

CITY OF MENTOR, OHIO

*Single Audit Report
for the Year Ended
December 31, 2002*



**Auditor of State
Betty Montgomery**

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

We have reviewed the Independent Auditor's Report of the City of Mentor, Lake County, prepared by Deloitte & Touche LLP, for the audit period January 1, 2002 through December 31, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Mentor is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

June 18, 2003

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CITY OF MENTOR, OHIO

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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, 2002, 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, 2002, and the results of its operations and the cash flows of its nonexpendable trust fund 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 16, 2003 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.

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

May 16, 2003

CITY OF MENTOR, OHIO

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS DECEMBER 31, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS:				
Cash and investments (Note 2)	\$ 18,621,537	2,989,926	538,195	1,107,415
Receivables, net of allowances for uncollectibles (Note 4)	8,191,899	2,053,228	16,069,827	-
Due from other funds (Note 4)	1,212,176	22,355	-	-
Due from other governments	2,104,876	768,774	-	373,339
Inventory	503,629	-	-	-
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>\$ 30,634,117</u>	<u>5,834,283</u>	<u>16,746,022</u>	<u>1,480,754</u>
LIABILITIES, FUND EQUITY, AND OTHER CREDITS:				
Accounts payable	\$ 1,055,341	401,738	-	71,910
Accrued payroll and employee benefits (Notes 7 and 10)	2,984,677	-	-	-
Accrued liabilities	462,256	75,370	12,072	-
Deposits	588,576	-	-	-
Due to other funds (Note 4)	-	51,028	1,714	1,008,445
Deferred revenues	4,582,594	2,513,747	16,194,043	139,699
General obligation notes payable (Note 7)	-	-	-	-
General obligation bonds payable (Note 7)	-	-	-	-
Special assessment bonds payable (Note 7)	-	-	-	-
Total liabilities	<u>9,673,444</u>	<u>3,041,883</u>	<u>16,207,829</u>	<u>1,220,054</u>
Fund equity and other credits:				
Investment in general fixed assets	-	-	-	-
Fund balances:				
Reserved for encumbrances	3,491,640	515,950	-	1,259,415
Reserved for debt service	-	-	538,193	-
Reserved for inventory	503,629	-	-	-
Reserved for endowments	-	-	-	-
Unreserved	16,965,404	2,276,450	-	(998,715)
Total fund equity and other credits (Note 12)	<u>20,960,673</u>	<u>2,792,400</u>	<u>538,193</u>	<u>260,700</u>
TOTAL LIABILITIES, FUND EQUITY, AND OTHER CREDITS	<u>\$ 30,634,117</u>	<u>5,834,283</u>	<u>16,746,022</u>	<u>1,480,754</u>

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	
220,684	-	-	23,477,757
128,168	-	-	26,443,122
-	-	-	1,234,531
-	-	-	3,246,989
-	-	-	503,629
-	-	-	138,000
-	75,678,786	-	75,678,786
-	-	538,193	538,193
-	-	31,341,320	31,341,320
<u>348,852</u>	<u>75,678,786</u>	<u>31,879,513</u>	<u>162,602,327</u>
2,128	-	-	1,531,117
-	-	2,329,513	5,314,190
2,800	-	-	552,498
52,921	-	-	641,497
173,344	-	-	1,234,531
-	-	-	23,430,083
-	-	30,000	30,000
-	-	19,335,015	19,335,015
-	-	10,184,985	10,184,985
<u>231,193</u>	<u>-</u>	<u>31,879,513</u>	<u>62,253,916</u>
-	75,678,786	-	75,678,786
-	-	-	5,267,005
-	-	-	538,193
-	-	-	503,629
17,697	-	-	17,697
99,962	-	-	18,343,101
<u>117,659</u>	<u>75,678,786</u>	<u>-</u>	<u>100,348,411</u>
<u>348,852</u>	<u>75,678,786</u>	<u>31,879,513</u>	<u>162,602,327</u>

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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, 2002

	Governmental Fund Types				Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects		
REVENUES:						
Property taxes	\$ 1,363,402	1,926,132	1,611,293	-	-	4,900,827
Municipal income tax	26,686,076	-	-	-	-	26,686,076
Other local taxes	-	739,099	-	-	-	739,099
Intergovernmental	6,748,080	2,593,665	203,810	593,461	-	10,139,016
Charges for services	2,699,889	40,817	-	-	-	2,740,706
Fines and forfeitures	1,142,857	217,933	-	-	-	1,360,790
Licenses, permits, and inspections	1,079,367	3,515	-	-	-	1,082,882
Special assessments	-	1,025,474	933,375	-	-	1,958,849
Investment income	1,466,870	100,039	13,773	-	-	1,580,682
Donations and other	186,251	200	-	-	95,766	282,217
Total revenues	<u>41,372,792</u>	<u>6,646,874</u>	<u>2,762,251</u>	<u>593,461</u>	<u>95,766</u>	<u>51,471,144</u>
EXPENDITURES:						
Current:						
General government	6,523,127	97,697	-	-	457	6,621,281
Police	8,414,230	437,308	-	-	380	8,851,918
Fire	6,484,760	1,674,706	-	-	1,100	8,160,566
Streets and highways	5,795,672	2,050,605	-	-	-	7,846,277
Parks, recreation and public lands	6,369,788	42,897	-	-	93,973	6,506,658
Community development	965,387	248,203	-	-	-	1,213,590
Engineering and building	1,920,058	-	-	-	-	1,920,058
Capital outlay	5,661,195	1,113,947	-	1,678,937	-	8,454,079
Debt service:						
Principal retirement (Note 7)	10,000	-	1,690,000	-	-	1,700,000
Interest and other charges	-	-	1,614,058	285,175	-	1,899,233
Total expenditures	<u>42,144,217</u>	<u>5,665,363</u>	<u>3,304,058</u>	<u>1,964,112</u>	<u>95,910</u>	<u>53,173,660</u>
Excess (deficiency) of revenues over expenditures	<u>(771,425)</u>	<u>981,511</u>	<u>(541,807)</u>	<u>(1,370,651)</u>	<u>(144)</u>	<u>(1,702,516)</u>
OTHER FINANCING SOURCES (USES):						
Operating transfers in	73,809	-	375,351	918,387	-	1,367,547
Operating transfers out	(15,792)	(1,262,595)	-	(89,160)	-	(1,367,547)
Proceeds of bonds (including premium)	-	-	738	4,850,000	-	4,850,738
Total other financing sources (uses)	<u>58,017</u>	<u>(1,262,595)</u>	<u>376,089</u>	<u>5,679,227</u>	<u>-</u>	<u>4,850,738</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(713,408)</u>	<u>(281,084)</u>	<u>(165,718)</u>	<u>4,308,576</u>	<u>(144)</u>	<u>3,148,222</u>
FUND BALANCE, BEGINNING OF YEAR	21,677,696	3,073,484	703,911	(4,047,876)	92,189	21,499,404
CHANGE IN RESERVE FOR INVENTORY	<u>(3,615)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,615)</u>
FUND BALANCE, END OF YEAR	<u>\$ 20,960,673</u>	<u>2,792,400</u>	<u>538,193</u>	<u>260,700</u>	<u>92,045</u>	<u>24,644,011</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, 2002**

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES:						
Property taxes	\$ 1,323,929	1,363,402	39,473	1,891,696	1,926,132	34,436
Municipal income tax	27,893,000	26,476,937	(1,416,063)	-	-	-
Other local taxes	-	-	-	720,000	734,137	14,137
Intergovernmental	8,390,603	6,746,181	(1,644,422)	2,835,802	2,565,607	(270,195)
Charges for services	2,701,500	2,699,889	(1,611)	36,000	40,817	4,817
Fines and forfeitures	997,000	1,100,924	103,924	129,130	191,877	62,747
Licenses, permits, and inspections	1,117,245	1,079,367	(37,878)	15,000	3,515	(11,485)
Special assessments	-	-	-	1,002,000	1,025,474	23,474
Investment income	1,300,000	1,338,487	38,487	109,674	100,039	(9,635)
Donations and other	90,886	272,915	182,029	-	200	200
Total revenues	<u>43,814,163</u>	<u>41,078,102</u>	<u>(2,736,061)</u>	<u>6,739,302</u>	<u>6,587,798</u>	<u>(151,504)</u>
EXPENDITURES:						
Function:						
General government	7,082,878	6,423,095	659,783	215,595	151,709	63,886
Police	9,489,361	8,522,381	966,980	851,225	719,762	131,463
Fire	10,121,579	9,001,146	1,120,433	1,767,948	1,750,076	17,872
Streets and highways	13,024,749	10,375,457	2,649,292	3,612,627	3,532,628	79,999
Parks, recreation and public lands	8,604,860	7,093,858	1,511,002	375,194	50,797	324,397
Community development	1,072,600	985,485	87,115	273,147	273,147	-
Engineering and building	3,866,662	3,394,667	471,995	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Total expenditures	<u>53,262,689</u>	<u>45,796,089</u>	<u>7,466,600</u>	<u>7,095,736</u>	<u>6,478,119</u>	<u>617,617</u>
Excess (deficiency) of revenues over expenditures	<u>(9,448,526)</u>	<u>(4,717,987)</u>	<u>4,730,539</u>	<u>(356,434)</u>	<u>109,679</u>	<u>466,113</u>
OTHER FINANCING SOURCES (USES):						
Operating transfers in	55,499	73,809	18,310	-	-	-
Operating transfers out	(15,792)	(15,792)	-	(1,412,717)	(1,262,595)	150,122
Advances in	675,802	675,802	-	51,026	51,026	-
Advances out	(1,059,473)	(1,059,473)	-	(28,033)	(28,033)	-
Proceeds of bonds (including premium)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(343,964)</u>	<u>(325,654)</u>	<u>18,310</u>	<u>(1,389,724)</u>	<u>(1,239,602)</u>	<u>150,122</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(9,792,490)</u>	<u>(5,043,641)</u>	<u>4,748,849</u>	<u>(1,746,158)</u>	<u>(1,129,923)</u>	<u>616,235</u>
Adjustments for prior year encumbrances	4,567,248	4,567,248	-	1,458,151	1,458,151	-
FUND BALANCES, BEGINNING OF YEAR	<u>11,082,450</u>	<u>11,082,450</u>	<u>-</u>	<u>1,678,407</u>	<u>1,678,407</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 5,857,208</u>	<u>10,606,057</u>	<u>4,748,849</u>	<u>1,390,400</u>	<u>2,006,635</u>	<u>616,235</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)
1,564,643	1,611,293	46,650	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
200,611	203,810	3,199	755,899	593,461	(162,438)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
924,263	933,375	9,112	-	-	-
1,500	13,773	12,273	-	-	-
-	-	-	-	-	-
<u>2,691,017</u>	<u>2,762,251</u>	<u>71,234</u>	<u>755,899</u>	<u>593,461</u>	<u>(162,438)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	3,060,106	3,050,376	9,730
1,690,000	1,690,000	-	4,575,000	4,575,000	-
1,643,517	1,614,058	29,459	285,175	285,175	-
<u>3,333,517</u>	<u>3,304,058</u>	<u>29,459</u>	<u>7,920,281</u>	<u>7,910,551</u>	<u>9,730</u>
<u>(642,500)</u>	<u>(541,807)</u>	<u>100,693</u>	<u>(7,164,382)</u>	<u>(7,317,090)</u>	<u>(152,708)</u>
360,000	375,351	15,351	1,115,190	918,387	(196,803)
-	-	-	(89,160)	(89,160)	-
-	-	-	859,861	1,008,445	148,584
-	-	-	(647,767)	(647,767)	-
-	738	738	<u>4,890,000</u>	<u>4,850,000</u>	<u>(40,000)</u>
<u>360,000</u>	<u>376,089</u>	<u>16,089</u>	<u>6,128,124</u>	<u>6,039,905</u>	<u>(88,219)</u>
(282,500)	(165,718)	116,782	(1,036,258)	(1,277,185)	(240,927)
-	-	-	1,240,450	1,240,450	-
<u>703,911</u>	<u>703,911</u>	<u>-</u>	<u>46,465</u>	<u>46,465</u>	<u>-</u>
<u>421,411</u>	<u>538,193</u>	<u>116,782</u>	<u>250,657</u>	<u>9,730</u>	<u>(240,927)</u>

CITY OF MENTOR, OHIO

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES - ALL NONEXPENDABLE TRUST FUNDS YEAR ENDED DECEMBER 31, 2002

	<u>Fiduciary Fund Type Nonexpendable Trust</u>
OPERATING REVENUES:	
Investment income	\$ 1,260
Donations and other	<u>154</u>
Total operating revenues	<u>1,414</u>
OPERATING EXPENSES:	
Parks, recreation and public lands	<u>1,530</u>
NET LOSS	(116)
FUND BALANCES, BEGINNING OF YEAR	<u>25,730</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 25,614</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, 2002

	Fiduciary Fund Type <u>Nonexpendable</u> <u>Trust</u>
OPERATING ACTIVITIES:	
Operating loss	\$ (116)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Investment income	<u>(1,260)</u>
Net cash used in operating activities	<u>(1,376)</u>
INVESTING ACTIVITIES:	
Investment income	1,260
Net change in pooled investments	<u>(692)</u>
Net cash provided by investing activities	<u>568</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(808)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,792</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 984</u>

A reconciliation of the December 31, 2002 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:

CASH AND INVESTMENTS - Combined Balance Sheet	\$ 220,684	*
Less:		
Agency and expendable trust fund type cash and investments	(194,576)	
Nonexpendable trust fund type investment amounts which do not qualify as cash equivalents	<u>(25,124)</u>	
CASH AND CASH EQUIVALENTS - Combined Statement of Cash Flows	<u>\$ 984</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, 2002

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.
- 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.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2002

- 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.

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.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2002

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 General Fund.

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.

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

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2002

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, 2002, 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 Municipal Court Fund (Agency Fund); however, the City is only required to report herein on the budgets adopted for the governmental funds.

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

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2002

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	\$ (713,408)	(281,084)	(165,718)	4,308,576
Increase (decrease) due to change in:				
Receivables and other assets not recognized on budgetary basis	(184,422)	(42,417)	(6,580,292)	(121,706)
Liabilities not recognized on budgetary basis	(654,171)	(290,472)	6,580,292	(4,204,640)
Net impact of encumbrances on budget basis expenditures	<u>(3,491,640)</u>	<u>(515,950)</u>	<u>-</u>	<u>(1,259,415)</u>
Budget basis	<u>\$ (5,043,641)</u>	<u>(1,129,923)</u>	<u>(165,718)</u>	<u>(1,277,185)</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 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.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2002

- (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.

- (j) **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.
- (k) **Nonexchange Transactions** - GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues (an amendment of GASB Statement No. 33)* establish accounting and financial reporting standards which address when to report the results of nonexchange transactions involving financial or capital resources. In a nonexchange transaction, an entity gives (or receives) value without directly receiving or giving value in return. Cash received or receivables recognized with respect to income taxes, property taxes, certain grants and other nonexchange transactions that do not meet the revenue recognition criteria under GASB Statement Nos. 33 and 36 are recorded as deferred revenue.
- (l) **"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.

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 105 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.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2002

Cash and investments consisted of the following at December 31, 2002:

Cash	<u>\$ 2,177,968</u>
Investments:	
Vanguard Short-Term Corporate Fund	5,071,223
Vanguard Intermediate-Term Corporate Fund	4,284,719
Vanguard GNMA Fund	4,219,647
Federal Home Loan Mortgage Corporation securities	2,660,673
Federal Home Loan Bank securities	2,605,743
Fannie Mae securities	1,135,520
Federal Farm Credit Bank securities	799,455
STAROhio	<u>522,809</u>
Total investments	<u>21,299,789</u>
Total cash and investments	<u><u>\$ 23,477,757</u></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, 2002, the carrying amount of the City's deposits was \$2,177,968 and the bank balance was \$3,230,632, \$400,000 of which was covered by Federal depository insurance and \$2,830,632 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.

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.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2002

	Category			Total Market/ Carrying Value
	1	2	3	
Federal Home Loan Mortgage Corporation securities	\$ -	-	2,660,673	2,660,673
Federal Home Loan Bank securities	-	-	2,605,743	2,605,743
Fannie Mae securities	-	-	1,135,520	1,135,520
Federal Farm Credit Bank securities	-	-	799,455	799,455
	<u>\$ -</u>	<u>-</u>	<u>7,201,391</u>	7,201,391
STAROhio	N/A	N/A	N/A	522,809
Vanguard GNMA Fund	N/A	N/A	N/A	4,219,647
Vanguard Intermediate-Term Corporate Fund	N/A	N/A	N/A	4,284,719
Vanguard Short-Term Corporate Fund	N/A	N/A	N/A	<u>5,071,223</u>
Total investments				<u>\$ 21,299,789</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.

3. TAXES

Income Taxes - A two percent City income tax is levied on substantially all income earned within the City. On May 7, 2002, the two percent income tax was renewed by the voters for a five year period through December 31, 2007. In addition, the residents of the City are required to pay City income tax on income they earn outside the City; however, full credit is allowed for all income taxes these residents pay to other municipalities. Employers within the City are required to withhold income tax on employee compensation

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2002

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 2001 levy (collected in 2002) was based was approximately \$1.39 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, 2002

4. RECEIVABLES

Due from Outside Parties - The City's receivables at December 31, 2002, by fund type, consist of the following:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Trust and Agency Funds</u>
City income taxes	\$ 6,840,503	-	-	-
Property taxes	1,640,649	2,001,509	1,690,271	-
Special assessments	-	18,134	14,400,356	-
Other	8,347	36,885	-	128,168
Less: Allowance for uncollectibles	<u>(297,600)</u>	<u>(3,300)</u>	<u>(20,800)</u>	<u>-</u>
	<u>\$ 8,191,899</u>	<u>2,053,228</u>	<u>16,069,827</u>	<u>128,168</u>

Due to/from Other Funds - Interfund receivables and payables are composed of the following at December 31, 2002:

Fund	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 1,212,176	-
Special Revenue Funds:		
Fire Levy	297	-
Street Lighting	541	-
Court Computer	8,812	-
Court Special Projects	8,786	-
Enforcement and Education	297	-
Court Probation Services	3,137	-
Indigent Driver Alcohol Treatment	375	-
Law Enforcement Trust	110	-
Community Development Block Grant 97-98	-	5,132
Community Development Block Grant 98-99	-	1,788
Community Development Block Grant 99-00	-	11,557
Community Development Block Grant 00-01	-	15,209
Community Development Block Grant 01-02	-	17,342
Debt Service Fund:		
Special Assessment Bond Retirement	-	1,714
Capital Projects Funds:		
Garfield Road Improvements	-	225,057
Chillicothe Road Widening and Resurfacing	-	148,584
Headlands Road/Bridge Improvement	-	634,804
Agency Fund:		
Municipal Court	<u>-</u>	<u>173,344</u>
	<u>\$ 1,234,531</u>	<u>1,234,531</u>

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2002

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 \$15,000, original jurisdiction in traffic and non-traffic misdemeanor cases, and exclusive original jurisdiction in small claims cases.

