SOURCES (USES):			
Note proceeds	30,019	11,704	(18,315)
Transfers in	5,760	-	(5,760)
Advances in	101,585	101,585	-
Advances out	(146,271)	(146,271)	-
Total other financing sources (uses)	(8,907)	(32,982)	(24,075)
Excess (deficiency) of revenues and other sources over expenditures and other uses	97,570	(55,427)	(152,997)
Adjustment for prior year encumbrances	59,005	59,005	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	<u>\$ 156,575</u>	<u>\$ 3,578</u>	<u>\$ (152,997)</u>

CITY OF MENTOR, OHIO

**MARSH CREEK STORMWATER DET IMPRV FUND
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 YEAR ENDED DECEMBER 31, 2006**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES	\$ -	\$ -	\$ -
EXPENDITURES			
Capital projects	<u>717,318</u>	<u>717,318</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(717,318)</u>	<u>(717,318)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):			
Advances in	<u>717,318</u>	<u>717,318</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF MENTOR, OHIO

MORTON PROPERTY ACQUISITION FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ 1,848,028	\$ 1,138,428	\$ (709,600)
EXPENDITURES:			
Capital projects	<u>1,798,928</u>	<u>1,756,552</u>	<u>42,376</u>
Excess (deficiency) of revenues over expenditures	<u>49,100</u>	<u>(618,124)</u>	<u>(667,224)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	290,407	-	(290,407)
Advances in	572,065	174,000	(398,065)
Advances out	<u>(200,000)</u>	<u>(200,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>662,472</u>	<u>(26,000)</u>	<u>(688,472)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	711,572	(644,124)	(1,355,696)
Adjustment for prior year encumbrances	500	500	-
FUND BALANCES, BEGINNING OF YEAR	<u>686,000</u>	<u>686,000</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,398,072</u>	<u>\$ 42,376</u>	<u>\$ (1,355,696)</u>

CITY OF MENTOR, OHIO

LAKESHORE BOULEVARD BIKEWAY FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2006

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 1,000,000	\$ 898,528	\$ (101,472)
EXPENDITURES:			
Capital projects	<u>1,520,273</u>	<u>1,520,273</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(520,273)</u>	<u>(621,745)</u>	<u>(101,472)</u>
Adjustment for prior year encumbrances	621,745	621,745	-
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 101,472</u>	<u>\$ -</u>	<u>\$ (101,472)</u>

This page left blank intentionally.

Statistical Section

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

<u>Contents</u>	<u>Page</u>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	122-126
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the factors affecting the city's ability to generate its property and sales taxes.	127-131
<i>Debt Capacity</i> These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	132-136
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place and to help make comparisons over time and with other governments.	137-138
<i>Operating Information</i> The schedules contain information about the city's operations and resources to help the reader understand how the city's financial information relates to the services the city provides and the activities it performs.	139-141

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented Statement 34 in 2003; schedules presenting government-wide information include information beginning in that year.

CITY OF MENTOR, OHIO
Net Assets By Components
Last 4 Fiscal Years
(Accrual Basis of Accounting)

	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
GOVERNMENTAL ACTIVITIES				
Invested in Capital Assets, Net of Related Debt	\$ 146,106,516	\$ 144,331,191	\$ 142,321,257	\$ 137,537,568
Restricted -				
Debt Service	10,308,462	8,416,626	9,440,732	9,869,233
Capital Projects	1,045,244	608,301	580,697	526,096
Streets and Public Safety	5,681,478	5,202,402	4,081,130	4,304,140
Unrestricted (Deficit)	<u>18,237,072</u>	<u>19,891,696</u>	<u>19,705,506</u>	<u>18,708,417</u>
<i>Total Governmental Net Assets</i>	<u>\$ 181,378,772</u>	<u>\$ 178,450,216</u>	<u>\$ 176,129,322</u>	<u>\$ 170,945,454</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

CITY OF MENTOR, OHIO
Changes in Net Assets
Last Four Fiscal Years
(Accrual Basis of Accounting)

