

CITY OF MENTOR, OHIO

*Single Audit Report
for the Year Ended
December 31, 2000*

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of the City of Mentor, Ohio (the "City") as of December 31, 2000, and for the year then ended, listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the management of the City. Our responsibility is to express an opinion on these general purpose 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, such general purpose financial statements present fairly, in all material respects, the financial position of the City at December 31, 2000, and the results of its operations and the cash flows of its nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the City taken as a whole. The accompanying supplemental schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. This schedule is the responsibility of the management of the City. Such information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the general purpose financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 17, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte & Touche LLP

May 17, 2001

CITY OF MENTOR, OHIO

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS DECEMBER 31, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS:				
Cash and investments (Note 2)	\$ 19,137,263	3,489,999	966,645	1,223,996
Receivables, net of allowances for uncollectibles (Note 4)	7,098,112	2,065,299	10,565,248	-
Due from other funds (Note 4)	112,138	838	-	-
Due from other governments	117,387	-	-	70,565
Inventory	433,125	-	-	-
Land held for resale (Note 8)	-	-	138,000	-
Fixed assets (Note 8)	-	-	-	-
Amount available in debt service funds	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-
TOTAL ASSETS AND OTHER DEBITS	<u>\$ 26,898,025</u>	<u>5,556,136</u>	<u>11,669,893</u>	<u>1,294,561</u>
LIABILITIES, FUND EQUITY, AND OTHER CREDITS:				
Accounts payable	\$ 1,388,877	246,486	-	731,840
Accrued payroll and employee benefits (Note 7)	2,634,189	-	-	-
Accrued liabilities	549,915	-	12,072	-
Deposits	-	-	-	-
Due to other funds (Note 4)	-	43,004	1,714	44,890
Deferred revenues	1,622,651	2,066,137	10,689,462	-
Special assessment notes payable (Note 6)	-	-	-	4,425,000
General obligation notes payable (Note 7)	-	-	-	-
General obligation bonds payable (Note 7)	-	-	-	-
Special assessment bonds payable (Note 7)	-	-	-	-
Total liabilities	<u>6,195,632</u>	<u>2,355,627</u>	<u>10,703,248</u>	<u>5,201,730</u>
Fund equity and other credits:				
Investment in general fixed assets	-	-	-	-
Fund balances:				
Reserved for encumbrances	4,961,328	1,357,008	-	468,462
Reserved for debt service	-	-	966,645	-
Reserved for inventory	433,125	-	-	-
Reserved for endowments	-	-	-	-
Unreserved	15,307,940	1,843,501	-	(4,375,631)
Total fund equity and other credits	<u>20,702,393</u>	<u>3,200,509</u>	<u>966,645</u>	<u>(3,907,169)</u>
TOTAL LIABILITIES, FUND EQUITY, AND OTHER CREDITS	<u>\$ 26,898,025</u>	<u>5,556,136</u>	<u>11,669,893</u>	<u>1,294,561</u>

See accompanying notes to general purpose financial statements.

CITY OF MENTOR, OHIO

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS DECEMBER 31, 2000

	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
	Trust and Agency	General Fixed Assets	General Long-Term Debt	
ASSETS AND OTHER DEBITS:				
Cash and investments (Note 2)	956,955	-	-	25,774,858
Receivables, net of allowances for uncollectibles (Note 4)	-	-	-	19,728,659
Due from other funds (Note 4)	-	-	-	112,976
Due from other governments	-	-	-	187,952
Inventory	-	-	-	433,125
Land held for resale (Note 8)	-	-	-	138,000
Fixed assets (Note 8)	-	70,786,780	-	70,786,780
Amount available in debt service funds	-	-	966,645	966,645
Amount to be provided for retirement of general long-term debt	-	-	29,363,173	29,363,173
TOTAL ASSETS AND OTHER DEBITS	<u>956,955</u>	<u>70,786,780</u>	<u>30,329,818</u>	<u>147,492,168</u>
LIABILITIES, FUND EQUITY, AND OTHER CREDITS:				
Accounts payable	906	-	-	2,368,109
Accrued payroll and employee benefits (Note 7)	-	-	2,189,818	4,824,007
Accrued liabilities	7,326	-	-	569,313
Deposits	778,207	-	-	778,207
Due to other funds (Note 4)	23,368	-	-	112,976
Deferred revenues	-	-	-	14,378,250
Special assessment notes payable (Note 6)	-	-	-	4,425,000
General obligation notes payable (Note 7)	-	-	50,000	50,000
General obligation bonds payable (Note 7)	-	-	21,531,765	21,531,765
Special assessment bonds payable (Note 7)	-	-	6,558,235	6,558,235
Total liabilities	<u>809,807</u>	<u>-</u>	<u>30,329,818</u>	<u>55,595,862</u>
Fund equity and other credits:				
Investment in general fixed assets	-	70,786,780	-	70,786,780
Fund balances:				
Reserved for encumbrances	6,829	-	-	6,793,627
Reserved for debt service	-	-	-	966,645
Reserved for inventory	-	-	-	433,125
Reserved for endowments	25,295	-	-	25,295
Unreserved	115,024	-	-	12,890,834
Total fund equity and other credits	<u>147,148</u>	<u>70,786,780</u>	<u>-</u>	<u>91,896,306</u>
TOTAL LIABILITIES, FUND EQUITY, AND OTHER CREDITS	<u>956,955</u>	<u>70,786,780</u>	<u>30,329,818</u>	<u>147,492,168</u>

See accompanying notes to general purpose financial statements.

CITY OF MENTOR, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS YEAR ENDED DECEMBER 31, 2000

	Governmental Fund Types				Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects		
REVENUES:						
Property taxes	\$ 893,989	1,830,038	1,786,601	-	-	4,510,628
Municipal income tax	26,698,790	-	-	-	-	26,698,790
Other local taxes	-	698,842	-	-	-	698,842
Intergovernmental	5,069,191	1,897,095	199,320	320,465	-	7,486,071
Charges for services	2,460,546	37,070	-	-	-	2,497,616
Fines and forfeitures	959,918	56,663	-	-	-	1,016,581
Licenses, permits, and inspections	1,078,703	21,360	-	-	-	1,100,063
Special assessments	-	927,678	1,251,624	-	-	2,179,302
Investment income	1,994,386	91,572	22,310	-	-	2,108,268
Donations and other	228,782	-	-	-	113,980	342,762
Total revenues	<u>39,384,305</u>	<u>5,560,318</u>	<u>3,259,855</u>	<u>320,465</u>	<u>113,980</u>	<u>48,638,923</u>
EXPENDITURES:						
Current:						
General government	5,757,072	57,068	-	-	2,145	5,816,285
Police	7,373,121	424,469	-	-	-	7,797,590
Fire	5,790,790	1,629,496	-	-	1,455	7,421,741
Streets and highways	5,336,046	1,663,180	-	-	-	6,999,226
Parks, recreation and public lands	5,635,932	45,399	-	-	105,986	5,787,317
Community development	855,607	151,130	-	-	-	1,006,737
Engineering and building	1,700,348	-	-	-	-	1,700,348
Capital outlay	3,585,057	529,989	-	2,226,674	-	6,341,720
Debt service:						
Principal retirement (Note 7)	-	-	1,682,000	-	-	1,682,000
Interest and other charges	-	-	1,851,949	172,148	-	2,024,097
Total expenditures	<u>36,033,973</u>	<u>4,500,731</u>	<u>3,533,949</u>	<u>2,398,822</u>	<u>109,586</u>	<u>46,577,061</u>
Excess (deficiency) of revenues over expenditures	<u>3,350,332</u>	<u>1,059,587</u>	<u>(274,094)</u>	<u>(2,078,357)</u>	<u>4,394</u>	<u>2,061,862</u>
OTHER FINANCING SOURCES (USES):						
Operating transfers in	5,240	93,542	417,628	156,399	-	672,809
Operating transfers out	(249,942)	(395,000)	-	(27,867)	-	(672,809)
Proceeds of notes (including premium)	-	-	9,105	50,000	-	59,105
Total other financing sources (uses)	<u>(244,702)</u>	<u>(301,458)</u>	<u>426,733</u>	<u>178,532</u>	<u>-</u>	<u>59,105</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	3,105,630	758,129	152,639	(1,899,825)	4,394	2,120,967
FUND BALANCE, BEGINNING OF YEAR	17,526,476	2,442,380	814,006	(2,007,344)	117,459	18,892,977
CHANGE IN RESERVE FOR INVENTORY	<u>70,287</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,287</u>
FUND BALANCE, END OF YEAR	<u>\$ 20,702,393</u>	<u>3,200,509</u>	<u>966,645</u>	<u>(3,907,169)</u>	<u>121,853</u>	<u>21,084,231</u>

See accompanying notes to general purpose financial statements.

CITY OF MENTOR, OHIO

COMBINED STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - ALL GOVERNMENTAL FUND TYPES YEAR ENDED DECEMBER 31, 2000

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES:						
Property taxes	\$ 855,235	893,989	38,754	1,775,519	1,830,038	54,519
Municipal income tax	26,340,000	26,261,410	(78,590)	-	-	-
Other local taxes	-	-	-	734,000	699,092	(34,908)
Intergovernmental	5,594,654	5,277,405	(317,249)	1,994,914	1,897,094	(97,820)
Charges for services	2,624,650	2,460,546	(164,104)	36,000	37,070	1,070
Fines and forfeitures	1,015,000	956,232	(58,768)	79,000	56,663	(22,337)
Licenses, permits, and inspections	1,223,076	1,078,703	(144,373)	20,000	21,360	1,360
Special assessments	-	-	-	867,076	927,678	60,602
Investment income	1,200,000	1,452,836	252,836	115,000	91,572	(23,428)
Other	119,051	228,782	109,731	-	-	-
Total revenues	<u>38,971,666</u>	<u>38,609,903</u>	<u>(361,763)</u>	<u>5,621,509</u>	<u>5,560,567</u>	<u>(60,942)</u>
EXPENDITURES:						
Function:						
General government	7,050,744	6,183,139	867,605	249,629	121,892	127,737
Police	9,485,216	8,495,397	989,819	628,197	454,675	173,522
Fire	7,354,542	6,961,960	392,582	1,754,593	1,718,986	35,607
Streets and highways	11,520,929	9,160,823	2,360,106	4,062,484	3,371,384	691,100
Parks, recreation and public lands	9,512,458	7,187,760	2,324,698	278,487	74,133	204,354
Community development	1,036,571	937,937	98,634	214,999	214,999	-
Engineering and building	4,312,493	3,734,467	578,026	-	-	-
Capital projects	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Total expenditures	<u>50,272,953</u>	<u>42,661,483</u>	<u>7,611,470</u>	<u>7,188,389</u>	<u>5,956,069</u>	<u>1,232,320</u>
Excess (deficiency) of revenues over expenditures	<u>(11,301,287)</u>	<u>(4,051,580)</u>	<u>7,249,707</u>	<u>(1,566,880)</u>	<u>(395,502)</u>	<u>1,171,378</u>
OTHER FINANCING SOURCES (USES):						
Operating transfers in	-	5,240	5,240	-	-	-
Operating transfers out	(156,400)	(156,400)	-	(395,000)	(395,000)	-
Advances in	350,500	350,500	-	43,004	43,004	-
Advances out	(87,894)	(87,894)	-	(50,600)	(50,600)	-
Proceeds of notes (including premium)	-	-	-	-	-	-
Total other financing sources (uses)	<u>106,206</u>	<u>111,446</u>	<u>5,240</u>	<u>(402,596)</u>	<u>(402,596)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(11,195,081)</u>	<u>(3,940,134)</u>	<u>7,254,947</u>	<u>(1,969,476)</u>	<u>(798,098)</u>	<u>1,171,378</u>
Adjustments for prior year encumbrances	5,258,677	5,258,677	-	1,070,724	1,070,724	-
FUND BALANCES, BEGINNING OF YEAR						
	<u>9,284,069</u>	<u>9,284,069</u>	<u>-</u>	<u>1,624,681</u>	<u>1,624,681</u>	<u>-</u>
FUND BALANCES, END OF YEAR						
	<u>\$ 3,347,665</u>	<u>10,602,612</u>	<u>7,254,947</u>	<u>725,929</u>	<u>1,897,307</u>	<u>1,171,378</u>

See accompanying notes to general purpose financial statements.

CITY OF MENTOR, OHIO

COMBINED STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - ALL GOVERNMENTAL FUND TYPES YEAR ENDED DECEMBER 31, 2000

	Debt Service Funds			Capital Projects Funds		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES:						
Property taxes	1,710,520	1,786,601	76,081	-	-	-
Municipal income tax	-	-	-	-	-	-
Other local taxes	-	-	-	-	-	-
Intergovernmental	198,883	199,320	437	354,689	354,689	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Licenses, permits, and inspections	-	-	-	-	-	-
Special assessments	1,185,552	1,251,624	66,072	-	-	-
Investment income	10,000	22,310	12,310	-	-	-
Other	-	-	-	-	-	-
Total revenues	<u>3,104,955</u>	<u>3,259,855</u>	<u>154,900</u>	<u>354,689</u>	<u>354,689</u>	<u>-</u>
EXPENDITURES:						
Function:						
General government	-	-	-	-	-	-
Police	-	-	-	-	-	-
Fire	-	-	-	-	-	-
Streets and highways	-	-	-	-	-	-
Parks, recreation and public lands	-	-	-	-	-	-
Community development	-	-	-	-	-	-
Engineering and building	-	-	-	-	-	-
Capital projects	-	-	-	3,175,065	3,175,065	-
Debt service:						
Principal retirement	1,682,001	1,682,000	1	4,025,000	4,025,000	-
Interest and other charges	1,888,666	1,851,948	36,718	172,148	172,148	-
Total expenditures	<u>3,570,667</u>	<u>3,533,948</u>	<u>36,719</u>	<u>7,372,213</u>	<u>7,372,213</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(465,712)</u>	<u>(274,093)</u>	<u>191,619</u>	<u>(7,017,524)</u>	<u>(7,017,524)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES):						
Operating transfers in	395,000	417,627	22,627	156,400	156,400	-
Operating transfers out	-	-	-	(27,867)	(27,867)	-
Advances in	-	-	-	44,890	44,890	-
Advances out	-	-	-	(299,900)	(299,900)	-
Proceeds of notes (including premium)	-	9,105	9,105	4,475,000	4,475,000	-
Total other financing sources (uses)	<u>395,000</u>	<u>426,732</u>	<u>31,732</u>	<u>4,348,523</u>	<u>4,348,523</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(70,712)</u>	<u>152,639</u>	<u>223,351</u>	<u>(2,669,001)</u>	<u>(2,669,001)</u>	<u>-</u>
Adjustments for prior year encumbrances	-	-	-	2,678,122	2,678,122	-
FUND BALANCES,						
BEGINNING OF YEAR	<u>814,006</u>	<u>814,006</u>	<u>-</u>	<u>87,297</u>	<u>87,297</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>743,294</u>	<u>966,645</u>	<u>223,351</u>	<u>96,418</u>	<u>96,418</u>	<u>-</u>

See accompanying notes to general purpose financial statements.

CITY OF MENTOR, OHIO

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES - ALL NONEXPENDABLE TRUST FUNDS YEAR ENDED DECEMBER 31, 2000

	<u>Fiduciary Fund Type Nonexpendable Trust</u>
OPERATING REVENUES:	
Investment income	\$ 1,483
Donations and other	<u>154</u>
Total operating revenues	<u>1,637</u>
OPERATING EXPENSES:	
General government	1,036
Parks, recreation and public lands	<u>1,262</u>
Total operating expenses	<u>2,298</u>
NET LOSS	(661)
FUND BALANCES, BEGINNING OF YEAR	<u>25,956</u>
FUND BALANCES, END OF YEAR	<u><u>25,295</u></u>

See accompanying notes to general purpose financial statements.

CITY OF MENTOR, OHIO

COMBINED STATEMENT OF CASH FLOWS - ALL NONEXPENDABLE TRUST FUNDS YEAR ENDED DECEMBER 31, 2000

	Fiduciary Fund Type <u>Nonexpendable Trust</u>
OPERATING ACTIVITIES:	
Operating loss	\$ (661)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Investment income	<u>(1,483)</u>
Net cash used in operating activities	<u>(2,144)</u>
INVESTING ACTIVITIES:	
Investment income	1,483
Net change in pooled investments	<u>(69)</u>
Net cash provided by investing activities	<u>1,414</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(730)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,510</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,780</u>

A reconciliation of the December 31, 2000 cash and cash equivalent amounts shown in the combined statement of cash flows - all nonexpendable trust funds to the cash and investment amounts shown in the accompanying combined balance sheet is as follows:

	<u>Non- Expendable Trust Funds</u>
CASH AND INVESTMENTS - Combined Balance Sheet	\$ 956,955 *
Less:	
Agency and expendable trust fund type cash and investments	(931,348)
Investment amounts which do not qualify as cash equivalents	<u>(23,827)</u>
CASH AND CASH EQUIVALENTS - Combined Statement of Cash Flows	<u>\$ 1,780</u>

*Represents the cash and investments of all fiduciary fund types.

See accompanying notes to general purpose financial statements.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (a) **Description of the Reporting Entity** - 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), public health, and general administrative services.

For financial reporting purposes, the City's general purpose financial statements include all funds, account groups, agencies, boards, commissions, and departments for which the City is financially accountable. Financial accountability, as defined by the Governmental Accounting Standards Board (GASB), exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

Based upon the foregoing criteria, the Mentor Municipal Court (the "Court") is included 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. Monies held by the Court in a fiduciary capacity are included in an agency fund in the accompanying combined financial statements, as further discussed in Note 5. No other organizations are included as part of the City's reporting entity.

- (b) **Fund Accounting** - The accounts of the City are organized on the basis of funds or account groups, 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 equity, revenues, and expenditures (expenses). Government resources are allocated to and accounted for in individual funds based upon the purposes for which the resources are to be spent. This fund accounting provides the means by which spending activities are controlled. The various funds are summarized by type in the accompanying general purpose financial statements. The following fund types and account groups are used by the City:

Governmental Funds

- 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.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

- Special Revenue Funds are used to account for receipts derived from specific taxes, grants, or other revenue sources (other than expendable trusts or major capital projects) that are legally restricted or designated to be expended for specified purposes.
- 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.
- Capital Projects Funds are used to account for financial resources used for the acquisition and construction of major capital facilities.

Fiduciary Funds

- Trust and Agency Funds are used to account for assets held by the City in a trustee capacity for individuals, private organizations, other governmental units, and/or other funds. These include Expendable Trust, Nonexpendable Trust, and Agency Funds. Expendable Trust Funds are those whose principal and income may be expended in the course of their designated operations. Capital maintenance is the principal objective for Nonexpendable Trust Funds. Disbursements from trust funds are made in accordance with the trust agreement or applicable legislative enactment for the particular fund. Agency Funds are custodial in nature and do not involve measurement of results of operations.

Account Groups

- The General Fixed Assets Account Group is used to present the fixed assets of the City that are utilized in its general operations.
 - The General Long-Term Debt Account Group is used to account for all long-term obligations of the City.
- (c) ***Fixed Assets and Long-Term Liabilities*** - The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund is determined by its measurement focus. All governmental and expendable trust funds are accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current financial resources; accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group rather than in governmental funds. Expenditures for public domain assets (infrastructure) consisting of streets and sidewalks, curbs and gutters, bridges, drainage systems, and lighting systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated market value on the date donated.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

Interest on tax-exempt borrowings used to finance capital projects is capitalized from the date of borrowing until the project is substantially complete. The amount of capitalized interest equals the difference between the interest cost associated with the borrowing and the interest earned from temporary investment of the debt proceeds.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. Long-term liabilities consist of notes and bonds payable and the long-term portion of accumulated, unpaid vacation and sick pay. Bonds payable are paid from Debt Service Funds. Accumulated, unpaid vacation and sick pay is paid by the fund to which the employee's wages are charged.

The General Fixed Assets Account Group and the General Long-Term Debt Account Group are not "funds." They only include certain information relevant to the City's financial position. They do not present information pertaining to the measurement of results of operations. No depreciation is provided on general fixed assets.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

Nonexpendable Trust Funds (fiduciary fund type) are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included in their balance sheets. The reported fund equity represents total net assets. Operating statements present increases (revenues) and decreases (expenses) in total net assets.

- (d) ***Basis of Accounting*** - Basis of accounting refers to when revenues and expenditures (expenses) are recognized in the accounts and reported in the general purpose financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All financial transactions for governmental fund types and Expendable Trust and Agency Funds are recorded on the modified accrual basis of accounting. Under this accounting method, revenues are recognized when susceptible to accrual (both measurable and available to finance current City operations), while expenditures are generally recognized when the related fund liability is incurred, with the exception of accumulated, unpaid sick and vacation pay which is not payable from current expendable financial resources, and unmatured interest on general long-term debt, which is recognized when due.

In applying the "susceptible to accrual" concept under the modified accrual basis of accounting, the following major revenue sources are deemed both measurable and available: City income taxes withheld by employers, interest earnings, fines and forfeitures collected by the Mentor Municipal Court, reimbursements from other governments for grant expenditures, and revenues from other governmental entities for services rendered. All other revenues are recorded when received, as they are generally not measurable until received.

Special assessment and property tax receivables, which are measurable but not available to pay liabilities as of year-end, are recorded as receivables and equally offset by deferred revenues which are recognized as revenue when the amounts become available.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

The accrual basis of accounting is followed for the Nonexpendable Trust Funds. Accordingly, revenues are recognized when they are earned, and expenses, including depreciation (if any), are recognized when they are incurred. In accordance with Statement No. 20 of the Governmental Accounting Standards Board "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," the City has elected not to apply the provisions of the Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989. The City will continue applying all applicable pronouncements issued by the Governmental Accounting Standards Board.

(e) ***Budgeting Principles***

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, 2000, expenditures did not exceed appropriations in any individual department.

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 Deposits Fund and the Municipal Court Fund (Agency Funds); however, the City is only required to report herein on the budgets adopted for the governmental funds.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

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 difference 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). Actual results included in the accompanying Combined Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types (the "Budgetary Statement") are presented in accordance with the City's budgetary process (budgetary basis) to provide a meaningful comparison of actual results with the budget. A reconciliation of the results of operations for the year from the GAAP basis to the budgetary basis is as follows:

	Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses			
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds
GAAP basis	\$ 3,105,630	758,129	152,639	(1,899,825)
Increase (decrease) due to change in:				
Receivables and other assets not recognized on budgetary basis	(8,107,509)	(2,066,137)	(10,703,248)	-
Liabilities not recognized on budgetary basis	6,023,073	1,866,918	10,703,248	(300,714)
Net impact of encumbrances on budget basis expenditures	<u>(4,961,328)</u>	<u>(1,357,008)</u>	<u>-</u>	<u>(468,462)</u>
Budget basis	<u><u>\$ (3,940,134)</u></u>	<u><u>(798,098)</u></u>	<u><u>152,639</u></u>	<u><u>(2,669,001)</u></u>

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 GAAP 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 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.

- (f) **Cash and Investments** - For purposes of the Combined Statement of Cash Flows - All Nonexpendable Trust Funds, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The City's investments are stated at fair value (based on quoted market prices) in the accompanying Combined Balance Sheet - All Fund Types and Account Groups and the change in the fair value of the investments during the year is recorded as investment income along with the interest earned on the investments.
- (g) **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 City uses the purchase

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

method of inventory valuation for its governmental funds whereby the cost is recorded as an expenditure 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.

- (h) ***Accumulated, Unpaid Vacation and Sick Pay*** - City employees earn vacation leave at graduated rates based on length of service. Normally, vacation leave is 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.

The City accrues vacation and sick pay benefits as earned by its employees in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." This statement requires the portion of the compensated absence liability relating to governmental fund types that is not expected to be liquidated with expendable, available financial resources to be recorded in the General Long-Term Debt Account Group.

- (i) ***Claims*** - As described in Note 10, the City is self-insured for certain employee benefits as well as City vehicle collision claims. The City recognizes a liability for such claims if information prior to the issuance of the general purpose financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.
- (j) ***"Total" Columns on General Purpose Financial Statements*** - The "Total" columns on the accompanying general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with GAAP. No consolidating entries or other eliminations were made in arriving at the totals; thus, they do not represent consolidated information.
- (k) ***Changes in Classification of Revenues and Expenditures*** - Effective January 1, 2000, the City made the following changes in the classification of its revenues and expenditures for purposes of the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds:
- Approximately \$95,000 of General Fund revenues and \$371,000 of Special Revenue Fund revenues pertaining to the real property tax homestead and rollback exemptions that are reimbursed to the City by the State of Ohio were recorded as intergovernmental revenues in 2000. In prior years, these sources of revenue were recorded as property tax revenues.
 - Approximately \$971,000 of street lighting expenditures made out of the Special Revenue Funds were classified as streets and highways expenditures in 2000. In prior years, such costs were recorded as expenditures for security of persons and property.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

2. CASH AND INVESTMENTS

General - The City's cash and investment policy is governed by the provisions of the Charter and Codified Ordinances of the City and the Ohio Revised Code. These items permit the City to invest its monies in certificates of deposit, savings accounts, certain money market funds, bankers acceptances, obligations of the U.S. government, U.S. government agencies and government sponsored enterprises, and repurchase agreements backed by securities of the U.S. government or certain agencies or sponsored enterprises thereof. The City also may invest in shares of three mutual funds which invest in corporate and GNMA bonds: Vanguard Short-Term Corporate Fund, Vanguard Intermediate-Term Corporate Fund, and Vanguard GNMA Fund.