The collection activities of the Municipal Court are accounted for in a separate Agency Fund in the accompanying 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, 2002:

Notes payable at January 1, 2002	\$4,575,000
Notes retired	<u>(4,575,000)</u>
Notes payable at December 31, 2002	<u>\$ -</u>

The notes matured on July 18, 2002 and all principal and interest outstanding was paid accordingly.

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, 2002:

Accrued liability at January 1, 2002	\$2,327,909
Benefits accumulated during 2002, net of amounts used	<u>1,604</u>
Accrued liability at December 31, 2002	<u>\$ 2,329,513</u>

The following is a summary of long-term notes payable transactions of the City for the year ended December 31, 2002:

	<u>General Obligation</u>
Notes payable at January 1, 2002	\$ 40,000
Notes paid	<u>(10,000)</u>
Notes payable at December 31, 2002	<u>\$ 30,000</u>

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2002

Long-term notes payable at December 31, 2002 are comprised of the following:

	Amount of Original Issuance	Notes Outstanding December 31, 2002
1999 OPWC State Route 615 Reconstruction Note due in semi-annual installments of \$5,000 through 2006 without interest	<u>\$ 50,000</u>	<u>30,000</u>

The following is a summary of the bond transactions of the City for the year ended December 31, 2002:

	General Obligation	Special Assessment	Total
Bonds payable at January 1, 2002	\$20,455,634	5,904,366	26,360,000
Bonds issued	-	4,850,000	4,850,000
Bonds retired	<u>(1,120,619)</u>	<u>(569,381)</u>	<u>(1,690,000)</u>
Bonds payable at December 31, 2002	<u>\$ 19,335,015</u>	<u>10,184,985</u>	<u>29,520,000</u>

Bonds payable at December 31, 2002 are comprised of the following issues:

	Amount of Original Issuance	Bonds Outstanding December 31, 2002
General unvoted obligations:		
1985 Police Facilities Bonds due in annual installments of \$170,000 through 2005, plus interest at 9.125%	\$ 3,200,000	510,000
1985 Community Center Bonds due in annual installments of \$125,000 through 2006, plus interest at 9.125%	2,500,000	500,000
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	185,544
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	2,608,887
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	3,950,584
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>11,580,000</u>
Total general obligation bonds	<u>28,362,489</u>	<u>19,335,015</u>

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2002

Special assessment obligations:

1985 Great Lakes-East Avenue-Heisley Commerce Street Improvement Bonds due in annual installments of \$130,000 through 2006, plus interest at 9.625%	2,525,000	520,000
1987 Tyler Boulevard-White Oak Drive Improvement Bonds due in annual installments of \$85,000 to \$210,000 through 2007, plus interest at rates varying between 7.85% to 7.9%	2,240,000	905,000
1991 Street Improvement Bonds due in annual installments ranging from \$166,005 to \$493,272 through 2011, plus interest at rates varying between 6.4% to 7.15%	5,582,511	3,424,455
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	396,114
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%	110,000	89,416
2002 Tyler Boulevard Extension Bonds due in annual installments ranging from \$145,000 to \$375,000 through 2022, plus interest at rates varying between 3.0% to 4.7%	<u>4,850,000</u>	<u>4,850,000</u>
Total special assessment bonds	<u>15,887,511</u>	<u>10,184,985</u>
 Total bonds	 <u>\$44,250,000</u>	 <u>29,520,000</u>

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

The annual payment requirements for all bonded debt outstanding as of December 31, 2002 are as follows:

Year Ending December 31.	General Obligation Bonds		Special Assessment Bonds		Total
	Principal	Interest	Principal	Interest	
2003	\$ 1,174,192	1,067,108	745,808	598,014	3,585,122
2004	1,218,680	996,746	781,320	547,281	3,544,027
2005	1,278,315	921,846	831,685	495,202	3,527,048
2006	1,167,291	844,565	877,709	438,542	3,328,107
2007	1,106,377	778,679	798,623	377,766	3,061,445
2008-2012	6,585,373	2,927,657	3,039,626	1,218,016	13,770,672
2013-2017	6,804,787	1,051,522	1,405,214	585,710	9,847,233
2018 - 2022	<u>-</u>	<u>-</u>	<u>1,705,000</u>	<u>246,210</u>	<u>1,951,210</u>
	<u>\$19,335,015</u>	<u>8,588,123</u>	<u>10,184,985</u>	<u>4,506,741</u>	<u>42,614,864</u>

Under the Ohio Revised Code, at December 31, 2002, the City legally could issue approximately \$57.1 million of additional, unvoted, general obligation debt.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2002

(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, 2002, there were seven series of industrial revenue bonds outstanding. The aggregate principal amount payable for the three series issued since July 1, 1995, was \$8.3 million. The aggregate principal amount payable for the four series issued prior to July 1, 1995, could not be determined; however their original issue amounts totaled \$8.1 million.

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, 2002	Additions	Retirements	Transfers	Balance December 31, 2002
Land	\$ 13,465,575	56,603	-	-	13,522,178
Buildings	36,929,161	860,177	-	937,500	38,726,838
Improvements	6,490,737	106,850	(10,090)	-	6,587,497
Furniture, fixtures, and equipment	16,114,758	1,156,312	(428,797)	-	16,842,273
Construction in progress	<u>937,500</u>	<u>-</u>	<u>-</u>	<u>(937,500)</u>	<u>-</u>
Totals	<u>\$ 73,937,731</u>	<u>2,179,942</u>	<u>(438,887)</u>	<u>-</u>	<u>75,678,786</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, 2002.

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.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2002

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) 222-6705 or 1-800-222-PERS (7377).

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 2002 employer contribution rate for local government employer units was 13.55 percent of covered payroll including 5.0 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, 2002, 2001 and 2000 were \$1,057,745, \$983,094, and \$827,152, 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, 2002, 2001 and 2000 were \$1,229,064, \$1,194,722, and \$1,170,958, 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, 2002

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 postretirement health care for 2002 and 2001 was 5.0 percent and 4.3 percent, respectively, of covered payroll in each year. During 2002 and 2001, \$618,555 and \$456,914, respectively, of the City's total contribution to PERS was used for postretirement benefits. At December 31, 2002, 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 402,041 at December 31, 2001 (latest information available). The actuarial value of the Retirement System's net assets available for OPEB at December 31, 2001 was \$11.6 billion. The actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

The principal assumptions used for the 2001 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. All investments are carried at market value. 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 2001 was 8.00 percent.

Active Employee Total Payroll. An annual increase of 4.00 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 4.00 percent increase, were assumed to range from 0.50 percent to 6.30 percent.

Health Care. Health care costs were assumed to increase 4.00 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 7.50 percent and 7.75 percent of covered payroll in 2001 and 2002, respectively. 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, 2002

Total state-wide participants eligible to receive health care benefits as of December 31, 2001 (latest information available) were 13,174 police and 10,239 firefighters. The City's 2002 contributions for postretirement health care benefits were \$339,780 and \$340,150 for police and firefighters, respectively. OP&F's total health care costs for the year ended December 31, 2001 (latest information available) were \$122.3 million (net of member contributions of \$6.9 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. The reserve for potential claims was deemed unnecessary and therefore closed at calendar year end 2001.
- *Workers' Compensation Benefits* - The City was self-insured in 1991 under the State of Ohio's retrospective rating program in which the City was responsible for paying claims pertaining to 1991 for a ten year period. The City settled its liability for 1991 during 2001 and closed its reserve for potential claims. 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, 2001 and 2002 are as follows:

	<u>Health Benefits</u>	<u>Vehicle Collision Claims</u>	<u>Workers' Compensation Benefits</u>
Balance January 1, 2001	\$ 33,953	86,665	20,580
Incurred claims, net of changes in estimates	188,444	(86,665)	(15,443)
Payments	<u>(188,000)</u>	<u>-</u>	<u>(5,137)</u>
Balance December 31, 2001	34,397	-	-
Incurred claims, net of changes in estimates	204,515	-	-
Payments	<u>(203,016)</u>	<u>-</u>	<u>-</u>
Balance December 31, 2002	<u>\$ 35,896</u>	<u>-</u>	<u>-</u>

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.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2002

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.

The City of Painesville, Ohio ("Painesville") and certain developers have filed a lawsuit against the City in Common Pleas Court, Lake County Ohio alleging that the city deprived the plaintiffs of certain property rights and seeking to enforce a 1997 Settlement Agreement. The dispute relates to access rights of developers through the City to property located within Painesville. The plaintiffs also are seeking damages for delays in obtaining approvals from the City to gain access to the Painesville property. The ultimate outcome of this matter cannot presently be determined.

In addition, there are certain other 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, 2002, the Chillicothe Road Widening & Resurfacing Capital Projects Fund had a deficit fund balance of \$18,223. In addition, the Community Development Block Grant 02-03 Special Revenue Fund had a deficit fund balance of \$6,770. These deficits will be eliminated through the receipt of grant proceeds during 2003. No other funds had deficit balances at December 31, 2002.

13. NEW ACCOUNTING STANDARDS

The GASB has issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus an amendment of GASB Statements No. 21 and No. 34*, and Statement No. 38, *Certain Financial Statement Note Disclosures*. These statements revise accounting and reporting standards for general purpose external financial reporting by governmental units and are effective for the year ending December 31, 2003. The City has not completed an analysis of the impact of these statements on its reported financial condition and results of operations.

During May 2002, the GASB issued Statement No. 39, *Determining Whether Certain Organizations are Component Units (an amendment of GASB Statement No. 14)*. This statement amends Statement No. 14 to provide additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as a component unit based on the nature and significance

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Concluded) YEAR ENDED DECEMBER 31, 2002

of their relationship with the primary government. Generally, this statement requires reporting, as a component unit, an organization that raises and holds economic resources for the direct benefit of a governmental unit. The provisions of this statement are effective for financial statements for the year ending December 31, 2004. The City has determined that this statement will not have an effect on its financial statements.

During March 2003, the GASB issued Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3)*. This statement amends Statement No. 3 and addresses additional cash and investment risks to which governments are exposed. Generally, this statement requires that state and local governments communicate key information about such risks in four principal areas: investment credit risks, including credit quality information issued by rating agencies; interest rate disclosures that include investment maturity information; interest rate sensitivity for investments that are highly sensitive to changes in interest rates; and foreign exchange exposures that would indicate the foreign investment's denomination. The provisions of this statement are effective for financial statements for the year ending December 31, 2005. The City has not determined the impact, if any, that this statement will have on its financial statement.

* * * * *



May 16, 2003

Dear Users of City of Mentor's General Purpose Financial Statements:

The accompanying general purpose financial statements of the City of Mentor, Ohio as of and for the year ended December 31, 2002 include the financial statements and notes required under accounting principles generally accepted in the United States of America that are essential to fair presentation of the City of Mentor's financial position and results of operations and the cash flows of the City of Mentor's nonexpendable trust fund. Additional information regarding the City of Mentor's financial activities for 2002 is available in the City of Mentor's separately issued Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2002. Copies of the CAFR can be obtained by contacting me at:

City of Mentor, Ohio
8500 Civic Center Boulevard
Mentor, OH 44060-2499

Telephone: (440) 974-5770

Sincerely,

John C. Aten
Director of Finance

JCA/kh

CITY OF MENTOR, OHIO

SUPPLEMENTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2002

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Federal or Pass-Through Grant Number	Grant Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:			
<i>Direct Program</i>			
Community Planning and Development—			
Community Development Block Grants/Entitlement Grants	14.218	B-98-MC-39-0033	\$ 31,745
		B-99-MC-39-0033	5,399
		B-00-MC-39-0033	84,675
		B-01-MC-39-0033	<u>102,401</u>
Total CFDA 14.218			<u>224,220</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY:			
<i>Direct Program</i>			
United States Fire Administration—			
Assistance to Firefighters Grant	83.554	EMW-2001-FG-06648	<u>56,624</u>
U.S. DEPARTMENT OF TRANSPORTATION:			
<i>Pass-through Ohio Department of Public Safety and Lake County General Health District</i>			
National Highway Traffic Safety Administration—			
State and Community Highway Safety	20.600	1533	<u>2,074</u>
U.S. DEPARTMENT OF JUSTICE:			
<i>Direct Programs</i>			
Office of Community Oriented Policing Services—			
Public Safety Partnership and Community Policing Grants	16.710	2000SHWX0694	<u>41,667</u>
Bureau of Justice Assistance—			
Local Law Enforcement Block Grant Program	16.592	2001-LB-BX-4217	6,832
		1998-LB-VX-3310	864
Total CFDA 16.592			<u>7,696</u>
<i>Pass-through the Ohio Office of Criminal Justice Services</i>			
Office of Justice Programs—			
Crime Victims Assistance	16.575	2003-VAGEN531	262
		2002-VAGEN531	<u>2,612</u>
Total CFDA 16.575			<u>2,874</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 335,155</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, 2002

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, 2002. 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 cash 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.	2002 Grant Expenditures
CDBG Entitlement Program	14.218	\$ 47,600



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, 2002, and have issued our report thereon dated May 16, 2003. 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 cursive script that reads "Deloitte & Touche LLP".

May 16, 2003



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, 2002. 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, 2002.

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 16, 2003

CITY OF MENTOR, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2002

SUMMARY OF AUDITORS' RESULTS

- Type of Report Issued on the Financial Statements as of and for the Year Ended December 31, 2002 - 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, 2002:
 - 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.
- The City is not considered to be a Low-Risk Auditee as defined under OMB Circular A-133.

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

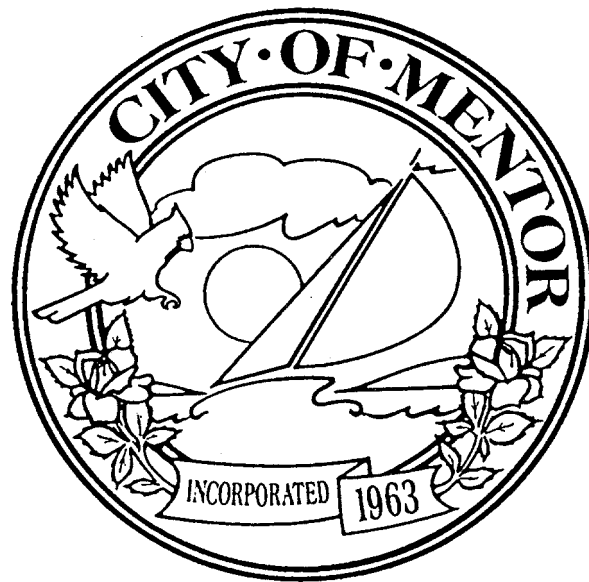
None

CITY OF MENTOR, OHIO

STATUS OF PRIOR YEAR COMMENTS ON INTERNAL CONTROL AND LEGAL COMPLIANCE

There were no comments on internal control and legal compliance included in the prior year reports.

CITY OF
MENTOR, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2002

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

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

Council-manager
government since 1963

May 16, 2003

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, 2002. 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.

Through 2000 the City of Mentor had a steadily growing local economy for over a decade. During 2001 the economy peaked with the year as a whole nearly flat compared to the prior year. As reflected in a 2.2% decline in municipal income tax receipts (non-GAAP budgetary basis), economic activity in 2002 continued to be at a slightly lower level throughout the year.

Despite the modest decline in the City's economy, it seems to be stable and city officials are optimistic regarding the future. 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 the 1997 U.S. Census of Manufacturing and 6th in the state in sales volume according to the 1997 Census of Retail Trade.

MAJOR INITIATIVES

For 2002

In terms of roadway infrastructure improvements, the City resurfaced 29 residential streets and replaced 1,700 cubic yards of concrete. Capital improvement projects included: construction of an interchange at I-90 and S.R. 615, including the widening of S.R. 615 to four lanes between I-90 and S.R. 84; resurfacing S.R. 44 from S.R. 2 to the northern corporation limit; widening and resurfacing Chillicothe Road, including bike lane construction and storm sewers as needed, from Mentor Avenue to King Memorial Road; resurfacing Hopkins Road from Mentor Avenue to the S.R. 2 bridge including the installation of left turn lanes at East Avenue and at Twinbrook Road; widening and resurfacing Garfield Road between S.R. 84 and the southern corporation limit including construction of left turn lanes at S.R. 84; and resurfacing S.R. 2 from the western to the eastern corporation limit.

Drainage projects undertaken in 2002 included: improvements at the Marsh Creek/Wayside watershed resulting in upgraded flow capacity of the culverts on Rockport Lane and Heisley Road; and field surveying and information mapping to assemble the required base maps as part of the Mentor City Stormwater Discharge Permit application to the Ohio EPA. The City also continued its roadside ditch improvement program, enclosing 12,000 linear feet of ditch. In addition, as part of a program to help residents alleviate drainage problems, 2,400 feet of pipe was installed benefiting over 31 properties.

The Fire Department continued to be one of forty 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. Construction continued on the Fire Station 5 expansion, which will provide new enlarged crew quarters for personnel, new administrative offices and a new Emergency 911 Dispatch Center for the Fire and Police Departments.

The Community Development Department reviewed final site development plans for thirteen commercial and industrial buildings and two subdivisions containing 59 residential lots.

The Public Information Office produced 143 video programs representing over 2,475 hours of programming broadcast on the City's government access channel. For the 11th year, the Public Information Office was recognized by the National Association of Telecommunications Officers and Advisors (NATOA) for its excellence in government programming. The office also received a 2002 Beacon Award for Best Magazine Show (under 100,000 population) and was named a finalist in the Best Specialty Video category.

The Department of Parks, Recreation and Public Lands opened its newly constructed City Dog Park. The Dog Park has been well received and is very popular. Due to the steady demand for boat dockage, the Mentor Lagoons Marina began operation of year around rack storage dockage resulting in additional marina capacity. A new concrete floor along with new refrigeration piping and sub-floor piping was installed at the Civic Arena West Ice Rink.

For The Future

The City's five-year (2003-2007) capital improvement program contains the following proposed expenditures:

Facility construction and improvements	\$23,569,000
Roadway construction and improvements	32,452,562
Traffic control	3,131,870
Sidewalk and bikeway improvements	1,903,400
Storm drainage	3,756,000
Park acquisition, development & improvement	3,132,500
Major capital equipment	<u>6,305,000</u>
	<u>\$74,250,332</u>

Of the proposed \$74,250,332 for the five-year period, \$56,043,222 (75.5%) will be funded by the City. The remaining \$18,207,110 (24.5%) will be funded primarily by Federal/State/County assistance.