	2006	2005	2004	2003
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$2,083,099	\$1,953,882	\$1,898,955	\$1,887,632
Police	56,520	65,584	76,841	89,162
Fire	8,050	5,683	6,756	43,782
Streets & Highways	1,043,860	1,157,879	1,066,234	1,143,244
Parks, Recreation & Public Lands	4,001,727	3,734,490	2,782,247	2,686,242
Community Development	49,475	56,716	38,722	49,142
Engineering & Building	597,664	546,780	670,619	660,744
<i>Subtotal - Charges for Services</i>	<u>7,840,395</u>	<u>7,521,014</u>	<u>6,540,374</u>	<u>6,559,948</u>
Operating Grants and Contributions:				
General Government	54,788	47,636	58,818	49,124
Police	57,709	6,657	84,477	100,731
Fire	64,437	102,094	37,262	88,218
Streets & Highways	687,388	220,387	367,239	341,133
Parks, Recreation & Public Lands	35,710	251,235	88,050	71,606
Community Development	97,492	128,553	186,515	162,339
Engineering & Building	-	-	-	275,111
<i>Subtotal - Operating Grants and Contributions</i>	<u>997,524</u>	<u>756,562</u>	<u>822,361</u>	<u>1,088,262</u>
Capital Grants and Contributions:				
General Government	-	-	-	-
Police	24,925	38,303	41,122	55,420
Fire	-	-	-	100,000
Streets & Highways	3,387,422	2,543,371	8,809,265	5,430,713
Parks, Recreation & Public Lands	1,860,118	1,450,489	55,000	1,974,932
Community Development	-	51,839	44,581	180,374
Engineering & Building	-	-	45,943	-
Interest and Other Charges	370,755	481,875	524,071	542,586
<i>Subtotal - Capital Grants and Contributions</i>	<u>5,643,220</u>	<u>4,565,877</u>	<u>9,519,982</u>	<u>8,284,025</u>
<i>Total Governmental Program Revenues</i>	<u>14,481,139</u>	<u>12,843,453</u>	<u>16,882,717</u>	<u>15,932,235</u>
Expenses				
Governmental Activities:				
General Government	7,550,150	7,201,492	6,998,884	7,545,494
Police	11,276,837	10,759,750	10,604,664	10,013,387
Fire	10,674,056	10,251,159	9,502,396	9,070,349
Streets and Highways	14,120,600	12,062,550	13,880,008	12,170,074
Parks, Recreation & Public Lands	8,406,060	8,382,989	7,641,284	7,187,899
Community Development	1,336,892	1,247,418	1,336,548	1,229,646
Engineering & Building	1,748,986	1,678,511	1,833,510	1,882,276
Interest and Other Charges	1,636,342	1,285,841	1,583,354	1,710,007
<i>Total Governmental Activities Expenses</i>	<u>56,749,923</u>	<u>52,869,710</u>	<u>53,380,648</u>	<u>50,809,132</u>

Continued

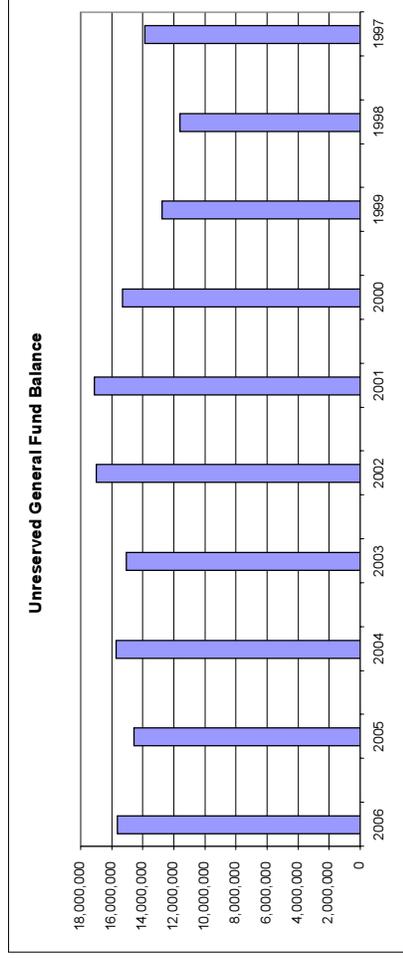
CITY OF MENTOR, OHIO
Changes in Net Assets (continued)
Last Four Fiscal Years
(Accrual Basis of Accounting)

	2006	2005	2004	2003
Net (Expense)/Revenue				
<i>Total Governmental Net Expense</i>	\$(42,268,784)	\$(40,026,257)	\$(36,497,931)	\$(34,876,897)
General Revenues and Other Changes in Net Assets				
Governmental Activities				
Taxes:				
Municipal Income Taxes Levied	29,885,930	28,019,315	27,729,472	26,338,127
Property Taxes Levied				
<i>General Purposes</i>	2,111,122	2,011,037	1,569,225	1,306,313
<i>Special Revenue</i>	2,179,159	2,062,913	2,041,450	1,941,861
<i>Debt Service</i>	1,508,048	1,436,550	1,854,132	1,634,249
Other Local Taxes	754,113	733,874	775,571	732,210
Shared Revenues	7,272,144	7,402,225	7,093,817	6,914,549
Other Grants and Contributions	298,564	55,458	63,216	59,612
Unrestricted Investment Income	920,404	583,428	510,565	680,325
Note Premium	86,954			
Other	180,902	42,351	44,351	412,295
<i>Total Governmental General Revenues and Other Changes in Net Assets</i>	45,197,340	42,347,151	41,681,799	40,019,541
Change in Net Assets				
<i>Total Governmental Change in Net Assets</i>	\$ 2,928,556	\$ 2,320,894	\$ 5,183,868	\$ 5,142,644

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2003.