In accordance with the above mentioned statutes, public depositories must provide security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation or may pledge a pool of securities with a statutory value of at least 110 percent of the total uninsured amount of public monies on deposit at the institution. Repurchase agreements are secured by the specific government security acquired under the repurchase agreement. Bankers acceptances are secured by the specific property covered by the bankers acceptance. All collateral, whether specific or pooled, is held by a Federal Reserve Bank or by a designated trustee as agent for the public depositories used by the City.

Cash and investments consisted of the following at December 31, 2000:

Cash	<u>\$ 735,865</u>
Investments:	
Federal Home Loan Bank securities	5,064,174
Federal Home Loan Mortgage Corporation securities	4,576,558
Federal Farm Credit Bank securities	3,832,605
Fannie Mae securities	3,366,488
Vanguard Intermediate Corporate Fund	2,055,064
Vanguard GNMA Fund	2,036,882
Vanguard Short-Term Corporate Fund	2,018,434
STAROhio	1,056,484
SLM Holding (Sallie Mae) securities	1,007,761
U.S. government securities	<u>24,543</u>
Total investments	<u>25,038,993</u>
Total cash and investments	<u>\$ 25,774,858</u>

Deposits - Under the provisions of Statement No. 3 of the GASB, deposits are categorized as either (1) insured or collateralized with securities held by the entity or by its agent in the entity's name, (2) collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name, or (3) uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name. At December 31, 2000, the carrying amount of the City's deposits was \$735,865 and the bank balance was \$1,103,970, \$183,984 of which was covered by Federal depository insurance and \$919,986 was uninsured and uncollateralized as defined by the GASB. The uncollateralized deposits were, however, covered by a pledged collateral pool not held in the City's name, as permitted under Ohio law.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

Investments - The City's investments are categorized as follows in accordance with the provisions of GASB Statement No. 3 to give an indication of the level of credit risk assumed by the City at year end. Category 1 includes investments that are insured or registered for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured or unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the City's name.

	<u>Category</u>			<u>Total Fair Value/ Carrying Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
U.S. government securities	\$ 24,543	-	-	24,543
Federal Home Loan Bank securities	-	-	5,064,174	5,064,174
Federal Home Loan Mortgage Corporation securities	-	-	4,576,558	4,576,558
Federal Farm Credit Bank securities	-	-	3,832,605	3,832,605
Fannie Mae securities	-	-	3,366,488	3,366,488
SLM Holding (Sallie Mae) securities	-	-	<u>1,007,761</u>	<u>1,007,761</u>
	<u>\$ 24,543</u>	<u>-</u>	<u>17,847,586</u>	17,872,129
STAROhio				1,056,484
Vanguard Short-Term Corporate Fund				2,018,434
Vanguard GNMA Fund				2,036,882
Vanguard Intermediate Corporate Fund				<u>2,055,064</u>
Total investments				<u>\$ 25,038,993</u>

STAROhio is an investment pool created pursuant to Ohio statutes and managed by the Treasurer of the State of Ohio. This investment is not classified by credit risk category because it does not exist in physical or book entry form. The fair value of the City's position in the investment pool is equal to the fair value of the underlying assets of the pool. STAROhio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940.

The three Vanguard investments are no-load mutual funds that are registered with the Securities and Exchange Commission as investment companies. The fair value of the City's position in these funds is equal to the fair value of the underlying assets of each. These investments are not classified by credit risk category because they do not exist in physical or book entry form.

The City pools cash from all funds for the purpose of investment activities. All interest income 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.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

3. TAXES

Income Taxes - A two percent City income tax is levied on substantially all income earned within the City. On May 6, 1997, the two percent income tax was renewed by the voters for a five year period through December 31, 2002. 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 triannual update based on recent sales of properties. The last revaluation was completed in 2000. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, 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.

Personal property (other than public utility) taxes are levied in October of the preceding calendar year based on tax rates determined in the preceding year and assessed values determined at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30 with the remainder payable by September 20. Under Ohio law, personal property taxes do not attach as a lien on the personal property.

Public utility real and tangible personal property taxes collected in one calendar year are levied in October of the preceding calendar year on assessed values determined as of January 1 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 the 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 1999 levy (collected in 2000) was based was approximately \$1.23 billion. Ohio law limits unvoted property taxation, combined for all overlapping taxing authorities, to 10 mills. The City's current share of 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.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

4. RECEIVABLES

Due from Outside Parties - The City's receivables at December 31, 2000, by fund type, consist of the following:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>
City income taxes	\$ 5,408,944	-	-
Property taxes	1,621,775	2,052,018	1,727,177
Special assessments	-	13,281	8,838,071
Other	<u>67,393</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,098,112</u>	<u>2,065,299</u>	<u>10,565,248</u>

The above receivable amounts are net of any applicable allowance for uncollectibles, which are not material in relation to the respective receivable balances.

Due to/from Other Funds - Interfund receivables and payables are composed of the following at December 31, 2000:

Fund	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 112,138	-
Special Revenue Funds:		
Fire Levy	297	-
Street Lighting	541	-
Byrne Victims Assistance Grant 2000	-	262
CDBG - 98-99 Allocation	-	8,600
CDBG - 99-00 Allocation	-	34,142
Debt Service Fund:		
Special Assessment Bond Retirement	-	1,714
Capital Projects Funds:		
State Route 84 Storm Sewer	-	14,890
Willowbrook Sewer Outfall	-	30,000
Agency Fund:		
Municipal Court	<u>-</u>	<u>23,368</u>
	<u>\$ 112,976</u>	<u>112,976</u>

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

5. MUNICIPAL COURT

The Mentor Municipal Court was created by Section 1901.02 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 \$10,000, 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 general purpose 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. Fines and costs collected for the City which have not been disbursed are recognized under the captions "due from other funds" in the General Fund and "due to other funds" in the Municipal Court Agency Fund.

6. NOTES PAYABLE

The following is a summary of bond anticipation note transactions of the City for the year ended December 31, 2000:

Notes payable at January 1, 2000	\$4,025,000
New notes issued	4,425,000
Notes retired	<u>(4,025,000)</u>
Notes payable at December 31, 2000	<u>\$4,425,000</u>

The notes mature on July 19, 2001 and are recorded as a liability of the Capital Projects Funds. All notes are backed by the full faith and credit of the City. The interest rate on the notes outstanding at December 31, 2000 was 4.65 percent.

Chapter 133 of the Ohio Revised Code, "Uniform Bond Law," provides for bond anticipation notes to be issued by a city for a period of up to twenty years, including renewals, for long-term financing purposes. The Uniform Bond Law offers a city the option of either bonds or bond anticipation notes as long-term financing mechanisms, allowing a city to choose the option which provides the greatest benefit. Should it be determined that it would be more appropriate to issue bonds, the City has such authority under the Uniform Bond Law. Although the City has the intent to refinance the notes on a long-term basis in connection with the levy of certain special assessments to secure the repayment of the debt, the notes have been classified as a liability of the fund which received the note proceeds in accordance with the Financial Accounting Standards Board (FASB) Statement No. 6, "*Classification of Short-Term Obligations Expected to be Refinanced*," because the City has not taken the necessary legal steps to refinance the notes on a long-term basis.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

7. LONG-TERM DEBT

(a) City Obligated Debt

The following is a summary of the long-term portion of accumulated, unpaid vacation and sick pay obligations of the City for the year ended December 31, 2000:

Accrued liability at January 1, 2000	\$2,411,544
Benefits used during 2000, net of amounts earned	<u>(221,726)</u>
Accrued liability at December 31, 2000	<u>\$ 2,189,818</u>

The following is a summary of note transactions of the City for the year ended December 31, 2000:

	<u>General Obligation</u>
Notes payable at January 1, 2000	\$ -
Notes issued	<u>50,000</u>
Notes payable at December 31, 2000	<u>\$ 50,000</u>

Notes payable at December 31, 2000 are comprised of the following issues:

	<u>Amount of Original Issuance</u>	<u>Notes Outstanding December 31, 2000</u>
1999 Ohio Public Works Commission State Route 615 Reconstruction Note due in semi-annual installments of \$5,000 through 2006 without interest	<u>\$ 50,000</u>	<u>50,000</u>

The following is a summary of the bond transactions of the City for the year ended December 31, 2000:

	<u>General Obligation</u>	<u>Special Assessment</u>	<u>Total</u>
Bonds payable at January 1, 2000	\$22,563,664	7,208,336	29,772,000
Bonds retired	<u>(1,031,899)</u>	<u>(650,101)</u>	<u>(1,682,000)</u>
Bonds payable at December 31, 2000	<u>\$ 21,531,765</u>	<u>6,558,235</u>	<u>28,090,000</u>

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

Bonds payable at December 31, 2000 are comprised of the following issues:

	<u>Amount of Original Issuance</u>	<u>Bonds Outstanding December 31, 2000</u>
General unvoted obligations:		
1985 Police Facilities Bonds due in annual installments of \$170,000 through 2005, plus interest at 9.125%	\$ 3,200,000	850,000
1985 Community Center Bonds due in annual installments of \$125,000 through 2006, plus interest at 9.125%	2,500,000	750,000
1991 Street Improvement Bonds due in annual installments ranging from \$8,995 to \$26,728 through 2011, plus interest at rates varying between 6.4% to 7.15%	302,489	213,813
1993 Various Purpose Improvement Bonds due in annual installments ranging from \$112,864 to \$308,205 through 2013, plus interest at rates varying between 5.0% to 5.65%	3,820,000	2,930,115
1996 Various Purpose Improvement Bonds due in annual installments ranging from \$127,123 to \$400,926 through 2016, plus interest at rates varying from 5.4% to 5.6%	4,860,000	4,292,837
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 4.80% to 5.25%	<u>13,680,000</u>	<u>12,495,000</u>
Total general obligation bonds	<u>28,362,489</u>	<u>21,531,765</u>
Special assessment obligations:		
1981 Heisley-East Ave.-Pinecone Street Improvement Bond due in annual installments of \$120,000 through 2001, plus interest at 10.75%	2,456,740	120,000
1985 Great Lakes-East Ave.-Heisley Commerce Street Improvement Bonds due in annual installments of \$125,000 through 2001 and \$130,000 through 2006, plus interest at 9.625%	2,525,000	775,000
1987 Tyler Blvd.-White Oak Drive Improvement Bonds due in annual installments of \$85,000 to \$210,000 through 2007, plus interest at rates varying between 7.80% and 7.90%	2,240,000	1,175,000
1991 Street Improvement Bonds due in annual installments ranging from \$166,005 to \$493,272 through 2011, plus interest at rates varying between 6.49% to 7.15%	5,582,511	3,946,186
1993 Various Purpose Improvement Bonds due in annual installments ranging from \$17,136 to \$46,795 through 2013, plus interest at rates varying between 5.0% to 5.65%	580,000	444,886
1996 Various Purpose Improvement Bonds due in annual installments ranging from \$2,877 to \$9,074 through 2016, plus interest at rates varying between 5.4% to 5.6%	<u>110,000</u>	<u>97,163</u>
Total special assessment bonds	<u>13,494,251</u>	<u>6,558,235</u>
Total bonds	<u>\$41,856,740</u>	<u>28,090,000</u>

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

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.

The annual requirements to amortize all bonded debt outstanding as of December 31, 2000 are as follows:

Year Ending December 31.	General Obligation Bonds		Special Assessment Bonds		Total
	Principal	Interest	Principal	Interest	
2001	\$ 1,076,131	1,201,313	653,869	485,863	3,417,176
2002	1,120,620	1,135,205	569,380	433,311	3,258,516
2003	1,174,192	1,067,108	600,808	390,628	3,232,736
2004	1,218,680	996,746	631,320	344,245	3,190,991
2005	1,278,315	921,846	671,685	297,041	3,168,887
2006-2010	6,007,718	3,590,616	2,757,282	776,395	13,132,011
2011-2015	7,070,181	1,815,579	664,819	59,815	9,610,394
2016 and thereafter	<u>2,585,928</u>	<u>196,228</u>	<u>9,072</u>	<u>508</u>	<u>2,791,736</u>
	<u>\$21,531,765</u>	<u>10,924,641</u>	<u>6,558,235</u>	<u>2,787,806</u>	<u>41,802,447</u>

Under the Ohio Revised Code, at December 31, 2000, the City legally could issue approximately \$46.1 million of additional, unvoted, general obligation debt.

(b) *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 trustees 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, 2000, there were nine series of industrial revenue bonds outstanding. The aggregate principal amount payable at December 31, 2000 for the three series issued since July 1, 1995, was \$9.8 million. The aggregate principal amount payable for the six series issued prior to July 1, 1995, could not be determined; however their original issue amounts totaled \$9.3 million.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

8. FIXED ASSETS, LAND HELD FOR RESALE AND CAPITAL PROJECTS

General Fixed Assets - A summary of the changes in the General Fixed Assets Account Group is as follows:

	Balance January 1, 2000	Additions	Retirements	Balance December 31, 2000
Land	\$ 13,328,908	-	-	13,328,908
Buildings	36,693,447	215,324	-	36,908,771
Improvements	5,922,437	238,060	-	6,160,497
Furniture, fixtures, and equipment	13,658,065	1,373,445	642,906	14,388,604
Construction in progress	-	-	-	-
Totals	<u>\$ 69,602,857</u>	<u>1,826,829</u>	<u>642,906</u>	<u>70,786,780</u>

Land Held for Resale - In an effort to collect certain delinquent special assessments, the City took ownership of certain parcels of land upon which assessments and taxes were delinquent. The land was recorded at its estimated fair value on the date of acquisition and will be sold to pay the assessments and taxes due on the property. Accordingly, the land is shown in the Debt Service Funds as "Land Held for Resale" in the accompanying Combined Balance Sheet - All Fund Types and Account Groups. Because certain other governmental units have a claim against the proceeds to be received from the sale of the property, liabilities have been recorded in the Debt Service Funds to reflect this fact. The net proceeds expected to be received by the City (difference between the fair value of the land and the claims of other governmental units) have been recorded as deferred revenue because the proceeds will not be available to pay the City's liabilities at December 31, 2000.

9. RETIREMENT PLANS

Employees and Plans - All full-time employees of the City and certain part-time employees belong to one of two state operated, cost-sharing, multiple-employer, defined benefit pension plans. Non-uniformed employees are members of the Public Employees Retirement System of Ohio (PERS). Full-time police and fire personnel are members of the Ohio Police and Fire Pension Fund (OP&F). The Ohio Revised Code requires participation by the above mentioned employees. Elected officials can participate in PERS on a voluntary basis.

Public Employees Retirement System of Ohio (PERS) - Effective July 1, 1991, all non-uniformed employees of the City are required to be members of PERS. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report that includes financial statements and required supplementary information. The financial report may be obtained by making a written request to the Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees other than law enforcement personnel are required to contribute 8.5 percent of their covered payroll to PERS. The Retirement Board instituted a temporary employer contribution rate rollback for calendar year 2000. The rate rollback was 20 percent for local government divisions. The 2000 employer contribution rate for local government employer units was 10.84 percent of covered payroll including 4.3 percent that was used to fund postretirement health care benefits. The City's total contributions to PERS for pension benefits (excluding the amount relating to postretirement benefits) for the years ended December 31, 2000, 1999 and 1998 were \$827,152, \$997,517, and \$950,821, respectively, which were equal to the required contributions for each year.

Ohio Police and Fire Pension Fund (OP&F) - 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 are codified in Chapter 742 of the Ohio Revised Code. The OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Members of the OP&F become partially vested after 15 years of service and fully vested after 25 years of service. Members are eligible for normal retirement benefits at age 48 with 25 years of service credit or at age 62 with 15 years of service credit. The normal retirement benefit is equal to 2.5 percent of annual earnings for each of the first 20 years of service, 2.0 percent for each of the next five years of service, and 1.5 percent for each year of service thereafter; however, this normal retirement benefit is not to exceed 72 percent of the member's average annual salary for the three years during which total earnings were the greatest. Early retirement with reduced benefits is available to members with 15 years of service credit who have attained age 48 or 25 years from the date the member became a qualified employee. The reduced benefit is equal to 1.5 percent of the average annual salary multiplied by the number of complete years of service.

Plan members are required to contribute 10.0 percent of their annual covered salary while employers are required to contribute 19.5 percent and 24.0 percent for police officers and firefighters, respectively. The City's contributions to OP&F (excluding the amount relating to postretirement benefits) for the years ended December 31, 2000, 1999 and 1998 were \$1,170,958, \$1,035,486, and \$1,038,628, respectively, which was equal to the required contributions for each year.

Postretirement Health Care Benefits - Other postretirement health care benefits provided by PERS and OP&F are as follows:

- In addition to the pension benefits described previously, PERS provides postretirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is also available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. The portion of the employer contribution rate used to fund health care for 2000 and 1999 was 4.3 percent and 4.2 percent, respectively, of covered payroll in each year. During 2000 and 1999, \$543,895 and \$448,160, respectively, of the City's total contribution to PERS was used for postretirement benefits. At December 31, 2000, the City was not responsible for paying premiums, contributions, or claims for OPEB under PERS for any retirees, terminated employees, or other beneficiaries.

OPEBs are advance-funded on an actuarially determined basis. The number of active contributing participants was 401,339 at December 31, 1999 (latest information available). The actuarial value of the Retirement System's net assets available for OPEB at December 31, 1999 was \$10.8 billion. The actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12.5 billion and \$1.7 billion, respectively.

The principal assumptions used for the 1999 actuarial computations (latest available) were as follows:

Funding Method. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

Investment Return. The investment assumption rate for 1999 was 7.75 percent.

Active Employee Total Payroll. An annual increase of 4.75 percent, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75 percent increase, were assumed to range from 0.54 percent to 5.1 percent.

Health Care. Health care costs were assumed to increase 4.75 percent annually.

- OP&F provides postretirement health care coverage to any person who receives, or is eligible to receive, a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending full-time or on a two-thirds basis. The Ohio Revised Code provides that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate.

Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by OP&F is used to pay retiree health care expenses. This percentage was 7.0 percent and 7.25 percent of covered payroll in 1999 and 2000, respectively. The percentage is 7.50 percent in 2001. 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.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

Total state-wide participants eligible to receive health care benefits as of December 31, 1999 (latest information available) were 12,467 police and 9,807 firefighters. The City's 2000 contributions for postretirement health care benefits were \$291,876 and \$293,442 for police and firefighters, respectively. OP&F's total health care costs for the year ended December 31, 1999 (latest information available) were \$95.0 million (net of member contributions of \$5.5 million). Expenditures for postretirement health care benefits cannot reasonably be estimated.

10. RISK MANAGEMENT

The City is exposed to various risks of loss during the normal course of its operations including, but not limited to, loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees.

The City is self-insured for the following risks:

- *Health Benefits* - The City is self-insured with respect to dental benefits provided to City employees and their covered dependents.
- *Vehicle Collision Claims* - The City is 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 carrier.
- *Workers' Compensation Benefits* - The City was self-insured in 1991 under the State of Ohio's retrospective rating program. As a result, the City is responsible for paying claims pertaining to 1991 for a ten year period. The only year for which the City elected the retrospective rating program was calendar year 1991.

The City's financial activity relating to its self-insured risks is accounted for in the General Fund. The changes in the liabilities for self-insured risks for the years ended December 31, 1999 and 2000 are as follows:

	<u>Health Benefits</u>	<u>Vehicle Collision Claims</u>	<u>Workers' Compensation Benefits</u>
Balance January 1, 1999	\$ 28,028	-	26,302
Incurred claims, net of changes in estimates	145,888	87,567	-
Payments	<u>(150,000)</u>	<u>(902)</u>	<u>(5,613)</u>
Balance December 31, 1999	23,916	86,665	20,689
Incurred claims, net of changes in estimates	194,837	-	-
Payments	<u>(184,800)</u>	<u>-</u>	<u>(109)</u>
Balance December 31, 2000	<u>\$ 33,953</u>	<u>86,665</u>	<u>20,580</u>

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Concluded) YEAR ENDED DECEMBER 31, 2000

The liabilities above represent the City's best estimates based upon available information and include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of pay-outs, and other economic factors.

The City purchases insurance policies in varying amounts for general liability, property damage, employee health care benefits (excluding dental benefits), and employee and public officials' liability, including errors and omissions of the City's safety forces. Settled claims have not exceeded the City's insurance coverage in any of the past three years.

11. CONTINGENT LIABILITIES

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 general purpose financial statements.

12. FUND DEFICITS

At December 31, 2000, the Tyler Boulevard Extension and Willowbrook Sewer Outfall Capital Projects Funds had deficit fund balances of \$4,288,677 and \$17,986, respectively. The Tyler Boulevard Extension Fund deficit will be eliminated through the issuance of long-term financing in the future while the deficit in the Willowbrook Sewer Outfall Fund will be eliminated through the receipt of grant proceeds during 2001. The Byrne Victims Assistance Grant 2000 and CDBG 99-00 Special Revenue Funds also had deficit fund balances of \$262 and \$6,000, respectively. These deficits will be eliminated through the receipt of grant proceeds during 2001. No other funds had deficit balances at December 31, 2000.

13. NEW ACCOUNTING STANDARDS

The Governmental Accounting Standards Board has issued Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. These statements establish accounting standards for non-exchange transactions such as grants and other assistance provided to the City by other governmental units and revise accounting and reporting standards for general purpose external financial reporting by governmental units. Statement No. 33 is effective for the City's year ending December 31, 2001 and Statement No. 34 is effective for the year ending December 31, 2003. The City has not completed an analysis of the impact of these two statements on its reported financial condition and results of operations.

CITY OF MENTOR, OHIO

**SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2000**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA NUMBER	FEDERAL AND PASS-THROUGH GRANT NUMBER	GRANT EXPENDITURES
U.S. DEPARTMENT OF JUSTICE:			
<i>Direct Programs</i>			
Bureau of Justice Assistance			
Local Law Enforcement Block Grant Program	16.592	97-LB-VX-3310 98-LB-VX-3310	\$ 5,709 6,399 <u>12,108</u>
Total CFDA 16.592			
Office of Community Oriented Policing Services			
COPS MORE '98 Program	16.710	199CMWX2409	55,470
COPS in Schools Grant Program		2000SHWX0694	20,833
Total CFDA 16.710			<u>76,303</u>
<i>Passed-through the Ohio Office of Criminal Justice Services</i>			
Byrne Memorial Grant Program	16.579	99-DG-D02-7118	20,274
<i>Passed-through the Ohio Crime Victims Assistance Office</i>			
Ohio Crime Victims Assistance Grant Program	16.575	99-VAGENE221	6,658
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
<i>Direct Program</i>			
CDBG Entitlement Program	14.218	B-98-MC-39-0033 B-99-MC-39-0033	93,381 79,277 <u>172,658</u>
Total CFDA 14.218			
U.S. DEPARTMENT OF COMMERCE:			
<i>Passed-through the Ohio Department of Natural Resources</i>			
Coastal Zone Management Program	11.419	03-3	23,030
U.S. DEPARTMENT OF TRANSPORTATION:			
<i>Passed-through Ohio Department of Public Safety and Lake County General Health District</i>			
Safe Communities Selective Enforcement Funding	20.600	1533	891
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$311,922</u></u>

See notes to the Supplemental Schedule of Expenditures of Federal Awards.

CITY OF MENTOR, OHIO

NOTES TO THE SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2000

1. BASIS OF PRESENTATION

The accompanying Supplemental Schedule of Expenditures of Federal Awards (the "Schedule") reflects the expenditures of the City of Mentor under programs financed by the U.S. government for the year ended December 31, 2000. The Schedule has been prepared in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

For purposes of the Schedule, federal awards include the following:

- Direct federal awards
- Pass-through funds received from non-federal organizations made under federally sponsored programs conducted by those organizations.

2. SUBRECIPIENTS

Of the federal expenditures presented in the Schedule, the City provided federal awards to subrecipients as follows:

Program Title	Federal CFDA No.	2000 Grant Expenditures
CDBG Entitlement Program	14.218	\$ 76,498



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the general purpose financial statements of the City of Mentor, Ohio (the "City") as of and for the year ended December 31, 2000, and have issued our report thereon dated May 17, 2001. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management of the City, federal awarding entities, pass-through entities and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Deloitte & Touche LLP". The signature is written in a cursive, flowing style.