In 2003 the City plans to complete a major construction project to expand and remodel its Fire Station 5, which will contain a new headquarters for the fire department and a new state of the art fire and police dispatch center. We estimate its cost at completion will be approximately \$3.7 million, funded almost entirely with general fund monies.

With a growing population and an extensive commercial and retail district, transportation issues are important to City officials. Projects anticipated to begin in 2003 include the following: widening of Heisley Road to four lanes between Hendricks Road and Jackson Street including construction of railroad grade separations at the CSX and Norfolk Southern Railroads; realignment of Hopkins Road and replacement of the county bridge south of Rosewood Lane; completion of the widening of Headlands Road and replacement of the bridge over Shipman Pond; construction of an access driveway from Plaza Boulevard to Garfield Park in an easement

along the Norfolk Southern Railroad tracks; outfitting the City's remaining 17 traffic signals to provide for emergency vehicle preemption at all signalized intersections; realignment of the Hopkins Road/Hendricks Road intersection and an upgrade to the traffic signal; construction of a two-way left turn lane at Mentor Avenue in the Marion Drive area; and continued upgrade at the Marsh Creek Watershed to provide stormwater detention near the Concord Township line and downstream outfall improvements.

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 Fund which is 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 (GASB) has issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, Statement No. 37, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus an amendment of GASB Statements No. 21 and No. 34*, and Statement No. 38, *Certain Financial Statement Note Disclosures*. These statements revise accounting and reporting standards for general purpose external financial reporting by governmental units and are effective for the year ending December 31, 2003. The City has not completed an analysis of the impact of these statements on its reported financial condition and results of operations.

During May 2002, the GASB issued Statement No. 39, *Determining Whether Certain Organizations are Component Units (an amendment of GASB Statement No. 14)*. This statement amends Statement No. 14 to provide additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as a component unit based on the nature and significance of their relationship with the primary government. Generally, this statement requires reporting, as a component unit, an organization that raises and holds economic resources for the direct benefit of a governmental unit. The provisions of this statement are effective for financial statements for the year ending December 31, 2004. The City has determined that this statement will not have an effect on its financial statements.

During March 2003, the GASB issued Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3)*. This statement amends Statement No. 3 and addresses additional cash and investment risks to which governments are exposed. Generally, this statement requires that state and local governments communicate key information about such risks in four principal areas: investment credit risks, including credit quality information issued by rating agencies; interest rate disclosures that include investment maturity information; interest rate sensitivity for investments that are highly sensitive to changes in interest rates; and foreign exchange exposures that would indicate the foreign investment's denomination. The provisions of this statement are effective for financial statements for the year ending December 31, 2005. The City has not determined the impact, if any, that this statement will have on its financial statement disclosures.

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, 2002 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, 2001 TO 2002

	2002		Increase (Decrease) From 2001	
	<u>Amount</u>	<u>Percent of Total</u>	<u>Amount</u>	<u>Percent Change</u>
REVENUES:				
Property taxes	\$ 4,900,827	9.65%	\$ 78,454	1.63%
Municipal income tax	26,686,076	52.55%	90,951	0.34%
Other local taxes	739,099	1.46%	15,397	2.13%
Intergovernmental	9,545,555	18.79%	862,460	9.93%
Charges for services	2,740,706	5.40%	96,678	3.66%
Fines and forfeitures	1,360,790	2.68%	296,511	27.86%
Licenses, permits, and inspections	1,082,882	2.13%	(68,793)	(5.97%)
Special assessments	1,958,849	3.86%	(25,045)	(1.26%)
Investment income	1,580,682	3.11%	(569,255)	(26.48%)
Donations and other	<u>186,451</u>	<u>0.37%</u>	<u>(346,522)</u>	<u>(65.02%)</u>
Total Revenues	<u>\$50,781,917</u>	<u>100.00%</u>	<u>\$430,836</u>	<u>0.86%</u>
EXPENDITURES:				
Current:				
General government	\$ 6,620,824	12.95%	\$509,482	8.34%
Police	8,851,538	17.32%	584,859	7.07%
Fire	8,159,466	15.96%	328,879	4.20%
Streets and highways	7,846,277	15.35%	(358,613)	(4.37%)
Parks, recreation & public lands	6,412,685	12.55%	261,763	4.26%
Community development	1,213,590	2.37%	172,152	16.53%
Engineering and building	1,920,058	3.76%	3,541	0.18%
Capital outlay	<u>6,775,142</u>	<u>13.25%</u>	<u>(627,481)</u>	<u>(8.48%)</u>
Subtotal	<u>47,799,580</u>	<u>93.51%</u>	<u>874,582</u>	<u>1.86%</u>
Debt service:				
Principal retirement	1,700,000	3.33%	(40,000)	(2.30%)
Interest and other charges	<u>1,614,058</u>	<u>3.16%</u>	<u>(122,869)</u>	<u>(7.07%)</u>
Subtotal – Debt Service	<u>3,314,058</u>	<u>6.49%</u>	<u>(162,869)</u>	<u>(4.68%)</u>
Total Expenditures	<u>\$51,113,638</u>	<u>100.00%</u>	<u>\$711,713</u>	<u>1.41%</u>

Total revenues increased by \$430,836, or 0.86%. Significant increases in intergovernmental revenue and revenue from fines and forfeitures were largely offset by decreases in investment income and other revenue.

Intergovernmental revenue increased \$862,460 in 2002. The increase resulted from \$578,000 of new monies received from the U.S. Department of Justice of shared federally forfeited property, and \$618,000 of additional state and county aid for road projects. These increases were partially offset by a \$196,000 decrease in state shared revenues, and a \$138,000 decrease in other county funding which in 2001 included support for upgrading the police and fire radio systems.

Fines and forfeitures revenue increased \$296,511. The increase is primarily attributable to additional revenue collected through a revised municipal court fee structure.

Investment income decreased \$569,255 in 2002. About \$140,000 of this decrease is because the average amount available to invest was less in 2002 than in 2001; the rest is because of the continued decline in interest rates during 2002.

Donations and other revenue decreased \$346,522. This decrease is primarily because the City did not receive a refund from the Bureau of Workers Compensation in 2002. During 2001 the City received a \$312,000 refund.

Expenditures for general government were up by \$509,482 in 2002. This increase is primarily attributable to increased fees from the City's tax collection agency \$241,000; increased court wages and benefits \$91,000; increased legal expenses \$80,000; and increased premiums for property and liability insurance \$67,000.

Expenditures for police were up \$584,859 in 2002. This increase is mostly due to higher wages and benefits because of promotions within the police department including the promotion of six police officers to police sergeant positions and the subsequent hiring of new officers to fill created vacancies in late 2001.

Total 2002 expenditures were \$711,713 higher than in 2001, an increase of 1.41%.

General Fund Balance

The General Fund balance decreased by \$717,023 from a December 31, 2001 amount of \$21,677,696 to \$20,960,673 at December 31, 2002.

Fiduciary Fund Types

The City has one Nonexpendable Trust Fund. 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 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. The City's only Agency Fund is its Municipal Court Fund.

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, 2002, the recorded value of the general fixed assets of the City was \$75,678,786.

Debt Administration

At December 31, 2001 and 2002, the City's debt was as follows:

	Balance 12-31-01	Issued	Paid	Balance 12-31-02
General Obligation Bonds	\$20,455,634	—	1,120,619	19,335,015
General Obligation Notes	40,000	—	10,000	30,000
Total General Obligation	<u>20,495,634</u>	<u>—</u>	<u>1,130,619</u>	<u>19,365,015</u>
Special Assessment Bonds	5,904,366	4,850,000	569,381	10,184,985
Special Assessment Notes	<u>4,575,000</u>	<u>—</u>	<u>4,575,000</u>	<u>—</u>
Total Special Assessment	<u>10,479,366</u>	<u>4,850,000</u>	<u>5,144,381</u>	<u>10,184,985</u>
Total Bonds	28,360,000	4,850,000	1,690,000	29,520,000
Total Notes	<u>4,615,000</u>	<u>—</u>	<u>4,585,000</u>	<u>30,000</u>
GRAND TOTAL	<u>\$30,975,000</u>	<u>4,850,000</u>	<u>6,275,000</u>	<u>29,550,000</u>

All of the general obligation debt outstanding at December 31, 2002 is unvoted. The amount outstanding of \$19,365,015 at December 31, 2002 is within the legal debt limitation of \$76,227,935.

The City presently has an Aa3 rating from Moody's Investors Service that was assigned initially in August 1997 and was reaffirmed in June 2002; previously the City had 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 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 105% 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, workers compensation coverage, and 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.

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 2002 employer contributions made to PERS and OP&F were \$1,676,300 and \$1,908,994, 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 5.0% and 7.75% 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 2002 is the fourth 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, 2001. 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 eighteen consecutive years (fiscal years 1984-2001). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

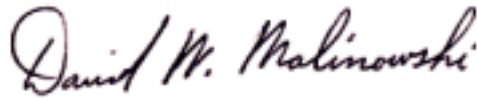
ACKNOWLEDGMENTS

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,

A handwritten signature in black ink that reads "John C. Aten". The signature is written in a cursive style with a large initial "J" and a long, sweeping underline.

John C. Aten
Director of Finance

A handwritten signature in black ink that reads "David W. Malinowski". The signature is written in a cursive style with a large initial "D" and a long, sweeping underline.

David W. Malinowski
Assistant Director of Finance

CITY OF MENTOR, OHIO

PRINCIPAL CITY OFFICIALS DECEMBER 31, 2002

Mentor City Council

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

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

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-----Richard L. Harvey
Director of Community Development-----Ronald M. Traub
Acting Personnel Director-----Daniel R. Graybill

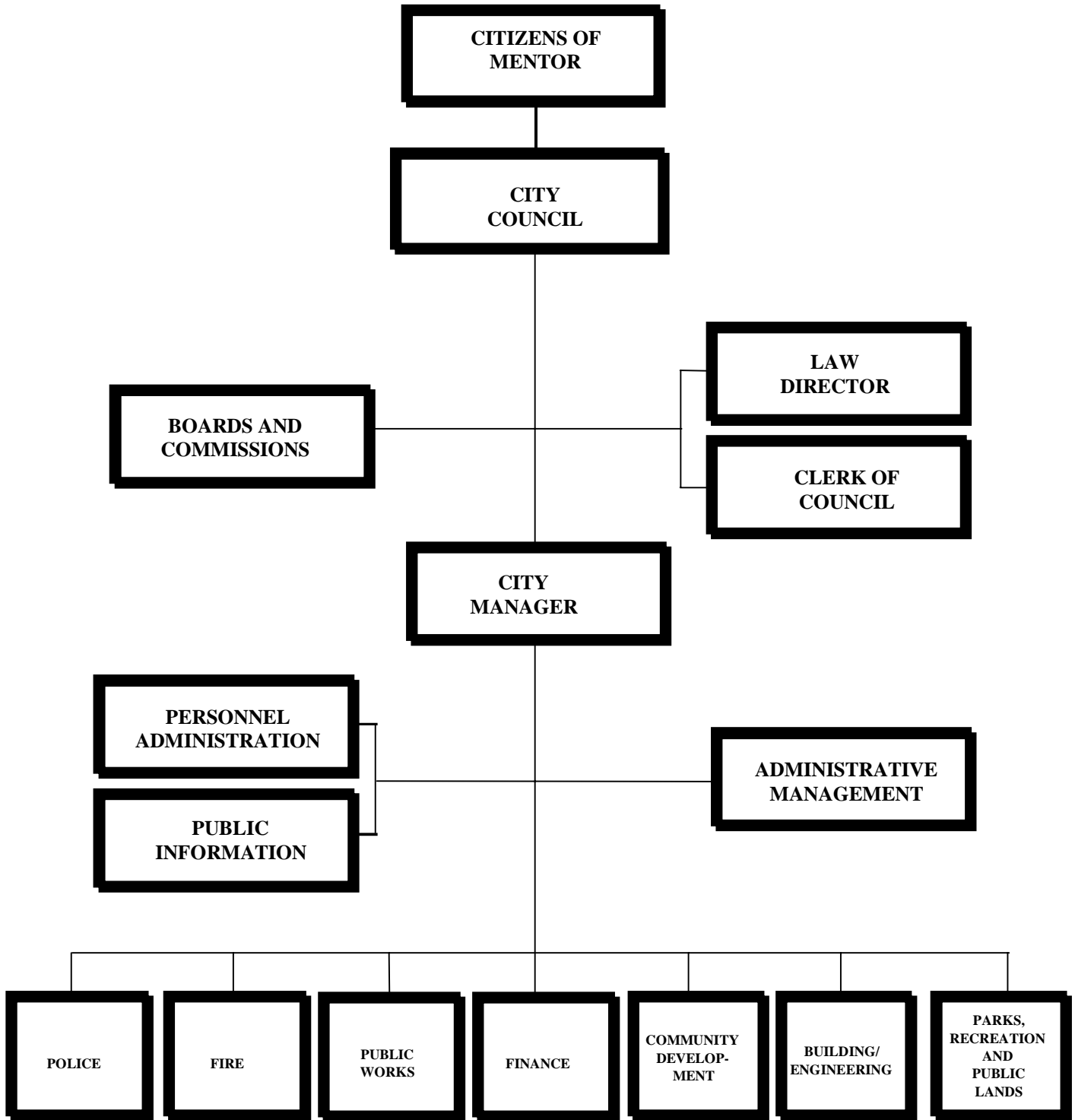
CITY OF MENTOR, OHIO

DEPARTMENT OF FINANCE STAFF DECEMBER 31, 2002

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 LEHNER-----Accounting Assistant
VERONICA FETSKO-----Accounting Assistant
JO-ANN FOHL----- Office Assistant
KRIS HANNAN ----- Office Assistant
MARIE SAMEC -----Office Assistant

CITY OF MENTOR, OHIO

Organization Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Mentor,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2001

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.



William Patrick Pate
President

Jeffrey L. Essler
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, 2002, 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, 2002, and the results of its operations and the cash flows of its nonexpendable trust fund 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 121 through 137 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.

Deloitte & Touche LLP

May 16, 2003

**GENERAL PURPOSE
FINANCIAL STATEMENTS**

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CITY OF MENTOR, OHIO

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS DECEMBER 31, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS:				
Cash and investments (Note 2)	\$ 18,621,537	2,989,926	538,195	1,107,415
Receivables, net of allowances for uncollectibles (Note 4)	8,191,899	2,053,228	16,069,827	-
Due from other funds (Note 4)	1,212,176	22,355	-	-
Due from other governments	2,104,876	768,774	-	373,339
Inventory	503,629	-	-	-
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	\$ 30,634,117	5,834,283	16,746,022	1,480,754
LIABILITIES, FUND EQUITY, AND OTHER CREDITS:				
Accounts payable	\$ 1,055,341	401,738	-	71,910
Accrued payroll and employee benefits (Notes 7 and 10)	2,984,677	-	-	-
Accrued liabilities	462,256	75,370	12,072	-
Deposits	588,576	-	-	-
Due to other funds (Note 4)	-	51,028	1,714	1,008,445
Deferred revenues	4,582,594	2,513,747	16,194,043	139,699
General obligation notes payable (Note 7)	-	-	-	-
General obligation bonds payable (Note 7)	-	-	-	-
Special assessment bonds payable (Note 7)	-	-	-	-
Total liabilities	9,673,444	3,041,883	16,207,829	1,220,054
Fund equity and other credits:				
Investment in general fixed assets	-	-	-	-
Fund balances:				
Reserved for encumbrances	3,491,640	515,950	-	1,259,415
Reserved for debt service	-	-	538,193	-
Reserved for inventory	503,629	-	-	-
Reserved for endowments	-	-	-	-
Unreserved	16,965,404	2,276,450	-	(998,715)
Total fund equity and other credits (Note 12)	20,960,673	2,792,400	538,193	260,700
TOTAL LIABILITIES, FUND EQUITY, AND OTHER CREDITS	\$ 30,634,117	5,834,283	16,746,022	1,480,754

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	
220,684	-	-	23,477,757
128,168	-	-	26,443,122
-	-	-	1,234,531
-	-	-	3,246,989
-	-	-	503,629
-	-	-	138,000
-	75,678,786	-	75,678,786
-	-	538,193	538,193
-	-	31,341,320	31,341,320
<u>348,852</u>	<u>75,678,786</u>	<u>31,879,513</u>	<u>162,602,327</u>
2,128	-	-	1,531,117
-	-	2,329,513	5,314,190
2,800	-	-	552,498
52,921	-	-	641,497
173,344	-	-	1,234,531
-	-	-	23,430,083
-	-	30,000	30,000
-	-	19,335,015	19,335,015
-	-	10,184,985	10,184,985
<u>231,193</u>	<u>-</u>	<u>31,879,513</u>	<u>62,253,916</u>
-	75,678,786	-	75,678,786
-	-	-	5,267,005
-	-	-	538,193
-	-	-	503,629
17,697	-	-	17,697
<u>99,962</u>	<u>-</u>	<u>-</u>	<u>18,343,101</u>
<u>117,659</u>	<u>75,678,786</u>	<u>-</u>	<u>100,348,411</u>
<u>348,852</u>	<u>75,678,786</u>	<u>31,879,513</u>	<u>162,602,327</u>

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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, 2002