CITY OF MENTOR, OHIO
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General Fund										
Reserved	\$1,582,283	\$1,351,276	\$1,973,554	\$3,031,581	\$3,995,269	\$4,566,809	\$5,394,453	\$4,797,373	\$4,318,030	\$6,788,514
Unreserved	15,613,237	14,530,983	15,707,167	15,057,255	16,955,404	17,110,887	15,307,940	12,729,103	11,605,235	13,864,466
Total General Fund	17,195,520	15,882,259	17,680,721	18,088,836	20,960,673	21,677,696	20,702,393	17,526,476	15,923,265	20,652,980
All Other Governmental Funds										
Reserved	2,125,908	1,330,417	1,249,201	1,129,438	2,331,255	2,990,162	2,792,115	4,015,597	2,334,157	5,603,884
Unreserved, Reported in:										
Special Revenue Funds	4,455,878	4,137,732	3,222,412	2,830,931	2,276,450	1,915,661	1,843,501	1,472,289	1,527,974	1,915,950
Capital Projects Funds	(753,927)	(705,498)	(515,057)	(369,719)	(998,715)	(5,176,304)	(4,375,631)	(4,238,844)	(2,200,787)	(2,399,449)
Total All Other Governmental Funds	5,827,859	4,762,651	3,956,556	3,590,650	3,608,990	(270,481)	259,985	1,249,042	1,661,344	5,120,385
Total Governmental Funds	\$23,023,379	\$20,644,910	\$21,637,277	\$21,679,486	\$24,569,663	\$21,407,215	\$20,962,378	\$18,775,518	\$17,584,609	\$25,773,365



CITY OF MENTOR, OHIO
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Revenues										
Property Taxes	\$5,798,328	\$5,510,500	\$4,962,416	\$4,900,827	\$4,822,373	\$4,510,628	\$4,942,438	\$5,384,126	\$5,003,741	\$5,003,741
Municipal Income Taxes	29,944,652	28,735,602	26,813,889	26,435,708	26,686,076	26,688,790	25,482,261	23,676,549	22,879,334	22,879,334
Other Local Taxes	754,522	733,464	775,571	732,210	739,069	698,842	591,378	586,906	549,870	549,870
Intergovernmental	10,330,679	11,009,784	14,808,365	13,042,568	10,139,016	8,712,200	7,486,071	6,477,186	6,339,614	6,339,614
Charges for Services	4,049,658	3,796,645	2,793,584	2,835,243	2,644,028	2,644,028	2,497,616	2,121,339	1,702,963	1,702,963
Fines and Forfeitures	1,435,683	1,430,104	1,460,402	1,457,235	1,360,790	1,064,279	1,016,581	1,128,764	1,059,036	832,618
Licenses, Permits and Inspections	1,253,441	1,076,848	1,169,226	1,110,261	1,082,882	1,151,675	1,100,063	1,367,601	1,338,993	1,235,376
Special Assessments	2,136,312	3,004,125	2,336,570	2,337,359	1,983,894	1,983,894	2,179,302	2,249,799	2,341,615	2,442,529
Investment Income	1,218,968	647,026	576,607	758,196	1,580,682	2,149,937	2,108,288	1,693,464	1,882,346	1,882,346
Donations and Other	293,426	292,745	1,796,499	763,324	186,451	532,973	228,782	367,905	808,046	439,483
Total Revenues	57,215,669	56,236,843	57,995,176	54,434,520	51,375,378	50,380,186	48,524,943	47,589,727	45,489,160	43,307,874
Expenditures										
Current:										
General Government	7,058,856	7,089,759	6,848,689	7,387,217	6,620,824	6,111,342	5,814,140	5,609,142	4,698,330	4,487,071
Security of Persons and Property:										
Police	10,535,879	10,278,880	9,967,486	9,499,252	8,851,538	8,266,679	7,797,590	-	-	-
Fire	9,961,438	9,617,904	8,917,993	8,584,765	8,159,466	7,830,587	7,420,286	-	-	-
Streets & Highways	9,217,664	9,516,798	9,716,845	9,201,015	7,846,277	8,204,890	6,999,226	6,344,865	10,069,938	6,925,144
Parks, Recreation and Public Lands	7,771,902	7,187,975	6,428,368	6,016,077	6,412,685	6,150,922	5,681,331	5,240,349	9,213,844	5,740,904
Community Development	1,312,148	1,238,928	1,309,906	1,217,252	1,213,590	1,041,438	1,006,737	889,587	795,300	791,461
Engineering and Building	1,650,631	1,596,813	1,781,941	1,807,059	1,920,058	1,916,517	1,700,348	1,690,656	3,150,419	2,612,744
Capital Outlay	10,406,978	12,913,502	9,739,603	10,201,726	8,454,079	7,739,863	6,341,720	7,493,598	4,703,856	15,142,265
Other	-	-	-	-	-	-	-	921,878	-	1,182,801
Debt Service:										
Principal Retirement	8,816,885	9,400,000	2,010,000	1,930,000	1,700,000	1,740,000	1,682,000	1,680,000	1,945,000	1,574,000
Interest and Other Expenditures	1,609,446	1,488,260	1,684,862	1,719,536	1,899,233	1,946,039	2,024,097	2,087,369	2,185,121	1,875,504
Total Expenditures	68,341,827	70,328,817	58,415,693	57,563,899	53,077,750	50,948,277	46,467,475	46,458,106	53,738,034	55,399,595
Excess of Revenues Over (Under) Expenditures	(11,126,159)	(14,091,974)	(420,517)	(3,129,379)	(1,702,372)	(568,091)	2,057,468	1,131,621	(8,248,874)	(12,091,721)
Other Financing Sources (Uses)										
Issuance of Bonds	-	15,541,714	5,948,605	-	4,850,738	-	-	-	-	13,680,000
Payment to Refunded Bonds Escrow Agent	-	(9,009,278)	(5,850,913)	-	-	-	-	-	-	-
Issuance of Notes	13,473,842	6,496,148	188,111	-	-	22,402	59,105	-	-	-
Transfers In	859,454	1,586,576	1,134,349	500,181	1,367,547	714,612	672,809	1,999,430	1,426,554	323,633
Transfers Out	(859,454)	(1,586,576)	(1,134,349)	(500,181)	(1,367,547)	(714,612)	(672,809)	(1,999,430)	(1,426,554)	(323,633)
Other	86,954	-	-	-	-	-	-	38	-	12,557
Total Other Financing Sources (Uses)	13,560,796	13,028,584	285,803	-	4,850,738	22,402	59,105	38	-	13,692,557
Net Change in Fund Balances	\$2,434,638	(\$1,063,390)	(\$134,714)	(\$3,129,379)	\$3,148,366	(\$545,689)	\$2,116,573	\$1,131,659	(\$8,248,874)	\$1,600,836
Debt Service as a Percentage of Noncapital Expenditures	18.0%	19.0%	7.6%	7.7%	8.1%	8.5%	9.2%	9.7%	8.4%	8.6%