May 17, 2001



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL CONTROL OVER COMPLIANCE APPLICABLE TO THE CITY'S MAJOR FEDERAL AWARD PROGRAM

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

Compliance

We have audited the compliance of the City of Mentor, 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 are applicable to its major federal program for the year ended December 31, 2000. The City's major federal program is identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants, applicable to its major federal program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance 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 *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 obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that 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 are applicable to its major federal program for the year ended December 31, 2000.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, 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 have a direct and material effect on a major federal program in order 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 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 that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management of the City, federal awarding entities, pass-through entities and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

May 17, 2001

CITY OF MENTOR, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2000

SUMMARY OF AUDITORS' RESULTS

- Type of Report Issued on the Financial Statements as of and for the Year Ended December 31, 2000 - Unqualified.
- Reportable Conditions in Internal Control Disclosed by the Audit of the Financial Statements - N/A (None reported).
- Noncompliance Noted that is Material to the Financial Statements of the City - None.
- Reportable Conditions in Internal Control Over Major Federal Assistance Programs Disclosed by the Audit of the Financial Statements - N/A (None reported).
- Type of Report Issued on Compliance for Major Federal Financial Assistance Programs - Unqualified.
- The audit did not disclose any audit findings, which are required to be reported under Section .510(a) of OMB Circular A-133.
- Major Federal Financial Assistance Program Identified for the Year Ended December 31, 2000:
 - CFDA #14.218 U.S. Department of Housing and Urban Development, CDBG Entitlement Program
- Dollar Threshold Used to Distinguish Between Type A and Type B Programs - \$300,000.

FINDINGS RELATED TO THE FINANCIAL STATEMENTS THAT ARE REQUIRED TO BE REPORTED UNDER *GOVERNMENT AUDITING STANDARDS*

None

FINDINGS AND QUESTIONED COSTS RELATING TO FEDERAL AWARDS

None

CITY OF MENTOR, OHIO

STATUS OF PRIOR YEAR COMMENTS ON INTERNAL CONTROL AND LEGAL COMPLIANCE

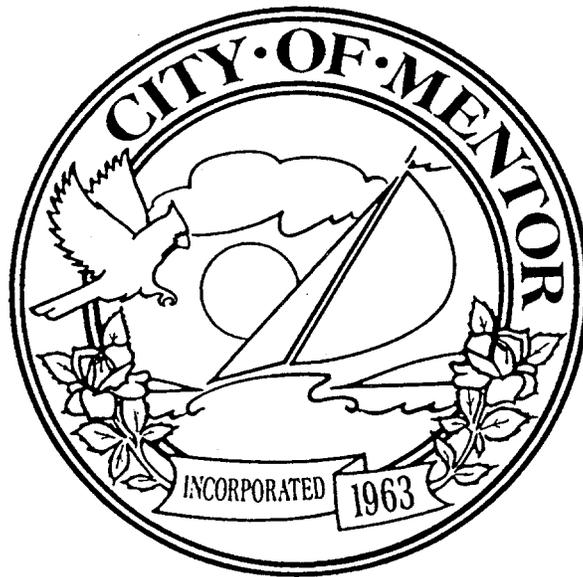
Prior Year Finding - A concentration of duties appears to exist with respect to the cash receipts function at the City's cemetery, marina, and pool facilities.

Status - Several actions have been taken or are in the process of being implemented to improve the City's internal control with respect to the cash receipts function at the City's cemetery, marina, and pool facilities. Accordingly, this finding is not repeated in this report.

Prior Year Finding - A concentration of duties appears to exist with respect to the cash receipts and disbursements processed by the Municipal Court.

Status - Several actions have been taken or are in the process of being implemented to improve the City's internal control with respect to the cash receipts and disbursements processed by the Municipal Court. Accordingly, this finding is not repeated in this report.

CITY OF
MENTOR, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000

ISSUED BY THE DEPARTMENT OF FINANCE

JOHN C. ATEN, DIRECTOR

DAVID W. MALINOWSKI, ASSISTANT DIRECTOR

CITY OF MENTOR, OHIO

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CITY OF MENTOR, OHIO

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INTRODUCTORY SECTION

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City of Mentor

Council-manager
government since 1963

May 17, 2001

8500 Civic Center Boulevard
Mentor, Ohio 44060-2499
440-255-1100

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

We are pleased to present the Comprehensive Annual Financial Report of the City of Mentor for the fiscal year ended December 31, 2000. Responsibility for the accuracy of the data and for the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the information is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the government. All disclosures necessary to enable the reader to gain an understanding of the government's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter, the government's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the report of independent public accountants on the financial statements and schedules. The statistical section includes selected financial and demographic information, generally presented on a multiyear basis.

The City has included in this report all funds, account groups, agencies, boards and commissions for which the City is financially accountable. Specifically excluded from this report because they do not meet the established criteria for inclusion in the 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.

Services under the City's control are police and fire protection, municipal court, planning and engineering, zoning code enforcement, street maintenance, traffic control, parks and recreation, building inspection and community and economic development.

ECONOMIC CONDITION AND OUTLOOK

The City of Mentor, Ohio is located on 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 officials consider the City's present economic climate to be good, and they continue to be optimistic regarding its economic future. Business activity has been steadily increasing. 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 10th in Ohio in manufacturing employment according to data compiled in the 1997 Census of Manufacturing. Mentor dominates the retail industry in northeastern Ohio, ranking 6th in the state in sales volume according to the 1997 Census of Retail Trade.

MAJOR INITIATIVES

For 2000

In terms of roadway infrastructure improvements, the City resurfaced 8 miles of asphalt roads and replaced 3,000 cubic yards of concrete. Capital improvement projects included: further planning and engineering for widening Heisley Road from S.R. 2 to Mentor Avenue and providing railroad grade separations; completion of the widening of Center Street to four lanes from S.R. 2 to Munson Road and resurfacing Center Street from S.R. 2 to Fracci Court; extension of Plaza Boulevard from Mentor Avenue north for future connection to Clover Avenue; improvements on Arden Drive; construction of a water line along Roosevelt Avenue; extension of bike lanes along Munson Road to Andrews Road and along Hopkins Road south to Mentor Avenue; and construction of an environmental buffer, using tree plantings, fifty feet in width along S.R. 2 from Hopkins Road to the existing woods near Hendricks Road.

Drainage projects completed in 2000 included: improvements at the Farnham/Summit intersection; replacement of a storm water outfall to Lake Erie at Willowbrook Drive; drainage improvements along Lakeview Drive south of Garden Drive and outfall into the Mentor Marsh; culvert improvements within Marsh Creek; and storm sewer improvements at Newell Creek. The City also continued its roadside ditch improvement program, enclosing 9,000 linear feet of ditch. In addition, as part of a program to help residents alleviate drainage problems, 10,500 feet of pipe was installed benefiting over 100 properties.

The Fire Department continued to be one of five fire departments in Ohio with a Class 2 rating as conferred by the National Insurance Service Office. This high rating means that business and commercial concerns within the City can realize savings on insurance premiums.

The Community Development Department reviewed seven final site development plans for commercial and industrial buildings and four subdivision plans for 123 residential lots.

The Public Information Office celebrated the 10th anniversary of The Mentor Channel in 2000. Programming of the City's government access channel increased from 2,392 hours in 1999 to 2,688 hours in 2000. For the ninth straight year, the Public Information Office was recognized by Telecommunications Officers and Advisors (NATOA); The Mentor Channel received four national awards. The office also oversaw the creation of the City's first official website, which debuted at www.cityofmentor.com in December of 2000.

For The Future

The City's five-year (2001-2005) capital improvement program contains the following proposed expenditures:

Facility construction and improvements	\$ 6,133,300
Roadway construction and improvements	47,197,623
Traffic control	4,738,800
Sidewalk and bikeway improvements	40,000
Storm drainage	5,693,500
Park acquisition, development & improvement	3,684,100
Major capital equipment	<u>4,864,508</u>
	<u>\$ 72,351,831</u>

Of the proposed \$72,351,831 for the five-year period, \$35,807,188 (49.5%) will be funded by the City. The remaining \$36,544,643 (50.5%) will be funded primarily by Federal/State/County assistance.

The City plans to begin in 2001 a major construction project to expand and remodel its headquarters Fire Station #5. We estimate its cost to be approximately \$3.6 million over two years.

With a growing population and an extensive commercial and retail district, transportation issues are important to City officials. Projects anticipated to begin in 2001 include the following: widening S.R. 615 (Center St.) to four lanes from US 20 (Mentor Ave.) to S.R. 84 (Johnnycake Ridge Rd.) in preparation for the new I-90/S.R. 615 interchange; widening and resurfacing King Memorial Road, including bike lane construction and storm sewer improvements, from Chillicothe Road to S.R. 84; resurfacing Hopkins Road from Mentor Avenue to the S.R. 2 bridge; widening and improving Garfield Road between S.R. 84 and the south corporation line including left turn lanes at S.R. 84; continue widening part of S.R. 84 with the construction of left turn lanes, including a northbound left turn lane for S.R. 306; resurfacing S.R. 306 from I-90 to S.R. 84, and S.R. 84 from the Willoughby Corp. line to Garfield Road; resurfacing the Hendricks Road bridge over S.R. 2; construction of a safety shoulder along Jackson Street; reconstruction of the existing Mentor Avenue culvert near Dartmoor Road; widening and resurfacing Hopkins Road from Plains Road to Lakeshore Boulevard, including extending the existing bikepath to Lakeshore Boulevard; construction of left turn lanes on all approaches at the Garfield Road/Hollycroft Lane intersection; improving storm sewer drainage at the Preston Hill and Hoose Road intersection; upgrading culverts on Rockport Lane and replacing culverts on Heisley Road; and improving drainage at Barto Ditch from Jackson Street to Spring Valley Drive.

FINANCIAL INFORMATION

The Accounting System

The City maintains seven fund types: General, Special Revenue, Debt Service, Capital Projects, Expendable Trust, Nonexpendable Trust, and Agency. The description of the various fund types will be found in the Notes to General Purpose Financial Statements.

The modified accrual basis of accounting has been utilized in the preparation of this report except for the Nonexpendable Trust Funds which are prepared on the accrual basis. The modified accrual basis of accounting recognizes revenue in the accounting period in which it becomes available and measurable, and expenditures in the accounting period in which the fund liability is incurred. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Internal Controls

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. Such controls are designed to provide reasonable assurance regarding: 1) the safeguarding of assets against loss from unauthorized use or disposition; and 2) the reliability of financial records for preparing financial statements and maintaining accountability of assets.

The concept of reasonable assurance recognizes that: 1) the costs of a control should not exceed the benefits to be derived; and 2) the evaluation of costs and benefits requires estimates and judgments by management.

All internal controls occur within the above framework. Accordingly, we believe the City's system of internal accounting controls is adequate to safeguard assets and provide reasonable assurance of proper recording of transactions.

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.

New Accounting Standards

The Governmental Accounting Standards Board has issued Statement No. 33 “Accounting and Financial Reporting for Nonexchange Transactions” and Statement No. 34 “Basic Financial Statements and Management’s Discussion and Analysis – for State and Local Governments.” These statements establish accounting standards for non-exchange transactions such as grants and other assistance provided to the City by other governmental units and revise accounting and reporting standards for general purpose external financial reporting by governmental units. Statement No. 33 is effective for the City’s year ending December 31, 2001 and Statement No. 34 is effective for the year ending December 31, 2003. The City has not completed an analysis of the impact of these two statements on its reported financial condition and results of operations.

General Government Functions

The following schedule presents a summary of the General Fund, Special Revenue Funds, and Debt Service Funds for the fiscal year ended December 31, 2000 and the amounts and percentages of change in relation to prior year revenues and expenditures. Also provided is the percentage that each category is of the total.

**GENERAL GOVERNMENT FUNCTIONS
CHANGE, 1999 TO 2000**

	<u>2000</u>		<u>Increase (Decrease) From 1999</u>	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent Change</u>
REVENUES:				
Property taxes	\$ 4,510,628	9.36%	\$ (431,810)	(8.74%)
Municipal income tax	26,698,790	55.39%	1,216,529	4.77%
Other local taxes	698,842	1.45%	107,464	18.17%
Intergovernmental	7,165,606	14.87%	(131,053)	(1.80%)
Charges for services	2,497,616	5.18%	77,955	3.22%
Fines and forfeitures	1,016,581	2.11%	(112,183)	(9.94%)
Licenses, permits, and inspections	1,100,063	2.28%	(267,538)	(19.56%)
Special assessments	2,179,302	4.52%	(70,497)	(3.13%)
Investment income	2,108,268	4.37%	1,190,474	129.71%
Other	<u>228,782</u>	<u>0.47%</u>	<u>(139,123)</u>	<u>(37.81%)</u>
Total Revenues	<u>\$48,204,478</u>	<u>100.00%</u>	<u>\$1,440,218</u>	<u>3.08%</u>
EXPENDITURES:				
Current:				
General government	\$ 5,814,140	13.20%	\$ 204,998	3.65%
Police	7,797,590	17.69%	(643,818)	(7.63%)
Fire	7,420,286	16.84%	429,154	6.14%
Streets and highways	6,999,226	15.88%	654,361	10.31%
Parks, recreation & public lands	5,681,331	12.89%	440,982	8.42%
Community development	1,006,737	2.28%	117,150	13.17%
Engineering and building	1,700,348	3.86%	19,692	1.17%
Capital outlay	<u>4,115,046</u>	<u>9.34%</u>	<u>(226,095)</u>	<u>(5.21%)</u>
Subtotal	<u>40,534,704</u>	<u>91.98%</u>	<u>996,424</u>	<u>2.52%</u>
Debt service:				
Principal retirement	1,682,000	3.82%	2,000	.12%
Interest and other charges	<u>1,851,949</u>	<u>4.20%</u>	<u>(135,673)</u>	<u>(6.83%)</u>
Subtotal – Debt Service	<u>3,533,949</u>	<u>8.02%</u>	<u>(133,673)</u>	<u>(3.64%)</u>
Total Expenditures	<u>\$44,068,653</u>	<u>100.00%</u>	<u>\$ 862,751</u>	<u>2.00%</u>

Total revenues increased by \$1,440,218, or 3.08%, because of increases in municipal income tax revenue and investment income. The \$1,216,529, or 4.77%, increase in income tax revenue in 2000 is attributable to a continued strong economy that has resulted in growth in both employment and profits. Investment income was \$1,190,474 more in 2000 than in 1999. About \$94,000 of this increase was attributable to a higher average amount invested in 2000, and about \$153,000 was because of a higher average yield-to-maturity of 60 basis points (0.60%) on a cost basis in 2000. The remaining \$943,000 increase in investment income was from adjusting the asset values of investments at year-end to their fair market values in accordance with Statement No. 31 of the Government Accounting Standards Board.

Property tax revenue was \$431,810 less in 2000 than in 1999 because the City made a change in the classification of certain revenues in 2000. Approximately \$466,000 of revenue pertaining to the real property tax homestead and rollback reductions that are reimbursed to the City by the State of Ohio, and \$80,000 of revenue from the Senior Citizens Services Levy, were recorded as intergovernmental revenues in 2000. These decreases were offset by \$126,000 of additional property tax revenue in 2000.

Intergovernmental revenue was down by \$131,053. The decrease was due to a \$789,000 decrease in estate tax revenue that was partially offset by the reclassified amounts of \$466,000 and \$80,000 explained above, and by \$112,000 of increases in other categories of intergovernmental revenue.

Expenditures for police were down \$643,818 in 2000. This decrease is because \$971,000 of street lighting expenditures were classified as "streets and highways" expenditures in 2000. In 1999, these costs were recorded as expenditures for "security of persons and property."

Expenditures for streets and highways were up by \$654,361 in 2000. This increase is because in 2000 the City included \$971,000 of street lighting expenditures that in 1999 were classified as "security of persons and property."

Expenditures for community development in 2000 increased \$117,150, or 13.17%. This increase is because the City incurred increased expenditures for Community Development Block Grants.

Total 2000 expenditures were \$862,751 higher than in 1999, an increase of 2.00%

General Fund Balance

The General Fund balance increased by \$3,175,917 from a December 31, 1999 amount of \$17,526,476 to \$20,702,393 at December 31, 2000.

Fiduciary Fund Type

During 2000, the City had two Nonexpendable Trust Funds. In November 2000, the City closed out the Martindale Bequest Fund. The cash balance in the fund was paid to the Mentor School District to administer. The interest from the Martindale Bequest Fund is used by donor stipulation to assist needy students. The interest from the Cemetery Bequest and Endowment Fund is used to decorate specific graves as designated by the donors.

The City maintains Expendable Trust Funds, mostly recreational in nature, to account for donations in support of certain programs.

Agency Funds account for monies received by the City and held on behalf of other funds, agencies or governments.

General Fixed Assets

All fixed assets used in the performance of general governmental functions are included in the General Fixed Assets Account Group. The recorded balances represent historical cost (or estimated historical cost if historical cost is not available). Depreciation of general fixed assets is not recognized in the City's accounting system. Expenditures for public domain assets (infrastructure) consisting of streets and sidewalks, curbs and gutters, bridges, drainage systems, and lighting systems are not capitalized. As of December 31, 2000, the recorded value of the general fixed assets of the City was \$70,786,780.

Debt Administration

At December 31, 1999 and 2000, the City's debt was as follows:

	<u>Balance 12-31-99</u>	<u>Issued</u>	<u>Paid</u>	<u>Balance 12-31-00</u>
General Obligation Bonds	\$22,563,664	—	1,031,899	21,531,765
General Obligation Notes	—	50,000	—	50,000
Total General Obligation	<u>22,563,664</u>	<u>50,000</u>	<u>1,031,899</u>	<u>21,581,765</u>
Special Assessment Bonds	7,208,336	—	650,101	6,558,235
Special Assessment Notes	<u>4,025,000</u>	<u>4,425,000</u>	<u>4,025,000</u>	<u>4,425,000</u>
Total Special Assessment	11,233,336	4,425,000	4,675,101	10,983,235
Total Bonds	29,772,000	—	1,682,000	28,090,000
Total Notes	<u>4,025,000</u>	<u>4,475,000</u>	<u>4,025,000</u>	<u>4,475,000</u>
GRAND TOTAL	<u>\$33,797,000</u>	<u>4,475,000</u>	<u>5,707,000</u>	<u>32,565,000</u>

All of the general obligation debt outstanding at December 31, 2000 is unvoted. The amount outstanding of \$21,581,765 at December 31, 2000 is within the legal debt limitation of \$67,665,709.

The City presently has an Aa3 rating from Moody's Investors Service that was assigned in August 1997; previously the City had carried an A1 rating from Moody's.

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 generally only the amount needed to cover checks that will be 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.

The investment ordinance permits investments in domestic money market funds that are regulated by the Securities and Exchange Commission and investments in the State Treasury Asset Reserve of Ohio, a money market fund operated for Ohio governments by the Treasurer of State. The investment ordinance also permits the Director of Finance to invest in shares of three mutual funds which invest in corporate and GNMA bonds: Vanguard Short-Term Corporate Fund, Vanguard Intermediate-Term Corporate Fund, and Vanguard GNMA Fund. Allowable investments in debt securities are U.S. Treasury bills, notes and strips; obligations of U.S. government agencies and government sponsored enterprises; bank certificates of deposit; banker's acceptances; and repurchase agreements.

Bank deposits, including investments in certificates of deposit, are made only with banks which are under contract with the City. In addition to the protection from federal deposit insurance, City deposits are secured by pooled collateral that each bank pledges for deposits of public funds. Securities committed to such pools must have a statutory value of at least 110% of the public monies on deposit. The collateral is held by independent financial institutions. Under GASB Statement No. 3, such deposits do not meet the definition of insured and collateralized because the collateral is not held in the name of the City.

Risk Management

The City's insurance coverage includes property damage, employee health care benefits (excluding dental benefits), general liability, police, fire and public official professional liability, as well as an employee blanket bond. The City is also self-insured for certain risks as described below:

- *Dental Benefits* – The City is self-insured with respect to dental benefits provided to City employees and their covered dependents.

- *Vehicle Collision Claims* – The City is 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 carrier.
- *Workers' Compensation Benefits* – The City was self-insured in 1991 under the State of Ohio's retrospective rating program. As a result, the City is responsible for paying claims pertaining to 1991 for a ten year period. The only year for which the City elected the retrospective rating program was calendar year 1991.

The City contracts the services of an insurance consultant to review coverage and make recommendations.

Retirement Benefits

Employees of the City belong to one of two state operated pension plans. These are the Public Employees Retirement System (PERS) and the Ohio Police and Fire Pension Fund (OP&F). Elected officials participate in PERS on a voluntary basis. The Ohio Revised Code mandates the participation in the plans by the City and its employees. The City's 2000 employer contributions made to PERS and OP&F were \$1,371,047 and \$1,756,276, respectively. A portion of the employer's contribution for PERS and OP&F is set aside for the funding of post-retirement health care, which was 4.3% and 7.25% for PERS and OP&F respectively.

OTHER INFORMATION

Independent Audit

The City's financial statements may be audited either by the Auditor of State, or with permission of the Auditor of State, by an independent certified public accountant. The audit of fiscal year 2000 is the second under a five year contract with Deloitte & Touche LLP. The report of independent public accountants on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

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, 1999. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

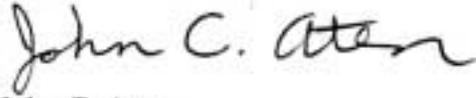
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal 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 sixteen consecutive years (fiscal years 1984-1999). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

ACKNOWLEDGMENTS

We would like to express appreciation to the many persons in the Finance Department who have assisted in preparing this report. Other factors that make this report possible are the professional help of Deloitte & Touche LLP, the cooperation of other City departments and the support and encouragement of the City Manager, the Council President, and members of Council.

Sincerely,



John C. Aten
Director of Finance



David W. Malinowski
Assistant Director of Finance

CITY OF MENTOR, OHIO

PRINCIPAL CITY OFFICIALS DECEMBER 31, 2000

Mentor City Council

Ward 3, President-----Edward R. Walsh
Ward 1, Vice President-----Robert M. Shiner
At-Large-----James F. Struna
At-Large-----B.J. Kresnye
At-Large-----Richard A. Hennig
Ward 2-----Scott J. Marn
Ward 4-----Mike Vanek

Judge, Mentor Municipal Court-----Richard A. Swain

Law Director-----I. James Hackenberg
Clerk of Council-----Maureen H. Russo
City Manager-----Julian M. Suso
Assistant City Manager-----Daniel R. Graybill
Director of Finance-----John C. Aten
Director of Public Works-----Matthew S. Schweikert
Director of Parks, Recreation and Public Lands-----Kurt D. Kraus
City Engineer-----John W. Konrad
Chief of Police-----Richard A. Amriott
Fire Chief-----John D. Preuer
Director of Community Development-----Ronald M. Traub
Personnel Director-----Allison McCallum

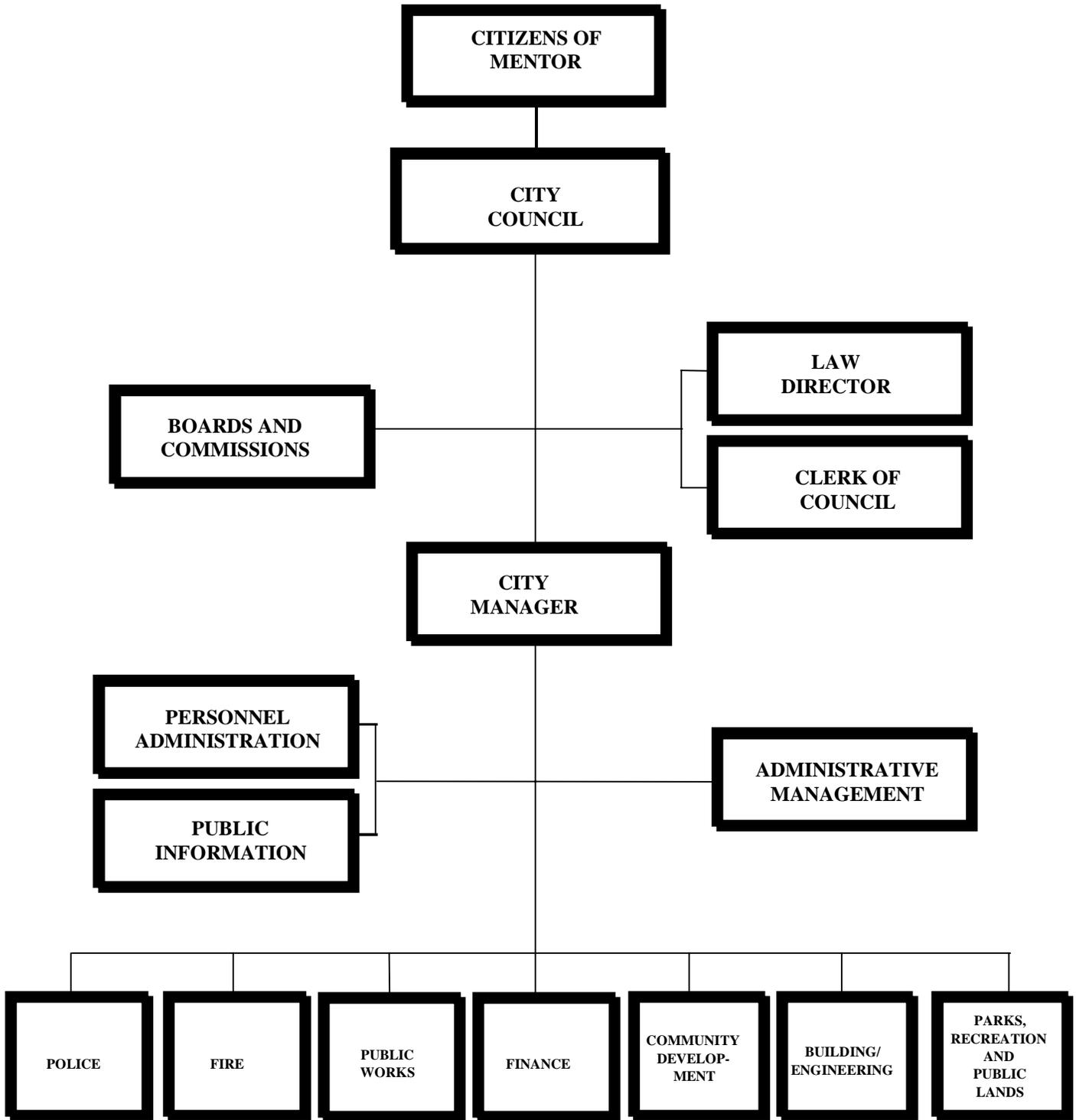
CITY OF MENTOR, OHIO

DEPARTMENT OF FINANCE STAFF DECEMBER 31, 2000

JOHN C. ATEN -----Director of Finance
DAVID W. MALINOWSKI-----Assistant Director
DEBORAH VANONE----- Accounting Supervisor
SHEARIN FERGUSON----- Accounting Supervisor
DIANE L. PAULEY ----- Purchasing Coordinator
JUDITH A. COREY-----Accountant
LINDA HOVANCE----- Accounting Assistant
LINDA MARTINC----- Accounting Assistant
TAMMY STUBER----- Accounting Assistant
LINDA WIGHT ----- Accounting Assistant
JILL MALCHESKY ----- Accounting Assistant
VERONICA FETSKO----- Accounting Assistant
JO-ANN FOHL-----Office Assistant
KRIS HANNAN -----Office Assistant
MARIE SAMEC -----Office Assistant

CITY OF MENTOR, OHIO

Organization Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Mentor,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 1999

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.