	Governmental Fund Types				Fiduciary Fund Type Expendable Trust	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects		
REVENUES:						
Property taxes	\$ 1,363,402	1,926,132	1,611,293	-	-	4,900,827
Municipal income tax	26,686,076	-	-	-	-	26,686,076
Other local taxes	-	739,099	-	-	-	739,099
Intergovernmental	6,748,080	2,593,665	203,810	593,461	-	10,139,016
Charges for services	2,699,889	40,817	-	-	-	2,740,706
Fines and forfeitures	1,142,857	217,933	-	-	-	1,360,790
Licenses, permits, and inspections	1,079,367	3,515	-	-	-	1,082,882
Special assessments	-	1,025,474	933,375	-	-	1,958,849
Investment income	1,466,870	100,039	13,773	-	-	1,580,682
Donations and other	186,251	200	-	-	95,766	282,217
Total revenues	<u>41,372,792</u>	<u>6,646,874</u>	<u>2,762,251</u>	<u>593,461</u>	<u>95,766</u>	<u>51,471,144</u>
EXPENDITURES:						
Current:						
General government	6,523,127	97,697	-	-	457	6,621,281
Police	8,414,230	437,308	-	-	380	8,851,918
Fire	6,484,760	1,674,706	-	-	1,100	8,160,566
Streets and highways	5,795,672	2,050,605	-	-	-	7,846,277
Parks, recreation and public lands	6,369,788	42,897	-	-	93,973	6,506,658
Community development	965,387	248,203	-	-	-	1,213,590
Engineering and building	1,920,058	-	-	-	-	1,920,058
Capital outlay	5,661,195	1,113,947	-	1,678,937	-	8,454,079
Debt service:						
Principal retirement (Note 7)	10,000	-	1,690,000	-	-	1,700,000
Interest and other charges	-	-	1,614,058	285,175	-	1,899,233
Total expenditures	<u>42,144,217</u>	<u>5,665,363</u>	<u>3,304,058</u>	<u>1,964,112</u>	<u>95,910</u>	<u>53,173,660</u>
Excess (deficiency) of revenues over expenditures	<u>(771,425)</u>	<u>981,511</u>	<u>(541,807)</u>	<u>(1,370,651)</u>	<u>(144)</u>	<u>(1,702,516)</u>
OTHER FINANCING SOURCES (USES):						
Operating transfers in	73,809	-	375,351	918,387	-	1,367,547
Operating transfers out	(15,792)	(1,262,595)	-	(89,160)	-	(1,367,547)
Proceeds of bonds (including premium)	-	-	738	4,850,000	-	4,850,738
Total other financing sources (uses)	<u>58,017</u>	<u>(1,262,595)</u>	<u>376,089</u>	<u>5,679,227</u>	<u>-</u>	<u>4,850,738</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(713,408)</u>	<u>(281,084)</u>	<u>(165,718)</u>	<u>4,308,576</u>	<u>(144)</u>	<u>3,148,222</u>
FUND BALANCE, BEGINNING OF YEAR	21,677,696	3,073,484	703,911	(4,047,876)	92,189	21,499,404
CHANGE IN RESERVE FOR INVENTORY	<u>(3,615)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,615)</u>
FUND BALANCE, END OF YEAR	<u>\$ 20,960,673</u>	<u>2,792,400</u>	<u>538,193</u>	<u>260,700</u>	<u>92,045</u>	<u>24,644,011</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, 2002**

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES:						
Property taxes	\$ 1,323,929	1,363,402	39,473	1,891,696	1,926,132	34,436
Municipal income tax	27,893,000	26,476,937	(1,416,063)	-	-	-
Other local taxes	-	-	-	720,000	734,137	14,137
Intergovernmental	8,390,603	6,746,181	(1,644,422)	2,835,802	2,565,607	(270,195)
Charges for services	2,701,500	2,699,889	(1,611)	36,000	40,817	4,817
Fines and forfeitures	997,000	1,100,924	103,924	129,130	191,877	62,747
Licenses, permits, and inspections	1,117,245	1,079,367	(37,878)	15,000	3,515	(11,485)
Special assessments	-	-	-	1,002,000	1,025,474	23,474
Investment income	1,300,000	1,338,487	38,487	109,674	100,039	(9,635)
Donations and other	90,886	272,915	182,029	-	200	200
Total revenues	<u>43,814,163</u>	<u>41,078,102</u>	<u>(2,736,061)</u>	<u>6,739,302</u>	<u>6,587,798</u>	<u>(151,504)</u>
EXPENDITURES:						
Function:						
General government	7,082,878	6,423,095	659,783	215,595	151,709	63,886
Police	9,489,361	8,522,381	966,980	851,225	719,762	131,463
Fire	10,121,579	9,001,146	1,120,433	1,767,948	1,750,076	17,872
Streets and highways	13,024,749	10,375,457	2,649,292	3,612,627	3,532,628	79,999
Parks, recreation and public lands	8,604,860	7,093,858	1,511,002	375,194	50,797	324,397
Community development	1,072,600	985,485	87,115	273,147	273,147	-
Engineering and building	3,866,662	3,394,667	471,995	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Total expenditures	<u>53,262,689</u>	<u>45,796,089</u>	<u>7,466,600</u>	<u>7,095,736</u>	<u>6,478,119</u>	<u>617,617</u>
Excess (deficiency) of revenues over expenditures	<u>(9,448,526)</u>	<u>(4,717,987)</u>	<u>4,730,539</u>	<u>(356,434)</u>	<u>109,679</u>	<u>466,113</u>
OTHER FINANCING SOURCES (USES):						
Operating transfers in	55,499	73,809	18,310	-	-	-
Operating transfers out	(15,792)	(15,792)	-	(1,412,717)	(1,262,595)	150,122
Advances in	675,802	675,802	-	51,026	51,026	-
Advances out	(1,059,473)	(1,059,473)	-	(28,033)	(28,033)	-
Proceeds of bonds (including premium)	-	-	-	-	-	-
Total other financing sources (uses)	<u>(343,964)</u>	<u>(325,654)</u>	<u>18,310</u>	<u>(1,389,724)</u>	<u>(1,239,602)</u>	<u>150,122</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(9,792,490)</u>	<u>(5,043,641)</u>	<u>4,748,849</u>	<u>(1,746,158)</u>	<u>(1,129,923)</u>	<u>616,235</u>
Adjustments for prior year encumbrances	4,567,248	4,567,248	-	1,458,151	1,458,151	-
FUND BALANCES, BEGINNING OF YEAR	<u>11,082,450</u>	<u>11,082,450</u>	<u>-</u>	<u>1,678,407</u>	<u>1,678,407</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 5,857,208</u>	<u>10,606,057</u>	<u>4,748,849</u>	<u>1,390,400</u>	<u>2,006,635</u>	<u>616,235</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)
1,564,643	1,611,293	46,650	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
200,611	203,810	3,199	755,899	593,461	(162,438)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
924,263	933,375	9,112	-	-	-
1,500	13,773	12,273	-	-	-
-	-	-	-	-	-
<u>2,691,017</u>	<u>2,762,251</u>	<u>71,234</u>	<u>755,899</u>	<u>593,461</u>	<u>(162,438)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	3,060,106	3,050,376	9,730
1,690,000	1,690,000	-	4,575,000	4,575,000	-
<u>1,643,517</u>	<u>1,614,058</u>	<u>29,459</u>	<u>285,175</u>	<u>285,175</u>	<u>-</u>
<u>3,333,517</u>	<u>3,304,058</u>	<u>29,459</u>	<u>7,920,281</u>	<u>7,910,551</u>	<u>9,730</u>
<u>(642,500)</u>	<u>(541,807)</u>	<u>100,693</u>	<u>(7,164,382)</u>	<u>(7,317,090)</u>	<u>(152,708)</u>
360,000	375,351	15,351	1,115,190	918,387	(196,803)
-	-	-	(89,160)	(89,160)	-
-	-	-	859,861	1,008,445	148,584
-	-	-	(647,767)	(647,767)	-
-	738	738	<u>4,890,000</u>	<u>4,850,000</u>	<u>(40,000)</u>
<u>360,000</u>	<u>376,089</u>	<u>16,089</u>	<u>6,128,124</u>	<u>6,039,905</u>	<u>(88,219)</u>
(282,500)	(165,718)	116,782	(1,036,258)	(1,277,185)	(240,927)
-	-	-	1,240,450	1,240,450	-
<u>703,911</u>	<u>703,911</u>	<u>-</u>	<u>46,465</u>	<u>46,465</u>	<u>-</u>
<u>421,411</u>	<u>538,193</u>	<u>116,782</u>	<u>250,657</u>	<u>9,730</u>	<u>(240,927)</u>

CITY OF MENTOR, OHIO

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES - ALL NONEXPENDABLE TRUST FUNDS YEAR ENDED DECEMBER 31, 2002

	<u>Fiduciary Fund Type Nonexpendable Trust</u>
OPERATING REVENUES:	
Investment income	\$ 1,260
Donations and other	<u>154</u>
Total operating revenues	<u>1,414</u>
OPERATING EXPENSES:	
Parks, recreation and public lands	<u>1,530</u>
NET LOSS	(116)
FUND BALANCES, BEGINNING OF YEAR	<u>25,730</u>
FUND BALANCES, END OF YEAR	<u>\$ 25,614</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, 2002

	Fiduciary Fund Type <u>Nonexpendable</u> <u>Trust</u>
OPERATING ACTIVITIES:	
Operating loss	\$ (116)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Investment income	<u>(1,260)</u>
Net cash used in operating activities	<u>(1,376)</u>
INVESTING ACTIVITIES:	
Investment income	1,260
Net change in pooled investments	<u>(692)</u>
Net cash provided by investing activities	<u>568</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(808)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,792</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 984</u>

A reconciliation of the December 31, 2002 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:

CASH AND INVESTMENTS - Combined Balance Sheet	\$ 220,684	*
Less:		
Agency and expendable trust fund type cash and investments	(194,576)	
Nonexpendable trust fund type investment amounts which do not qualify as cash equivalents	<u>(25,124)</u>	
CASH AND CASH EQUIVALENTS - Combined Statement of Cash Flows	<u>\$ 984</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, 2002

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.
- 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.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2002

- 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.

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.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2002

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 General Fund.

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.

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

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2002

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, 2002, 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 Municipal Court Fund (Agency Fund); however, the City is only required to report herein on the budgets adopted for the governmental funds.

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

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2002

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	\$ (713,408)	(281,084)	(165,718)	4,308,576
Increase (decrease) due to change in:				
Receivables and other assets not recognized on budgetary basis	(184,422)	(42,417)	(6,580,292)	(121,706)
Liabilities not recognized on budgetary basis	(654,171)	(290,472)	6,580,292	(4,204,640)
Net impact of encumbrances on budget basis expenditures	<u>(3,491,640)</u>	<u>(515,950)</u>	<u>-</u>	<u>(1,259,415)</u>
Budget basis	<u>\$ (5,043,641)</u>	<u>(1,129,923)</u>	<u>(165,718)</u>	<u>(1,277,185)</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 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.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2002

- (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) **Nonexchange Transactions** - GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues (an amendment of GASB Statement No. 33)* establish accounting and financial reporting standards which address when to report the results of nonexchange transactions involving financial or capital resources. In a nonexchange transaction, an entity gives (or receives) value without directly receiving or giving value in return. Cash received or receivables recognized with respect to income taxes, property taxes, certain grants and other nonexchange transactions that do not meet the revenue recognition criteria under GASB Statement Nos. 33 and 36 are recorded as deferred revenue.
- (k) **"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.

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 105 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.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2002

Cash and investments consisted of the following at December 31, 2002:

Cash	<u>\$ 2,177,968</u>
Investments:	
Vanguard Short-Term Corporate Fund	5,071,223
Vanguard Intermediate-Term Corporate Fund	4,284,719
Vanguard GNMA Fund	4,219,647
Federal Home Loan Mortgage Corporation securities	2,660,673
Federal Home Loan Bank securities	2,605,743
Fannie Mae securities	1,135,520
Federal Farm Credit Bank securities	799,455
STAROhio	<u>522,809</u>
Total investments	<u>21,299,789</u>
Total cash and investments	<u><u>\$ 23,477,757</u></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, 2002, the carrying amount of the City's deposits was \$2,177,968 and the bank balance was \$3,230,632, \$400,000 of which was covered by Federal depository insurance and \$2,830,632 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.

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.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2002

	Category			Total Market/ Carrying Value
	1	2	3	
Federal Home Loan Mortgage Corporation securities	\$ -	-	2,660,673	2,660,673
Federal Home Loan Bank securities	-	-	2,605,743	2,605,743
Fannie Mae securities	-	-	1,135,520	1,135,520
Federal Farm Credit Bank securities	-	-	799,455	799,455
	<u>\$ -</u>	<u>-</u>	<u>7,201,391</u>	7,201,391
STAROhio	N/A	N/A	N/A	522,809
Vanguard GNMA Fund	N/A	N/A	N/A	4,219,647
Vanguard Intermediate-Term Corporate Fund	N/A	N/A	N/A	4,284,719
Vanguard Short-Term Corporate Fund	N/A	N/A	N/A	<u>5,071,223</u>
Total investments				<u>\$ 21,299,789</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.

3. TAXES

Income Taxes - A two percent City income tax is levied on substantially all income earned within the City. On May 7, 2002, the two percent income tax was renewed by the voters for a five year period through December 31, 2007. In addition, the residents of the City are required to pay City income tax on income they earn outside the City; however, full credit is allowed for all income taxes these residents pay to other municipalities. Employers within the City are required to withhold income tax on employee compensation

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2002

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 2001 levy (collected in 2002) was based was approximately \$1.39 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, 2002

4. RECEIVABLES

Due from Outside Parties - The City's receivables at December 31, 2002, by fund type, consist of the following:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Trust and Agency Funds</u>
City income taxes	\$ 6,840,503	-	-	-
Property taxes	1,640,649	2,001,509	1,690,271	-
Special assessments	-	18,134	14,400,356	-
Other	8,347	36,885	-	128,168
Less: Allowance for uncollectibles	<u>(297,600)</u>	<u>(3,300)</u>	<u>(20,800)</u>	<u>-</u>
	<u>\$ 8,191,899</u>	<u>2,053,228</u>	<u>16,069,827</u>	<u>128,168</u>

Due to/from Other Funds - Interfund receivables and payables are composed of the following at December 31, 2002:

Fund	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 1,212,176	-
Special Revenue Funds:		
Fire Levy	297	-
Street Lighting	541	-
Court Computer	8,812	-
Court Special Projects	8,786	-
Enforcement and Education	297	-
Court Probation Services	3,137	-
Indigent Driver Alcohol Treatment	375	-
Law Enforcement Trust	110	-
Community Development Block Grant 97-98	-	5,132
Community Development Block Grant 98-99	-	1,788
Community Development Block Grant 99-00	-	11,557
Community Development Block Grant 00-01	-	15,209
Community Development Block Grant 01-02	-	17,342
Debt Service Fund:		
Special Assessment Bond Retirement	-	1,714
Capital Projects Funds:		
Garfield Road Improvements	-	225,057
Chillicothe Road Widening and Resurfacing	-	148,584
Headlands Road/Bridge Improvement	-	634,804
Agency Fund:		
Municipal Court	<u>-</u>	<u>173,344</u>
	<u>\$ 1,234,531</u>	<u>1,234,531</u>

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2002

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 \$15,000, original jurisdiction in traffic and non-traffic misdemeanor cases, and exclusive original jurisdiction in small claims cases.

The collection activities of the Municipal Court are accounted for in a separate Agency Fund in the accompanying 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, 2002:

Notes payable at January 1, 2002	\$4,575,000
Notes retired	<u>(4,575,000)</u>
Notes payable at December 31, 2002	<u>\$ -</u>

The notes matured on July 18, 2002 and all principal and interest outstanding was paid accordingly.

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, 2002:

Accrued liability at January 1, 2002	\$2,327,909
Benefits accumulated during 2002, net of amounts used	<u>1,604</u>
Accrued liability at December 31, 2002	<u>\$ 2,329,513</u>

The following is a summary of long-term notes payable transactions of the City for the year ended December 31, 2002:

	<u>General Obligation</u>
Notes payable at January 1, 2002	\$ 40,000
Notes paid	<u>(10,000)</u>
Notes payable at December 31, 2002	<u>\$ 30,000</u>

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2002

Long-term notes payable at December 31, 2002 are comprised of the following:

	Amount of Original Issuance	Notes Outstanding December 31, 2002
1999 OPWC State Route 615 Reconstruction Note due in semi-annual installments of \$5,000 through 2006 without interest	<u>\$ 50,000</u>	<u>30,000</u>

The following is a summary of the bond transactions of the City for the year ended December 31, 2002:

	General Obligation	Special Assessment	Total
Bonds payable at January 1, 2002	\$20,455,634	5,904,366	26,360,000
Bonds issued	-	4,850,000	4,850,000
Bonds retired	<u>(1,120,619)</u>	<u>(569,381)</u>	<u>(1,690,000)</u>
Bonds payable at December 31, 2002	<u>\$ 19,335,015</u>	<u>10,184,985</u>	<u>29,520,000</u>

Bonds payable at December 31, 2002 are comprised of the following issues:

	Amount of Original Issuance	Bonds Outstanding December 31, 2002
General unvoted obligations:		
1985 Police Facilities Bonds due in annual installments of \$170,000 through 2005, plus interest at 9.125%	\$ 3,200,000	510,000
1985 Community Center Bonds due in annual installments of \$125,000 through 2006, plus interest at 9.125%	2,500,000	500,000
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	185,544
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	2,608,887
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	3,950,584
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>11,580,000</u>
Total general obligation bonds	<u>28,362,489</u>	<u>19,335,015</u>

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2002

Special assessment obligations:

1985 Great Lakes-East Avenue-Heisley Commerce Street Improvement Bonds due in annual installments of \$130,000 through 2006, plus interest at 9.625%	2,525,000	520,000
1987 Tyler Boulevard-White Oak Drive Improvement Bonds due in annual installments of \$85,000 to \$210,000 through 2007, plus interest at rates varying between 7.85% to 7.9%	2,240,000	905,000
1991 Street Improvement Bonds due in annual installments ranging from \$166,005 to \$493,272 through 2011, plus interest at rates varying between 6.4% to 7.15%	5,582,511	3,424,455
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	396,114
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%	110,000	89,416
2002 Tyler Boulevard Extension Bonds due in annual installments ranging from \$145,000 to \$375,000 through 2022, plus interest at rates varying between 3.0% to 4.7%	<u>4,850,000</u>	<u>4,850,000</u>
Total special assessment bonds	<u>15,887,511</u>	<u>10,184,985</u>
 Total bonds	 <u>\$44,250,000</u>	 <u>29,520,000</u>

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

The annual payment requirements for all bonded debt outstanding as of December 31, 2002 are as follows:

Year Ending December 31.	General Obligation Bonds		Special Assessment Bonds		Total
	Principal	Interest	Principal	Interest	
2003	\$ 1,174,192	1,067,108	745,808	598,014	3,585,122
2004	1,218,680	996,746	781,320	547,281	3,544,027
2005	1,278,315	921,846	831,685	495,202	3,527,048
2006	1,167,291	844,565	877,709	438,542	3,328,107
2007	1,106,377	778,679	798,623	377,766	3,061,445
2008-2012	6,585,373	2,927,657	3,039,626	1,218,016	13,770,672
2013-2017	6,804,787	1,051,522	1,405,214	585,710	9,847,233
2018 - 2022	-	-	<u>1,705,000</u>	<u>246,210</u>	<u>1,951,210</u>
	<u>\$19,335,015</u>	<u>8,588,123</u>	<u>10,184,985</u>	<u>4,506,741</u>	<u>42,614,864</u>

Under the Ohio Revised Code, at December 31, 2002, the City legally could issue approximately \$57.1 million of additional, unvoted, general obligation debt.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2002

(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, 2002, there were seven series of industrial revenue bonds outstanding. The aggregate principal amount payable for the three series issued since July 1, 1995, was \$8.3 million. The aggregate principal amount payable for the four series issued prior to July 1, 1995, could not be determined; however their original issue amounts totaled \$8.1 million.