CITY OF MENTOR, OHIO
*Assessed Valuation and Estimated Actual Values of Taxable Property
 Last Ten Fiscal Years*

Tax Year/ Collection Year	Assessed Value				Total Direct Tax Rate	Total Estimated Actual Real Property Taxable Value	Assessed Value as a Percentage of Actual Value
	Real Property	Other Real Estate & Public Utility Property	Tangible Personal Property	Total Taxable Assessed Value			
1996/1997	\$ 839,480,070	\$ 49,988,460	\$ 140,386,304	\$ 1,029,854,834	6.05	\$ 2,398,514,486	42.94%
1997/1998	975,528,640	48,549,500	145,382,074	1,169,460,214	6.00	2,787,224,686	41.96%
1998/1999	999,347,400	49,949,560	150,599,739	1,199,896,699	4.50	2,855,278,286	42.02%
1999/2000	1,016,927,670	46,721,270	166,636,682	1,230,285,622	4.50	2,905,507,629	42.34%
2000/2001	1,155,168,000	44,297,170	170,222,816	1,369,687,986	4.50	3,300,480,000	41.50%
2001/2002	1,169,553,690	38,507,980	177,900,785	1,385,962,455	4.50	3,341,581,971	41.48%
2002/2003	1,189,075,230	36,151,460	170,313,459	1,395,540,149	4.50	3,397,357,800	41.08%
2003/2004	1,390,301,500	36,951,470	158,265,924	1,585,518,894	4.50	3,972,290,000	39.91%
2004/2005	1,405,566,960	36,934,900	152,470,740	1,594,972,600	4.50	4,015,905,600	39.72%
2005/2006	1,422,713,440	35,045,410	122,792,273	1,580,551,123	4.50	4,064,895,543	38.88%

Note: The current assessed valuation is computed at approximately the following percentages of estimated true value: real property - 35%, public utility personal property - 100%, 88%, or 25%, and tangible personal property - 18.75%.

Source:
 Lake County Auditor Schedule A - Estimate of Property Tax Revenue

CITY OF MENTOR, OHIO
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 of Assessed Valuations)
Last Ten Fiscal Years

Tax Year/ Collection Year	City of Mentor Direct Rates				Mentor Exempted Village School District ¹	Lake County	Total
	General Fund	Special Revenue Funds	Debt Service Funds	Total			
1996/1997	\$ 2.60	\$ 2.10	\$ 1.35	\$ 6.05	\$ 67.95	\$ 14.00	\$ 88.00
1997/1998	1.90	2.10	2.00	6.00	67.71	14.10	87.81
1998/1999	0.60	2.10	1.80	4.50	67.84	15.60	87.94
1999/2000	0.80	2.10	1.60	4.50	67.50	15.70	87.70
2000/2001	1.10	2.10	1.30	4.50	67.47	15.70	87.67
2001/2002	1.10	2.10	1.30	4.50	67.42	15.70	87.62
2002/2003	1.10	2.10	1.30	4.50	67.40	15.70	87.60
2003/2004	1.10	2.10	1.30	4.50	70.25	15.70	90.45
2004/2005	1.40	2.10	1.00	4.50	78.09	15.70	98.29
2005/2006	1.40	2.10	1.00	4.50	77.905	15.70	98.105

¹Includes Mentor Public Library

SOURCE: Office of the Lake County Auditor

CITY OF MENTOR, OHIO
Principal Property Tax Payers
Current Year and Nine Years Ago