Anne Spray Kinney
President

Jeffrey L. Esler
Executive Director

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of the City of Mentor, Ohio (the "City") as of December 31, 2000, and for the year then ended, listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the management of the City. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, such general purpose financial statements present fairly, in all material respects, the financial position of the City at December 31, 2000, and the results of its operations and the cash flows of its nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining and individual fund and account group financial statements and schedules listed in the foregoing table of contents, are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City. These financial statements and schedules are also the responsibility of the management of the City. Such additional information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects when considered in relation to the general purpose financial statements taken as a whole.

The statistical data on pages 119 through 135 is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the City. Such additional information has not been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and, accordingly, we express no opinion on it.

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May 17, 2001

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***GENERAL PURPOSE
FINANCIAL STATEMENTS***

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CITY OF MENTOR, OHIO

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS DECEMBER 31, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS:				
Cash and investments (Note 2)	\$ 19,137,263	3,489,999	966,645	1,223,996
Receivables, net of allowances for uncollectibles (Note 4)	7,098,112	2,065,299	10,565,248	-
Due from other funds (Note 4)	112,138	838	-	-
Due from other governments	117,387	-	-	70,565
Inventory	433,125	-	-	-
Land held for resale (Note 8)	-	-	138,000	-
Fixed assets (Note 8)	-	-	-	-
Amount available in debt service funds	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-
TOTAL ASSETS AND OTHER DEBITS	\$ 26,898,025	5,556,136	11,669,893	1,294,561
LIABILITIES, FUND EQUITY, AND OTHER CREDITS:				
Accounts payable	\$ 1,388,877	246,486	-	731,840
Accrued payroll and employee benefits (Note 7)	2,634,189	-	-	-
Accrued liabilities	549,915	-	12,072	-
Deposits	-	-	-	-
Due to other funds (Note 4)	-	43,004	1,714	44,890
Deferred revenues	1,622,651	2,066,137	10,689,462	-
Special assessment notes payable (Note 6)	-	-	-	4,425,000
General obligation notes payable (Note 7)	-	-	-	-
General obligation bonds payable (Note 7)	-	-	-	-
Special assessment bonds payable (Note 7)	-	-	-	-
Total liabilities	6,195,632	2,355,627	10,703,248	5,201,730
Fund equity and other credits:				
Investment in general fixed assets	-	-	-	-
Fund balances:				
Reserved for encumbrances	4,961,328	1,357,008	-	468,462
Reserved for debt service	-	-	966,645	-
Reserved for inventory	433,125	-	-	-
Reserved for endowments	-	-	-	-
Unreserved	15,307,940	1,843,501	-	(4,375,631)
Total fund equity and other credits	20,702,393	3,200,509	966,645	(3,907,169)
TOTAL LIABILITIES, FUND EQUITY, AND OTHER CREDITS	\$ 26,898,025	5,556,136	11,669,893	1,294,561

See accompanying notes to general purpose financial statements.

Fiduciary Fund Types Trust and Agency	Account Groups		Totals (Memorandum Only)
	General Fixed Assets	General Long-Term Debt	
956,955	-	-	25,774,858
-	-	-	19,728,659
-	-	-	112,976
-	-	-	187,952
-	-	-	433,125
-	-	-	138,000
-	70,786,780	-	70,786,780
-	-	966,645	966,645
-	-	29,363,173	29,363,173
<u>956,955</u>	<u>70,786,780</u>	<u>30,329,818</u>	<u>147,492,168</u>
906	-	-	2,368,109
-	-	2,189,818	4,824,007
7,326	-	-	569,313
778,207	-	-	778,207
23,368	-	-	112,976
-	-	-	14,378,250
-	-	-	4,425,000
-	-	50,000	50,000
-	-	21,531,765	21,531,765
-	-	6,558,235	6,558,235
<u>809,807</u>	<u>-</u>	<u>30,329,818</u>	<u>55,595,862</u>
-	70,786,780	-	70,786,780
6,829	-	-	6,793,627
-	-	-	966,645
-	-	-	433,125
25,295	-	-	25,295
115,024	-	-	12,890,834
<u>147,148</u>	<u>70,786,780</u>	<u>-</u>	<u>91,896,306</u>
<u>956,955</u>	<u>70,786,780</u>	<u>30,329,818</u>	<u>147,492,168</u>

CITY OF MENTOR, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS YEAR ENDED DECEMBER 31, 2000

	Governmental Fund Types				Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects		
REVENUES:						
Property taxes	\$ 893,989	1,830,038	1,786,601	-	-	4,510,628
Municipal income tax	26,698,790	-	-	-	-	26,698,790
Other local taxes	-	698,842	-	-	-	698,842
Intergovernmental	5,069,191	1,897,095	199,320	320,465	-	7,486,071
Charges for services	2,460,546	37,070	-	-	-	2,497,616
Fines and forfeitures	959,918	56,663	-	-	-	1,016,581
Licenses, permits, and inspections	1,078,703	21,360	-	-	-	1,100,063
Special assessments	-	927,678	1,251,624	-	-	2,179,302
Investment income	1,994,386	91,572	22,310	-	-	2,108,268
Donations and other	228,782	-	-	-	113,980	342,762
Total revenues	<u>39,384,305</u>	<u>5,560,318</u>	<u>3,259,855</u>	<u>320,465</u>	<u>113,980</u>	<u>48,638,923</u>
EXPENDITURES:						
Current:						
General government	5,757,072	57,068	-	-	2,145	5,816,285
Police	7,373,121	424,469	-	-	-	7,797,590
Fire	5,790,790	1,629,496	-	-	1,455	7,421,741
Streets and highways	5,336,046	1,663,180	-	-	-	6,999,226
Parks, recreation and public lands	5,635,932	45,399	-	-	105,986	5,787,317
Community development	855,607	151,130	-	-	-	1,006,737
Engineering and building	1,700,348	-	-	-	-	1,700,348
Capital outlay	3,585,057	529,989	-	2,226,674	-	6,341,720
Debt service:						
Principal retirement (Note 7)	-	-	1,682,000	-	-	1,682,000
Interest and other charges	-	-	1,851,949	172,148	-	2,024,097
Total expenditures	<u>36,033,973</u>	<u>4,500,731</u>	<u>3,533,949</u>	<u>2,398,822</u>	<u>109,586</u>	<u>46,577,061</u>
Excess (deficiency) of revenues over expenditures	<u>3,350,332</u>	<u>1,059,587</u>	<u>(274,094)</u>	<u>(2,078,357)</u>	<u>4,394</u>	<u>2,061,862</u>
OTHER FINANCING SOURCES (USES):						
Operating transfers in	5,240	93,542	417,628	156,399	-	672,809
Operating transfers out	(249,942)	(395,000)	-	(27,867)	-	(672,809)
Proceeds of notes (including premium)	-	-	9,105	50,000	-	59,105
Total other financing sources (uses)	<u>(244,702)</u>	<u>(301,458)</u>	<u>426,733</u>	<u>178,532</u>	<u>-</u>	<u>59,105</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>3,105,630</u>	<u>758,129</u>	<u>152,639</u>	<u>(1,899,825)</u>	<u>4,394</u>	<u>2,120,967</u>
FUND BALANCE, BEGINNING OF YEAR	17,526,476	2,442,380	814,006	(2,007,344)	117,459	18,892,977
CHANGE IN RESERVE FOR INVENTORY	<u>70,287</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,287</u>
FUND BALANCE, END OF YEAR	<u>\$ 20,702,393</u>	<u>3,200,509</u>	<u>966,645</u>	<u>(3,907,169)</u>	<u>121,853</u>	<u>21,084,231</u>

See accompanying notes to general purpose financial statements.

CITY OF MENTOR, OHIO

**COMBINED STATEMENT OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS) - ALL GOVERNMENTAL FUND TYPES
YEAR ENDED DECEMBER 31, 2000**

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES:						
Property taxes	\$ 855,235	893,989	38,754	1,775,519	1,830,038	54,519
Municipal income tax	26,340,000	26,261,410	(78,590)	-	-	-
Other local taxes	-	-	-	734,000	699,092	(34,908)
Intergovernmental	5,594,654	5,277,405	(317,249)	1,994,914	1,897,094	(97,820)
Charges for services	2,624,650	2,460,546	(164,104)	36,000	37,070	1,070
Fines and forfeitures	1,015,000	956,232	(58,768)	79,000	56,663	(22,337)
Licenses, permits, and inspections	1,223,076	1,078,703	(144,373)	20,000	21,360	1,360
Special assessments	-	-	-	867,076	927,678	60,602
Investment income	1,200,000	1,452,836	252,836	115,000	91,572	(23,428)
Other	119,051	228,782	109,731	-	-	-
Total revenues	<u>38,971,666</u>	<u>38,609,903</u>	<u>(361,763)</u>	<u>5,621,509</u>	<u>5,560,567</u>	<u>(60,942)</u>
EXPENDITURES:						
Function:						
General government	7,050,744	6,183,139	867,605	249,629	121,892	127,737
Police	9,485,216	8,495,397	989,819	628,197	454,675	173,522
Fire	7,354,542	6,961,960	392,582	1,754,593	1,718,986	35,607
Streets and highways	11,520,929	9,160,823	2,360,106	4,062,484	3,371,384	691,100
Parks, recreation and public lands	9,512,458	7,187,760	2,324,698	278,487	74,133	204,354
Community development	1,036,571	937,937	98,634	214,999	214,999	-
Engineering and building	4,312,493	3,734,467	578,026	-	-	-
Capital projects	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Total expenditures	<u>50,272,953</u>	<u>42,661,483</u>	<u>7,611,470</u>	<u>7,188,389</u>	<u>5,956,069</u>	<u>1,232,320</u>
Excess (deficiency) of revenues over expenditures	<u>(11,301,287)</u>	<u>(4,051,580)</u>	<u>7,249,707</u>	<u>(1,566,880)</u>	<u>(395,502)</u>	<u>1,171,378</u>
OTHER FINANCING SOURCES (USES):						
Operating transfers in	-	5,240	5,240	-	-	-
Operating transfers out	(156,400)	(156,400)	-	(395,000)	(395,000)	-
Advances in	350,500	350,500	-	43,004	43,004	-
Advances out	(87,894)	(87,894)	-	(50,600)	(50,600)	-
Proceeds of notes (including premium)	-	-	-	-	-	-
Total other financing sources (uses)	<u>106,206</u>	<u>111,446</u>	<u>5,240</u>	<u>(402,596)</u>	<u>(402,596)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(11,195,081)</u>	<u>(3,940,134)</u>	<u>7,254,947</u>	<u>(1,969,476)</u>	<u>(798,098)</u>	<u>1,171,378</u>
Adjustments for prior year encumbrances	5,258,677	5,258,677	-	1,070,724	1,070,724	-
FUND BALANCES, BEGINNING OF YEAR	<u>9,284,069</u>	<u>9,284,069</u>	<u>-</u>	<u>1,624,681</u>	<u>1,624,681</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 3,347,665</u>	<u>10,602,612</u>	<u>7,254,947</u>	<u>725,929</u>	<u>1,897,307</u>	<u>1,171,378</u>

See accompanying notes to general purpose financial statements.

Debt Service Funds			Capital Projects Funds		
Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
1,710,520	1,786,601	76,081	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
198,883	199,320	437	354,689	354,689	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1,185,552	1,251,624	66,072	-	-	-
10,000	22,310	12,310	-	-	-
-	-	-	-	-	-
<u>3,104,955</u>	<u>3,259,855</u>	<u>154,900</u>	<u>354,689</u>	<u>354,689</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	3,175,065	3,175,065	-
1,682,001	1,682,000	1	4,025,000	4,025,000	-
1,888,666	1,851,948	36,718	172,148	172,148	-
<u>3,570,667</u>	<u>3,533,948</u>	<u>36,719</u>	<u>7,372,213</u>	<u>7,372,213</u>	<u>-</u>
<u>(465,712)</u>	<u>(274,093)</u>	<u>191,619</u>	<u>(7,017,524)</u>	<u>(7,017,524)</u>	<u>-</u>
395,000	417,627	22,627	156,400	156,400	-
-	-	-	(27,867)	(27,867)	-
-	-	-	44,890	44,890	-
-	-	-	(299,900)	(299,900)	-
-	9,105	9,105	<u>4,475,000</u>	<u>4,475,000</u>	<u>-</u>
<u>395,000</u>	<u>426,732</u>	<u>31,732</u>	<u>4,348,523</u>	<u>4,348,523</u>	<u>-</u>
(70,712)	152,639	223,351	(2,669,001)	(2,669,001)	-
-	-	-	2,678,122	2,678,122	-
814,006	814,006	-	87,297	87,297	-
<u>743,294</u>	<u>966,645</u>	<u>223,351</u>	<u>96,418</u>	<u>96,418</u>	<u>-</u>

CITY OF MENTOR, OHIO

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES - ALL NONEXPENDABLE TRUST FUNDS YEAR ENDED DECEMBER 31, 2000

	<u>Fiduciary Fund Type Nonexpendable Trust</u>
OPERATING REVENUES:	
Investment income	\$ 1,483
Donations and other	<u>154</u>
Total operating revenues	<u>1,637</u>
OPERATING EXPENSES:	
General government	1,036
Parks, recreation and public lands	<u>1,262</u>
Total operating expenses	<u>2,298</u>
NET LOSS	(661)
FUND BALANCES, BEGINNING OF YEAR	<u>25,956</u>
FUND BALANCES, END OF YEAR	<u>\$ 25,295</u>

See accompanying notes to general purpose financial statements.

CITY OF MENTOR, OHIO

COMBINED STATEMENT OF CASH FLOWS - ALL NONEXPENDABLE TRUST FUNDS YEAR ENDED DECEMBER 31, 2000

	<u>Fiduciary Fund Type Nonexpendable Trust</u>
OPERATING ACTIVITIES:	
Operating loss	\$ (661)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Investment income	<u>(1,483)</u>
Net cash used in operating activities	<u>(2,144)</u>
INVESTING ACTIVITIES:	
Investment income	1,483
Net change in pooled investments	<u>(69)</u>
Net cash provided by investing activities	<u>1,414</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(730)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,510</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,780</u>

A reconciliation of the December 31, 2000 cash and cash equivalent amounts shown in the combined statement of cash flows - all nonexpendable trust funds to the cash and investment amounts shown in the accompanying combined balance sheet is as follows:

	<u>Non- expendable Trust Funds</u>
CASH AND INVESTMENTS - Combined Balance Sheet	\$ 956,955 *
Less:	
Agency and expendable trust fund type cash and investments	(931,348)
Investment amounts which do not qualify as cash equivalents	<u>(23,827)</u>
CASH AND CASH EQUIVALENTS - Combined Statement of Cash Flows	<u>\$ 1,780</u>

*Represents the cash and investments of all fiduciary fund types.

See accompanying notes to general purpose financial statements.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- (a) **Description of the Reporting Entity** - 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), public health, and general administrative services.

For financial reporting purposes, the City's general purpose financial statements include all funds, account groups, agencies, boards, commissions, and departments for which the City is financially accountable. Financial accountability, as defined by the Governmental Accounting Standards Board (GASB), exists if the City appoints a voting majority of an organization's governing board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected governing board, a governing board appointed by another government, or a jointly appointed board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete.

Based upon the foregoing criteria, the Mentor Municipal Court (the "Court") is included 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. Monies held by the Court in a fiduciary capacity are included in an agency fund in the accompanying combined financial statements, as further discussed in Note 5. No other organizations are included as part of the City's reporting entity.

- (b) **Fund Accounting** - The accounts of the City are organized on the basis of funds or account groups, 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 equity, revenues, and expenditures (expenses). Government resources are allocated to and accounted for in individual funds based upon the purposes for which the resources are to be spent. This fund accounting provides the means by which spending activities are controlled. The various funds are summarized by type in the accompanying general purpose financial statements. The following fund types and account groups are used by the City:

Governmental Funds

- 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.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

- Special Revenue Funds are used to account for receipts derived from specific taxes, grants, or other revenue sources (other than expendable trusts or major capital projects) that are legally restricted or designated to be expended for specified purposes.
- 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.
- Capital Projects Funds are used to account for financial resources used for the acquisition and construction of major capital facilities.

Fiduciary Funds

- Trust and Agency Funds are used to account for assets held by the City in a trustee capacity for individuals, private organizations, other governmental units, and/or other funds. These include Expendable Trust, Nonexpendable Trust, and Agency Funds. Expendable Trust Funds are those whose principal and income may be expended in the course of their designated operations. Capital maintenance is the principal objective for Nonexpendable Trust Funds. Disbursements from trust funds are made in accordance with the trust agreement or applicable legislative enactment for the particular fund. Agency Funds are custodial in nature and do not involve measurement of results of operations.

Account Groups

- The General Fixed Assets Account Group is used to present the fixed assets of the City that are utilized in its general operations.
 - The General Long-Term Debt Account Group is used to account for all long-term obligations of the City.
- (c) ***Fixed Assets and Long-Term Liabilities*** - The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund is determined by its measurement focus. All governmental and expendable trust funds are accounted for on a spending or “financial flow” measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. The reported fund balance (net current assets) is considered a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current financial resources; accordingly, they present a summary of sources and uses of “available spendable resources” during a period.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group rather than in governmental funds. Expenditures for public domain assets (infrastructure) consisting of streets and sidewalks, curbs and gutters, bridges, drainage systems, and lighting systems are not capitalized.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated market value on the date donated.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

Interest on tax-exempt borrowings used to finance capital projects is capitalized from the date of borrowing until the project is substantially complete. The amount of capitalized interest equals the difference between the interest cost associated with the borrowing and the interest earned from temporary investment of the debt proceeds.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. Long-term liabilities consist of notes and bonds payable and the long-term portion of accumulated, unpaid vacation and sick pay. Bonds payable are paid from Debt Service Funds. Accumulated, unpaid vacation and sick pay is paid by the fund to which the employee's wages are charged.

The General Fixed Assets Account Group and the General Long-Term Debt Account Group are not "funds." They only include certain information relevant to the City's financial position. They do not present information pertaining to the measurement of results of operations. No depreciation is provided on general fixed assets.

Because of their spending measurement focus, expenditure recognition for governmental fund types excludes amounts represented by noncurrent liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

Nonexpendable Trust Funds (fiduciary fund type) are accounted for on a cost of services or "capital maintenance" measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included in their balance sheets. The reported fund equity represents total net assets. Operating statements present increases (revenues) and decreases (expenses) in total net assets.

- (d) ***Basis of Accounting*** - Basis of accounting refers to when revenues and expenditures (expenses) are recognized in the accounts and reported in the general purpose financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All financial transactions for governmental fund types and Expendable Trust and Agency Funds are recorded on the modified accrual basis of accounting. Under this accounting method, revenues are recognized when susceptible to accrual (both measurable and available to finance current City operations), while expenditures are generally recognized when the related fund liability is incurred, with the exception of accumulated, unpaid sick and vacation pay which is not payable from current expendable financial resources, and unmatured interest on general long-term debt, which is recognized when due.

In applying the "susceptible to accrual" concept under the modified accrual basis of accounting, the following major revenue sources are deemed both measurable and available: City income taxes withheld by employers, interest earnings, fines and forfeitures collected by the Mentor Municipal Court, reimbursements from other governments for grant expenditures, and revenues from other governmental entities for services rendered. All other revenues are recorded when received, as they are generally not measurable until received.

Special assessment and property tax receivables, which are measurable but not available to pay liabilities as of year-end, are recorded as receivables and equally offset by deferred revenues which are recognized as revenue when the amounts become available.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

The accrual basis of accounting is followed for the Nonexpendable Trust Funds. Accordingly, revenues are recognized when they are earned, and expenses, including depreciation (if any), are recognized when they are incurred. In accordance with Statement No. 20 of the Governmental Accounting Standards Board "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting," the City has elected not to apply the provisions of the Statements and Interpretations of the Financial Accounting Standards Board issued after November 30, 1989. The City will continue applying all applicable pronouncements issued by the Governmental Accounting Standards Board.

(e) ***Budgeting Principles***

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, 2000, expenditures did not exceed appropriations in any individual department.

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 Deposits Fund and the Municipal Court Fund (Agency Funds); however, the City is only required to report herein on the budgets adopted for the governmental funds.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

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 difference 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). Actual results included in the accompanying Combined Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types (the "Budgetary Statement") are presented in accordance with the City's budgetary process (budgetary basis) to provide a meaningful comparison of actual results with the budget. A reconciliation of the results of operations for the year from the GAAP basis to the budgetary basis is as follows:

	Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses			
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds
GAAP basis	\$ 3,105,630	758,129	152,639	(1,899,825)
Increase (decrease) due to change in:				
Receivables and other assets not recognized on budgetary basis	(8,107,509)	(2,066,137)	(10,703,248)	-
Liabilities not recognized on budgetary basis	6,023,073	1,866,918	10,703,248	(300,714)
Net impact of encumbrances on budget basis expenditures	<u>(4,961,328)</u>	<u>(1,357,008)</u>	<u>-</u>	<u>(468,462)</u>
Budget basis	<u><u>\$ (3,940,134)</u></u>	<u><u>(798,098)</u></u>	<u><u>152,639</u></u>	<u><u>(2,669,001)</u></u>

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 GAAP 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 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.

- (f) **Cash and Investments** - For purposes of the Combined Statement of Cash Flows - All Nonexpendable Trust Funds, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The City's investments are stated at fair value (based on quoted market prices) in the accompanying Combined Balance Sheet - All Fund Types and Account Groups and the change in the fair value of the investments during the year is recorded as investment income along with the interest earned on the investments.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

- (g) **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 City uses the purchase method of inventory valuation for its governmental funds whereby the cost is recorded as an expenditure 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.
- (h) **Accumulated, Unpaid Vacation and Sick Pay** - City employees earn vacation leave at graduated rates based on length of service. Normally, vacation leave is 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.

The City accrues vacation and sick pay benefits as earned by its employees in accordance with the provisions of GASB Statement No. 16, “*Accounting for Compensated Absences.*” This statement requires the portion of the compensated absence liability relating to governmental fund types that is not expected to be liquidated with expendable, available financial resources to be recorded in the General Long-Term Debt Account Group.