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, 2002	Additions	Retirements	Transfers	Balance December 31, 2002
Land	\$ 13,465,575	56,603	-	-	13,522,178
Buildings	36,929,161	860,177	-	937,500	38,726,838
Improvements	6,490,737	106,850	(10,090)	-	6,587,497
Furniture, fixtures, and equipment	16,114,758	1,156,312	(428,797)	-	16,842,273
Construction in progress	<u>937,500</u>	<u>-</u>	<u>-</u>	<u>(937,500)</u>	<u>-</u>
Totals	<u>\$ 73,937,731</u>	<u>2,179,942</u>	<u>(438,887)</u>	<u>-</u>	<u>75,678,786</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, 2002.

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.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2002

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) 222-6705 or 1-800-222-PERS (7377).

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 2002 employer contribution rate for local government employer units was 13.55 percent of covered payroll including 5.0 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, 2002, 2001 and 2000 were \$1,057,745, \$983,094, and \$827,152, 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, 2002, 2001 and 2000 were \$1,229,064, \$1,194,722, and \$1,170,958, 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, 2002

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 postretirement health care for 2002 and 2001 was 5.0 percent and 4.3 percent, respectively, of covered payroll in each year. During 2002 and 2001, \$618,555 and \$456,914, respectively, of the City's total contribution to PERS was used for postretirement benefits. At December 31, 2002, 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 402,041 at December 31, 2001 (latest information available). The actuarial value of the Retirement System's net assets available for OPEB at December 31, 2001 was \$11.6 billion. The actuarial accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$16.4 billion and \$4.8 billion, respectively.

The principal assumptions used for the 2001 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. All investments are carried at market value. 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 2001 was 8.00 percent.

Active Employee Total Payroll. An annual increase of 4.00 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 4.00 percent increase, were assumed to range from 0.50 percent to 6.30 percent.

Health Care. Health care costs were assumed to increase 4.00 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 7.50 percent and 7.75 percent of covered payroll in 2001 and 2002, respectively. 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, 2002

Total state-wide participants eligible to receive health care benefits as of December 31, 2001 (latest information available) were 13,174 police and 10,239 firefighters. The City's 2002 contributions for postretirement health care benefits were \$339,780 and \$340,150 for police and firefighters, respectively. OP&F's total health care costs for the year ended December 31, 2001 (latest information available) were \$122.3 million (net of member contributions of \$6.9 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. The reserve for potential claims was deemed unnecessary and therefore closed at calendar year end 2001.
- *Workers' Compensation Benefits* - The City was self-insured in 1991 under the State of Ohio's retrospective rating program in which the City was responsible for paying claims pertaining to 1991 for a ten year period. The City settled its liability for 1991 during 2001 and closed its reserve for potential claims. 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, 2001 and 2002 are as follows:

	<u>Health Benefits</u>	<u>Vehicle Collision Claims</u>	<u>Workers' Compensation Benefits</u>
Balance January 1, 2001	\$ 33,953	86,665	20,580
Incurred claims, net of changes in estimates	188,444	(86,665)	(15,443)
Payments	<u>(188,000)</u>	<u>-</u>	<u>(5,137)</u>
Balance December 31, 2001	34,397	-	-
Incurred claims, net of changes in estimates	204,515	-	-
Payments	<u>(203,016)</u>	<u>-</u>	<u>-</u>
Balance December 31, 2002	<u>\$ 35,896</u>	<u>-</u>	<u>-</u>

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.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 2002

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.

The City of Painesville, Ohio ("Painesville") and certain developers have filed a lawsuit against the City in Common Pleas Court, Lake County Ohio alleging that the city deprived the plaintiffs of certain property rights and seeking to enforce a 1997 Settlement Agreement. The dispute relates to access rights of developers through the City to property located within Painesville. The plaintiffs also are seeking damages for delays in obtaining approvals from the City to gain access to the Painesville property. The ultimate outcome of this matter cannot presently be determined.

In addition, there are certain other 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, 2002, the Chillicothe Road Widening & Resurfacing Capital Projects Fund had a deficit fund balance of \$18,223. In addition, the Community Development Block Grant 02-03 Special Revenue Fund had a deficit fund balance of \$6,770. These deficits will be eliminated through the receipt of grant proceeds during 2003. No other funds had deficit balances at December 31, 2002.

13. NEW ACCOUNTING STANDARDS

The GASB has issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, Statement No. 37, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus an amendment of GASB Statements No. 21 and No. 34*, and Statement No. 38, *Certain Financial Statement Note Disclosures*. These statements revise accounting and reporting standards for general purpose external financial reporting by governmental units and are effective for the year ending December 31, 2003. The City has not completed an analysis of the impact of these statements on its reported financial condition and results of operations.

During May 2002, the GASB issued Statement No. 39, *Determining Whether Certain Organizations are Component Units (an amendment of GASB Statement No. 14)*. This statement amends Statement No. 14 to provide additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as a component unit based on the nature and significance

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Concluded) YEAR ENDED DECEMBER 31, 2002

of their relationship with the primary government. Generally, this statement requires reporting, as a component unit, an organization that raises and holds economic resources for the direct benefit of a governmental unit. The provisions of this statement are effective for financial statements for the year ending December 31, 2004. The City has determined that this statement will not have an effect on its financial statements.

During March 2003, the GASB issued Statement No. 40, *Deposit and Investment Risk Disclosures (an amendment of GASB Statement No. 3)*. This statement amends Statement No. 3 and addresses additional cash and investment risks to which governments are exposed. Generally, this statement requires that state and local governments communicate key information about such risks in four principal areas: investment credit risks, including credit quality information issued by rating agencies; interest rate disclosures that include investment maturity information; interest rate sensitivity for investments that are highly sensitive to changes in interest rates; and foreign exchange exposures that would indicate the foreign investment's denomination. The provisions of this statement are effective for financial statements for the year ending December 31, 2005. The City has not determined the impact, if any, that this statement will have on its financial statement.

* * * * *

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

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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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Property taxes	\$ 1,323,929	1,363,402	39,473
Municipal income tax	27,893,000	26,476,937	(1,416,063)
Intergovernmental	8,390,603	6,746,181	(1,644,422)
Charges for services	2,701,500	2,699,889	(1,611)
Fines and forfeitures	997,000	1,100,924	103,924
Licenses, permits, and inspections	1,117,245	1,079,367	(37,878)
Investment income	1,300,000	1,338,487	38,487
Other	90,886	272,915	182,029
Total revenues	<u>43,814,163</u>	<u>41,078,102</u>	<u>(2,736,061)</u>
EXPENDITURES:			
GENERAL GOVERNMENT:			
Council:			
Employee compensation	174,680	171,055	3,625
Other	153,347	145,388	7,959
Total council	<u>328,027</u>	<u>316,443</u>	<u>11,584</u>
Court:			
Employee compensation	808,580	705,596	102,984
Other	354,673	291,455	63,218
Total court	<u>1,163,253</u>	<u>997,051</u>	<u>166,202</u>
City manager:			
Employee compensation	995,420	914,963	80,457
Other	1,089,597	740,533	349,064
Total city manager	<u>2,085,017</u>	<u>1,655,496</u>	<u>429,521</u>
Finance:			
Employee compensation	728,380	686,299	42,081
Other	1,319,368	1,318,507	861
Total finance	<u>2,047,748</u>	<u>2,004,806</u>	<u>42,942</u>
Legal:			
Employee compensation	298,180	291,109	7,071
Other	374,440	373,935	505
Total legal	<u>672,620</u>	<u>665,044</u>	<u>7,576</u>
Other	786,213	784,255	1,958
Total general government	<u>7,082,878</u>	<u>6,423,095</u>	<u>659,783</u>

CITY OF MENTOR, OHIO

GENERAL FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
POLICE:			
Employee compensation	\$ 6,547,406	6,072,342	475,064
Other	<u>2,941,955</u>	<u>2,450,039</u>	<u>491,916</u>
Total police	<u>9,489,361</u>	<u>8,522,381</u>	<u>966,980</u>
FIRE:			
Employee compensation	4,782,364	4,377,370	404,994
Other	<u>5,339,215</u>	<u>4,623,776</u>	<u>715,439</u>
Total fire	<u>10,121,579</u>	<u>9,001,146</u>	<u>1,120,433</u>
STREETS AND HIGHWAYS:			
Employee compensation	2,816,961	2,483,380	333,581
Other	<u>10,207,788</u>	<u>7,892,077</u>	<u>2,315,711</u>
Total streets and highways	<u>13,024,749</u>	<u>10,375,457</u>	<u>2,649,292</u>
PARKS, RECREATION AND PUBLIC LANDS:			
Employee compensation	3,435,727	3,216,118	219,609
Other	<u>5,169,133</u>	<u>3,877,740</u>	<u>1,291,393</u>
Total parks, recreation and public lands	<u>8,604,860</u>	<u>7,093,858</u>	<u>1,511,002</u>
COMMUNITY DEVELOPMENT:			
Employee compensation	734,930	695,303	39,627
Other	<u>337,670</u>	<u>290,182</u>	<u>47,488</u>
Total community development	<u>1,072,600</u>	<u>985,485</u>	<u>87,115</u>
ENGINEERING AND BUILDING:			
Employee compensation	1,217,830	1,163,773	54,057
Other	<u>2,648,832</u>	<u>2,230,894</u>	<u>417,938</u>
Total engineering and building	<u>3,866,662</u>	<u>3,394,667</u>	<u>471,995</u>
Total expenditures	<u>53,262,689</u>	<u>45,796,089</u>	<u>7,466,600</u>
Excess (deficiency) of revenues over expenditures	<u>(9,448,526)</u>	<u>(4,717,987)</u>	<u>4,730,539</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	55,499	73,809	18,310
Operating transfers out	(15,792)	(15,792)	-
Advances in	675,802	675,802	-
Advances out	<u>(1,059,473)</u>	<u>(1,059,473)</u>	<u>-</u>
Total other financing sources (uses)	<u>(343,964)</u>	<u>(325,654)</u>	<u>18,310</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(9,792,490)	(5,043,641)	4,748,849
Adjustment for prior year encumbrances	4,567,248	4,567,248	-
FUND BALANCES, BEGINNING OF YEAR	<u>11,082,450</u>	<u>11,082,450</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 5,857,208</u>	<u>10,606,057</u>	<u>4,748,849</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.

Court Special Projects Fund - To accumulate filing fees collected for special projects of the Mentor Municipal Court.

Enforcement and Education Fund - To account for fines received from the Mentor Municipal Court to be used by the Mentor Police Department to cover costs incurred in enforcing DUI laws and educating the public regarding such laws.

Court Probation Services Fund - To accumulate probation fees collected for the operation of Mentor Municipal Court's Probation Department.

Indigent Driver Alcohol Treatment Fund - To account for fines and fees received from the Mentor Municipal Court and the Ohio Department of Alcohol and Drug Addiction Services for the purpose of providing indigent drivers with alcohol and/or drug treatment.

Law Enforcement Trust Fund - To account for monies received from the seizure and sale of contraband and property used in criminal activity.

SPECIAL REVENUE FUNDS (CON'T)

Police Canine Fund - To account for monies received from the Ortrud Higgins Trust for the Police Department's canine unit.

Seat Belt Grant Fund - To account for monies received from the Ohio Department of Highway Safety for the encouragement of seat belt use.

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

VOCA Victims Assistance Grant 01-02 Fund - To account for monies received from the Crimes Victims Assistance Office to assist victims of crime.

VOCA Victims Assistance Grant 02-03 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.

Community Development Block Grant 00-01 Fund - To account for monies received from the U.S. Department of Housing and Urban Development for various community development block grant programs.

Community Development Block Grant 01-02 Fund - To account for monies received from the U.S. Department of Housing and Urban Development for various community development block grant programs.

Community Development Block Grant 02-03 Fund - To account for monies received from the U.S. Department of Housing and Urban Development for various community development block grant programs.

Forfeited Property - U.S. Department of Justice Fund - To account for shared federally forfeited property proceeds received from the U.S. Department of Justice.

CITY OF MENTOR, OHIO

**SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2002**

	Street	Police Pension	Fire Pension	Fire Levy	Senior Citizens Services Levy	Community Recreation Facilities	Cemetery
ASSETS:							
Cash and investments	\$ 667,992	-	-	130,472	283,248	30,770	243,868
Receivables, net of allowances for uncollectibles	-	389,366	389,366	1,222,777	-	28,461	-
Due from other funds	-	-	-	297	-	-	-
Due from other governments	733,284	-	-	-	-	-	-
TOTAL ASSETS	<u>\$ 1,401,276</u>	<u>389,366</u>	<u>389,366</u>	<u>1,353,546</u>	<u>283,248</u>	<u>59,231</u>	<u>243,868</u>
LIABILITIES AND FUND EQUITY:							
Accounts payable	\$ 114,600	-	-	-	6,310	-	-
Accrued liabilities	-	-	-	75,370	-	-	-
Due to other funds	-	-	-	-	-	-	-
Deferred revenues	491,566	389,366	389,366	1,223,074	-	-	-
Total liabilities	<u>606,166</u>	<u>389,366</u>	<u>389,366</u>	<u>1,298,444</u>	<u>6,310</u>	<u>-</u>	<u>-</u>
Fund equity:							
Fund balances:							
Reserved for encumbrances	224,444	-	-	-	800	-	-
Unreserved	570,666	-	-	55,102	276,138	59,231	243,868
Total fund equity	<u>795,110</u>	<u>-</u>	<u>-</u>	<u>55,102</u>	<u>276,938</u>	<u>59,231</u>	<u>243,868</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 1,401,276</u>	<u>389,366</u>	<u>389,366</u>	<u>1,353,546</u>	<u>283,248</u>	<u>59,231</u>	<u>243,868</u>

Economic Development	Subdivision Street Tree	Street Lighting	Court Computer	Court Special Projects	Enforcement and Education	Court Probation Services	Indigent Driver Alcohol Treatment	Law Enforcement Trust	Police Canine	Seat Belt Grant	VOCA Victims Assistance Grant 00-01	VOCA Victims Assistance Grant 01-02	VOCA Victims Assistance Grant 02-03	Community Development Block Grant 97-98	Community Development Block Grant 98-99	Community Development Block Grant 99-00	Community Development Block Grant 00-01	Community Development Block Grant 01-02	Community Development Block Grant 02-03	Forfeited Property - U.S. Department of Justice	Totals
102,133	64,270	474,206	91,247	45,570	12,888	12,608	40,691	38,421	106,591	7,725	-	-	487	5,132	1,788	11,557	13,109	17,342	-	587,811	2,989,926
-	-	14,834	-	-	-	-	-	8,424	-	-	-	-	-	-	-	-	-	-	-	-	2,053,228
-	-	541	8,812	8,786	297	3,137	375	110	-	-	-	-	-	-	-	-	-	-	-	-	22,355
-	-	-	-	-	-	-	5,000	-	-	-	-	-	-	5,132	1,788	2,487	5,341	15,742	-	-	768,774
<u>102,133</u>	<u>64,270</u>	<u>489,581</u>	<u>100,059</u>	<u>54,356</u>	<u>13,185</u>	<u>15,745</u>	<u>46,066</u>	<u>46,955</u>	<u>106,591</u>	<u>7,725</u>	<u>-</u>	<u>-</u>	<u>487</u>	<u>10,264</u>	<u>3,576</u>	<u>14,044</u>	<u>18,450</u>	<u>33,084</u>	<u>-</u>	<u>587,811</u>	<u>5,834,283</u>
-	9,836	218,754	4,341	9,117	-	-	2,445	-	-	-	-	-	-	5,132	1,788	2,487	3,241	15,742	6,770	1,175	401,738
-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	75,370
-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,132	1,788	11,557	15,209	17,342	-	-	51,028
-	-	15,375	-	-	-	-	5,000	-	-	-	-	-	-	-	-	-	-	-	-	-	2,513,747
-	9,836	234,129	4,341	9,117	-	-	7,445	-	-	-	-	-	-	10,264	3,576	14,044	18,450	33,084	6,770	1,175	3,041,883
-	850	-	12,970	-	-	-	3,000	-	-	-	-	-	-	-	-	9,069	9,867	1,600	-	253,350	515,950
<u>102,133</u>	<u>53,584</u>	<u>255,452</u>	<u>82,748</u>	<u>45,239</u>	<u>13,185</u>	<u>15,745</u>	<u>35,621</u>	<u>46,955</u>	<u>106,591</u>	<u>7,725</u>	<u>-</u>	<u>-</u>	<u>487</u>	<u>-</u>	<u>-</u>	<u>(9,069)</u>	<u>(9,867)</u>	<u>(1,600)</u>	<u>(6,770)</u>	<u>333,286</u>	<u>2,276,450</u>
<u>102,133</u>	<u>54,434</u>	<u>255,452</u>	<u>95,718</u>	<u>45,239</u>	<u>13,185</u>	<u>15,745</u>	<u>38,621</u>	<u>46,955</u>	<u>106,591</u>	<u>7,725</u>	<u>-</u>	<u>-</u>	<u>487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,770)</u>	<u>586,636</u>	<u>2,792,400</u>
<u>102,133</u>	<u>64,270</u>	<u>489,581</u>	<u>100,059</u>	<u>54,356</u>	<u>13,185</u>	<u>15,745</u>	<u>46,066</u>	<u>46,955</u>	<u>106,591</u>	<u>7,725</u>	<u>-</u>	<u>-</u>	<u>487</u>	<u>10,264</u>	<u>3,576</u>	<u>14,044</u>	<u>18,450</u>	<u>33,084</u>	<u>-</u>	<u>587,811</u>	<u>5,834,283</u>