<u>Taxpayer</u>	<u>2006</u>		<u>1997</u>	
	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Simon Property Group Ltd Partnership	\$ 25,900,140	1.78%		
Cleveland Electric Illuminating Co	16,281,940	1.12%	\$ 27,033,850	3.04%
Steris Corporation	9,323,340	0.64%		
Points East	7,013,210	0.48%		
Ohio Bell Telephone Company	5,208,780	0.36%	12,518,670	1.41%
University Hospitals	4,501,630	0.31%		
Mentor Commons Limited	4,238,230	0.29%	5,608,420	0.63%
First Interstate	3,929,240	0.27%		
Deepwood North Co.	3,850,010	0.26%	3,169,990	0.36%
BPC Realty Holdings LLC	3,768,630	0.26%		
De Bartolo Realty Partnership			17,925,310	2.02%
Consumers Ohio Water			6,490,630	0.73%
Fashion Square Associates			4,938,470	0.56%
Euclid Clinic Foundation			3,541,170	0.40%
Osborne, Richard M.			3,107,580	0.35%
Lincoln Electric Co.			<u>2,922,520</u>	0.33%
Total Principal Taxpayers	<u>\$ 84,015,150</u>		<u>\$ 87,256,610</u>	
Total Real City Property	<u>\$ 1,457,758,850</u>		<u>\$ 889,468,530</u>	

SOURCE: Office of the Lake County Auditor

CITY OF MENTOR, OHIO
Property Tax Levies and Collections
Real and Public Utility Property Only
Last Ten Fiscal Years

<u>Tax Year/ Collection Year</u>	<u>Current Levy</u>	<u>Current Collections</u>	<u>Current Levy Collected</u>	<u>Outstanding Accumulated Delinquent Taxes</u>	<u>Collections Including Delinquencies</u>	<u>Total Collections as Percent of Current Levy</u>
1996/1997	\$ 4,073,145	\$ 4,040,170	99.2%	\$ 51,779	\$ 4,090,227	100.4%
1997/1998	4,486,018	4,394,516	98.0%	90,817	4,444,559	99.1%
1998/1999	4,154,785	4,070,505	98.0%	61,816	4,134,128	99.5%
1999/2000	4,214,185	4,136,392	98.2%	66,378	4,231,557	100.4%
2000/2001	4,634,608	4,522,876	97.6%	111,732	4,601,515	99.3%
2001/2002	4,678,297	4,545,230	97.2%	147,110	4,647,946	99.4%
2002/2003	4,723,775	4,610,929	97.6%	107,612	4,785,800	101.3%
2003/2004	5,347,501	5,234,725	97.9%	78,982	5,333,773	99.7%
2004/2005	5,425,592	5,276,946	97.3%	99,690	5,385,319	99.3%
2005/2006	5,482,289	5,339,406	97.4%	130,219	5,453,739	99.5%

SOURCE: Office of the Lake County Auditor

CITY OF MENTOR, OHIO
Income Tax Revenue Base and Collections
Last Ten Fiscal Years
(Cash Basis)

<u>Tax Year</u>	<u>Total Tax Collected</u>	<u>Tax from Withholding</u>	<u>Tax from Net Profit</u>	<u>Tax from Individuals</u>	<u>Tax Rate</u>
2006	\$ 29,365,084	\$ 22,249,149	\$ 3,936,038	\$ 3,179,897	2.0%
2005	28,106,051	21,728,282	3,278,374	3,099,395	2.0%
2004	26,935,407	20,527,930	3,261,179	3,146,298	2.0%
2003	26,725,365	20,781,998	2,905,964	3,037,403	2.0%
2002	26,476,937	20,067,463	3,303,399	3,106,075	2.0%
2001	27,080,132	20,475,588	3,303,589	3,300,955	2.0%
2000	26,261,410	19,737,206	3,449,985	3,074,219	2.0%
1999	25,086,074	N/A	N/A	N/A	2.0%
1998	23,653,053	N/A	N/A	N/A	2.0%
1997	22,762,976	N/A	N/A	N/A	2.0%

CITY OF MENTOR, OHIO
Top Ten Income Tax Withholders
Current Year and Ten Years Ago

<u>2006</u>		<u>1997</u>	
<u>Rank</u>	<u>Name</u>	<u>Rank</u>	<u>Name</u>
1	Mentor Public Schools	1	Mentor Public Schools
2	Steris Corp	2	Lincoln Electric
3	Lake County Auditor	3	Steris Corp
4	Lincoln Electric	4	Lake County Auditor
5	City of Mentor	5	City of Mentor
6	Jim Brown Chevy	6	Jim Brown Chevy
7	PCC Airfoils Inc.	7	Avery Dennison Corp.
8	Sourceone Healthcare Technologies Inc.	8	Tri-Delta Industries
9	Parker Hannifan Corp.	9	Bethandale Corp.
10	Avery Dennison Corp.	10	Wiseco Piston Co.

Source: City of Mentor, Finance Department

CITY OF MENTOR, OHIO
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Year	Governmental Activities			Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Special Assessment Bonds	Bond Antic & Notes Payable			
1997	\$ 24,768,449	\$ 8,628,551	\$ 2,260,000	\$ 35,657,000	4.50%	753
1998	23,555,672	7,896,328	2,225,000	33,677,000	4.25%	711
1999	22,563,664	7,208,336	4,025,000	33,797,000	4.27%	714
2000	21,531,765	6,558,235	4,475,000	32,565,000	2.63%	648
2001	20,455,634	5,904,366	40,000	26,400,000	2.14%	525
2002	19,335,015	10,184,985	30,000	29,550,000	2.39%	588
2003	18,160,824	9,439,176	20,000	27,620,000	2.23%	549
2004	17,147,894	8,657,106	198,111	26,003,111	2.10%	517
2005	22,103,974	6,996,026	404,572	29,504,572	2.39%	587
2006	20,684,064	6,235,935	7,246,830	34,166,829	2.76%	680

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements.