- (i) **Claims** - As described in Note 10, the City is self-insured for certain employee benefits as well as City vehicle collision claims. The City recognizes a liability for such claims if information prior to the issuance of the general purpose financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.
- (j) **“Total” Columns on General Purpose Financial Statements** - The “Total” columns on the accompanying general purpose financial statements are captioned “Memorandum Only” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with GAAP. No consolidating entries or other eliminations were made in arriving at the totals; thus, they do not represent consolidated information.
- (k) **Changes in Classification of Revenues and Expenditures** - Effective January 1, 2000, the City made the following changes in the classification of its revenues and expenditures for purposes of the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds:
- Approximately \$95,000 of General Fund revenues and \$371,000 of Special Revenue Fund revenues pertaining to the real property tax homestead and rollback exemptions that are reimbursed to the City by the State of Ohio were recorded as intergovernmental revenues in 2000. In prior years, these sources of revenue were recorded as property tax revenues.
 - Approximately \$971,000 of street lighting expenditures made out of the Special Revenue Funds were classified as streets and highways expenditures in 2000. In prior years, such costs were recorded as expenditures for security of persons and property.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

2. CASH AND INVESTMENTS

General - The City's cash and investment policy is governed by the provisions of the Charter and Codified Ordinances of the City and the Ohio Revised Code. These items permit the City to invest its monies in certificates of deposit, savings accounts, certain money market funds, bankers acceptances, obligations of the U.S. government, U.S. government agencies and government sponsored enterprises, and repurchase agreements backed by securities of the U.S. government or certain agencies or sponsored enterprises thereof. The City also may invest in shares of three mutual funds which invest in corporate and GNMA bonds: Vanguard Short-Term Corporate Fund, Vanguard Intermediate-Term Corporate Fund, and Vanguard GNMA Fund.

In accordance with the above mentioned statutes, public depositories must provide security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in excess of amounts insured by the Federal Deposit Insurance Corporation or may pledge a pool of securities with a statutory value of at least 110 percent of the total uninsured amount of public monies on deposit at the institution. Repurchase agreements are secured by the specific government security acquired under the repurchase agreement. Bankers acceptances are secured by the specific property covered by the bankers acceptance. All collateral, whether specific or pooled, is held by a Federal Reserve Bank or by a designated trustee as agent for the public depositories used by the City.

Cash and investments consisted of the following at December 31, 2000:

Cash	<u>\$ 735,865</u>
Investments:	
Federal Home Loan Bank securities	5,064,174
Federal Home Loan Mortgage Corporation securities	4,576,558
Federal Farm Credit Bank securities	3,832,605
Fannie Mae securities	3,366,488
Vanguard Intermediate Corporate Fund	2,055,064
Vanguard GNMA Fund	2,036,882
Vanguard Short-Term Corporate Fund	2,018,434
STAROhio	1,056,484
SLM Holding (Sallie Mae) securities	1,007,761
U.S. government securities	<u>24,543</u>
Total investments	<u>25,038,993</u>
Total cash and investments	<u>\$ 25,774,858</u>

Deposits - Under the provisions of Statement No. 3 of the GASB, deposits are categorized as either (1) insured or collateralized with securities held by the entity or by its agent in the entity's name, (2) collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name, or (3) uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name. At December 31, 2000, the carrying amount of the City's deposits was \$735,865 and the bank balance was \$1,103,970, \$183,984 of which was covered by Federal depository insurance and \$919,986 was uninsured and uncollateralized as defined by the GASB. The uncollateralized deposits were, however, covered by a pledged collateral pool not held in the City's name, as permitted under Ohio law.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

Investments - The City's investments are categorized as follows in accordance with the provisions of GASB Statement No. 3 to give an indication of the level of credit risk assumed by the City at year end. Category 1 includes investments that are insured or registered for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured or unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the City's name.

	<u>Category</u>			<u>Total Fair Value/ Carrying Value</u>
	<u>1</u>	<u>2</u>	<u>3</u>	
U.S. government securities	\$ 24,543	-	-	24,543
Federal Home Loan Bank securities	-	-	5,064,174	5,064,174
Federal Home Loan Mortgage Corporation securities	-	-	4,576,558	4,576,558
Federal Farm Credit Bank securities	-	-	3,832,605	3,832,605
Fannie Mae securities	-	-	3,366,488	3,366,488
SLM Holding (Sallie Mae) securities	-	-	<u>1,007,761</u>	<u>1,007,761</u>
	<u>\$ 24,543</u>	<u>-</u>	<u>17,847,586</u>	17,872,129
STAROhio				1,056,484
Vanguard Short-Term Corporate Fund				2,018,434
Vanguard GNMA Fund				2,036,882
Vanguard Intermediate Corporate Fund				<u>2,055,064</u>
Total investments				<u>\$ 25,038,993</u>

STAROhio is an investment pool created pursuant to Ohio statutes and managed by the Treasurer of the State of Ohio. This investment is not classified by credit risk category because it does not exist in physical or book entry form. The fair value of the City's position in the investment pool is equal to the fair value of the underlying assets of the pool. STAROhio is not registered with the Securities and Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940.

The three Vanguard investments are no-load mutual funds that are registered with the Securities and Exchange Commission as investment companies. The fair value of the City's position in these funds is equal to the fair value of the underlying assets of each. These investments are not classified by credit risk category because they do not exist in physical or book entry form.

The City pools cash from all funds for the purpose of investment activities. All interest income 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.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

3. TAXES

Income Taxes - A two percent City income tax is levied on substantially all income earned within the City. On May 6, 1997, the two percent income tax was renewed by the voters for a five year period through December 31, 2002. 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 triannual update based on recent sales of properties. The last revaluation was completed in 2000. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, 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.

Personal property (other than public utility) taxes are levied in October of the preceding calendar year based on tax rates determined in the preceding year and assessed values determined at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30 with the remainder payable by September 20. Under Ohio law, personal property taxes do not attach as a lien on the personal property.

Public utility real and tangible personal property taxes collected in one calendar year are levied in October of the preceding calendar year on assessed values determined as of January 1 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 the 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 1999 levy (collected in 2000) was based was approximately \$1.23 billion. Ohio law limits unvoted property taxation, combined for all overlapping taxing authorities, to 10 mills. The City's current share of 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.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

4. RECEIVABLES

Due from Outside Parties - The City's receivables at December 31, 2000, by fund type, consist of the following:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>
City income taxes	\$ 5,408,944	-	-
Property taxes	1,621,775	2,052,018	1,727,177
Special assessments	-	13,281	8,838,071
Other	<u>67,393</u>	<u>-</u>	<u>-</u>
	<u>\$ 7,098,112</u>	<u>2,065,299</u>	<u>10,565,248</u>

The above receivable amounts are net of any applicable allowance for uncollectibles, which are not material in relation to the respective receivable balances.

Due to/from Other Funds - Interfund receivables and payables are composed of the following at December 31, 2000:

Fund	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 112,138	-
Special Revenue Funds:		
Fire Levy	297	-
Street Lighting	541	-
Byrne Victims Assistance Grant 2000	-	262
CDBG - 98-99	-	8,600
CDBG - 99-00	-	34,142
Debt Service Fund:		
Special Assessment Bond Retirement	-	1,714
Capital Projects Funds:		
State Route 84 Storm Sewer	-	14,890
Willowbrook Sewer Outfall	-	30,000
Agency Fund:		
Municipal Court	<u>-</u>	<u>23,368</u>
	<u>\$ 112,976</u>	<u>112,976</u>

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

5. MUNICIPAL COURT

The Mentor Municipal Court was created by Section 1901.02 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 \$10,000, 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 general purpose 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. Fines and costs collected for the City which have not been disbursed are recognized under the captions "due from other funds" in the General Fund and "due to other funds" in the Municipal Court Agency Fund.

6. NOTES PAYABLE

The following is a summary of bond anticipation note transactions of the City for the year ended December 31, 2000:

Notes payable at January 1, 2000	\$4,025,000
New notes issued	4,425,000
Notes retired	<u>(4,025,000)</u>
Notes payable at December 31, 2000	<u>\$4,425,000</u>

The notes mature on July 19, 2001 and are recorded as a liability of the Capital Projects Funds. All notes are backed by the full faith and credit of the City. The interest rate on the notes outstanding at December 31, 2000 was 4.65 percent.

Chapter 133 of the Ohio Revised Code, "Uniform Bond Law," provides for bond anticipation notes to be issued by a city for a period of up to twenty years, including renewals, for long-term financing purposes. The Uniform Bond Law offers a city the option of either bonds or bond anticipation notes as long-term financing mechanisms, allowing a city to choose the option which provides the greatest benefit. Should it be determined that it would be more appropriate to issue bonds, the City has such authority under the Uniform Bond Law. Although the City has the intent to refinance the notes on a long-term basis in connection with the levy of certain special assessments to secure the repayment of the debt, the notes have been classified as a liability of the fund which received the note proceeds in accordance with the Financial Accounting Standards Board (FASB) Statement No. 6, "*Classification of Short-Term Obligations Expected to be Refinanced*," because the City has not taken the necessary legal steps to refinance the notes on a long-term basis.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

7. LONG-TERM DEBT

(a) City Obligated Debt

The following is a summary of the long-term portion of accumulated, unpaid vacation and sick pay obligations of the City for the year ended December 31, 2000:

Accrued liability at January 1, 2000	\$2,411,544
Benefits used during 2000, net of amounts earned	<u>(221,726)</u>
Accrued liability at December 31, 2000	<u>\$ 2,189,818</u>

The following is a summary of note transactions of the City for the year ended December 31, 2000:

	<u>General Obligation</u>
Notes payable at January 1, 2000	\$ -
Notes issued	<u>50,000</u>
Notes payable at December 31, 2000	<u>\$ 50,000</u>

Notes payable at December 31, 2000 are comprised of the following issues:

	<u>Amount of Original Issuance</u>	<u>Notes Outstanding December 31, 2000</u>
1999 Ohio Public Works Commission State Route 615 Reconstruction Note due in semi-annual installments of \$5,000 through 2006 without interest	<u>\$ 50,000</u>	<u>50,000</u>

The following is a summary of the bond transactions of the City for the year ended December 31, 2000:

	<u>General Obligation</u>	<u>Special Assessment</u>	<u>Total</u>
Bonds payable at January 1, 2000	\$22,563,664	7,208,336	29,772,000
Bonds retired	<u>(1,031,899)</u>	<u>(650,101)</u>	<u>(1,682,000)</u>
Bonds payable at December 31, 2000	<u>\$ 21,531,765</u>	<u>6,558,235</u>	<u>28,090,000</u>

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

Bonds payable at December 31, 2000 are comprised of the following issues:

	<u>Amount of Original Issuance</u>	<u>Bonds Outstanding December 31, 2000</u>
General unvoted obligations:		
1985 Police Facilities Bonds due in annual installments of \$170,000 through 2005, plus interest at 9.125%	\$ 3,200,000	850,000
1985 Community Center Bonds due in annual installments of \$125,000 through 2006, plus interest at 9.125%	2,500,000	750,000
1991 Street Improvement Bonds due in annual installments ranging from \$8,995 to \$26,728 through 2011, plus interest at rates varying between 6.4% to 7.15%	302,489	213,813
1993 Various Purpose Improvement Bonds due in annual installments ranging from \$112,864 to \$308,205 through 2013, plus interest at rates varying between 5.0% to 5.65%	3,820,000	2,930,115
1996 Various Purpose Improvement Bonds due in annual installments ranging from \$127,123 to \$400,926 through 2016, plus interest at rates varying from 5.4% to 5.6%	4,860,000	4,292,837
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 4.80% to 5.25%	<u>13,680,000</u>	<u>12,495,000</u>
Total general obligation bonds	<u>28,362,489</u>	<u>21,531,765</u>
Special assessment obligations:		
1981 Heisley-East Ave.-Pinecone Street Improvement Bond due in annual installments of \$120,000 through 2001, plus interest at 10.75%	2,456,740	120,000
1985 Great Lakes-East Ave.-Heisley Commerce Street Improvement Bonds due in annual installments of \$125,000 through 2001 and \$130,000 through 2006, plus interest at 9.625%	2,525,000	775,000
1987 Tyler Blvd.-White Oak Drive Improvement Bonds due in annual installments of \$85,000 to \$210,000 through 2007, plus interest at rates varying between 7.80% and 7.90%	2,240,000	1,175,000
1991 Street Improvement Bonds due in annual installments ranging from \$166,005 to \$493,272 through 2011, plus interest at rates varying between 6.49% to 7.15%	5,582,511	3,946,186
1993 Various Purpose Improvement Bonds due in annual installments ranging from \$17,136 to \$46,795 through 2013, plus interest at rates varying between 5.0% to 5.65%	580,000	444,886
1996 Various Purpose Improvement Bonds due in annual installments ranging from \$2,877 to \$9,074 through 2016, plus interest at rates varying between 5.4% to 5.6%	<u>110,000</u>	<u>97,163</u>
Total special assessment bonds	<u>13,494,251</u>	<u>6,558,235</u>
Total bonds	<u>\$41,856,740</u>	<u>28,090,000</u>

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

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.

The annual requirements to amortize all bonded debt outstanding as of December 31, 2000 are as follows:

Year Ending December 31.	General Obligation Bonds		Special Assessment Bonds		Total
	Principal	Interest	Principal	Interest	
2001	\$ 1,076,131	1,201,313	653,869	485,863	3,417,176
2002	1,120,620	1,135,205	569,380	433,311	3,258,516
2003	1,174,192	1,067,108	600,808	390,628	3,232,736
2004	1,218,680	996,746	631,320	344,245	3,190,991
2005	1,278,315	921,846	671,685	297,041	3,168,887
2006-2010	6,007,718	3,590,616	2,757,282	776,395	13,132,011
2011-2015	7,070,181	1,815,579	664,819	59,815	9,610,394
2016 and thereafter	<u>2,585,928</u>	<u>196,228</u>	<u>9,072</u>	<u>508</u>	<u>2,791,736</u>
	<u>\$21,531,765</u>	<u>10,924,641</u>	<u>6,558,235</u>	<u>2,787,806</u>	<u>41,802,447</u>

Under the Ohio Revised Code, at December 31, 2000, the City legally could issue approximately \$46.1 million of additional, unvoted, general obligation debt.

(b) *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 trustees 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, 2000, there were nine series of industrial revenue bonds outstanding. The aggregate principal amount payable at December 31, 2000 for the three series issued since July 1, 1995, was \$9.8 million. The aggregate principal amount payable for the six series issued prior to July 1, 1995, could not be determined; however their original issue amounts totaled \$9.3 million.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

8. FIXED ASSETS, LAND HELD FOR RESALE AND CAPITAL PROJECTS

General Fixed Assets - A summary of the changes in the General Fixed Assets Account Group is as follows:

	Balance January 1, 2000	Additions	Retirements	Balance December 31, 2000
Land	\$ 13,328,908	-	-	13,328,908
Buildings	36,693,447	215,324	-	36,908,771
Improvements	5,922,437	238,060	-	6,160,497
Furniture, fixtures, and equipment	13,658,065	1,373,445	642,906	14,388,604
Construction in progress	-	-	-	-
Totals	<u>\$ 69,602,857</u>	<u>1,826,829</u>	<u>642,906</u>	<u>70,786,780</u>

Land Held for Resale - In an effort to collect certain delinquent special assessments, the City took ownership of certain parcels of land upon which assessments and taxes were delinquent. The land was recorded at its estimated fair value on the date of acquisition and will be sold to pay the assessments and taxes due on the property. Accordingly, the land is shown in the Debt Service Funds as "Land Held for Resale" in the accompanying Combined Balance Sheet - All Fund Types and Account Groups. Because certain other governmental units have a claim against the proceeds to be received from the sale of the property, liabilities have been recorded in the Debt Service Funds to reflect this fact. The net proceeds expected to be received by the City (difference between the fair value of the land and the claims of other governmental units) have been recorded as deferred revenue because the proceeds will not be available to pay the City's liabilities at December 31, 2000.

9. RETIREMENT PLANS

Employees and Plans - All full-time employees of the City and certain part-time employees belong to one of two state operated, cost-sharing, multiple-employer, defined benefit pension plans. Non-uniformed employees are members of the Public Employees Retirement System of Ohio (PERS). Full-time police and fire personnel are members of the Ohio Police and Fire Pension Fund (OP&F). The Ohio Revised Code requires participation by the above mentioned employees. Elected officials can participate in PERS on a voluntary basis.

Public Employees Retirement System of Ohio (PERS) - Effective July 1, 1991, all non-uniformed employees of the City are required to be members of PERS. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report that includes financial statements and required supplementary information. The financial report may be obtained by making a written request to the Public Employees Retirement System of Ohio, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees other than law enforcement personnel are required to contribute 8.5 percent of their covered payroll to PERS. The Retirement Board instituted a temporary employer contribution rate rollback for calendar year 2000. The rate rollback was 20 percent for local government divisions. The 2000 employer contribution rate for local government employer units was 10.84 percent of covered payroll including 4.3 percent that was used to fund postretirement health care benefits. The City's total contributions to PERS for pension benefits (excluding the amount relating to postretirement benefits) for the years ended December 31, 2000, 1999 and 1998 were \$827,152, \$997,517, and \$950,821, respectively, which were equal to the required contributions for each year.

Ohio Police and Fire Pension Fund (OP&F) - 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 are codified in Chapter 742 of the Ohio Revised Code. The OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Members of the OP&F become partially vested after 15 years of service and fully vested after 25 years of service. Members are eligible for normal retirement benefits at age 48 with 25 years of service credit or at age 62 with 15 years of service credit. The normal retirement benefit is equal to 2.5 percent of annual earnings for each of the first 20 years of service, 2.0 percent for each of the next five years of service, and 1.5 percent for each year of service thereafter; however, this normal retirement benefit is not to exceed 72 percent of the member's average annual salary for the three years during which total earnings were the greatest. Early retirement with reduced benefits is available to members with 15 years of service credit who have attained age 48 or 25 years from the date the member became a qualified employee. The reduced benefit is equal to 1.5 percent of the average annual salary multiplied by the number of complete years of service.

Plan members are required to contribute 10.0 percent of their annual covered salary while employers are required to contribute 19.5 percent and 24.0 percent for police officers and firefighters, respectively. The City's contributions to OP&F (excluding the amount relating to postretirement benefits) for the years ended December 31, 2000, 1999 and 1998 were \$1,170,958, \$1,035,486, and \$1,038,628, respectively, which was equal to the required contributions for each year.

Postretirement Health Care Benefits - Other postretirement health care benefits provided by PERS and OP&F are as follows:

- In addition to the pension benefits described previously, PERS provides postretirement health care coverage to age and service retirants with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is also available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. The portion of the employer contribution rate used to fund health care for 2000 and 1999 was 4.3 percent and 4.2 percent, respectively, of covered payroll in each year. During 2000 and 1999, \$543,895 and \$448,160, respectively, of the City's total contribution to PERS was used for postretirement benefits. At December 31, 2000, the City was not responsible for paying premiums, contributions, or claims for OPEB under PERS for any retirees, terminated employees, or other beneficiaries.

OPEBs are advance-funded on an actuarially determined basis. The number of active contributing participants was 401,339 at December 31, 1999 (latest information available). The actuarial value of the Retirement System's net assets available for OPEB at December 31, 1999 was \$10.8 billion. The actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$12.5 billion and \$1.7 billion, respectively.

The principal assumptions used for the 1999 actuarial computations (latest available) were as follows:

Funding Method. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

Investment Return. The investment assumption rate for 1999 was 7.75 percent.

Active Employee Total Payroll. An annual increase of 4.75 percent, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.75 percent increase, were assumed to range from 0.54 percent to 5.1 percent.

Health Care. Health care costs were assumed to increase 4.75 percent annually.

- OP&F provides postretirement health care coverage to any person who receives, or is eligible to receive, a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending full-time or on a two-thirds basis. The Ohio Revised Code provides that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate.

Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by OP&F is used to pay retiree health care expenses. This percentage was 7.0 percent and 7.25 percent of covered payroll in 1999 and 2000, respectively. The percentage is 7.50 percent in 2001. 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.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2000

Total state-wide participants eligible to receive health care benefits as of December 31, 1999 (latest information available) were 12,467 police and 9,807 firefighters. The City's 2000 contributions for postretirement health care benefits were \$291,876 and \$293,442 for police and firefighters, respectively. OP&F's total health care costs for the year ended December 31, 1999 (latest information available) were \$95.0 million (net of member contributions of \$5.5 million). Expenditures for postretirement health care benefits cannot reasonably be estimated.

10. RISK MANAGEMENT

The City is exposed to various risks of loss during the normal course of its operations including, but not limited to, loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries to employees.

The City is self-insured for the following risks:

- *Health Benefits* - The City is self-insured with respect to dental benefits provided to City employees and their covered dependents.
- *Vehicle Collision Claims* - The City is 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 carrier.
- *Workers' Compensation Benefits* - The City was self-insured in 1991 under the State of Ohio's retrospective rating program. As a result, the City is responsible for paying claims pertaining to 1991 for a ten year period. The only year for which the City elected the retrospective rating program was calendar year 1991.

The City's financial activity relating to its self-insured risks is accounted for in the General Fund. The changes in the liabilities for self-insured risks for the years ended December 31, 1999 and 2000 are as follows:

	<u>Health Benefits</u>	<u>Vehicle Collision Claims</u>	<u>Workers' Compensation Benefits</u>
Balance January 1, 1999	\$ 28,028	-	26,302
Incurred claims, net of changes in estimates	145,888	87,567	-
Payments	<u>(150,000)</u>	<u>(902)</u>	<u>(5,613)</u>
Balance December 31, 1999	23,916	86,665	20,689
Incurred claims, net of changes in estimates	194,837	-	-
Payments	<u>(184,800)</u>	<u>-</u>	<u>(109)</u>
Balance December 31, 2000	<u>\$ 33,953</u>	<u>86,665</u>	<u>20,580</u>

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Concluded) YEAR ENDED DECEMBER 31, 2000

The liabilities above represent the City's best estimates based upon available information and include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of pay-outs, and other economic factors.

The City purchases insurance policies in varying amounts for general liability, property damage, employee health care benefits (excluding dental benefits), and employee and public officials' liability, including errors and omissions of the City's safety forces. Settled claims have not exceeded the City's insurance coverage in any of the past three years.

11. CONTINGENT LIABILITIES

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 general purpose financial statements.

12. FUND DEFICITS

At December 31, 2000, the Tyler Boulevard Extension and Willowbrook Sewer Outfall Capital Projects Funds had deficit fund balances of \$4,288,677 and \$17,986, respectively. The Tyler Boulevard Extension Fund deficit will be eliminated through the issuance of long-term financing in the future while the deficit in the Willowbrook Sewer Outfall Fund will be eliminated through the receipt of grant proceeds during 2001. The Byrne Victims Assistance Grant 2000 and CDBG 99-00 Special Revenue Funds also had deficit fund balances of \$262 and \$6,000, respectively. These deficits will be eliminated through the receipt of grant proceeds during 2001. No other funds had deficit balances at December 31, 2000.

13. NEW ACCOUNTING STANDARDS

The Governmental Accounting Standards Board has issued Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. These statements establish accounting standards for non-exchange transactions such as grants and other assistance provided to the City by other governmental units and revise accounting and reporting standards for general purpose external financial reporting by governmental units. Statement No. 33 is effective for the City's year ending December 31, 2001 and Statement No. 34 is effective for the year ending December 31, 2003. The City has not completed an analysis of the impact of these two statements on its reported financial condition and results of operations.

***COMBINING, INDIVIDUAL FUND,
AND ACCOUNT GROUP
STATEMENTS AND SCHEDULES***

General Fund

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.