CITY OF MENTOR, OHIO

**SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2002**

	Street	Police Pension	Fire Pension	Fire Levy	Senior Citizens Services Levy	Community Recreation Facilities	Cemetery	Economic Development	Subdivision Street Tree	Street Lighting	Court Computer	Court Special Projects	Enforcement and Education	Court Probation Services	Indigent Driver Alcohol Treatment	Law Enforcement Trust	Police Canine	Seat Belt Grant
REVENUES:																		
Property taxes	\$ -	371,837	371,837	1,182,458	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other local taxes	379,693	-	-	-	-	359,406	-	-	-	-	-	-	-	-	-	-	-	-
Intergovernmental	1,433,386	46,088	46,088	141,239	80,000	-	-	-	-	-	-	-	-	-	11,688	-	-	1,428
Charges for services	-	-	-	-	-	-	32,230	8,587	-	-	-	-	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	92,313	57,539	6,511	23,513	5,447	32,610	-	-
Licenses, permits, and inspections	-	-	-	-	-	-	-	-	3,515	-	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	-	-	-	-	1,025,474	-	-	-	-	-	-	-	-
Investment income	90,365	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Donations and other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	200	-
Total revenues	<u>1,903,444</u>	<u>417,925</u>	<u>417,925</u>	<u>1,323,697</u>	<u>80,000</u>	<u>359,406</u>	<u>32,230</u>	<u>8,587</u>	<u>3,515</u>	<u>1,025,474</u>	<u>92,313</u>	<u>57,539</u>	<u>6,511</u>	<u>23,513</u>	<u>17,135</u>	<u>32,610</u>	<u>200</u>	<u>1,428</u>
EXPENDITURES:																		
Current:																		
General government	-	-	-	-	-	-	-	-	-	-	55,687	3,600	-	7,768	30,642	-	-	-
Police	-	417,925	-	-	-	-	-	-	-	-	-	-	2,539	-	-	5,955	6,900	654
Fire	-	-	417,925	1,256,781	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Streets and highways	1,025,799	-	-	-	-	-	-	-	-	1,024,806	-	-	-	-	-	-	-	-
Parks, recreation and public lands	-	-	-	-	15,666	-	-	-	27,231	-	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital outlay	954,253	-	-	75,370	6,250	-	-	-	-	-	32,342	8,700	11,980	-	-	15,949	-	-
Total expenditures	<u>1,980,052</u>	<u>417,925</u>	<u>417,925</u>	<u>1,332,151</u>	<u>21,916</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,231</u>	<u>1,024,806</u>	<u>88,029</u>	<u>12,300</u>	<u>14,519</u>	<u>7,768</u>	<u>30,642</u>	<u>21,904</u>	<u>6,900</u>	<u>654</u>
Excess (deficiency) of revenues over expenditures	<u>(76,608)</u>	<u>-</u>	<u>-</u>	<u>(8,454)</u>	<u>58,084</u>	<u>359,406</u>	<u>32,230</u>	<u>8,587</u>	<u>(23,716)</u>	<u>668</u>	<u>4,284</u>	<u>45,239</u>	<u>(8,008)</u>	<u>15,745</u>	<u>(13,507)</u>	<u>10,706</u>	<u>(6,700)</u>	<u>774</u>
OTHER FINANCING USES:																		
Operating transfers out	<u>(902,595)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(360,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(979,203)</u>	<u>-</u>	<u>-</u>	<u>(8,454)</u>	<u>58,084</u>	<u>(594)</u>	<u>32,230</u>	<u>8,587</u>	<u>(23,716)</u>	<u>668</u>	<u>4,284</u>	<u>45,239</u>	<u>(8,008)</u>	<u>15,745</u>	<u>(13,507)</u>	<u>10,706</u>	<u>(6,700)</u>	<u>774</u>
FUND BALANCES,																		
BEGINNING OF YEAR	<u>1,774,313</u>	<u>-</u>	<u>-</u>	<u>63,556</u>	<u>218,854</u>	<u>59,825</u>	<u>211,638</u>	<u>93,546</u>	<u>78,150</u>	<u>254,784</u>	<u>91,434</u>	<u>-</u>	<u>21,193</u>	<u>-</u>	<u>52,128</u>	<u>36,249</u>	<u>113,291</u>	<u>6,951</u>
FUND BALANCES,																		
END OF YEAR	<u>\$ 795,110</u>	<u>-</u>	<u>-</u>	<u>55,102</u>	<u>276,938</u>	<u>59,231</u>	<u>243,868</u>	<u>102,133</u>	<u>54,434</u>	<u>255,452</u>	<u>95,718</u>	<u>45,239</u>	<u>13,185</u>	<u>15,745</u>	<u>38,621</u>	<u>46,955</u>	<u>106,591</u>	<u>7,725</u>

VOCA Victims Assistance Grant 00-01	VOCA Victims Assistance Grant 01-02	VOCA Victims Assistance Grant 02-03	Community Development Block Grant 97-98	Community Development Block Grant 98-99	Community Development Block Grant 99-00	Community Development Block Grant 00-01	Community Development Block Grant 01-02	Community Development Block Grant 02-03	Forfeited Property - U.S. Department of Justice	Totals
-	-	-	-	-	-	-	-	-	-	1,926,132
-	-	-	-	-	-	-	-	-	-	739,099
-	2,250	750	5,132	33,534	7,886	87,916	118,143	-	578,137	2,593,665
-	-	-	-	-	-	-	-	-	-	40,817
-	-	-	-	-	-	-	-	-	-	217,933
-	-	-	-	-	-	-	-	-	-	3,515
-	-	-	-	-	-	-	-	-	-	1,025,474
-	-	-	-	-	-	-	-	-	9,674	100,039
-	-	-	-	-	-	-	-	-	-	200
-	<u>2,250</u>	<u>750</u>	<u>5,132</u>	<u>33,534</u>	<u>7,886</u>	<u>87,916</u>	<u>118,143</u>	<u>-</u>	<u>587,811</u>	<u>6,646,874</u>
-	-	-	-	-	-	-	-	-	-	97,697
190	2,882	263	-	-	-	-	-	-	-	437,308
-	-	-	-	-	-	-	-	-	-	1,674,706
-	-	-	-	-	-	-	-	-	-	2,050,605
-	-	-	-	-	-	-	-	-	-	42,897
-	-	-	5,132	33,534	7,886	79,988	114,893	6,770	-	248,203
-	-	-	-	-	-	7,928	-	-	1,175	1,113,947
<u>190</u>	<u>2,882</u>	<u>263</u>	<u>5,132</u>	<u>33,534</u>	<u>7,886</u>	<u>87,916</u>	<u>114,893</u>	<u>6,770</u>	<u>1,175</u>	<u>5,665,363</u>
<u>(190)</u>	<u>(632)</u>	<u>487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,250</u>	<u>(6,770)</u>	<u>586,636</u>	<u>981,511</u>
-	-	-	-	-	-	-	-	-	-	(1,262,595)
(190)	(632)	487	-	-	-	-	3,250	(6,770)	586,636	(281,084)
<u>190</u>	<u>632</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,250)</u>	<u>-</u>	<u>-</u>	<u>3,073,484</u>
<u>-</u>	<u>-</u>	<u>487</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,770)</u>	<u>586,636</u>	<u>2,792,400</u>

CITY OF MENTOR, OHIO

STREET FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Other local taxes	\$ 375,000	378,795	3,795
Intergovernmental	1,430,000	1,434,666	4,666
Investment income	<u>100,000</u>	<u>90,365</u>	<u>(9,635)</u>
Total revenues	<u>1,905,000</u>	<u>1,903,826</u>	<u>(1,174)</u>
EXPENDITURES:			
Streets and highways	<u>2,587,821</u>	<u>2,507,822</u>	<u>79,999</u>
Excess (deficiency) of revenues over expenditures	(682,821)	(603,996)	78,825
OTHER FINANCING USES:			
Operating transfers out	<u>(1,052,717)</u>	<u>(902,595)</u>	<u>150,122</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(1,735,538)	(1,506,591)	228,947
Adjustment for prior year encumbrances	1,384,898	1,384,898	-
FUND BALANCES, BEGINNING OF YEAR	<u>450,641</u>	<u>450,641</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 100,001</u>	<u>328,948</u>	<u>228,947</u>

CITY OF MENTOR, OHIO

POLICE PENSION FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Property taxes	\$ 371,837	371,837	-
Intergovernmental	<u>46,088</u>	<u>46,088</u>	<u>-</u>
Total revenues	<u>417,925</u>	<u>417,925</u>	<u>-</u>
EXPENDITURES:			
Police	<u>417,925</u>	<u>417,925</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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Property taxes	\$ 371,837	371,837	-
Intergovernmental	<u>46,088</u>	<u>46,088</u>	<u>-</u>
Total revenues	<u>417,925</u>	<u>417,925</u>	<u>-</u>
EXPENDITURES:			
Fire	<u>417,925</u>	<u>417,925</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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Property taxes	\$ 1,148,022	1,182,458	34,436
Intergovernmental	<u>138,445</u>	<u>141,239</u>	<u>2,794</u>
Total revenues	<u>1,286,467</u>	<u>1,323,697</u>	<u>37,230</u>
EXPENDITURES:			
Fire:			
Employee compensation	1,243,962	1,243,962	-
Other	<u>106,061</u>	<u>88,189</u>	<u>17,872</u>
Total expenditures	<u>1,350,023</u>	<u>1,332,151</u>	<u>17,872</u>
Excess (deficiency) of revenues over expenditures	(63,556)	(8,454)	55,102
FUND BALANCES, BEGINNING OF YEAR	<u>63,556</u>	<u>63,556</u>	-
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>55,102</u>	<u>55,102</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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental	<u>\$ 80,000</u>	<u>81,153</u>	<u>1,153</u>
EXPENDITURES:			
Parks, recreation and public lands	<u>297,700</u>	<u>22,716</u>	<u>274,984</u>
Excess (deficiency) of revenues over expenditures	(217,700)	58,437	276,137
FUND BALANCES, BEGINNING OF YEAR	<u>217,700</u>	<u>217,700</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>276,137</u>	<u>276,137</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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Other local taxes	\$ 345,000	355,342	10,342
EXPENDITURES	-	-	-
Excess (deficiency) of revenues over expenditures	345,000	355,342	10,342
OTHER FINANCING USES:			
Operating transfers out	(360,000)	(360,000)	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(15,000)	(4,658)	10,342
FUND BALANCES, BEGINNING OF YEAR	35,428	35,428	-
FUND BALANCES, END OF YEAR	<u>\$ 20,428</u>	<u>30,770</u>	<u>10,342</u>

CITY OF MENTOR, OHIO

CEMETERY FUND

SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL

(NON-GAAP BUDGETARY BASIS)

YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Charges for services	<u>\$ 28,000</u>	<u>32,230</u>	<u>4,230</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	28,000	32,230	4,230
FUND BALANCES, BEGINNING OF YEAR	<u>211,638</u>	<u>211,638</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 239,638</u>	<u>243,868</u>	<u>4,230</u>

CITY OF MENTOR, OHIO

ECONOMIC DEVELOPMENT FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Charges for services	\$ <u>8,000</u>	<u>8,587</u>	<u>587</u>
EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	8,000	8,587	587
FUND BALANCES, BEGINNING OF YEAR	<u>93,546</u>	<u>93,546</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 101,546</u>	<u>102,133</u>	<u>587</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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Licenses, permits, and inspections	<u>\$ 15,000</u>	<u>3,515</u>	<u>(11,485)</u>
EXPENDITURES:			
Parks, recreation and public lands	<u>77,494</u>	<u>28,081</u>	<u>49,413</u>
Excess (deficiency) of revenues over expenditures	(62,494)	(24,566)	37,928
Adjustment for prior year encumbrances	4,494	4,494	-
FUND BALANCES, BEGINNING OF YEAR	<u>73,656</u>	<u>73,656</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 15,656</u>	<u>53,584</u>	<u>37,928</u>

CITY OF MENTOR, OHIO

STREET LIGHTING FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Special assessments	\$ 1,002,000	1,025,474	23,474
EXPENDITURES:			
Streets and highways	1,024,806	1,024,806	-
Excess (deficiency) of revenues over expenditures	(22,806)	668	23,474
FUND BALANCES, BEGINNING OF YEAR	254,784	254,784	-
FUND BALANCES, END OF YEAR	<u>\$ 231,978</u>	<u>255,452</u>	<u>23,474</u>

CITY OF MENTOR, OHIO

COURT COMPUTER FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Fines and forfeitures	<u>\$ 50,000</u>	<u>87,283</u>	<u>37,283</u>
EXPENDITURES:			
General government	<u>111,262</u>	<u>100,999</u>	<u>10,263</u>
Excess (deficiency) of revenues over expenditures	(61,262)	(13,716)	47,546
Adjustment for prior year encumbrances	31,262	31,262	-
FUND BALANCES, BEGINNING OF YEAR	<u>56,389</u>	<u>56,389</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 26,389</u>	<u>73,935</u>	<u>47,546</u>

CITY OF MENTOR, OHIO

COURT SPECIAL PROJECTS FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Fines and forfeitures	\$ 48,753	48,753	-
EXPENDITURES:			
General government	35,000	12,300	22,700
Excess (deficiency) of revenues over expenditures	13,753	36,453	22,700
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	<u>\$ 13,753</u>	<u>36,453</u>	<u>22,700</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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Fines and forfeitures	\$ <u>4,000</u>	<u>6,249</u>	<u>2,249</u>
EXPENDITURES:			
Police	<u>21,000</u>	<u>14,519</u>	<u>6,481</u>
Excess (deficiency) of revenues over expenditures	(17,000)	(8,270)	8,730
FUND BALANCES, BEGINNING OF YEAR	<u>21,158</u>	<u>21,158</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 4,158</u>	<u>12,888</u>	<u>8,730</u>

CITY OF MENTOR, OHIO

COURT PROBATION SERVICES FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Fines and forfeitures	<u>\$ 20,377</u>	<u>20,377</u>	<u>-</u>
EXPENDITURES:			
General government	<u>17,500</u>	<u>7,768</u>	<u>9,732</u>
Excess (deficiency) of revenues over expenditures	2,877	12,609	9,732
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,877</u>	<u>12,609</u>	<u>9,732</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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental	\$ 10,000	11,688	1,688
Fines and forfeitures	<u>5,000</u>	<u>5,139</u>	<u>139</u>
Total revenues	<u>15,000</u>	<u>16,827</u>	<u>1,827</u>
EXPENDITURES:			
General government	<u>51,833</u>	<u>30,642</u>	<u>21,191</u>
Excess (deficiency) of revenues over expenditures	(36,833)	(13,815)	23,018
Adjustment for prior year encumbrances	1,833	1,833	-
FUND BALANCES, BEGINNING OF YEAR	<u>50,228</u>	<u>50,228</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 15,228</u>	<u>38,246</u>	<u>23,018</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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Fines and forfeitures	<u>\$ 1,000</u>	<u>24,076</u>	<u>23,076</u>
EXPENDITURES:			
Police	<u>35,265</u>	<u>21,904</u>	<u>13,361</u>
Excess (deficiency) of revenues over expenditures	(34,265)	2,172	36,437
Adjustment for prior year encumbrances	7,265	7,265	-
FUND BALANCES, BEGINNING OF YEAR	<u>28,984</u>	<u>28,984</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 1,984</u>	<u>38,421</u>	<u>36,437</u>

CITY OF MENTOR, OHIO

POLICE CANINE FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Donations and other	\$ -	200	200
EXPENDITURES:			
Police	113,000	6,900	106,100
Excess (deficiency) of revenues over expenditures	(113,000)	(6,700)	106,300
FUND BALANCES, BEGINNING OF YEAR	<u>113,291</u>	<u>113,291</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 291</u>	<u>106,591</u>	<u>106,300</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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental	\$ 1,500	1,428	(72)
EXPENDITURES:			
Police	<u>6,175</u>	<u>654</u>	<u>5,521</u>
Excess (deficiency) of revenues over expenditures	(4,675)	774	5,449
Adjustment for prior year encumbrances	175	175	-
FUND BALANCES, BEGINNING OF YEAR	<u>6,776</u>	<u>6,776</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 2,276</u>	<u>7,725</u>	<u>5,449</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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES	<u>\$ -</u>	<u>-</u>	<u>-</u>
EXPENDITURES:			
Police	<u>190</u>	<u>190</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(190)	(190)	-
Adjustment for prior year encumbrances	190	190	-
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

VOCA VICTIMS ASSISTANCE GRANT 01-02 FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental	\$ <u>2,250</u>	<u>2,250</u>	<u>-</u>
EXPENDITURES:			
Police	<u>2,882</u>	<u>2,882</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(632)	(632)	-
FUND BALANCES, BEGINNING OF YEAR	<u>632</u>	<u>632</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>-</u>	<u>-</u>

CITY OF MENTOR, OHIO

VOCA VICTIMS ASSISTANCE GRANT 02-03 FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental	\$ 750	750	-
EXPENDITURES:			
Police	263	263	-
Excess (deficiency) of revenues over expenditures	487	487	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	<u>\$ 487</u>	<u>487</u>	<u>-</u>

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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES	\$ -	-	-
EXPENDITURES:			
Community development	<u>5,132</u>	<u>5,132</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(5,132)	(5,132)	-
OTHER FINANCING SOURCES:			
Advances in	5,132	5,132	-
Advances out	<u>(5,132)</u>	<u>(5,132)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(5,132)	(5,132)	-
Adjustment for prior year encumbrances	5,132	5,132	-
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>-</u>	<u>-</u>

CITY OF MENTOR, OHIO

COMMUNITY DEVELOPMENT BLOCK GRANT 98-99 FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental	\$ 62,831	31,745	(31,086)
EXPENDITURES:			
Community development	33,534	33,534	-
Excess (deficiency) of revenues over expenditures	29,297	(1,789)	(31,086)
OTHER FINANCING SOURCES (USES):			
Advances in	1,788	1,788	-
Advances out	(10,301)	(10,301)	-
Total other financing sources (uses)	(8,513)	(8,513)	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	20,784	(10,302)	(31,086)
Adjustment for prior year encumbrances	10,302	10,302	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	<u>\$ 31,086</u>	<u>-</u>	<u>(31,086)</u>

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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental	\$ 75,461	5,399	(70,062)
EXPENDITURES:			
Community development	16,955	16,955	-
Excess (deficiency) of revenues over expenditures	58,506	(11,556)	(70,062)
OTHER FINANCING SOURCES (USES):			
Advances in	11,556	11,556	-
Advances out	(9,600)	(9,600)	-
Total other financing sources (uses)	1,956	1,956	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	60,462	(9,600)	(70,062)
Adjustment for prior year encumbrances	9,600	9,600	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	<u>\$ 70,062</u>	<u>-</u>	<u>(70,062)</u>

CITY OF MENTOR, OHIO

**COMMUNITY DEVELOPMENT BLOCK GRANT 00-01 FUND
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 YEAR ENDED DECEMBER 31, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental	\$ 85,992	82,575	(3,417)
EXPENDITURES:			
Community development	97,783	97,783	-
Excess (deficiency) of revenues over expenditures	(11,791)	(15,208)	(3,417)
OTHER FINANCING SOURCES:			
Advances in	15,208	15,208	-
Advances out	(3,000)	(3,000)	-
Total other financing sources (uses)	12,208	12,208	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	417	(3,000)	(3,417)
Adjustment for prior year encumbrances	3,000	3,000	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	<u>\$ 3,417</u>	<u>-</u>	<u>(3,417)</u>