¹ See the schedule of Demographic and Economic Statistics on page 137 for personal income and population data.

CITY OF MENTOR, OHIO
*Ratios of Net General Bonded Debt to Assessed Valuation and Net Bonded Debt per Capita
 Last Ten Fiscal Years*

Year	Population ¹	Assessed Value ²	Gross General Bond Debt	Less Balance in General Bond Retirement Fund	Total	Percentage of Net General Bonded Debt to Assessed Value	Net General Bonded Debt Per Capita
1997	47,358	\$ 1,029,854,834	\$ 24,768,449	\$ 123,351	\$ 24,645,098	2.39%	\$ 520.40
1998	47,358	1,169,460,214	23,555,672	189,732	23,365,940	2.00%	493.39
1999	47,358	1,199,896,699	22,563,664	428,953	22,134,711	1.84%	467.39
2000	50,278	1,230,285,622	21,531,765	516,913	21,014,852	1.71%	417.97
2001	50,278	1,369,687,986	20,455,634	320,040	20,135,594	1.47%	400.49
2002	50,278	1,385,962,455	19,335,015	222,000	19,113,015	1.38%	380.15
2003	50,278	1,395,540,149	18,160,824	173,787	17,987,037	1.29%	357.75
2004	50,278	1,585,518,894	17,147,894	441,048	16,706,846	1.05%	332.29
2005	50,278	1,594,972,600	22,103,974	318,116	21,785,858	1.37%	433.31
2006	50,278	1,580,551,123	20,684,064	390,167	20,293,897	1.28%	403.63

SOURCES: ¹ U.S. Bureau of Census 1990 and 2000
² Office of the Lake County Auditor

CITY OF MENTOR, OHIO
Direct and Overlapping Debt
 December 31, 2006

	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City of Mentor</u>	<u>Amount Applicable to Taxpayers of City of Mentor</u>
Direct:			
City of Mentor	\$ 20,684,064	100.00%	\$ 20,684,064
Overlapping:			
Mentor Exempted Village School District and Mentor Public Library	14,133,291	88.13%	12,455,669
Lake County	<u>24,708,000</u>	24.97%	<u>6,169,588</u>
Total Overlapping	<u>38,841,291</u>		<u>18,625,257</u>
 TOTAL	 <u>\$ 59,525,355</u>		 <u>\$ 39,309,321</u>

SOURCES

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

CITY OF MENTOR, OHIO
Legal Debt Margin
Last 10 Fiscal Years

	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Overall Legal Debt Limit (10 % of Assessed Valuation)	\$ 165,957,868	\$ 167,472,123	\$ 166,479,484	\$ 146,531,716	\$ 145,526,058	\$ 143,817,239	\$ 129,179,990	\$ 125,989,153	\$ 122,793,322	\$ 108,134,758
Net Debt Within 10.5% Limitations	20,684,065	22,190,430	16,904,957	18,007,037	19,143,015	20,175,594	21,064,852	22,134,711	25,690,940	26,905,098
Legal Debt Margin Within 10.5% Limitation	\$ 145,273,803	\$ 145,281,693	\$ 149,574,527	\$ 128,524,679	\$ 126,383,043	\$ 123,641,645	\$ 108,115,138	\$ 103,854,442	\$ 97,202,382	\$ 81,229,660
Total Net Debt Applicable to the 10.5% Limit as a Percentage of the Debt Limit	14.24%	15.27%	11.30%	14.01%	15.15%	16.32%	19.48%	21.31%	26.33%	33.12%
Unvoted Debt Limitation - 5.5% of Assessed Valuation	86,930,312	\$ 87,723,493	87,203,539	76,754,708	76,227,935	75,332,839	67,665,709	65,994,318	64,320,312	56,642,016
Debt Within 5.5% Limitations	20,684,065	22,190,430	16,904,957	18,007,037	19,143,015	20,495,634	21,581,765	22,134,711	25,780,672	27,028,449
Legal Debt Margin Within 5.5% Limitations	\$ 66,246,247	\$ 65,533,063	\$ 70,298,582	\$ 58,747,671	\$ 57,084,920	\$ 54,837,205	\$ 46,083,944	\$ 43,859,607	\$ 38,539,640	\$ 29,613,567
Total Debt Applicable to the 5.5% Limit as a Percentage of the Debt Limit	23.79%	25.30%	19.39%	23.46%	25.11%	27.21%	31.89%	33.54%	40.08%	47.72%

LEGAL DEBT MARGIN CALCULATION FOR 2006

Assessed Valuation	1,580,551,123
Overall Debt Limitation - 10.5% of Assessed Valuation	\$ 165,957,868
Gross Indebtedness	34,166,830
Less:	422,830
OMDA/OPWC	13,659,935
Special Assessment Bonds & Notes	20,684,065
Net Debt Within 10.5% Limitations-General Obligation Bonds	\$ 145,273,803
Legal Debt Margin Within 10.5% Limitation	
Unvoted Debt Limitation - 5.5% of Assessed Valuation	\$ 86,930,312
Gross Indebtedness Authorized by Council	20,684,065
Less Debt Outside Limitations-Voted	-
Debt Within 5.5% Limitations	20,684,065
Legal Debt Margin Within 5.5% Limitation	\$ 66,246,247