CITY OF MENTOR, OHIO

GENERAL FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Property taxes	\$ 855,235	893,989	38,754
Municipal income tax	26,340,000	26,261,410	(78,590)
Intergovernmental	5,594,654	5,277,405	(317,249)
Charges for services	2,624,650	2,460,546	(164,104)
Fines and forfeitures	1,015,000	956,232	(58,768)
Licenses, permits, and inspections	1,223,076	1,078,703	(144,373)
Investment income	1,200,000	1,452,836	252,836
Other	119,051	228,782	109,731
Total revenues	<u>38,971,666</u>	<u>38,609,903</u>	<u>(361,763)</u>
EXPENDITURES:			
GENERAL GOVERNMENT:			
Council:			
Employee compensation	157,170	156,696	474
Other	127,260	114,716	12,544
Total council	<u>284,430</u>	<u>271,412</u>	<u>13,018</u>
Court:			
Employee compensation	599,620	579,880	19,740
Other	321,930	281,029	40,901
Total court	<u>921,550</u>	<u>860,909</u>	<u>60,641</u>
City manager:			
Employee compensation	826,303	826,303	-
Other	922,701	821,747	100,954
Total city manager	<u>1,749,004</u>	<u>1,648,050</u>	<u>100,954</u>
Finance:			
Employee compensation	697,830	612,190	85,640
Other	1,394,025	1,039,058	354,967
Total finance	<u>2,091,855</u>	<u>1,651,248</u>	<u>440,607</u>
Legal:			
Employee compensation	276,500	270,981	5,519
Other	401,158	297,866	103,292
Total legal	<u>677,658</u>	<u>568,847</u>	<u>108,811</u>
Other	1,326,247	1,182,673	143,574
Total general government	<u>7,050,744</u>	<u>6,183,139</u>	<u>867,605</u>

CITY OF MENTOR, OHIO

GENERAL FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2000

	Budget	Actual	Variance - Favorable (Unfavorable)
POLICE:			
Employee compensation	\$ 5,814,640	5,226,951	587,689
Other	<u>3,670,576</u>	<u>3,268,446</u>	<u>402,130</u>
Total police	<u>9,485,216</u>	<u>8,495,397</u>	<u>989,819</u>
FIRE:			
Employee compensation	4,372,001	4,156,251	215,750
Other	<u>2,982,541</u>	<u>2,805,709</u>	<u>176,832</u>
Total fire	<u>7,354,542</u>	<u>6,961,960</u>	<u>392,582</u>
STREETS AND HIGHWAYS:			
Employee compensation	2,672,010	2,661,053	10,957
Other	<u>8,848,919</u>	<u>6,499,770</u>	<u>2,349,149</u>
Total street and highways	<u>11,520,929</u>	<u>9,160,823</u>	<u>2,360,106</u>
PARKS, RECREATION AND PUBLIC LANDS:			
Employee compensation	3,104,316	2,752,931	351,385
Other	<u>6,408,142</u>	<u>4,434,829</u>	<u>1,973,313</u>
Total parks, recreation and public lands	<u>9,512,458</u>	<u>7,187,760</u>	<u>2,324,698</u>
COMMUNITY DEVELOPMENT:			
Employee compensation	630,550	618,803	11,747
Other	<u>406,021</u>	<u>319,134</u>	<u>86,887</u>
Total community development	<u>1,036,571</u>	<u>937,937</u>	<u>98,634</u>
ENGINEERING AND BUILDING:			
Employee compensation	1,146,640	1,077,558	69,082
Other	<u>3,165,853</u>	<u>2,656,909</u>	<u>508,944</u>
Total engineering and building	<u>4,312,493</u>	<u>3,734,467</u>	<u>578,026</u>
Total expenditures	<u>50,272,953</u>	<u>42,661,483</u>	<u>7,611,470</u>
Excess (deficiency) of revenues over expenditures	<u>(11,301,287)</u>	<u>(4,051,580)</u>	<u>7,249,707</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-	5,240	5,240
Operating transfers out	(156,400)	(156,400)	-
Advances in	350,500	350,500	-
Advances out	<u>(87,894)</u>	<u>(87,894)</u>	<u>-</u>
Total other financing sources (uses)	<u>106,206</u>	<u>111,446</u>	<u>5,240</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(11,195,081)</u>	<u>(3,940,134)</u>	<u>7,254,947</u>
Adjustment for prior year encumbrances	5,258,677	5,258,677	-
FUND BALANCES, BEGINNING OF YEAR	<u>9,284,069</u>	<u>9,284,069</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 3,347,665</u>	<u>10,602,612</u>	<u>7,254,947</u>

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Special Revenue Funds

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SPECIAL REVENUE FUNDS

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 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.

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.

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.

Litter Prevention Grant 1999 Fund - To account for monies received from the Ohio Department of Natural Resources for the City's litter prevention and recycling program.

Byrne Victims Assistance Grant 1999 Fund - To account for monies received from the Ohio Office of Criminal Justice Services to provide 24-hour advocacy to all victims.

SPECIAL REVENUE FUNDS (CON'T)

Byrne Victims Assistance Grant 2000 Fund - To account for monies received from the Ohio Office of Criminal Justice Services to provide 24 hour advocacy to all victims.

VOCA Victims Assistance Grant 99-00 Fund - To account for monies received from the Crimes Victims Assistance Office to assist victims of crime.

VOCA Victims Assistance Grant 00-01 Fund - To account for monies received from the Crimes Victims Assistance Office to assist victims of crime.

Community Development Block Grant 97-98 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 98-99 Fund - To account for monies received from the U.S. Department of Housing and Urban Development for various community development block grant programs.

Community Development Block Grant 99-00 Fund - To account for monies received from the U.S. Department of Housing and Urban Development for various community development block grant programs.

CITY OF MENTOR, OHIO

**SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2000**

	Street	Police Pension	Fire Pension	Fire Levy	Senior Citizens Services Levy	Community Recreation Facilities
ASSETS:						
Cash and investments	\$1,813,819	-	-	220,478	150,914	5,894
Receivables, net of allowances for uncollectibles	-	398,579	398,579	1,254,860	-	-
Due from other funds	-	-	-	297	-	-
TOTAL ASSETS	<u>\$1,813,819</u>	<u>398,579</u>	<u>398,579</u>	<u>1,475,635</u>	<u>150,914</u>	<u>5,894</u>
LIABILITIES AND FUND EQUITY:						
Accounts payable	\$ 58,885	-	-	-	975	-
Due to other funds	-	-	-	-	-	-
Deferred revenues	-	398,579	398,579	1,255,157	-	-
Total liabilities	<u>58,885</u>	<u>398,579</u>	<u>398,579</u>	<u>1,255,157</u>	<u>975</u>	<u>-</u>
Fund equity:						
Fund balances:						
Reserved for encumbrances	1,172,762	-	-	89,490	347	-
Unreserved	582,172	-	-	130,988	149,592	5,894
Total fund equity	<u>1,754,934</u>	<u>-</u>	<u>-</u>	<u>220,478</u>	<u>149,939</u>	<u>5,894</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$1,813,819</u>	<u>398,579</u>	<u>398,579</u>	<u>1,475,635</u>	<u>150,914</u>	<u>5,894</u>

<u>Cemetery</u>	<u>Economic Development</u>	<u>Subdivision Street Tree</u>	<u>Street Lighting</u>	<u>Court Computer</u>	<u>Enforcement and Education</u>	<u>Indigent Driver Alcohol Treatment</u>	<u>Law Enforcement Trust</u>	<u>Police Canine</u>
184,908	85,529	76,321	473,665	187,557	21,793	54,931	42,778	121,457
-	-	-	13,281	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>541</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>184,908</u>	<u>85,529</u>	<u>76,321</u>	<u>487,487</u>	<u>187,557</u>	<u>21,793</u>	<u>54,931</u>	<u>42,778</u>	<u>121,457</u>
-	-	-	165,990	1,219	-	13,417	-	-
-	-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>13,822</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>179,812</u>	<u>1,219</u>	<u>-</u>	<u>13,417</u>	<u>-</u>	<u>-</u>
-	-	-	-	46,127	4,650	1,841	-	5,369
<u>184,908</u>	<u>85,529</u>	<u>76,321</u>	<u>307,675</u>	<u>140,211</u>	<u>17,143</u>	<u>39,673</u>	<u>42,778</u>	<u>116,088</u>
<u>184,908</u>	<u>85,529</u>	<u>76,321</u>	<u>307,675</u>	<u>186,338</u>	<u>21,793</u>	<u>41,514</u>	<u>42,778</u>	<u>121,457</u>
<u>184,908</u>	<u>85,529</u>	<u>76,321</u>	<u>487,487</u>	<u>187,557</u>	<u>21,793</u>	<u>54,931</u>	<u>42,778</u>	<u>121,457</u>

Seat Belt Grant	Litter Prevention Grant 1999	Byrne Victims Assistance Grant 1999	Byrne Victims Assistance Grant 2000	VOCA Victims Assistance Grant 99-00	VOCA Victims Assistance Grant 00-01	Community Development Block Grant 98-99	Community Development Block Grant 99-00	Totals
6,215	-	-	-	158	840	8,600	34,142	3,489,999
-	-	-	-	-	-	-	-	2,065,299
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>838</u>
<u>6,215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158</u>	<u>840</u>	<u>8,600</u>	<u>34,142</u>	<u>5,556,136</u>
-	-	-	-	-	-	-	6,000	246,486
-	-	-	262	-	-	8,600	34,142	43,004
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,066,137</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>262</u>	<u>-</u>	<u>-</u>	<u>8,600</u>	<u>40,142</u>	<u>2,355,627</u>
60	-	-	-	-	20	8,600	27,742	1,357,008
<u>6,155</u>	<u>-</u>	<u>-</u>	<u>(262)</u>	<u>158</u>	<u>820</u>	<u>(8,600)</u>	<u>(33,742)</u>	<u>1,843,501</u>
<u>6,215</u>	<u>-</u>	<u>-</u>	<u>(262)</u>	<u>158</u>	<u>840</u>	<u>-</u>	<u>(6,000)</u>	<u>3,200,509</u>
<u>6,215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>158</u>	<u>840</u>	<u>8,600</u>	<u>34,142</u>	<u>5,556,136</u>

CITY OF MENTOR, OHIO

**SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2000**

	Street	Police Pension	Fire Pension	Fire Levy	Senior Citizens Services Levy	Community Recreation Facilities
REVENUES:						
Property taxes	\$ -	334,988	334,988	1,160,062	-	-
Other local taxes	375,128	-	-	-	-	323,714
Intergovernmental	1,412,811	37,372	37,372	119,001	80,000	-
Charges for services	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Licenses, permits, and inspections	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-
Investment income	91,572	-	-	-	-	-
Total revenues	<u>1,879,511</u>	<u>372,360</u>	<u>372,360</u>	<u>1,279,063</u>	<u>80,000</u>	<u>323,714</u>
EXPENDITURES:						
Current:						
General government	-	-	-	-	-	-
Police	-	372,360	-	-	-	-
Fire	-	-	372,360	1,257,136	-	-
Streets and highways	685,030	-	-	-	-	-
Parks, recreation and public lands	-	-	-	-	14,606	-
Community development	-	-	-	-	-	-
Capital outlay	445,719	-	-	-	28,388	-
Total expenditures	<u>1,130,749</u>	<u>372,360</u>	<u>372,360</u>	<u>1,257,136</u>	<u>42,994</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>748,762</u>	<u>-</u>	<u>-</u>	<u>21,927</u>	<u>37,006</u>	<u>323,714</u>
OTHER FINANCING SOURCES (USES):						
Operating transfers in	44,587	-	-	-	-	48,955
Operating transfers out	-	-	-	-	-	(395,000)
Total other financing sources (uses)	<u>44,587</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(346,045)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	793,349	-	-	21,927	37,006	(22,331)
FUND BALANCES, BEGINNING OF YEAR	<u>961,585</u>	<u>-</u>	<u>-</u>	<u>198,551</u>	<u>112,933</u>	<u>28,225</u>
FUND BALANCE, END OF YEAR	<u>\$1,754,934</u>	<u>-</u>	<u>-</u>	<u>220,478</u>	<u>149,939</u>	<u>5,894</u>

Cemetery	Economic Development	Subdivision Street Tree	Street Lighting	Court Computer	Enforcement and Education	Indigent Driver Alcohol Treatment	Law Enforcement Trust	Police Canine
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	10,475	-	-
29,610	7,460	-	-	-	-	-	-	-
-	-	-	-	46,571	3,850	5,147	1,095	-
-	-	21,360	-	-	-	-	-	-
-	-	-	927,678	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>29,610</u>	<u>7,460</u>	<u>21,360</u>	<u>927,678</u>	<u>46,571</u>	<u>3,850</u>	<u>15,622</u>	<u>1,095</u>	<u>-</u>
-	-	-	-	36,309	-	20,759	-	-
-	-	-	-	-	129	-	11,050	9,962
-	-	-	-	-	-	-	-	-
-	-	-	970,515	-	-	-	-	-
-	-	30,793	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	12,616	12,768	-	6,340	1,000
<u>-</u>	<u>-</u>	<u>30,793</u>	<u>970,515</u>	<u>48,925</u>	<u>12,897</u>	<u>20,759</u>	<u>17,390</u>	<u>10,962</u>
<u>29,610</u>	<u>7,460</u>	<u>(9,433)</u>	<u>(42,837)</u>	<u>(2,354)</u>	<u>(9,047)</u>	<u>(5,137)</u>	<u>(16,295)</u>	<u>(10,962)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
29,610	7,460	(9,433)	(42,837)	(2,354)	(9,047)	(5,137)	(16,295)	(10,962)
<u>155,298</u>	<u>78,069</u>	<u>85,754</u>	<u>350,512</u>	<u>188,692</u>	<u>30,840</u>	<u>46,651</u>	<u>59,073</u>	<u>132,419</u>
<u>184,908</u>	<u>85,529</u>	<u>76,321</u>	<u>307,675</u>	<u>186,338</u>	<u>21,793</u>	<u>41,514</u>	<u>42,778</u>	<u>121,457</u>

Seat Belt Grant	Litter Prevention Grant 1999	Byrne Victims Assistance Grant 1999	Byrne Victims Assistance Grant 2000	VOCA Victims Assistance Grant 99-00	VOCA Victims Assistance Grant 00-01	Community Development Block Grant 98-99	Community Development Block Grant 99-00	Totals
-	-	-	-	-	-	-	-	1,830,038
-	-	-	-	-	-	-	-	698,842
1,404	-	-	20,012	4,859	840	93,672	79,277	1,897,095
-	-	-	-	-	-	-	-	37,070
-	-	-	-	-	-	-	-	56,663
-	-	-	-	-	-	-	-	21,360
-	-	-	-	-	-	-	-	927,678
-	-	-	-	-	-	-	-	91,572
<u>1,404</u>	<u>-</u>	<u>-</u>	<u>20,012</u>	<u>4,859</u>	<u>840</u>	<u>93,672</u>	<u>79,277</u>	<u>5,560,318</u>
-	-	-	-	-	-	-	-	57,068
1,151	-	2,885	20,274	6,658	-	-	-	424,469
-	-	-	-	-	-	-	-	1,629,496
-	7,635	-	-	-	-	-	-	1,663,180
-	-	-	-	-	-	-	-	45,399
-	-	-	-	-	-	65,853	85,277	151,130
-	-	-	-	-	-	23,158	-	529,989
<u>1,151</u>	<u>7,635</u>	<u>2,885</u>	<u>20,274</u>	<u>6,658</u>	<u>-</u>	<u>89,011</u>	<u>85,277</u>	<u>4,500,731</u>
<u>253</u>	<u>(7,635)</u>	<u>(2,885)</u>	<u>(262)</u>	<u>(1,799)</u>	<u>840</u>	<u>4,661</u>	<u>(6,000)</u>	<u>1,059,587</u>
-	-	-	-	-	-	-	-	93,542
-	-	-	-	-	-	-	-	(395,000)
-	-	-	-	-	-	-	-	(301,458)
253	(7,635)	(2,885)	(262)	(1,799)	840	4,661	(6,000)	758,129
<u>5,962</u>	<u>7,635</u>	<u>2,885</u>	<u>-</u>	<u>1,957</u>	<u>-</u>	<u>(4,661)</u>	<u>-</u>	<u>2,442,380</u>
<u>6,215</u>	<u>-</u>	<u>-</u>	<u>(262)</u>	<u>158</u>	<u>840</u>	<u>-</u>	<u>(6,000)</u>	<u>3,200,509</u>

CITY OF MENTOR, OHIO

STREET FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Other local taxes	\$ 389,000	375,128	(13,872)
Intergovernmental	1,512,000	1,412,811	(99,189)
Investment income	<u>115,000</u>	<u>91,572</u>	<u>(23,428)</u>
Total revenues	<u>2,016,000</u>	<u>1,879,511</u>	<u>(136,489)</u>
EXPENDITURES:			
Streets and highways	<u>2,971,156</u>	<u>2,388,984</u>	<u>582,172</u>
Excess (deficiency) of revenues over expenditures	(955,156)	(509,473)	445,683
Adjustment for prior year encumbrances	967,843	967,843	-
FUND BALANCES, BEGINNING OF YEAR	<u>123,803</u>	<u>123,803</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 136,490</u>	<u>582,173</u>	<u>445,683</u>

CITY OF MENTOR, OHIO

POLICE PENSION FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Property taxes	\$ 334,988	334,988	-
Intergovernmental	<u>37,372</u>	<u>37,372</u>	<u>-</u>
Total revenues	<u>372,360</u>	<u>372,360</u>	<u>-</u>
EXPENDITURES:			
Police	<u>372,360</u>	<u>372,360</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, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Property taxes	\$ 334,988	334,988	-
Intergovernmental	<u>37,372</u>	<u>37,372</u>	<u>-</u>
Total revenues	<u>372,360</u>	<u>372,360</u>	<u>-</u>
EXPENDITURES:			
Fire	<u>372,360</u>	<u>372,360</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, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Property taxes	\$ 1,105,543	1,160,062	54,519
Intergovernmental	<u>119,811</u>	<u>119,001</u>	<u>(810)</u>
Total revenues	<u>1,225,354</u>	<u>1,279,063</u>	<u>53,709</u>
EXPENDITURES:			
Fire:			
Employee compensation	978,440	961,935	16,505
Other	<u>403,793</u>	<u>384,691</u>	<u>19,102</u>
Total fire	<u>1,382,233</u>	<u>1,346,626</u>	<u>35,607</u>
Excess (deficiency) of revenues over expenditures	(156,879)	(67,563)	89,316
FUND BALANCES, BEGINNING OF YEAR	<u>198,551</u>	<u>198,551</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 41,672</u>	<u>130,988</u>	<u>89,316</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, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental	\$ 80,000	80,000	-
EXPENDITURES:			
Parks, recreation and public lands	192,932	43,340	149,592
Excess (deficiency) of revenues over expenditures	(112,932)	36,660	149,592
Adjustment for prior year encumbrances	30,271	30,271	-
FUND BALANCES, BEGINNING OF YEAR	82,661	82,661	-
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>149,592</u>	<u>149,592</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, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Other local taxes	\$ 345,000	323,964	(21,036)
EXPENDITURES	-	-	-
Excess (deficiency) of revenues over expenditures	345,000	323,964	(21,036)
OTHER FINANCING SOURCES (USES):			
Operating transfers out	(395,000)	(395,000)	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(50,000)	(71,036)	(21,036)
FUND BALANCES, BEGINNING OF YEAR	76,930	76,930	-
FUND BALANCES, END OF YEAR	<u>\$ 26,930</u>	<u>5,894</u>	<u>(21,036)</u>

CITY OF MENTOR, OHIO

CEMETERY FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

(NON-GAAP BUDGETARY BASIS)

YEAR ENDED DECEMBER 31, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Charges for services	\$ <u>28,000</u>	<u>29,610</u>	<u>1,610</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	28,000	29,610	1,610
FUND BALANCES, BEGINNING OF YEAR	<u>155,298</u>	<u>155,298</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 183,298</u>	<u>184,908</u>	<u>1,610</u>

CITY OF MENTOR, OHIO

ECONOMIC DEVELOPMENT FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Charges for services	\$ <u>8,000</u>	<u>7,460</u>	<u>(540)</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	8,000	7,460	(540)
FUND BALANCES, BEGINNING OF YEAR	<u>78,069</u>	<u>78,069</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 86,069</u>	<u>85,529</u>	<u>(540)</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, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Licenses, permits, and inspections	\$ 20,000	21,360	1,360
EXPENDITURES:			
Parks, recreation and public lands	85,555	30,793	54,762
Excess (deficiency) of revenues over expenditures	(65,555)	(9,433)	56,122
Adjustment for prior year encumbrances	555	555	-
FUND BALANCES, BEGINNING OF YEAR	<u>85,199</u>	<u>85,199</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 20,199</u>	<u>76,321</u>	<u>56,122</u>

CITY OF MENTOR, OHIO

STREET LIGHTING FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Special assessments	\$ 867,076	927,678	60,602
EXPENDITURES:			
Streets and highways	1,079,443	970,515	108,928
Excess (deficiency) of revenues over expenditures	(212,367)	(42,837)	169,530
FUND BALANCES, BEGINNING OF YEAR	350,511	350,511	-
FUND BALANCES, END OF YEAR	<u>\$ 138,144</u>	<u>307,674</u>	<u>169,530</u>

CITY OF MENTOR, OHIO

COURT COMPUTER FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Fines and forfeitures	\$ 50,000	46,571	(3,429)
EXPENDITURES:			
General government	<u>197,629</u>	<u>104,593</u>	<u>93,036</u>
Excess (deficiency) of revenues over expenditures	(147,629)	(58,022)	89,607
Adjustment for prior year encumbrances	12,628	12,628	-
FUND BALANCES, BEGINNING OF YEAR	<u>185,605</u>	<u>185,605</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 50,604</u>	<u>140,211</u>	<u>89,607</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, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Fines and forfeitures	\$ 6,000	3,850	(2,150)
EXPENDITURES:			
Police	30,000	17,547	12,453
Excess (deficiency) of revenues over expenditures	(24,000)	(13,697)	10,303
FUND BALANCES, BEGINNING OF YEAR	<u>30,840</u>	<u>30,840</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 6,840</u>	<u>17,143</u>	<u>10,303</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, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental	\$ 8,000	10,475	2,475
Fines and forfeitures	<u>6,000</u>	<u>5,147</u>	<u>(853)</u>
Total revenues	<u>14,000</u>	<u>15,622</u>	<u>1,622</u>
EXPENDITURES:			
General government	<u>52,000</u>	<u>17,299</u>	<u>34,701</u>
Excess (deficiency) of revenues over expenditures	(38,000)	(1,677)	36,323
FUND BALANCES, BEGINNING OF YEAR	<u>52,151</u>	<u>52,151</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 14,151</u>	<u>50,474</u>	<u>36,323</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, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Fines and forfeitures	<u>\$ 17,000</u>	<u>1,095</u>	<u>(15,905)</u>
EXPENDITURES:			
Police	<u>59,000</u>	<u>17,390</u>	<u>41,610</u>
Excess (deficiency) of revenues over expenditures	(42,000)	(16,295)	25,705
FUND BALANCES, BEGINNING OF YEAR	<u>59,073</u>	<u>59,073</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 17,073</u>	<u>42,778</u>	<u>25,705</u>

CITY OF MENTOR, OHIO

POLICE CANINE FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES	\$ -	-	-
EXPENDITURES:			
Police	<u>132,000</u>	<u>16,331</u>	<u>115,669</u>
Excess (deficiency) of revenues over expenditures	(132,000)	(16,331)	115,669
FUND BALANCES, BEGINNING OF YEAR	<u>132,419</u>	<u>132,419</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 419</u>	<u>116,088</u>	<u>115,669</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, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental	\$ <u>1,700</u>	<u>1,404</u>	<u>(296)</u>
EXPENDITURES:			
Police	<u>5,000</u>	<u>1,210</u>	<u>3,790</u>
Excess (deficiency) of revenues over expenditures	(3,300)	194	3,494
FUND BALANCES, BEGINNING OF YEAR	<u>5,962</u>	<u>5,962</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,662</u>	<u>6,156</u>	<u>3,494</u>

CITY OF MENTOR, OHIO

LITTER PREVENTION GRANT 1999 FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES	<u>\$ -</u>	<u>-</u>	<u>-</u>
EXPENDITURES:			
Streets and highways	<u>11,885</u>	<u>11,885</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(11,885)	(11,885)	-
Adjustment for prior year encumbrances	8,161	8,161	-
FUND BALANCES, BEGINNING OF YEAR	<u>3,724</u>	<u>3,724</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>-</u>	<u>-</u>

CITY OF MENTOR, OHIO

BYRNE VICTIMS ASSISTANCE GRANT 1999 FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES	<u>\$ -</u>	<u>-</u>	<u>-</u>
EXPENDITURES:			
Police	<u>2,885</u>	<u>2,885</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(2,885)</u>	<u>(2,885)</u>	<u>-</u>
FUND BALANCES, BEGINNING OF YEAR	<u>2,885</u>	<u>2,885</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

CITY OF MENTOR, OHIO

BYRNE VICTIMS ASSISTANCE GRANT 2000 FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental	\$ 20,012	20,012	-
EXPENDITURES:			
Police	20,274	20,274	-
Excess (deficiency) of revenues over expenditures	(262)	(262)	-
OTHER FINANCING (USES):			
Advances in	262	262	-
Excess (deficiency) of revenues over other sources over expenditures and other uses	-	-	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>-</u>	<u>-</u>

CITY OF MENTOR, OHIO

VOCA VICTIMS ASSISTANCE GRANT 99-00 FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental	<u>\$ 4,859</u>	<u>4,859</u>	<u>-</u>
EXPENDITURES:			
Police	<u>6,658</u>	<u>6,658</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(1,799)	(1,799)	-
Adjustment for prior year encumbrances	995	995	-
FUND BALANCES, BEGINNING OF YEAR	<u>962</u>	<u>962</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 158</u>	<u>158</u>	<u>-</u>

CITY OF MENTOR, OHIO

VOCA VICTIMS ASSISTANCE GRANT 00-01 FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental	\$ 840	840	-
EXPENDITURES:			
Police	20	20	-
Excess (deficiency) of revenues over expenditures	820	820	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	\$ 820	820	-

CITY OF MENTOR, OHIO

COMMUNITY DEVELOPMENT BLOCK GRANT 97-98 FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES	\$ -	-	-
EXPENDITURES	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-
OTHER FINANCING SOURCES (USES):			
Advances out	<u>(400)</u>	<u>(400)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(400)	(400)	-
Adjustment for prior year encumbrances	394	394	-
FUND BALANCES, BEGINNING OF YEAR	<u>6</u>	<u>6</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>-</u>	<u>-</u>

CITY OF MENTOR, OHIO

COMMUNITY DEVELOPMENT BLOCK GRANT 98-99 FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental	\$ 93,672	93,672	-
EXPENDITURES:			
Community development	101,981	101,981	-
Excess (deficiency) of revenues over expenditures	(8,309)	(8,309)	-
OTHER FINANCING SOURCES (USES):			
Advances in	8,600	8,600	-
Advances out	(50,200)	(50,200)	-
Total other financing sources (uses)	(41,600)	(41,600)	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(49,909)	(49,909)	-
Adjustment for prior year encumbrances	49,877	49,877	-
FUND BALANCES, BEGINNING OF YEAR	32	32	-
FUND BALANCES, END OF YEAR	\$ -	-	-

CITY OF MENTOR, OHIO

**COMMUNITY DEVELOPMENT BLOCK GRANT 99-00 FUND
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 YEAR ENDED DECEMBER 31, 2000**

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental	\$ 79,276	79,276	-
EXPENDITURES:			
Community development	113,018	113,018	-
Excess (deficiency) of revenues over expenditures	(33,742)	(33,742)	-
OTHER FINANCING SOURCES (USES):			
Advances in	34,142	34,142	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	400	400	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	<u>\$ 400</u>	<u>400</u>	<u>-</u>

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Debt Service Funds

DEBT SERVICE FUNDS

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

Special Assessment Bond Retirement Fund - To accumulate special assessment revenues levied toward retirement of outstanding special assessment debt.