CITY OF MENTOR, OHIO

**COMMUNITY DEVELOPMENT BLOCK GRANT 01-02 FUND
 SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
 (NON-GAAP BUDGETARY BASIS)
 YEAR ENDED DECEMBER 31, 2002**

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental	\$ 278,260	102,401	(175,859)
EXPENDITURES:			
Community development	119,743	119,743	-
Excess (deficiency) of revenues over expenditures	158,517	(17,342)	(175,859)
OTHER FINANCING SOURCES (USES):			
Advances in	17,342	17,342	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	175,859	-	(175,859)
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	<u>\$ 175,859</u>	<u>-</u>	<u>(175,859)</u>

CITY OF MENTOR, OHIO

COMMUNITY DEVELOPMENT BLOCK GRANT 02-03 FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2002

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

CITY OF MENTOR, OHIO

FORFEITED PROPERTY - U.S. DEPARTMENT OF JUSTICE FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental	\$ 578,137	578,137	-
Investment income	<u>9,674</u>	<u>9,674</u>	<u>-</u>
Total revenues	<u>587,811</u>	<u>587,811</u>	<u>-</u>
EXPENDITURES:			
Police	<u>254,525</u>	<u>254,525</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	333,286	333,286	-
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 333,286</u></u>	<u><u>333,286</u></u>	<u><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, 2002

	<u>General Obligation Bond Retirement</u>	<u>Special Assessment Bond Retirement</u>	<u>Totals</u>
ASSETS:			
Cash and investments	\$ 222,001	316,194	538,195
Receivables, net of allowances for uncollectibles	1,690,271	14,379,556	16,069,827
Land held for resale	<u>-</u>	<u>138,000</u>	<u>138,000</u>
TOTAL ASSETS	<u>\$1,912,272</u>	<u>14,833,750</u>	<u>16,746,022</u>
LIABILITIES AND FUND EQUITY:			
Accrued liabilities	\$ -	12,072	12,072
Due to other funds	-	1,714	1,714
Deferred revenues	<u>1,690,272</u>	<u>14,503,771</u>	<u>16,194,043</u>
Total liabilities	<u>1,690,272</u>	<u>14,517,557</u>	<u>16,207,829</u>
Fund equity:			
Fund balances:			
Reserved for debt service	<u>222,000</u>	<u>316,193</u>	<u>538,193</u>
Total fund equity	<u>222,000</u>	<u>316,193</u>	<u>538,193</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$1,912,272</u>	<u>14,833,750</u>	<u>16,746,022</u>

CITY OF MENTOR, OHIO

DEBT SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES YEAR ENDED DECEMBER 31, 2002

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Totals
REVENUES:			
Property taxes	\$1,611,293	-	1,611,293
Intergovernmental	203,810	-	203,810
Special assessments	-	933,375	933,375
Investment income	-	13,773	13,773
	<u>1,815,103</u>	<u>947,148</u>	<u>2,762,251</u>
EXPENDITURES:			
Debt service:			
Principal retirement	1,120,619	569,381	1,690,000
Interest and other charges	1,152,524	461,534	1,614,058
	<u>2,273,143</u>	<u>1,030,915</u>	<u>3,304,058</u>
Excess (deficiency) of revenues over expenditures	<u>(458,040)</u>	<u>(83,767)</u>	<u>(541,807)</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	360,000	15,351	375,351
Proceeds of bonds (including premium)	-	738	738
	<u>360,000</u>	<u>16,089</u>	<u>376,089</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(98,040)	(67,678)	(165,718)
FUND BALANCES, BEGINNING OF YEAR	<u>320,040</u>	<u>383,871</u>	<u>703,911</u>
FUND BALANCES, END OF YEAR	<u>\$ 222,000</u>	<u>316,193</u>	<u>538,193</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, 2002

	<u>Budget</u>	<u>Actual</u>	Variance - Favorable (Unfavorable)
REVENUES:			
Property taxes	\$1,564,643	1,611,293	46,650
Intergovernmental	<u>200,611</u>	<u>203,810</u>	<u>3,199</u>
Total revenues	<u>1,765,254</u>	<u>1,815,103</u>	<u>49,849</u>
EXPENDITURES:			
Debt service:			
Principal retirement	1,120,619	1,120,619	-
Interest and other charges	<u>1,165,204</u>	<u>1,152,524</u>	<u>12,680</u>
Total expenditures	<u>2,285,823</u>	<u>2,273,143</u>	<u>12,680</u>
Excess (deficiency) of revenues over expenditures	(520,569)	(458,040)	62,529
OTHER FINANCING SOURCES (USES):			
Operating transfers in	<u>360,000</u>	<u>360,000</u>	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(160,569)	(98,040)	62,529
FUND BALANCES, BEGINNING OF YEAR	<u>320,040</u>	<u>320,040</u>	-
FUND BALANCES, END OF YEAR	<u>\$ 159,471</u>	<u>222,000</u>	<u>62,529</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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Special assessments	\$ 924,263	933,375	9,112
Investment income	<u>1,500</u>	<u>13,773</u>	<u>12,273</u>
Total revenues	<u>925,763</u>	<u>947,148</u>	<u>21,385</u>
EXPENDITURES:			
Debt service:			
Principal retirement	569,381	569,381	-
Interest and other charges	<u>478,313</u>	<u>461,534</u>	<u>16,779</u>
Total expenditures	<u>1,047,694</u>	<u>1,030,915</u>	<u>16,779</u>
Excess (deficiency) of revenues over expenditures	(121,931)	(83,767)	38,164
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-	15,351	15,351
Proceeds of bonds (including premium)	<u>-</u>	<u>738</u>	<u>738</u>
Total other financing sources (uses)	<u>-</u>	<u>16,089</u>	<u>16,089</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(121,931)	(67,678)	54,253
FUND BALANCES, BEGINNING OF YEAR	<u>383,871</u>	<u>383,871</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 261,940</u>	<u>316,193</u>	<u>54,253</u>

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Capital Projects Funds

CAPITAL PROJECTS FUNDS

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

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.

Garfield Road Improvements Fund - To account for the financing of road improvements on Garfield Road from State Route 84 to the City's south corporation limit.

Chillicothe Road Widening & Resurfacing Fund - To account for the financing of widening and resurfacing Chillicothe Road from State Route 20 to State Route 84.

Headlands Road/Bridge Improvement Fund - To account for the financing of replacing the bridge over Shipman Pond and improving its roadway approaches.

CITY OF MENTOR, OHIO

**CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2002**

	Tyler Boulevard Extension	ODNR Natureworks Grant - Skate Park	State Route 84 Storm Sewer
ASSETS:			
Cash and investments	\$ -	-	-
Due from other governments	-	-	-
TOTAL ASSETS	\$ -	-	-
LIABILITIES AND FUND EQUITY:			
Accounts payable	\$ -	-	-
Due to other funds	-	-	-
Deferred revenues	-	-	-
Total liabilities	-	-	-
Fund equity:			
Fund balances:			
Reserved for encumbrances	-	-	-
Unreserved	-	-	-
Total fund equity	-	-	-
TOTAL LIABILITIES AND FUND EQUITY	\$ -	-	-

<u>State Route 615 Reconstruction</u>	<u>Garfield Road Improvements</u>	<u>Chillicothe Road Widening & Resurfacing</u>	<u>Headlands Road/Bridge Improvement</u>	<u>Totals</u>
-	114,011	200,235	793,169	1,107,415
-	<u>246,863</u>	<u>104,966</u>	<u>21,510</u>	<u>373,339</u>
-	<u>360,874</u>	<u>305,201</u>	<u>814,679</u>	<u>1,480,754</u>
-	-	69,874	2,036	71,910
-	225,057	148,584	634,804	1,008,445
-	<u>13,223</u>	<u>104,966</u>	<u>21,510</u>	<u>139,699</u>
-	<u>238,280</u>	<u>323,424</u>	<u>658,350</u>	<u>1,220,054</u>
-	347,651	120,631	791,133	1,259,415
-	<u>(225,057)</u>	<u>(138,854)</u>	<u>(634,804)</u>	<u>(998,715)</u>
-	<u>122,594</u>	<u>(18,223)</u>	<u>156,329</u>	<u>260,700</u>
-	<u>360,874</u>	<u>305,201</u>	<u>814,679</u>	<u>1,480,754</u>

CITY OF MENTOR, OHIO

**CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2002**

	<u>Tyler Boulevard Extension</u>	<u>ODNR Natureworks Grant - Skate Park</u>	<u>State Route 84 Storm Sewer</u>
REVENUES:			
Intergovernmental	\$ -	-	17,994
EXPENDITURES:			
Capital outlay	34,380	6,318	12,379
Debt service:			
Interest and other charges	<u>285,175</u>	-	-
Total expenditures	<u>319,555</u>	<u>6,318</u>	<u>12,379</u>
Excess (deficiency) of revenues over expenditures	<u>(319,555)</u>	<u>(6,318)</u>	<u>5,615</u>
OTHER FINANCING SOURCES (USES):			
Operating transfers in	-	15,792	-
Operating transfers out	(15,351)	-	(18,309)
Proceeds of bonds	<u>4,850,000</u>	-	-
Total other financing sources (uses)	<u>4,834,649</u>	<u>15,792</u>	<u>(18,309)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	4,515,094	9,474	(12,694)
FUND BALANCES, BEGINNING OF YEAR	<u>(4,515,094)</u>	<u>(9,474)</u>	<u>12,694</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>-</u>	<u>-</u>

<u>State Route 615 Reconstruction</u>	<u>Garfield Road Improvements</u>	<u>Chillicothe Road Widening & Resurfacing</u>	<u>Headlands Road/Bridge Improvement</u>	<u>Totals</u>
<u>-</u>	<u>389,205</u>	<u>136,562</u>	<u>49,700</u>	<u>593,461</u>
37,279	638,934	852,900	96,747	1,678,937
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>285,175</u>
<u>37,279</u>	<u>638,934</u>	<u>852,900</u>	<u>96,747</u>	<u>1,964,112</u>
<u>(37,279)</u>	<u>(249,729)</u>	<u>(716,338)</u>	<u>(47,047)</u>	<u>(1,370,651)</u>
-	1,104	698,115	203,376	918,387
(55,500)	-	-	-	(89,160)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,850,000</u>
<u>(55,500)</u>	<u>1,104</u>	<u>698,115</u>	<u>203,376</u>	<u>5,679,227</u>
(92,779)	(248,625)	(18,223)	156,329	4,308,576
<u>92,779</u>	<u>371,219</u>	<u>-</u>	<u>-</u>	<u>(4,047,876)</u>
<u>-</u>	<u>122,594</u>	<u>(18,223)</u>	<u>156,329</u>	<u>260,700</u>

CITY OF MENTOR, OHIO

TYLER BOULEVARD EXTENSION FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2002

	Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES	\$ -	-	-
EXPENDITURES:			
Capital outlay	34,380	34,380	-
Debt service:			
Principal retirement	4,575,000	4,575,000	-
Interest and other charges	285,175	285,175	-
Total expenditures	4,894,555	4,894,555	-
Excess (deficiency) of revenues over expenditures	(4,894,555)	(4,894,555)	-
OTHER FINANCING SOURCES (USES):			
Operating transfers out	(15,351)	(15,351)	-
Proceeds of bonds	4,890,000	4,850,000	(40,000)
Total other financing sources (uses)	4,874,649	4,834,649	(40,000)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(19,906)	(59,906)	(40,000)
Adjustment for prior year encumbrances	28,084	28,084	-
FUND BALANCES, BEGINNING OF YEAR	31,822	31,822	-
FUND BALANCES, END OF YEAR	\$ 40,000	-	(40,000)

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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES	\$ -	-	-
EXPENDITURES:			
Capital outlay	<u>6,318</u>	<u>6,318</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(6,318)	(6,318)	-
OTHER FINANCING SOURCES (USES):			
Operating transfers in	15,800	15,792	(8)
Advances out	<u>(15,800)</u>	<u>(15,800)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>(8)</u>	<u>(8)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(6,318)	(6,326)	(8)
Adjustment for prior year encumbrances	6,326	6,326	-
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 8</u></u>	<u><u>-</u></u>	<u><u>(8)</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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental	\$ 17,994	17,994	-
EXPENDITURES:			
Capital outlay	28,135	28,135	-
Excess (deficiency) of revenues over expenditures	(10,141)	(10,141)	-
OTHER FINANCING SOURCES (USES):			
Operating transfers out	(18,309)	(18,309)	-
Advances out	(18,049)	(18,049)	-
Total other financing sources (uses)	(36,358)	(36,358)	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(46,499)	(46,499)	-
Adjustment for prior year encumbrances	46,499	46,499	-
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, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES	\$ -	-	-
EXPENDITURES:			
Capital outlay	<u>133,547</u>	<u>133,547</u>	-
Excess (deficiency) of revenues over expenditures	(133,547)	(133,547)	-
OTHER FINANCING USES:			
Operating transfers out	<u>(55,500)</u>	<u>(55,500)</u>	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	(189,047)	(189,047)	-
Adjustment for prior year encumbrances	189,047	189,047	-
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

GARFIELD ROAD IMPROVEMENTS FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental	\$ 389,205	389,205	-
EXPENDITURES:			
Capital outlay	986,585	986,585	-
Excess (deficiency) of revenues over expenditures	(597,380)	(597,380)	-
OTHER FINANCING SOURCES (USES):			
Operating transfers in	5,014	1,104	(3,910)
Advances in	225,057	225,057	-
Advances out	(613,918)	(613,918)	-
Total other financing sources (uses)	(383,847)	(387,757)	(3,910)
Excess (deficiency) of revenues and other sources over expenditures and other uses	(981,227)	(985,137)	(3,910)
Adjustment for prior year encumbrances	970,494	970,494	-
FUND BALANCES, BEGINNING OF YEAR	14,643	14,643	-
FUND BALANCES, END OF YEAR	\$ 3,910	-	(3,910)

CITY OF MENTOR, OHIO

CHILLICOTHE ROAD WIDENING & RESURFACING FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental	\$ 299,000	136,562	(162,438)
EXPENDITURES:			
Capital outlay	983,261	973,531	9,730
Excess (deficiency) of revenues over expenditures	(684,261)	(836,969)	(152,708)
OTHER FINANCING SOURCES (USES):			
Operating transfers in	891,000	698,115	(192,885)
Advances in	-	148,584	148,584
Total other financing sources (uses)	891,000	846,699	(44,301)
Excess (deficiency) of revenues and other sources over expenditures and other uses	206,739	9,730	(197,009)
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	<u>\$ 206,739</u>	<u>9,730</u>	<u>(197,009)</u>

CITY OF MENTOR, OHIO

HEADLANDS ROAD/BRIDGE IMPROVEMENT FUND SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) YEAR ENDED DECEMBER 31, 2002

	<u>Budget</u>	<u>Actual</u>	<u>Variance - Favorable (Unfavorable)</u>
REVENUES:			
Intergovernmental	\$ 49,700	49,700	-
EXPENDITURES:			
Capital outlay	887,880	887,880	-
Excess (deficiency) of revenues over expenditures	(838,180)	(838,180)	-
OTHER FINANCING SOURCES (USES):			
Operating transfers in	203,376	203,376	-
Advances in	634,804	634,804	-
Total other financing sources (uses)	838,180	838,180	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	-	-	-
FUND BALANCES, BEGINNING OF YEAR	-	-	-
FUND BALANCES, END OF YEAR	\$ -	-	-

Trust and Agency Funds

TRUST AND AGENCY FUNDS

Nonexpendable Trust Fund

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.

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.

Agency Fund

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.

CITY OF MENTOR, OHIO

FIDUCIARY FUNDS COMBINING BALANCE SHEET DECEMBER 31, 2002

	Nonexpend- able Trust Fund	Expend- able Trust Funds	Agency Fund	Totals
ASSETS:				
Cash and investments	\$ 26,108	93,679	100,897	220,684
Receivables, net of allowances for uncollectibles	-	-	128,168	128,168
TOTAL ASSETS	<u>\$ 26,108</u>	<u>93,679</u>	<u>229,065</u>	<u>348,852</u>
LIABILITIES AND FUND EQUITY:				
Accounts payable	\$ 494	1,634	-	2,128
Accrued liabilities	-	-	2,800	2,800
Deposits	-	-	52,921	52,921
Due to other funds	-	-	173,344	173,344
Total liabilities	<u>494</u>	<u>1,634</u>	<u>229,065</u>	<u>231,193</u>
Fund equity:				
Fund balances:				
Reserved for endowments	17,697	-	-	17,697
Unreserved	7,917	92,045	-	99,962
Total fund balances	<u>25,614</u>	<u>92,045</u>	<u>-</u>	<u>117,659</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 26,108</u>	<u>93,679</u>	<u>229,065</u>	<u>348,852</u>

CITY OF MENTOR, OHIO

NONEXPENDABLE TRUST FUND BALANCE SHEET DECEMBER 31, 2002

	<u>Cemetery Bequest and Endowment</u>
ASSETS:	
Cash and investments	<u>\$26,108</u>
 TOTAL ASSETS	 <u>\$26,108</u>
 LIABILITIES AND FUND EQUITY:	
Accounts payable	<u>\$ 494</u>
 Total liabilities	 <u>494</u>
 Fund equity:	
Fund balances:	
Reserved for endowments	17,697
Unreserved	<u>7,917</u>
 Total fund balances	 <u>25,614</u>
 TOTAL LIABILITIES AND FUND EQUITY	 <u>\$26,108</u>

CITY OF MENTOR, OHIO

NONEXPENDABLE TRUST FUND STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES YEAR ENDED DECEMBER 31, 2002

	<u>Cemetery Bequest and Endowment</u>
OPERATING REVENUES:	
Investment income	\$ 1,260
Donations and other	<u>154</u>
Total operating revenues	<u>1,414</u>
OPERATING EXPENSES:	
Parks, recreation and public lands	<u>1,530</u>
NET INCOME	(116)
FUND BALANCES, BEGINNING OF YEAR	<u>25,730</u>
FUND BALANCES, END OF YEAR	<u>\$25,614</u>

CITY OF MENTOR, OHIO

NONEXPENDABLE TRUST FUND STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2002

	<u>Cemetery Bequest and Endowment</u>
OPERATING ACTIVITIES:	
Operating loss	\$ (116)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Investment income	<u>(1,260)</u>
Net cash used in operating activities	<u>(1,376)</u>
INVESTING ACTIVITIES:	
Interest on investments	1,260
Net change in pooled investments	<u>(692)</u>
Net cash provided by investing activities	<u>568</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(808)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,792</u>
CASH AND CASH EQUIVALENTS, END OF YEAR*	<u>\$ 984</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.