CITY OF MENTOR, OHIO
Pledged-Revenue Coverage
Last Ten Fiscal Years

SPECIAL ASSESSMENT BONDS

<u>Year</u>	<u>Special Assessment Collections</u>	<u>Debt Service</u>		<u>Coverage</u>
		<u>Principal</u>	<u>Interest</u>	
1997	\$ 1,397,023	\$ 720,197	\$ 708,784	0.98
1998	1,488,972	732,223	654,268	1.07
1999	1,335,506	687,992	637,698	1.01
2000	1,251,624	650,101	568,259	1.03
2001	1,076,875	653,869	518,238	0.92
2002	933,375	569,381	461,534	0.91
2003	1,283,958	745,809	635,123	0.93
2004	1,270,784	781,320	587,907	0.93
2005	1,886,609	1,661,080	414,421	0.91
2006	1,117,069	760,091	412,086	0.95

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF MENTOR, OHIO
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population¹	Total Personal Income²	Per Capita Personal Income¹	Median Household Income¹	Unemployment Rate³
1997	47,358	\$ 791,683,686	\$ 16,717	\$ 46,589	3.2%
1998	47,358	791,683,686	16,717	46,589	2.9%
1999	47,358	791,683,686	16,717	46,589	3.1%
2000	50,278	1,236,436,576	24,592	65,322	2.7%
2001	50,278	1,236,436,576	24,592	65,322	3.2%
2002	50,278	1,236,436,576	24,592	65,322	4.0%
2003	50,278	1,236,436,576	24,592	65,322	4.9%
2004	50,278	1,236,436,576	24,592	65,322	4.7%
2005	50,278	1,236,436,576	24,592	65,322	4.5%
2006	50,278	1,236,436,576	24,592	65,322	4.2%

SOURCES:

¹ U.S. Bureau of Census 1990 and 2000

² Computation of per capita personal income multiplied by population

³ Ohio Bureau of Employment Statistics

CITY OF MENTOR, OHIO
Principal Employers
Current Year and Nine Years Ago

Employer	2006			1997		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Mentor Public Schools	1,010	1	3.00%	1,098	1	3.49%
Steris Corp.	943	2	2.79%	636	3	2.02%
City of Mentor ¹	941	3	2.80%	646	2	2.05%
Deepwood/Lake County MRDD	661	4	1.96%	500	6	1.59%
Lincoln Electric	455	5	1.35%	529	5	1.68%
Avery Dennison	400	6	1.19%	-	-	-
PCC Airfoil	354	7	1.05%	-	-	-
Royal Plastics, Inc.	250	8	0.74%	280	10	0.89%
Macy's	250	9	0.74%	-	-	-
Wiseco Piston Co., Inc.	235	10	0.70%	300	9	0.95%
Tridelta	-	-	-	531	4	1.69%
Super K-Mart	-	-	-	450	7	1.43%
Sear's Roebuck & Co.	-	-	-	375	8	1.19%
Total Employees within the City:			<u>33,696</u>			<u>31,460</u>

¹Includes Part-time and Seasonal Employees

SOURCE:

City of Mentor, Department of Economic Development
 US Census Data from 2004 and 1997

CITY OF MENTOR, OHIO

Full-Time City Government Employees by Function/Program

Last Nine Fiscal Years

Function/Program	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Government									
Council	2	2	2	2	2	2	2	2	2
Finance	13	12	14	14	14	14	14	14	12
City Manager/Personnel	16	16	15	15	14	14	13	11	11
Law	2	2	2	2	2	2	2	2	2
Engineering/Building	17	17	18	19	21	21	18	20	21
Court	21	20	21	21	18	16	16	15	15
Security of Persons and Property									
Police	112	109	112	108	108	106	106	105	103
Fire	79	79	78	71	73	76	79	74	67
Public Health Services									
Cemetery	4	5	5	5	5	5	5	5	5
Parks, Recreation & Public Lands	37	37	34	36	38	39	37	36	37
Community Development									
Economic Development/Planning	12	12	11	12	12	12	12	12	11
Streets & Highways	64	62	65	63	65	62	60	60	57
Totals:	379	373	377	368	372	369	364	356	343