CITY OF MENTOR, OHIO

DEBT SERVICE FUNDS COMBINING BALANCE SHEET DECEMBER 31, 2000

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Totals
ASSETS:			
Cash and investments	\$ 516,913	449,732	966,645
Receivables, net of allowances for uncollectibles	1,727,177	8,838,071	10,565,248
Land held for resale	<u>-</u>	<u>138,000</u>	<u>138,000</u>
TOTAL ASSETS	<u><u>\$2,244,090</u></u>	<u><u>9,425,803</u></u>	<u><u>11,669,893</u></u>
LIABILITIES AND FUND EQUITY:			
Accrued liabilities	\$ -	12,072	12,072
Due to other funds	-	1,714	1,714
Deferred revenues	<u>1,727,177</u>	<u>8,962,285</u>	<u>10,689,462</u>
Total liabilities	<u><u>1,727,177</u></u>	<u><u>8,976,071</u></u>	<u><u>10,703,248</u></u>
Fund equity:			
Fund balances:			
Reserved for debt service	<u>516,913</u>	<u>449,732</u>	<u>966,645</u>
Total fund equity	<u><u>516,913</u></u>	<u><u>449,732</u></u>	<u><u>966,645</u></u>
TOTAL LIABILITIES AND FUND EQUITY	<u><u>\$2,244,090</u></u>	<u><u>9,425,803</u></u>	<u><u>11,669,893</u></u>

CITY OF MENTOR, OHIO

DEBT SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES YEAR ENDED DECEMBER 31, 2000

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Totals
REVENUES:			
Property taxes	\$1,786,601	-	1,786,601
Intergovernmental	199,320	-	199,320
Special assessments	-	1,251,624	1,251,624
Investment income	-	22,310	22,310
	<u>1,985,921</u>	<u>1,273,934</u>	<u>3,259,855</u>
Total revenues			
EXPENDITURES:			
Debt service:			
Principal retirement	1,031,899	650,101	1,682,000
Interest and other charges	<u>1,283,690</u>	<u>568,259</u>	<u>1,851,949</u>
	<u>2,315,589</u>	<u>1,218,360</u>	<u>3,533,949</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>(329,668)</u>	<u>55,574</u>	<u>(274,094)</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	417,628	-	417,628
Proceeds of notes (including premium)	-	9,105	9,105
	<u>417,628</u>	<u>9,105</u>	<u>426,733</u>
Total other financing sources (uses)			
Excess (deficiency) of revenues and other sources over expenditures and other uses	87,960	64,679	152,639
FUND BALANCES, BEGINNING OF YEAR	<u>428,953</u>	<u>385,053</u>	<u>814,006</u>
FUND BALANCES, END OF YEAR	<u>\$ 516,913</u>	<u>449,732</u>	<u>966,645</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, 2000

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
REVENUES:			
Property taxes	\$1,710,520	1,786,601	76,081
Intergovernmental	<u>198,883</u>	<u>199,320</u>	<u>437</u>
Total revenues	<u>1,909,403</u>	<u>1,985,921</u>	<u>76,518</u>
EXPENDITURES:			
Debt service:			
Principal retirement	1,031,900	1,031,899	1
Interest and other charges	<u>1,295,185</u>	<u>1,283,689</u>	<u>11,496</u>
Total expenditures	<u>2,327,085</u>	<u>2,315,588</u>	<u>11,497</u>
Excess (deficiency) of revenues over expenditures	(417,682)	(329,667)	88,015
OTHER FINANCING SOURCES (USES):			
Operating transfers in	<u>395,000</u>	<u>417,627</u>	<u>22,627</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(22,682)	87,960	110,642
FUND BALANCES, BEGINNING OF YEAR	<u>428,953</u>	<u>428,953</u>	-
FUND BALANCES, END OF YEAR	<u>\$ 406,271</u>	<u>516,913</u>	<u>110,642</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, 2000

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
REVENUES:			
Special assessments	\$1,185,552	1,251,624	66,072
Investment income	<u>10,000</u>	<u>22,310</u>	<u>12,310</u>
Total revenues	<u>1,195,552</u>	<u>1,273,934</u>	<u>78,382</u>
EXPENDITURES:			
Debt service:			
Principal retirement	650,101	650,101	-
Interest and other charges	<u>593,481</u>	<u>568,259</u>	<u>25,222</u>
Total expenditures	<u>1,243,582</u>	<u>1,218,360</u>	<u>25,222</u>
Excess (deficiency) of revenues over expenditures	(48,030)	55,574	103,604
OTHER FINANCING SOURCES (USES):			
Proceeds of notes (including premium)	<u>-</u>	<u>9,105</u>	<u>9,105</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(48,030)	64,679	112,709
FUND BALANCES, BEGINNING OF YEAR	<u>385,053</u>	<u>385,053</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 337,023</u>	<u>449,762</u>	<u>112,709</u>

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Capital Projects Funds

CAPITAL PROJECTS FUNDS

Municipal Maintenance Facility Fund - To account for the financing of a portion of the costs to acquire real estate, provide site improvements, and construct a municipal maintenance facility.

Tyler Blvd. Extension Fund - To account for the financing of the Tyler Boulevard extension east from the Munson Road intersection to Heisley Road.

ODNR Natureworks Grant - Bikepath Fund - To account for the financing of the Civic Center bikepath improvements.

ODNR Natureworks Grant - Skate Park Fund - To account for the financing of the Civic Center skate park improvements.

State Route 84 Storm Sewer Fund - To account for the financing of storm drainage improvements on State Route 84 from State Route 306 to Garfield Road.

State Route 615 Reconstruction Fund - To account for the financing of road improvements on State Route 615 from State Route 2 to Munson Road.

Willowbrook Sewer Outfall Fund - To account for the financing of improvements on the Willowbrook Drive storm sewer outfall.

Coastal Management Grant - Mentor Beach Park Shoreline Access Fund - To account for the financing of the access to the Mentor Beach Park shoreline.

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CITY OF MENTOR, OHIO

**CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2000**

	<u>Municipal Maintenance Facility</u>	<u>Tyler Blvd. Extension</u>	<u>ODNR Natureworks Grant - Bikepath</u>
ASSETS:			
Cash and investments	\$ -	223,905	-
Due from other governments	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ -</u>	<u>223,905</u>	<u>-</u>
LIABILITIES AND FUND EQUITY:			
Accounts payable	\$ -	87,582	-
Due to other funds	-	-	-
Special assessment notes payable	<u>-</u>	<u>4,425,000</u>	<u>-</u>
Total liabilities	<u>-</u>	<u>4,512,582</u>	<u>-</u>
Fund Equity:			
Fund balances:			
Reserved for encumbrances	-	39,904	-
Unreserved	<u>-</u>	<u>(4,328,581)</u>	<u>-</u>
Total fund equity	<u>-</u>	<u>(4,288,677)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ -</u>	<u>223,905</u>	<u>-</u>

<u>ODNR Natureworks Grant - Skate Park</u>	<u>State Route 84 Storm Sewer</u>	<u>State Route 615 Reconstruction</u>	<u>Willowbrook Sewer Outfall</u>	<u>Coastal Management Grant - Mentor Beach Park Shoreline Access</u>	<u>Totals</u>
(18,621)	57,101	926,381	60,376	(25,146)	1,223,996
<u>45,419</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,146</u>	<u>70,565</u>
<u>26,798</u>	<u>57,101</u>	<u>926,381</u>	<u>60,376</u>	<u>-</u>	<u>1,294,561</u>
9,568	12,761	573,567	48,362	-	731,840
-	14,890	-	30,000	-	44,890
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,425,000</u>
<u>9,568</u>	<u>27,651</u>	<u>573,567</u>	<u>78,362</u>	<u>-</u>	<u>5,201,730</u>
17,230	46,500	352,814	12,014	-	468,462
<u>-</u>	<u>(17,050)</u>	<u>-</u>	<u>(30,000)</u>	<u>-</u>	<u>(4,375,631)</u>
<u>17,230</u>	<u>29,450</u>	<u>352,814</u>	<u>(17,986)</u>	<u>-</u>	<u>(3,907,169)</u>
<u>26,798</u>	<u>57,101</u>	<u>926,381</u>	<u>60,376</u>	<u>-</u>	<u>1,294,561</u>

CITY OF MENTOR, OHIO

**CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2000**

	<u>Municipal Maintenance Facility</u>	<u>Tyler Blvd. Extension</u>	<u>ODNR Natureworks Grant - Bikepath</u>
REVENUES:			
Intergovernmental	\$ -	-	-
EXPENDITURES:			
Capital outlay	-	500,863	-
Debt service:			
Interest and other charges	-	172,148	-
Total expenditures	-	673,011	-
Excess (deficiency) of revenues over expenditures	-	(673,011)	-
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-	-	-
Operating transfers out	(22,627)	-	(5,186)
Proceeds of notes (including premium)	-	-	-
Total other financing sources (uses)	(22,627)	-	(5,186)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(22,627)	(673,011)	(5,186)
FUND BALANCES, BEGINNING OF YEAR	22,627	(3,615,666)	5,186
FUND BALANCES, END OF YEAR	\$ -	(4,288,677)	-

<u>ODNR Natureworks Grant - Skate Park</u>	<u>State Route 84 Storm Sewer</u>	<u>State Route 615 Reconstruction</u>	<u>Willowbrook Sewer Outfall</u>	<u>Coastal Management Grant - Mentor Beach Park Shoreline Access</u>	<u>Totals</u>
<u>45,419</u>	<u>-</u>	<u>249,900</u>	<u>-</u>	<u>25,146</u>	<u>320,465</u>
101,895	12,761	1,511,140	55,094	44,921	2,226,674
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,148</u>
<u>101,895</u>	<u>12,761</u>	<u>1,511,140</u>	<u>55,094</u>	<u>44,921</u>	<u>2,398,822</u>
<u>(56,476)</u>	<u>(12,761)</u>	<u>(1,261,240)</u>	<u>(55,094)</u>	<u>(19,775)</u>	<u>(2,078,357)</u>
31,793	-	87,498	37,108	-	156,399
-	-	-	-	(54)	(27,867)
<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>
<u>31,793</u>	<u>-</u>	<u>137,498</u>	<u>37,108</u>	<u>(54)</u>	<u>178,532</u>
(24,683)	(12,761)	(1,123,742)	(17,986)	(19,829)	(1,899,825)
<u>41,913</u>	<u>42,211</u>	<u>1,476,556</u>	<u>-</u>	<u>19,829</u>	<u>(2,007,344)</u>
<u>17,230</u>	<u>29,450</u>	<u>352,814</u>	<u>(17,986)</u>	<u>-</u>	<u>(3,907,169)</u>

CITY OF MENTOR, OHIO

MUNICIPAL MAINTENANCE FACILITY FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2000

	Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES	\$ -	-	-
EXPENDITURES	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-
OTHER FINANCING SOURCES (USES):			
Operating transfers out	(22,627)	(22,627)	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(22,627)	(22,627)	-
Adjustment for prior year encumbrances	22,627	22,627	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	\$ -	-	-

CITY OF MENTOR, OHIO

TYLER BLVD. EXTENSION FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES	\$ -	-	-
EXPENDITURES:			
Capital projects	939,507	939,507	-
Debt service:			
Principal retirement	4,025,000	4,025,000	-
Interest and other charges	<u>172,148</u>	<u>172,148</u>	-
Total expenditures	<u>5,136,655</u>	<u>5,136,655</u>	-
Excess (deficiency) of revenues over expenditures	(5,136,655)	(5,136,655)	-
OTHER FINANCING SOURCES (USES):			
Proceeds of notes (including premium)	<u>4,425,000</u>	<u>4,425,000</u>	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(711,655)	(711,655)	-
Adjustment for prior year encumbrances	777,918	777,918	-
FUND BALANCES, BEGINNING OF YEAR	<u>30,155</u>	<u>30,155</u>	-
FUND BALANCES, END OF YEAR	<u><u>\$ 96,418</u></u>	<u><u>96,418</u></u>	<u><u>-</u></u>

CITY OF MENTOR, OHIO

ODNR NATUREWORKS GRANT - BIKEPATH FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES	\$ -	-	-
EXPENDITURES	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-
OTHER FINANCING SOURCES (USES):			
Operating transfers out	<u>(5,186)</u>	<u>(5,186)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(5,186)	(5,186)	-
Adjustment for prior year encumbrances	1,504	1,504	-
FUND BALANCES, BEGINNING OF YEAR	<u>3,682</u>	<u>3,682</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>-</u>	<u>-</u>

CITY OF MENTOR, OHIO

ODNR NATUREWORKS GRANT - SKATE PARK FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental	\$ 45,419	45,419	-
EXPENDITURES:			
Capital projects	123,552	123,552	-
Excess (deficiency) of revenues over expenditures	(78,133)	(78,133)	-
OTHER FINANCING SOURCES (USES):			
Operating transfers in	31,793	31,793	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(46,340)	(46,340)	-
Adjustment for prior year encumbrances	12,680	12,680	
FUND BALANCES, BEGINNING OF YEAR	<u>33,660</u>	<u>33,660</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>-</u>	<u>-</u>

CITY OF MENTOR, OHIO

STATE ROUTE 84 STORM SEWER FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental	\$ 34,224	34,224	-
EXPENDITURES:			
Capital projects	134,883	134,883	-
Excess (deficiency) of revenues over expenditures	(100,659)	(100,659)	-
OTHER FINANCING SOURCES (USES):			
Advances in	14,890	14,890	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(85,769)	(85,769)	-
Adjustment for prior year encumbrances	85,769	85,769	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	\$ -	-	-

CITY OF MENTOR, OHIO

STATE ROUTE 615 RECONSTRUCTION FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental	\$ 249,900	249,900	-
EXPENDITURES:			
Capital projects	1,863,954	1,863,954	-
Excess (deficiency) of revenues over expenditures	<u>(1,614,054)</u>	<u>(1,614,054)</u>	-
OTHER FINANCING SOURCES (USES):			-
Operating transfers in	87,499	87,499	-
Advances out	(299,900)	(299,900)	-
Proceeds of notes (including premium)	<u>50,000</u>	<u>50,000</u>	-
Total other financing sources (uses)	<u>(162,401)</u>	<u>(162,401)</u>	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(1,776,455)	(1,776,455)	-
Adjustment for prior year encumbrances	1,776,455	1,776,455	-
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

WILLOWBROOK SEWER OUTFALL FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES	\$ -	-	-
EXPENDITURES:			
Capital projects	<u>67,108</u>	<u>67,108</u>	-
Excess (deficiency) of revenues over expenditures	<u>(67,108)</u>	<u>(67,108)</u>	-
OTHER FINANCING SOURCES (USES):			-
Operating transfers in	37,108	37,108	-
Advances in	<u>30,000</u>	<u>30,000</u>	-
Total other financing sources (uses)	<u>67,108</u>	<u>67,108</u>	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>-</u>	<u>-</u>

CITY OF MENTOR, OHIO

**COASTAL MANAGEMENT GRANT -
 MENTOR BEACH PARK SHORELINE ACCESS FUND
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 YEAR ENDED DECEMBER 31, 2000**

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental	\$ 25,146	25,146	-
EXPENDITURES:			
Capital projects	46,061	46,061	-
Excess (deficiency) of revenues over expenditures	(20,915)	(20,915)	-
OTHER FINANCING SOURCES (USES):			
Operating transfers out	(54)	(54)	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(20,969)	(20,969)	-
Adjustment for prior year encumbrances	1,169	1,169	-
FUND BALANCES, BEGINNING OF YEAR	19,800	19,800	-
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>-</u>	<u>-</u>

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Trust and Agency Funds

TRUST AND AGENCY FUNDS

Nonexpendable Trust Funds

To provide for investment of bequests received from private donors with interest accruing from said investments restricted to the uses stipulated by the original donor.

- Interest from the Cemetery Bequest and Endowment Fund is used to decorate specific graves as designated by individual donors.
- Interest from the Martindale Bequest Fund is paid annually to the Mentor Board of Education to provide instruction materials for needy students.

Expendable Trust Funds

To account for donations from various sources and individuals to be used to support specific purposes or programs provided by the City's current operations.

The Unclaimed Moneys Fund accounts for outstanding, stale-dated checks that were previously issued by the City. If not claimed within a period of five years, the money will revert to the General Fund.

Agency Funds

To account for monies received by the City and held until specific performance is complete and/or payment is due, at which time deposited or withheld monies are paid in accordance with the original purpose.

The Municipal Court Fund accounts for the collection activity of the Mentor Municipal Court.

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CITY OF MENTOR, OHIO

FIDUCIARY FUNDS COMBINING BALANCE SHEET DECEMBER 31, 2000

	Nonexpend- able Trust Funds	Expend- able Trust Funds	Agency Funds	Totals
ASSETS:				
Cash and investments	\$ 25,607	122,207	809,141	956,955
TOTAL ASSETS	<u>\$ 25,607</u>	<u>122,207</u>	<u>809,141</u>	<u>956,955</u>
LIABILITIES AND FUND EQUITY:				
Accounts payable	\$ 312	354	240	906
Accrued liabilities	-	-	7,326	7,326
Deposits	-	-	778,207	778,207
Due to other funds	-	-	23,368	23,368
Total liabilities	<u>312</u>	<u>354</u>	<u>809,141</u>	<u>809,807</u>
Fund equity:				
Fund balances:				
Reserved for encumbrances	-	6,829	-	6,829
Reserved for endowments	25,295	-	-	25,295
Unreserved	-	115,024	-	115,024
Total fund balances	<u>25,295</u>	<u>121,853</u>	<u>-</u>	<u>147,148</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 25,607</u>	<u>122,207</u>	<u>809,141</u>	<u>956,955</u>

CITY OF MENTOR, OHIO

NONEXPENDABLE TRUST FUNDS COMBINING BALANCE SHEET DECEMBER 31, 2000

	<u>Cemetery Bequest and Endowment</u>	<u>Martindale Bequest</u>	<u>Totals</u>
ASSETS:			
Cash and investments	<u>\$ 25,607</u>	<u>-</u>	<u>25,607</u>
TOTAL ASSETS	<u>\$ 25,607</u>	<u>-</u>	<u>25,607</u>
LIABILITIES AND FUND EQUITY:			
Accounts payable	<u>\$ 312</u>	<u>-</u>	<u>312</u>
Total liabilities	<u>312</u>	<u>-</u>	<u>312</u>
Fund equity:			
Fund balances:			
Reserved for endowments	<u>25,295</u>	<u>-</u>	<u>25,925</u>
Total fund balances	<u>25,295</u>	<u>-</u>	<u>25,295</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 25,607</u>	<u>-</u>	<u>25,607</u>

CITY OF MENTOR, OHIO

NONEXPENDABLE TRUST FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES YEAR ENDED DECEMBER 31, 2000

	Cemetery Bequest and Endowment	Martindale Bequest	Totals
	<u> </u>	<u> </u>	<u> </u>
OPERATING REVENUES:			
Investment income	\$ 1,432	51	1,483
Donations and other	<u>154</u>	<u>-</u>	<u>154</u>
Total operating revenues	<u>1,586</u>	<u>51</u>	<u>1,637</u>
OPERATING EXPENSES:			
General government	-	1,036	1,036
Parks, recreation and public lands	<u>1,262</u>	<u>-</u>	<u>1,262</u>
Total operating expenses	<u>1,262</u>	<u>1,036</u>	<u>2,298</u>
NET INCOME (LOSS)	324	(985)	(661)
FUND BALANCES, BEGINNING OF YEAR	<u>24,971</u>	<u>985</u>	<u>25,956</u>
FUND BALANCES, END OF YEAR	<u>\$ 25,295</u>	<u>-</u>	<u>25,295</u>

CITY OF MENTOR, OHIO

NONEXPENDABLE TRUST FUNDS COMBINING STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2000

	Cemetery Bequest and Endowment	Martindale Bequest	Totals
OPERATING ACTIVITIES:			
Operating income (loss)	\$ 324	(985)	(661)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Investment income	<u>(1,432)</u>	<u>(51)</u>	<u>(1,483)</u>
Net cash used in operating activities	<u>(1,108)</u>	<u>(1,036)</u>	<u>(2,144)</u>
INVESTING ACTIVITIES:			
Interest on investments	1,432	51	1,483
Net change in pooled investments	<u>(959)</u>	<u>890</u>	<u>(69)</u>
Net cash provided by investing activities	<u>473</u>	<u>941</u>	<u>1,414</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(635)	(95)	(730)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>2,415</u>	<u>95</u>	<u>2,510</u>
CASH AND CASH EQUIVALENTS, END OF YEAR*	<u>\$ 1,780</u>	<u>-</u>	<u>1,780</u>

* The amounts differ from the cash and investment amounts shown in the combining balance sheet due to investment amounts that do not qualify as cash equivalents.

CITY OF MENTOR, OHIO

EXPENDABLE TRUST FUNDS COMBINING BALANCE SHEET DECEMBER 31, 2000

	<u>Council Donation</u>	<u>Police Donation</u>	<u>Fire Donation</u>
ASSETS:			
Cash and investments	<u>\$ 802</u>	<u>1,930</u>	<u>2,565</u>
TOTAL ASSETS	<u>\$ 802</u>	<u>1,930</u>	<u>2,565</u>
LIABILITIES AND FUND BALANCES:			
Accounts payable	<u>\$ -</u>	<u>-</u>	<u>-</u>
Fund equity:			
Fund balances:			
Reserved for encumbrances	-	-	98
Unreserved	<u>802</u>	<u>1,930</u>	<u>2,467</u>
Total fund balances	<u>802</u>	<u>1,930</u>	<u>2,565</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 802</u>	<u>1,930</u>	<u>2,565</u>

<u>Senior Citizens Donation</u>	<u>Cultural Donation</u>	<u>Beautification Donation</u>	<u>Unclaimed Moneys</u>	<u>IBIM Festival</u>	<u>Totals</u>
<u>8,220</u>	<u>77,493</u>	<u>877</u>	<u>30,320</u>	<u>-</u>	<u>122,207</u>
<u>8,220</u>	<u>77,493</u>	<u>877</u>	<u>30,320</u>	<u>-</u>	<u>122,207</u>
<u>-</u>	<u>306</u>	<u>48</u>	<u>-</u>	<u>-</u>	<u>354</u>
<u>-</u>	<u>6,523</u>	<u>208</u>	<u>-</u>	<u>-</u>	<u>6,829</u>
<u>8,220</u>	<u>70,664</u>	<u>621</u>	<u>30,320</u>	<u>-</u>	<u>115,024</u>
<u>8,220</u>	<u>77,187</u>	<u>829</u>	<u>30,320</u>	<u>-</u>	<u>121,853</u>
<u>8,220</u>	<u>77,493</u>	<u>877</u>	<u>30,320</u>	<u>-</u>	<u>122,207</u>

CITY OF MENTOR, OHIO

EXPENDABLE TRUST FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES YEAR ENDED DECEMBER 31, 2000

	<u>Council Donation</u>	<u>Police Donation</u>	<u>Fire Donation</u>
REVENUES:			
Donations and other	<u>\$ 700</u>	<u>510</u>	<u>1,110</u>
EXPENDITURES:			
General government	364	-	-
Fire	-	-	1,455
Parks, recreation and public lands	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>364</u>	<u>-</u>	<u>1,455</u>
Excess (deficiency) of revenues over expenditures	336	510	(345)
FUND BALANCES, BEGINNING OF YEAR	<u>466</u>	<u>1,420</u>	<u>2,910</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 802</u></u>	<u><u>1,930</u></u>	<u><u>2,565</u></u>

<u>Senior Citizen Donation</u>	<u>Cultural Donation</u>	<u>Beautification Donation</u>	<u>Unclaimed Moneys</u>	<u>IBIM Festival</u>	<u>Totals</u>
<u>3,034</u>	<u>35,947</u>	<u>690</u>	<u>7,011</u>	<u>64,978</u>	<u>113,980</u>
-	-	-	1,781	-	2,145
-	-	-	-	-	1,455
<u>1,819</u>	<u>33,749</u>	<u>1,021</u>	<u>-</u>	<u>69,397</u>	<u>105,986</u>
<u>1,819</u>	<u>33,749</u>	<u>1,021</u>	<u>1,781</u>	<u>69,397</u>	<u>109,586</u>
1,215	2,198	(331)	5,230	(4,419)	4,394
<u>7,005</u>	<u>74,989</u>	<u>1,160</u>	<u>25,090</u>	<u>4,419</u>	<u>117,459</u>
<u>8,220</u>	<u>77,187</u>	<u>829</u>	<u>30,320</u>	<u>-</u>	<u>121,853</u>

CITY OF MENTOR, OHIO

AGENCY FUNDS COMBINING BALANCE SHEET DECEMBER 31, 2000

	<u>Deposits</u>	<u>Municipal Court</u>	<u>Totals</u>
ASSETS:			
Cash and investments	<u>\$ 725,157</u>	<u>83,984</u>	<u>809,141</u>
TOTAL ASSETS	<u>\$ 725,157</u>	<u>83,984</u>	<u>809,141</u>
LIABILITIES:			
Accounts payable	\$ 240	-	240
Accrued liabilities	-	7,326	7,326
Deposits	724,917	53,290	778,207
Due to other funds	<u>-</u>	<u>23,368</u>	<u>23,368</u>
TOTAL LIABILITIES	<u>\$ 725,157</u>	<u>83,984</u>	<u>809,141</u>

CITY OF MENTOR, OHIO

AGENCY FUNDS

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

YEAR ENDED DECEMBER 31, 2000

	<u>Deposits</u>	<u>Municipal Court</u>	<u>Totals</u>
BALANCES, JANUARY 1	\$ 810,328	59,733	870,061
ADDITIONS	396,700	1,994,576	2,391,276
DEDUCTIONS	<u>(481,871)</u>	<u>(1,970,325)</u>	<u>(2,452,196)</u>
BALANCES, DECEMBER 31	<u>\$ 725,157</u>	<u>83,984</u>	<u>809,141</u>

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***General Fixed Assets
Account Group***

GENERAL FIXED ASSETS ACCOUNT GROUP

The General Fixed Assets Account Group accounts for all fixed assets used in general governmental operations. Streets, sidewalks, and storm sewers are not included in this account group as the City does not capitalize infrastructure items.