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CITY OF MENTOR, OHIO

EXPENDABLE TRUST FUNDS COMBINING BALANCE SHEET DECEMBER 31, 2002

	<u>Council Donation</u>	<u>Police Donation</u>	<u>Fire Donation</u>
ASSETS:			
Cash and investments	\$ 430	2,450	2,106
TOTAL ASSETS	<u>\$ 430</u>	<u>2,450</u>	<u>2,106</u>
LIABILITIES AND FUND BALANCES:			
Accounts payable	\$ -	155	-
Fund equity:			
Fund balances:			
Unreserved	<u>430</u>	<u>2,295</u>	<u>2,106</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 430</u>	<u>2,450</u>	<u>2,106</u>

<u>Senior Citizens Donation</u>	<u>Cultural Donation</u>	<u>Beautification Donation</u>	<u>IBIM Festival</u>	<u>Totals</u>
<u>11,572</u>	<u>76,662</u>	<u>180</u>	<u>279</u>	<u>93,679</u>
<u>11,572</u>	<u>76,662</u>	<u>180</u>	<u>279</u>	<u>93,679</u>
<u>486</u>	<u>666</u>	<u>48</u>	<u>279</u>	<u>1,634</u>
<u>11,086</u>	<u>75,996</u>	<u>132</u>	<u>-</u>	<u>92,045</u>
<u>11,572</u>	<u>76,662</u>	<u>180</u>	<u>279</u>	<u>93,679</u>

CITY OF MENTOR, OHIO

EXPENDABLE TRUST FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES YEAR ENDED DECEMBER 31, 2002

	<u>Council Donation</u>	<u>Police Donation</u>	<u>Fire Donation</u>
REVENUES:			
Donations and other	<u>\$ 507</u>	<u>750</u>	<u>1,500</u>
EXPENDITURES:			
General government	457	-	-
Police	-	380	-
Fire	-	-	1,100
Parks, recreation and public lands	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>457</u>	<u>380</u>	<u>1,100</u>
Excess (deficiency) of revenues over expenditures	50	370	400
FUND BALANCES, BEGINNING OF YEAR	<u>380</u>	<u>1,925</u>	<u>1,706</u>
FUND BALANCES, END OF YEAR	<u>\$ 430</u>	<u>2,295</u>	<u>2,106</u>

<u>Senior Citizen Donation</u>	<u>Cultural Donation</u>	<u>Beautification Donation</u>	<u>IBIM Festival</u>	<u>Totals</u>
<u>2,604</u>	<u>19,493</u>	<u>630</u>	<u>70,282</u>	<u>95,766</u>
-	-	-	-	457
-	-	-	-	380
-	-	-	-	1,100
<u>3,313</u>	<u>19,245</u>	<u>1,133</u>	<u>70,282</u>	<u>93,973</u>
<u>3,313</u>	<u>19,245</u>	<u>1,133</u>	<u>70,282</u>	<u>95,910</u>
(709)	248	(503)	-	(144)
<u>11,795</u>	<u>75,748</u>	<u>635</u>	<u>-</u>	<u>92,189</u>
<u>11,086</u>	<u>75,996</u>	<u>132</u>	<u>-</u>	<u>92,045</u>

CITY OF MENTOR, OHIO

AGENCY FUND COMBINING BALANCE SHEET DECEMBER 31, 2002

	<u>Municipal Court</u>
ASSETS:	
Cash and investments	\$ 100,897
Receivables, net of allowances for uncollectibles	<u>128,168</u>
TOTAL ASSETS	<u>\$ 229,065</u>
LIABILITIES:	
Accrued liabilities	\$ 2,800
Deposits	52,921
Due to other funds	<u>173,344</u>
TOTAL LIABILITIES	<u>\$ 229,065</u>

CITY OF MENTOR, OHIO

AGENCY FUND COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES YEAR ENDED DECEMBER 31, 2002

	<u>Balance</u> <u>January 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 2002</u>
<u>Municipal Court Fund:</u>				
ASSETS:				
Cash	\$ 62,964	2,156,867	2,118,934	100,897
Receivables, net of allowances for uncollectibles	<u>83,347</u>	<u>128,169</u>	<u>83,348</u>	<u>128,168</u>
TOTAL ASSETS	<u>\$ 146,311</u>	<u>2,285,036</u>	<u>2,202,282</u>	<u>229,065</u>
LIABILITIES:				
Accrued liabilities	\$ 5,792	527,532	530,524	2,800
Deposits	26,741	440,688	414,508	52,921
Due to other funds	<u>113,778</u>	<u>1,461,316</u>	<u>1,401,750</u>	<u>173,344</u>
TOTAL LIABILITIES	<u>\$ 146,311</u>	<u>2,429,536</u>	<u>2,346,782</u>	<u>229,065</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, 2002

GENERAL FIXED ASSETS:	
Land	\$ 13,522,178
Buildings	38,726,838
Improvements	6,587,497
Furniture, fixtures, and equipment	<u>16,842,273</u>
TOTAL GENERAL FIXED ASSETS	<u>\$ 75,678,786</u>
INVESTMENT IN GENERAL FIXED ASSETS FROM:	
General fund revenues	\$ 29,966,425
Special revenue fund revenues:	
Property taxes	2,479,506
Other local taxes	623,125
Intergovernmental	3,464,165
Other	293,296
Capital projects fund revenues and other financing sources	37,662,337
Private gifts	337,711
Other	<u>852,221</u>
TOTAL	<u>\$ 75,678,786</u>

CITY OF MENTOR, OHIO

GENERAL FIXED ASSETS ACCOUNT GROUP SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY FOR FISCAL YEAR ENDED DECEMBER 31, 2002

	General Fixed Assets January 1, 2002	Additions	Deductions	Transfers	General Fixed Assets December 31, 2002
GENERAL GOVERNMENT	\$ 6,731,548	152,520	33,971	20,223	6,870,320
POLICE	7,529,286	214,349	75,228	(103,345)	7,565,062
FIRE	8,521,846	1,194,785	241,258	311,289	9,786,662
STREETS AND HIGHWAYS	14,927,832	236,220	85,658	688,400	15,766,794
PARKS, RECREATION AND PUBLIC LANDS	34,905,235	311,635	4,170	20,933	35,233,633
COMMUNITY DEVELOPMENT	116,159	1,386	1,609	-	115,936
ENGINEERING AND BUILDING	268,325	69,047	(3,007)	-	340,379
CONSTRUCTION IN PROGRESS	<u>937,500</u>	<u>-</u>	<u>-</u>	<u>(937,500)</u>	<u>-</u>
TOTAL GENERAL FIXED ASSETS	<u>\$ 73,937,731</u>	<u>2,179,942</u>	<u>438,887</u>	<u>-</u>	<u>75,678,786</u>

CITY OF MENTOR, OHIO

GENERAL FIXED ASSETS ACCOUNT GROUP SCHEDULE OF GENERAL FIXED ASSETS BY FUNCTION AND ACTIVITY AS OF DECEMBER 31, 2002

	<u>Land</u>	<u>Buildings</u>	<u>Improvements</u>	<u>Furniture, Fixtures, and Equipment</u>	<u>Total</u>
GENERAL GOVERNMENT	\$ 38,977	5,502,272	-	1,329,071	6,870,320
POLICE	-	4,469,313	-	3,095,749	7,565,062
FIRE	382,349	5,080,875	-	4,323,438	9,786,662
STREETS AND HIGHWAYS	1,357,251	9,033,775	-	5,375,768	15,766,794
PARKS, RECREATION AND PUBLIC LANDS	11,743,601	14,640,603	6,583,731	2,265,698	35,233,633
COMMUNITY DEVELOPMENT	-	-	3,766	112,170	115,936
ENGINEERING AND BUILDING	-	-	-	340,379	340,379
TOTAL GENERAL FIXED ASSETS	<u>\$ 13,522,178</u>	<u>38,726,838</u>	<u>6,587,497</u>	<u>16,842,273</u>	<u>75,678,786</u>

STATISTICAL SECTION

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CITY OF MENTOR, OHIO

GENERAL FUND REVENUES (GAAP BASIS) LAST TEN FISCAL YEARS

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
REVENUES:				
Property taxes	\$ 1,823,958	1,595,982	1,803,198	2,009,571
Municipal income tax	16,030,531	17,078,931	20,268,977	21,987,461
Intergovernmental	3,145,701	3,745,078	3,959,279	4,529,209
Charges for services	522,183	495,388	545,289	564,262
Fines and forfeitures	758,945	712,481	817,803	805,026
Licenses, permits, and inspections	946,446	891,861	981,880	1,203,748
Investment income	430,287	446,121	987,544	1,112,990
Donations and other	<u>263,356</u>	<u>208,008</u>	<u>189,769</u>	<u>142,314</u>
TOTAL REVENUES	<u>\$ 23,921,407</u>	<u>25,173,850</u>	<u>29,553,739</u>	<u>32,354,581</u>

SOURCE: The City's audited financial statements.

<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>
1,777,227	1,116,206	725,101	893,989	1,341,641	1,363,402
22,879,334	23,678,549	25,482,261	26,698,790	26,595,125	26,686,076
4,761,421	4,525,145	5,426,358	5,069,191	6,494,213	6,748,080
879,499	1,139,978	2,419,661	2,460,546	2,609,281	2,699,889
822,198	1,052,445	1,115,370	959,918	1,005,235	1,142,857
1,130,325	1,224,835	1,254,640	1,078,703	1,141,955	1,079,367
1,384,954	1,544,525	797,163	1,994,386	2,013,886	1,466,870
<u>407,393</u>	<u>783,266</u>	<u>233,226</u>	<u>228,782</u>	<u>528,473</u>	<u>186,251</u>
<u>34,042,351</u>	<u>35,064,949</u>	<u>37,453,780</u>	<u>39,384,305</u>	<u>41,729,809</u>	<u>41,372,792</u>

CITY OF MENTOR, OHIO

GENERAL FUND EXPENDITURES (GAAP BASIS) LAST TEN FISCAL YEARS

	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>
EXPENDITURES:				
General government	\$ 3,817,388	3,692,686	4,015,374	4,652,006
Security of persons and property	9,472,300	9,782,637	10,388,613	10,386,846
Police	-	-	-	-
Fire	-	-	-	-
Streets and highways	3,126,493	4,400,194	5,156,436	6,048,316
Public health and welfare	539,529	530,060	528,389	580,960
Parks, recreation and public lands	2,647,863	2,353,034	2,942,670	3,191,377
Community development	568,018	631,410	726,646	727,056
Engineering and building	1,913,614	1,922,058	2,080,214	2,324,131
Capital outlay	-	-	-	-
Debt Service - principal retirement	-	-	-	-
TOTAL EXPENDITURES	<u>\$ 22,085,205</u>	<u>23,312,079</u>	<u>25,838,342</u>	<u>27,910,692</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>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000¹</u>	<u>2001</u>	<u>2002</u>
5,653,773	5,544,266	5,518,315	5,757,072	6,056,376	6,523,127
11,912,303	12,879,996	12,603,249	-	-	-
-	-	-	7,373,121	7,837,997	8,414,230
-	-	-	5,790,790	6,141,090	6,484,760
5,605,355	8,530,944	5,689,159	5,336,046	6,461,918	5,795,672
635,431	652,353	-	-	-	-
3,907,537	7,281,462	5,228,690	5,635,932	6,141,941	6,369,788
744,314	787,661	811,413	855,607	918,463	965,387
2,612,744	3,150,419	1,680,656	1,700,348	1,916,517	1,920,058
-	-	4,033,695	3,585,057	5,990,773	5,661,195
-	-	-	-	10,000	10,000
<u>31,071,457</u>	<u>38,827,101</u>	<u>35,565,177</u>	<u>36,033,973</u>	<u>41,475,075</u>	<u>42,144,217</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 Assessed Value ¹	Public Utilities Assessed Value ¹	Total Assessed Value
	Assessed Value ¹	Estimated Actual Value			
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
2000/2001	1,155,168,000	3,300,480,000	170,222,816	44,297,170	1,369,687,986
2001/2002	1,169,553,690	3,341,581,971	177,900,785	38,507,980	1,385,962,455

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
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
2001	50,278	1,369,687,986	20,455,634	320,040	20,135,594	1.47	400.49
2002	50,278	1,385,962,455	19,335,015	222,000	19,113,015	1.38	380.15

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
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
2000/2001	4,634,608	4,522,876	97.6	111,732	4,601,515	99.3
2001/2002	4,678,297	4,545,230	97.2	147,110	4,647,946	99.4

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				
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
2000/2001	1.10	2.10	1.30	4.50	67.47	15.70	87.67
2001/2002	1.10	2.10	1.30	4.50	67.42	15.70	87.62

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>
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
2001	1,088,136	1,076,875	98.9	190,128
2002	951,990	933,375	98.0	219,136

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
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
2001	17	25,337,931	86	18,356,344	531,734,976	837,953,010
2002	17	11,606,500	99	21,794,940	540,428,075	845,534,380

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, 2002

Total of all City debt outstanding	\$ 29,550,000
Less special assessment debt exempt from calculation	<u>10,184,985</u>
Total (voted and unvoted) subject to 10.5% limitation	19,365,015
Less General Obligation Bond Retirement Fund balance	<u>222,000</u>
Net indebtedness subject to 10.5% limitation	<u>\$ 19,143,015</u>
Assessed valuation of City	<u>\$ 1,385,962,455</u>
10.5% of valuation (maximum general obligation debt allowed)	\$ 145,526,058
Less total debt outstanding subject to 10.5% limitation	<u>19,143,015</u>
Legal 10.5% margin (voted and unvoted)	<u>\$ 126,383,043</u>
5.5% of valuation (maximum unvoted general obligation debt allowed)	\$ 76,227,935
Less total debt outstanding subject to 5.5% limitation	<u>19,143,015</u>
Legal 5.5% margin (unvoted)	<u>\$ 57,084,920</u>

CITY OF MENTOR, OHIO

COMPUTATION OF DIRECT AND OVERLAPPING DEBT DECEMBER 31, 2002

	<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>\$ 19,335,015</u>	100.00 %	<u>\$ 19,335,015</u>
Overlapping:			
Mentor Exempted Village School District and Mentor Public Library	13,204,919	84.15	11,111,939
Lake County	<u>16,880,000</u>	25.39	<u>4,285,832</u>
Total overlapping	<u>30,084,919</u>		<u>15,397,771</u>
TOTAL	<u>\$ 49,419,934</u>		<u>\$ 34,732,786</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		
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
2001	1,076,131	1,218,689	2,294,820	41,475,075	5.53
2002	1,120,619	1,152,524	2,273,143	42,144,217	5.39

SOURCE: City of Mentor, Finance Department

CITY OF MENTOR, OHIO

PRINCIPAL TAXPAYERS DECEMBER 31, 2002

	<u>Real Property 2002 Assessed Valuation</u>	<u>Percentage of Total City Real Property Assessed Valuation</u>
Simon Property Group Limited Partnership	\$ 20,547,720	1.70 %
Cleveland Electric Illuminating Company	19,857,970	1.64
STERIS Corporation	7,735,370	0.64
Ohio Bell Telephone Company	7,231,740	0.60
Consumers Ohio Water Company	6,668,730	0.55
Points East	6,151,250	0.51
Euclid Clinic Foundation	4,005,170	0.33
Summerville at Mentor, Inc.	3,760,740	0.31
F I Mentor Commons Limited	3,717,760	0.31
Deepwood North Company	3,584,460	0.30
Avery International Corporation	3,469,110	0.29
First Interstate	<u>3,446,690</u>	<u>0.29</u>
TOTAL PRINCIPAL TAXPAYERS	<u>\$ 90,176,710</u>	<u>7.47 %</u>
TOTAL CITY REAL PROPERTY	<u>\$ 1,208,061,670</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, 2002

Employer	Nature of Business	Number of Employees
Mentor Public Schools	Education	1196
City of Mentor	Government	794 ¹
STERIS Corporation	Manufacturing - infection prevention systems	700
Lincoln Electric Co.	Arc welding consumables	515
Deepwood Industries	Social services	500
PCC Airfoil - Mentor	Investment casting manufacturing	480
Sears, Roebuck & Co.	Retail sales	375
Mag-Nif, Co.	Automation - banks, games	350
Wal-Mart	Discount retail center	300
Super K-Mart Center	Discount retail center	300
Dillard's	Retail sales	280
Royal Plastics, Inc.	Plastic injection molding	300
Wiseco Piston Co., Inc.	Manufacturing - high performance pistons	270
Classic Chevrolet, Inc.	Automobile dealership	255
Worthington Precision Metals	Precision machined components	250
Kaufmann's	Retail sales	250
The News-Herald	Publishing	250
J C Penney Co.	Retail sales	250
Brennan Maintenance, Inc.	Commercial/residential cleaning	240
Home Depot	Retail home improvement	215

¹Including all part-time and seasonal employees.

SOURCE: City of Mentor, Department of Community Development

CITY OF MENTOR, OHIO

DEMOGRAPHIC STATISTICS DECEMBER 31, 2002

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

	<u>1990</u>		<u>2000</u>	
	<u>Number Employed</u>	<u>Percent of Total</u>	<u>Number Employed</u>	<u>Percent of Total</u>
Residents Employment Distribution by Occupation				
Management, professional, and related	7,404	30.0 %	9,882	36.1 %
Service	3,531	14.3	3,051	11.1
Sales and office	7,586	30.7	7,876	28.7
Farming, fishing, and forestry	167	0.7	52	0.2
Construction, extraction, and maintenance	1,299	5.3	1,912	7.0
Production, transportation, and material moving	<u>4,685</u>	<u>19.0</u>	<u>4,626</u>	<u>16.9</u>
Total employment	<u>24,672</u>	<u>100.0 %</u>	<u>27,399</u>	<u>100.0 %</u>
2002 average unemployment data, unadjusted:	Lake County	6.1 %		
	State of Ohio	5.7 %		
	United States	5.8 %		

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

CITY OF MENTOR, OHIO

OTHER STATISTICS DECEMBER 31, 2002

Date of incorporation	December 18, 1963
Form of government	Council-Manager
Population, 2000 census	50,278
Area (square miles)	27.91
Miles of streets	226.3
Number of street lights	5,179
Number of City employees	
Regular full-time	373
Part-time and temporary	421
Fire Protection	
Number of stations	5
Number of firefighters and officers ¹	74
Police protection	
Number of stations	1
Number of policemen and officers	79
Sewers	
Miles of storm sewers	178
Miles of sanitary sewers	241.7
Parks and recreation	
Number of parks	11
Number of dog parks	1
Number of pools	3
Number of ice rinks	2
Number of community centers	7
Number of tennis courts	17
Number of baseball diamonds	19
Number of soccer fields	10
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



**Auditor of State
Betty Montgomery**

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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 1, 2003**