Source: City of Mentor Finance Department

CITY OF MENTOR, OHIO

Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
Governmental										
General Government										
Council - Ordinances & Resolutions	174	139	140	203	144	145	147	158	203	201
Personnel - Civil Service Exams (taken)	38	415	19	576	-	415	213	105	439	N/A
Court - Number of Cases	10,410	11,427	11,821	11,168	11,283	10,734	9,851	10,153	13,694	11,210
Finance										
Number of A/P Checks Processed	11,963	12,119	12,103	12,236	11,887	12,070	11,949	10,703	N/A	N/A
Number of Purchase Orders Issued	4,322	4,764	4,704	5,005	5,605	5,501	5,224	5,654	N/A	N/A
Security of Persons and Property										
Police										
Criminal Arrests	2,890	2,366	2,400	2,175	2,275	2,098	1,921	N/A	2,364	1,944
Traffic Citations	7,557	8,659	8,960	8,851	9,120	8,544	7,743	8,084	11,813	8,755
Parking Citations	1,425	998	1,276	1,452	1,748	1,562	1,196	981	1,100	730
Fire - Total Number of Calls	6,063	6,190	5,827	5,925	6,036	5,825	5,633	5,838	5,622	5,348
Building & Engineering										
Building Permits Issued	2,966	2,845	3,013	3,072	2,946	2,936	2,773	2,180	2,232	1,996
Inspections - Residential	6,299	6,577	6,575	7,358	7,474	6,885	7,328	8,961	8,771	N/A
Inspections - Industrial	4,960	4,259	4,512	3,545	3,281	3,024	4,060	2,571	6,397	N/A
Parks, Recreation & Public Lands										
Pools - Attendance	101,653	112,449	100,017	109,995	125,293	133,250	109,781	134,060	138,900	127,902
Senior Center - Program Participants	4,210	3,876	3,528	3,598	3,532	3,730	3,743	N/A	N/A	N/A
Golf Course - Rounds of Golf	41,361	35,562	0	0	0	0	0	0	0	0
Marina - Dock Rentals	503	510	494	484	470	442	423	393	342	305
Arena - Tournaments/Special Events	10	6	6	6	4	4	3	3	N/A	N/A
Arena - Number of Admissions	25,010	20,400	20,600	20,660	20,565	21,331	20,891	17,599	21,810	25,549
Cemetery - Number of Internments	238	238	233	244	250	271	230	277	207	223
Streets and Highways										
Streets Resurfaced (miles)	4.3	5.8	7.0	8.0	6.7	7.0	6.0	5.0	7.0	6.6
Concrete Pavement Replacements (cu yd)	410	400	300	700	200	116	330	330	330	320
Hazardous Ditch Enclosures (ln ft)	9,200	10,200	8,000	10,000	12,000	10,200	13,000	8,000	5,000	3,800
Drainage Assistance Projects (ln ft)	4,753	10,300	7,800	4,500	2,500	10,000	10,000	5,500	2,000	6,250

SOURCE: Various Mentor Departments

CITY OF MENTOR, OHIO
Capital Assets Statistics by Function/Program
Last Ten Fiscal Years

Function/Program	2006	2005	2004	2003	2002	2001	2000	1999	1998	1997
General Government										
Square Footage of Municipal Center	45,313	45,313	45,313	45,313	45,313	45,313	45,313	45,313	45,313	45,313
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Square Footage of Buildings	35,997	35,997	35,997	35,997	35,997	35,997	35,997	35,997	35,997	35,997
Vehicles	45	45	44	44	46	45	43	N/A	N/A	N/A
Fire										
Stations	5	5	5	5	5	5	5	5	5	5
Square Footage of Buildings	56,308	56,308	56,308	56,308	54,308	54,308	47,669	47,669	47,669	47,669
Vehicles	38	39	39	38	35	36	34	N/A	N/A	N/A
Recreation										
Number of Parks	11	11	11	11	11	11	11	11	11	11
Number of Dog Parks	1	1	1	1	1	0	0	0	0	0
Number of Spray Parks	2	2	2	2	1	0	0	0	0	0
Number of Pools	3	3	3	3	3	3	3	3	3	3
Number of Ice Rinks	2	2	2	2	2	2	2	2	2	1
Number of Community Centers	6	6	7	7	7	7	7	7	7	8
Number of Tennis Courts	17	17	17	17	17	17	17	17	17	17
Number of Skateboarding Areas	2	2	2	2	2	2	1	1	1	1
Number of Baseball Diamonds	19	19	19	19	19	18	17	17	16	14
Number of Soccer Fields	12	12	12	10	10	9	9	8	7	6
Number of Basketball Courts	5	5	5	5	5	5	5	5	5	5
Number of Golf Courses	1	1	0	0	0	0	0	0	0	0
Number of Marinas	1	1	1	1	1	1	1	1	1	1
Vehicles	48	45	43	46	46	N/A	N/A	N/A	N/A	N/A
Square Footage of PRPL Facilities	261,502	269,032	259,370	258,046	258,046	258,046	258,046	256,048	254,412	211,276
Streets & Highways										
Streets (miles)	240.0	228.3	227.6	227.0	226.3	226.3	225.0	215.3	214.4	212.0
Number of Streetlights (per light bill)	5,247	5,209	5,209	5,209	5,179	5,035	4,346	4,807	5,359	4,908
Number of Traffic Signals	860	851	846	832	823	823	823	823	823	811
Number of Pedestrian Signals	366	362	360	356	350	350	350	350	350	346
Number of Signalized Intersections	83	81	80	79	78	78	78	78	78	77
Service Vehicles	67	64	66	68	67	N/A	N/A	N/A	N/A	N/A
Square Footage Buildings	72,053	72,053	72,053	72,053	99,840	99,840	99,840	99,840	99,840	27,787

SOURCE: Various Mentor Departments



Mary Taylor, CPA
Auditor of State

CITY OF MENTOR

LAKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 12, 2007**