CITY OF MENTOR, OHIO

GENERAL FIXED ASSETS ACCOUNT GROUP SCHEDULE OF GENERAL FIXED ASSETS BY SOURCES DECEMBER 31, 2000

GENERAL FIXED ASSETS:	
Land	\$ 13,328,908
Buildings	36,908,771
Improvements	6,160,497
Furniture, fixtures, and equipment	<u>14,388,604</u>
 TOTAL GENERAL FIXED ASSETS	 <u>\$ 70,786,780</u>
 INVESTMENT IN GENERAL FIXED ASSETS FROM:	
General fund revenues	\$ 25,838,906
Special revenue fund revenues:	
Property taxes	2,502,694
Other local taxes	623,125
Intergovernmental	2,928,100
Other	167,166
Capital projects fund revenues and other financing sources	37,619,748
Private gifts	337,711
Other	<u>769,330</u>
 TOTAL	 <u>\$ 70,786,780</u>

CITY OF MENTOR, OHIO

GENERAL FIXED ASSETS ACCOUNT GROUP SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY DECEMBER 31, 2000

	<u>Land</u>	<u>Buildings</u>	<u>Improvements</u>	<u>Furniture, Fixtures, and Equipment</u>	<u>Total</u>
GENERAL GOVERNMENT	\$ 38,977	5,482,158	1,654	1,033,891	6,556,680
POLICE	-	4,469,313	-	2,607,740	7,077,053
FIRE	382,349	3,354,453	1,060	4,138,869	7,876,731
STREETS AND HIGHWAYS	1,360,878	8,982,634	-	4,200,937	14,544,449
PARKS, RECREATIONS AND PUBLIC LANDS	11,546,704	14,620,213	6,154,017	2,000,442	34,321,376
COMMUNITY DEVELOPMENT	-	-	3,766	103,500	107,266
ENGINEERING AND BUILDING	<u>-</u>	<u>-</u>	<u>-</u>	<u>303,225</u>	<u>303,225</u>
TOTAL GENERAL FIXED ASSETS	<u>\$ 13,328,908</u>	<u>36,908,771</u>	<u>6,160,497</u>	<u>14,388,604</u>	<u>70,786,780</u>

CITY OF MENTOR, OHIO

**GENERAL FIXED ASSETS ACCOUNT GROUP
 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY
 YEAR ENDED DECEMBER 31, 2000**

	General Fixed Assets January 1, 2000	Additions	Deductions	Transfers	General Fixed Assets December 31, 2000
GENERAL GOVERNMENT	\$ 6,520,086	111,728	78,809	3,675	6,556,680
POLICE	6,703,499	450,390	63,405	(13,431)	7,077,053
FIRE	7,727,487	293,159	143,915	-	7,876,731
STREETS AND HIGHWAYS	14,436,306	427,051	294,897	(24,011)	14,544,449
PARKS, RECREATIONS AND PUBLIC LANDS	33,819,426	499,106	42,195	45,039	34,321,376
COMMUNITY DEVELOPMENT	108,909	17,345	7,716	(11,272)	107,266
ENGINEERING AND BUILDING	<u>287,144</u>	<u>28,050</u>	<u>11,969</u>	<u>-</u>	<u>303,225</u>
TOTAL GENERAL FIXED ASSETS	<u>\$ 69,602,857</u>	<u>1,826,829</u>	<u>642,906</u>	<u>-</u>	<u>70,786,780</u>

STATISTICAL SECTION

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CITY OF MENTOR, OHIO

GENERAL FUND REVENUES (GAAP BASIS) LAST TEN FISCAL YEARS

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
REVENUES:				
Property taxes	\$ 1,541,708	1,644,708	1,823,958	1,595,982
Municipal income tax	12,888,056	14,827,575	16,030,531	17,078,931
Intergovernmental	2,818,687	2,782,145	3,145,701	3,745,078
Charges for services	393,005	428,572	522,183	495,388
Fines and forfeitures	750,971	734,063	758,945	712,481
Licenses, permits, and inspections	754,742	877,958	946,446	891,861
Investment income	590,647	382,467	430,287	446,121
Donations and other	<u>109,856</u>	<u>139,681</u>	<u>263,356</u>	<u>208,008</u>
TOTAL REVENUES	<u>\$ 19,847,672</u>	<u>21,817,169</u>	<u>23,921,407</u>	<u>25,173,850</u>

SOURCE: The City's audited financial statements.

<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
1,803,198	2,009,571	1,777,227	1,116,206	725,101	893,989
20,268,977	21,987,461	22,879,334	23,678,549	25,482,261	26,698,790
3,959,279	4,529,209	4,761,421	4,525,145	5,426,358	5,069,191
545,289	564,262	879,499	1,139,978	2,419,661	2,460,546
817,803	805,026	822,198	1,052,445	1,115,370	959,918
981,880	1,203,748	1,130,325	1,224,835	1,254,640	1,078,703
987,544	1,112,990	1,384,954	1,544,525	797,163	1,994,386
<u>189,769</u>	<u>142,314</u>	<u>407,393</u>	<u>783,266</u>	<u>233,226</u>	<u>228,782</u>
<u>29,553,739</u>	<u>32,354,581</u>	<u>34,042,351</u>	<u>35,064,949</u>	<u>37,453,780</u>	<u>39,384,305</u>

CITY OF MENTOR, OHIO

GENERAL FUND EXPENDITURES (GAAP BASIS) LAST TEN FISCAL YEARS

	<u>1991</u>	<u>1992</u>	<u>1993</u>	<u>1994</u>
EXPENDITURES:				
General government	\$ 3,170,408	3,520,894	3,817,388	3,692,686
Security of persons and property	7,752,743	8,445,273	9,472,300	9,782,637
Police	-	-	-	-
Fire	-	-	-	-
Streets and highways	3,684,915	3,325,534	3,126,493	4,400,194
Public health and welfare	464,105	509,082	539,529	530,060
Parks, recreation and public lands	2,888,013	2,490,576	2,647,863	2,353,034
Community development	525,089	602,812	568,018	631,410
Engineering and building	1,647,769	1,846,081	1,913,614	1,922,058
Capital outlay	-	-	-	-
Debt service - interest and other charges	<u>54,859</u>	<u>483</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>\$ 20,187,901</u>	<u>20,740,735</u>	<u>22,085,205</u>	<u>23,312,079</u>

¹The City changed the classification of expenditures so that General Fund police and fire expenditures are shown separately in 2000. Previously these expenditures were classified together as security of persons and property.

SOURCE: The City's audited financial statements.

<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000¹</u>
4,015,374	4,652,006	5,653,773	5,544,266	5,518,315	5,757,072
10,388,613	10,386,846	11,912,303	12,879,996	12,603,249	-
-	-	-	-	-	7,373,121
-	-	-	-	-	5,790,790
5,156,436	6,048,316	5,605,355	8,530,944	5,689,159	5,336,046
528,389	580,960	635,431	652,353	-	-
2,942,670	3,191,377	3,907,537	7,281,462	5,228,690	5,635,932
726,646	727,056	744,314	787,661	811,413	855,607
2,080,214	2,324,131	2,612,744	3,150,419	1,680,656	1,700,348
-	-	-	-	4,033,695	3,585,057
-	-	-	-	-	-
<u>25,838,342</u>	<u>27,910,692</u>	<u>31,071,457</u>	<u>38,827,101</u>	<u>35,565,177</u>	<u>36,033,973</u>

CITY OF MENTOR, OHIO

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

Tax Year/ Collection Year	Real Property		Personal Property	Public Utilities	Total
	Assessed Value ¹	Estimated Actual Value	Assessed Value ¹	Assessed Value ¹	Assessed Value
1990/1991	\$ 591,948,680	1,691,281,943	100,397,629	48,161,220	740,507,529
1991/1992	664,784,040	1,899,382,971	105,011,647	52,367,910	822,163,597
1992/1993	678,626,040	1,938,931,543	103,074,039	52,689,210	834,389,289
1993/1994	695,615,280	1,987,472,229	104,084,505	53,832,460	853,532,245
1994/1995	786,960,090	2,248,459,114	112,462,016	53,264,370	952,686,476
1995/1996	815,189,420	2,329,112,629	123,354,041	50,426,410	988,969,871
1996/1997	839,480,070	2,398,514,486	140,386,304	49,988,460	1,029,854,834
1997/1998	975,528,640	2,787,224,686	145,382,074	48,549,500	1,169,460,214
1998/1999	999,347,400	2,855,278,286	150,599,739	49,949,560	1,199,896,699
1999/2000	1,016,927,670	2,905,507,629	166,636,682	46,721,270	1,230,285,622

¹The 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 - 25%.

SOURCE: Office of the Lake County Auditor

CITY OF MENTOR, OHIO

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

Year	Population	Assessed Value	Gross General Bonded Debt	Less Balance in General Bond Retirement Fund	Net General Bonded Debt	Percentage of Net General Bonded Debt to Assessed Value	Net General Bonded Debt per Capita
1991	47,358	\$ 740,507,529	6,765,276	216,849	6,548,427	0.88 %	\$ 138.27
1992	48,000	822,163,597	6,085,977	392,851	5,693,126	0.69	118.61
1993	49,231	834,389,289	9,287,164	221,417	9,065,747	1.09	184.15
1994	50,000	853,532,245	8,544,058	259,858	8,284,200	0.97	165.68
1995	50,058	952,686,476	7,820,840	353,310	7,467,530	0.78	149.18
1996	50,058	988,969,871	11,942,252	301,823	11,640,429	1.18	232.54
1997	50,251	1,029,854,834	24,768,449	123,351	24,645,098	2.39	490.44
1998	50,251	1,169,460,214	23,555,672	189,732	23,365,940	2.00	464.99
1999	51,126	1,199,896,699	22,563,664	428,953	22,134,711	1.84	432.94
2000	50,278	1,230,285,622	21,531,765	516,913	21,014,852	1.71	417.97

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

CITY OF MENTOR, OHIO

PROPERTY TAX LEVIES AND COLLECTIONS - REAL AND PUBLIC UTILITY¹ LAST TEN FISCAL YEARS

Tax Year/ Collection Year	Current Levy	Current Collections	Current Levy Collected	Accumulated Delinquent Taxes	Collections Including Delinquencies	Total Collections as Percent of Current Levy
1990/1991	\$ 3,565,326	3,295,413	92.4 %	\$ 168,796	3,358,034	94.2 %
1991/1992	3,660,868	3,559,654	97.2	152,818	3,622,760	99.0
1992/1993	3,545,435	3,459,464	97.6	153,272	3,550,238	100.1
1993/1994	3,667,031	3,598,491	98.1	81,099	3,705,957	101.1
1994/1995	3,901,810	3,827,738	98.1	51,409	3,892,506	99.8
1995/1996	3,979,176	3,924,433	98.6	41,294	4,038,822	101.5
1996/1997	4,073,145	4,040,170	99.2	51,779	4,090,227	100.4
1997/1998	4,486,018	4,394,516	98.0	90,817	4,444,559	99.1
1998/1999	4,154,785	4,070,505	98.0	61,816	4,134,128	99.5
1999/2000	4,214,185	4,136,392	98.2	66,378	4,231,557	100.4

¹Table excludes tangible personal property tax.

SOURCE: Office of the Lake County Auditor

CITY OF MENTOR, OHIO

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS¹ LAST TEN FISCAL YEARS

Tax Year/ Collection Year	City of Mentor			Total	Mentor Exempted Village School District ²	Lake County	Total
	General Fund	Special Revenue Funds	Debt Service Funds				
1990/1991	\$ 2.87	2.10	1.43	6.40	58.49	12.20	77.09
1991/1992	2.87	2.10	1.43	6.40	59.31	12.20	77.91
1992/1993	3.00	2.10	1.00	6.10	63.74	13.90	83.74
1993/1994	2.65	2.10	1.40	6.15	63.74	13.90	83.79
1994/1995	2.75	2.10	1.25	6.10	63.45	14.00	83.55
1995/1996	2.85	2.10	1.10	6.05	63.45	14.00	83.50
1996/1997	2.60	2.10	1.35	6.05	67.95	14.00	88.00
1997/1998	1.90	2.10	2.00	6.00	67.71	14.10	87.81
1998/1999	0.60	2.10	1.80	4.50	67.84	15.60	87.94
1999/2000	0.80	2.10	1.60	4.50	67.50	15.70	87.70

¹Dollars of tax per \$1,000 of assessed valuation.

²Includes Mentor Public Library

SOURCE: Office of the Lake County Auditor

CITY OF MENTOR, OHIO

SPECIAL ASSESSMENT COLLECTIONS¹ LAST TEN FISCAL YEARS

<u>Collection Year</u>	<u>Current Assessments Due</u>	<u>Total Collections Including Delinquencies</u>	<u>Total Collections as Percent of Current Assessments</u>	<u>Cumulative Delinquencies²</u>
1991	\$ 1,178,753	1,030,974	87.5 %	\$ 721,239
1992	1,579,758	1,451,056	91.9	999,585
1993	1,547,609	1,460,203	94.4	1,139,015
1994	1,679,633	1,639,637	97.6	131,822 ³
1995	1,547,068	1,624,890	105.0	153,907
1996	1,535,489	1,483,010	96.6	222,763
1997	1,419,916	1,356,376	95.5	318,975
1998	1,312,813	1,395,224	106.3	234,609
1999	1,216,785	1,250,027	102.7	272,410
2000	1,154,819	1,122,990	97.2	155,769

¹Table prepared for Special Assessment Bond Retirement Fund only.

²Includes penalty.

³Reduction due to write off of Land Reutilization Program property delinquencies (see Footnote 8 to the City's General Purpose Financial Statements).

SOURCE: Office of the Lake County Auditor

CITY OF MENTOR, OHIO

PROPERTY VALUE AND CONSTRUCTION LAST TEN FISCAL YEARS

Year	Commercial/ Industrial Construction		Residential Construction		Assessed Value	
	Number of Permits	Value	Number of Permits	Value	Commercial ¹	Residential
1991	25	\$ 10,319,000	281	\$ 32,669,055	324,224,939	416,282,590
1992	16	18,409,000	216	25,720,000	345,402,247	476,761,350
1993	24	18,924,000	254	33,773,035	343,958,229	490,431,060
1994	32	14,457,600	219	34,699,230	348,718,405	504,813,840
1995	17	6,783,292	169	26,788,600	371,363,376	581,323,100
1996	22	13,025,000	190	33,557,135	393,025,131	595,944,740
1997	23	19,682,455	168	31,786,070	422,283,634	607,571,200
1998	22	21,133,600	151	28,194,085	445,204,154	724,256,060
1999	28	32,508,000	125	25,405,985	466,720,129	733,176,570
2000	21	21,310,000	93	18,462,180	483,231,162	747,054,460

¹Includes commercial, public utility, and personal property.

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

CITY OF MENTOR, OHIO

COMPUTATION OF LEGAL DEBT MARGIN DECEMBER 31, 2000

Total of all City debt outstanding	\$ 32,565,000
Less special assessment debt exempt from calculation	<u>10,983,235</u>
Total (voted and unvoted) subject to 10.5% limitation	21,581,765
Less General Obligation Bond Retirement Fund balance	<u>516,913</u>
Net indebtedness subject to 10.5% limitation	<u>\$ 21,064,852</u>
Assessed valuation of City	<u>\$ 1,230,285,622</u>
10.5% of valuation (maximum general obligation debt allowed)	\$ 129,179,990
Less total debt outstanding subject to 10.5% limitation	<u>21,064,852</u>
Legal 10.5% margin (voted and unvoted)	<u>\$ 108,115,138</u>
5.5% of valuation (maximum unvoted general obligation debt allowed)	\$ 67,665,709
Less total debt outstanding subject to 5.5% limitation	<u>21,581,765</u>
Legal 5.5% margin (unvoted)	<u>\$ 46,083,944</u>

CITY OF MENTOR, OHIO

COMPUTATION OF DIRECT AND OVERLAPPING DEBT DECEMBER 31, 2000

	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City of Mentor</u>	<u>Amount Applicable to Taxpayers of City of Mentor</u>
Direct:			
City of Mentor	<u>\$ 21,531,765</u>	100.00 %	<u>\$ 21,531,765</u>
Overlapping:			
Mentor Exempted Village School District and Mentor Public Library	14,566,399	84.38	12,291,127
Lake County	<u>11,080,000</u>	23.23	<u>2,573,884</u>
Total overlapping	<u>25,646,399</u>		<u>14,865,011</u>
TOTAL	<u>\$ 47,178,164</u>		<u>\$ 36,396,776</u>

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

CITY OF MENTOR, OHIO

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

Year	Debt Service on General Bonded Debt			General Fund Expenditures	Percentage of Tax-Supported Debt Service to General Fund Expenditures
	Principal	Interest	Total		
1991	\$ 660,636	593,511	1,254,147	20,889,384	6.00%
1992	679,299	550,412	1,229,711	20,988,919	5.86
1993	618,813	600,907	1,219,720	21,929,003	5.56
1994	743,106	656,656	1,399,762	23,824,213	5.88
1995	723,218	602,685	1,325,903	26,926,391	4.92
1996	738,587	639,333	1,377,920	28,806,222	4.78
1997	853,803	969,433	1,823,236	33,654,402	5.42
1998	1,212,777	1,435,070	2,647,847	36,628,572	7.23
1999	992,008	1,349,924	2,341,932	35,798,610	6.54
2000	1,031,899	1,283,690	2,315,589	36,033,973	6.43

SOURCE: City of Mentor, Finance Department

CITY OF MENTOR, OHIO

PRINCIPAL TAXPAYERS DECEMBER 31, 2000

	<u>Real Property 2000 Assessed Valuation</u>	<u>Percentage of Total City Real Property Assessed Valuation</u>
Cleveland Electric Illuminating Company	\$ 26,859,240	2.53 %
De Bartolo Realty Partnership	18,203,360	1.71
Ohio Bell Telephone Company	8,870,370	.84
Consumers Ohio Water	6,268,360	.59
Steris Corporation	5,469,780	.52
Points East	5,037,240	.47
Euclid Clinic Foundation	3,611,960	.34
Michael E. Osborne	3,299,490	.31
Deepwood North Co.	3,233,370	.30
Mentor Commons Limited	3,199,840	.30
James A. Brown	<u>3,125,760</u>	<u>.29</u>
TOTAL PRINCIPAL TAXPAYERS	<u>\$ 87,178,770</u>	<u>8.20 %</u>
TOTAL CITY REAL PROPERTY	<u>\$ 1,063,648,940</u>	

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

SOURCE: Office of the Lake County Auditor

CITY OF MENTOR, OHIO

TOP TWENTY EMPLOYERS DECEMBER 31, 2000

<u>Employer</u>	<u>Nature of Business</u>	<u>Number of Employees</u>
Mentor Public Schools	Education	1,202
City of Mentor	Government	768 ¹
Steris Corporation	Manufacturing - infection prevention systems	700
Lincoln Electric Co.	Arc welding consumables	515
Deepwood Industries	Social services	500
Tri Delta Industries	Industrial controls	470
Super K-Mart	Discount retail center	400
Sears, Roebuck & Co.	Retail sales	375
Mag-Nif, Co.	Automation - banks, games	350
J.C. Penney Co.	Retail sales	310
PCC Airfoil - Mentor	Investment casting manufacturing	310
Hospice of the Western Reserve	Hospice counseling	300
Royal Appliance Mfg. Co.	Vacuum cleaner distribution	300
Wiseco Piston Co., Inc.	Manufacturing - high performance pistons	300
Wal-Mart	Discount	300
Dillard's	Retail sales	280
Royal Plastics, Inc.	Plastic injection molding	280
Classic Chevrolet, Inc.	Automobile dealership	255
C. R. Bard	Medical device manufacturing	250
The News-Herald	Publishing	250

¹Including all part-time and seasonal employees.

SOURCE: City of Mentor, Department of Community Development

CITY OF MENTOR, OHIO

DEMOGRAPHIC STATISTICS DECEMBER 31, 2000

	1980	1990	2000
Population	42,065	47,358	50,278
Per capita income	\$ 8,952	\$ 16,717	N/A
Number of dwelling units	14,123	17,172	N/A
Persons per household	2.98	2.76	N/A
Median age (years)	29.70	33.90	N/A
Percent owner-occupied dwelling units	84.9 %	85.9 %	N/A
Median family income	\$ 27,003	\$ 46,589	N/A
Family income distribution			
Under \$5,000	509	137	N/A
\$5,000 to \$9,999	867	195	N/A
\$10,000 to \$14,999	1,147	407	N/A
\$15,000 to \$24,999	4,119	1,332	N/A
Over \$25,000	<u>6,015</u>	<u>11,387</u>	N/A
Total families	<u>12,657</u>	<u>13,458</u>	N/A
Education distribution - grades/years completed			
0 to 8	6.2 %	3.2 %	N/A
9 to 11	12.9	10.8	N/A
12	43.1	33.0	N/A
13 to 15	18.8	30.7	N/A
16 or more	18.9	22.3	N/A
High school graduates	80.8	86.0	N/A

Residents Employment Distribution by Occupation	1990		2000	
	Number Employed	Percent of Total	Number Employed	Percent of Total
Executive, administrative, and managerial	3,867	15.7 %	N/A	N/A
Professional specialty	3,537	14.3	N/A	N/A
Technician and related support	1,014	4.1	N/A	N/A
Sales	3,470	14.1	N/A	N/A
Administrative support, including clerical	4,116	16.7	N/A	N/A
Private household service	69	0.3	N/A	N/A
Protective service	343	1.4	N/A	N/A
Other service	2,105	8.5	N/A	N/A
Farming, forestry, and fishing	167	0.7	N/A	N/A
Precision production, craft, and repair	3,011	12.2	N/A	N/A
Machine operators, assemblers, and inspectors	1,674	6.8	N/A	N/A
Transportation and material moving	627	2.5	N/A	N/A
Handlers, equipment cleaners, helpers, and laborers	<u>672</u>	<u>2.7</u>	N/A	N/A
Total employment	<u>24,672</u>	<u>100.0 %</u>	N/A	N/A
2000 average unemployment data, unadjusted:				
	Lake County	3.6 %		
	State of Ohio	4.1 %		
	United States	4.0 %		

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

N/A - Not available

CITY OF MENTOR, OHIO

OTHER STATISTICS DECEMBER 31, 2000

Date of incorporation	December 18, 1963
Form of government	Council-Manager
Population, 1990 census	50,278
Area (square miles)	27.91
Miles of streets	225.0
Number of street lights	4,346
Number of City employees	
Regular full-time	369
Part-time and temporary	399
Fire protection	
Number of stations	5
Number of firefighters and officers ¹	72
Police protection	
Number of stations	1
Number of policemen and officers	76
Sewers	
Miles of storm sewers	170
Miles of sanitary sewers	239
Parks and recreation	
Number of parks	11
Number of pools	3
Number of ice rinks	2
Number of community centers	7
Number of tennis courts	17
Number of baseball diamonds	17
Number of soccer fields	9
Number of basketball courts	5

¹Excluding part-time firefighters.

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



STATE OF OHIO
OFFICE OF THE AUDITOR

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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 3, 2001**