



**MENTOR EXEMPTED VILLAGE SCHOOL DISTRICT
LAKE COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2006



**Auditor of State
Betty Montgomery**



Mary Taylor, CPA
Auditor of State

January 10, 2007

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 8, 2007. Thus, I am certifying this audit report for release under the signature of my predecessor.

Mary Taylor

MARY TAYLOR, CPA
Auditor of State

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**MENTOR EXEMPTED VILLAGE SCHOOL DISTRICT
LAKE COUNTY**

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**MENTOR EXEMPTED VILLAGE SCHOOL DISTRICT
LAKE COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Federal Grantor/ Pass Through Grantor Program Title	Pass-Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Food Distribution	N/A	10.550	\$0	\$88,013	\$0	\$88,013
Child Nutrition Cluster:						
School Breakfast Program	05-PU 05	10.553	2,344	0	2,344	0
School Breakfast Program	05-PU 06	10.553	10,450	0	10,450	0
Total School Breakfast Program			12,794	0	12,794	0
National School Lunch Program	LL-P4 05	10.555	122,295	0	122,295	0
National School Lunch Program	LL-P4 06	10.555	312,263	0	312,263	0
Total National School Lunch Program			434,558	0	434,558	0
Total Child Nutrition Cluster:			447,352	0	447,352	0
Total U.S. Department of Agriculture - Nutrition Cluster			447,352	88,013	447,352	88,013
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education - Grants to States	6B-SD-06	84.027	39,503	0	39,202	0
Special Education - Grants to States	6B-SF-06	84.027	1,959,909	0	1,897,768	0
Special Education - Grants to States	6B-SF-05	84.027	123,779	0	203,455	0
Special Education - Grants to States	6B-SD-05	84.027	0	0	1,603	0
Total Special Education - Grants to States			2,123,191	0	2,142,028	0
Special Education - Preschool Grants	PG-S1-05	84.173	185	0	24,330	0
Special Education - Preschool Grants	PG-S1-06	84.173	43,667	0	41,847	0
Total Special Education - Preschool Grants			43,852	0	66,177	0
Total Special Education Cluster			2,167,043	0	2,208,205	0
Title 1 Grants to Local Educational Agencies	C1-S1-05	84.010	25,570	0	40,409	0
Title 1 Grants to Local Educational Agencies	C1-S1-06	84.010	303,220	0	297,505	0
Total Title 1 Grants to Local Educational Agencies			328,790	0	337,914	0
Vocational Education - Basic Grants to States	20-C1-05	84.048	6,272	0	35,806	0
Vocational Education - Basic Grants to States	20-C1-06	84.048	408,021	0	323,588	0
Total Vocational Education - Basic Grants to States			414,293	0	359,394	0
State Grants for Innovative Programs	C2-S1-05	84.298	1,017	0	1,203	0
State Grants for Innovative Programs	C2-S1-06	84.298	55,332	0	40,864	0
Total State Grants for Innovative Programs			56,349	0	42,067	0
Drug Free School Grant	DR-S1-05	84.186	3,359	0	6,481	0
Drug Free School Grant	DR-S1-06	84.186	20,265	0	18,853	0
Total Drug Free School Grant			23,624	0	25,334	0

**MENTOR EXEMPTED VILLAGE SCHOOL DISTRICT
LAKE COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)**

Federal Grantor/ Pass Through Grantor Program Title	Pass-Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
Twenty-First Century Community Learning Centers	TJ-S1-05	84.287	0	0	32,088	0
Twenty-First Century Community Learning Centers	TJ-S1-06	84.287	285,581	0	267,274	0
Total Twenty-First Century Community Learning Centers			285,581	0	299,362	0
Education Technology State Grant	TJ-S1-06	84.318	3,234	0	2,850	0
Education Technology State Grant	TJ-S1-05	84.318		0	93	0
Total Education Technology State Grant			3,234	0	2,943	0
English Language Acquisition Grant	T3-S1-06	84.365	28,862	0	27,458	0
English Language Acquisition Grant	T3-S2-06	84.365	6,248	0	6,248	0
English Language Acquisition Grant	T3-S1-05	84.365	0	0	702	0
Total English Language Acquisition Grant			35,110	0	34,408	0
Improving Teacher Quality State Grant	TR-S1-05	84.367	17,417	0	24,400	0
Improving Teacher Quality State Grant	TR-S1-06	84.367	204,187	0	201,515	0
Total Improving Teacher Quality State Grant			221,604	0	225,915	0
Total U.S. Department of Education			3,535,628	0	3,535,542	0
Total Federal Financial Assistance			\$3,982,980	\$88,013	\$3,982,894	\$88,013

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

**MENTOR EXEMPT VILLAGE SCHOOL DISTRICT
LAKE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2006**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B— CHILD NUTRITION CLUSTER

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

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

N/A – Not Applicable

CFDA – Catalog of Federal Domestic Assistance

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Auditor of State Betty Montgomery

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mentor Exempted Village School District, Lake County, Ohio, (the District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 20, 2006, wherein we noted the District restated their capital assets and interfund receivable. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated December 20, 2006, we reported other matters related to noncompliance we deemed immaterial.

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

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

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

Betty Montgomery
Auditor of State

December 20, 2006



Auditor of State Betty Montgomery

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

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

To the Board of Education:

Compliance

We have audited the compliance of the Mentor Exempted Village School District, Lake County, Ohio, (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to each major federal programs for the year ended June 30, 2006. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Mentor Exempted Village School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

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

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

Federal Awards Receipts and Expenditures Schedule

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Mentor Exempted Village School District as of and for the year ended June 30, 2006, and have issued our report thereon dated December 20, 2006, wherein we noted the District restated their capital assets and interfund receivable. Our audit was performed to form opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of federal awards receipts and expenditures provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Betty Montgomery
Auditor of State

December 20, 2006

**MENTOR EXEMPTED VILLAGE SCHOOL DISTRICT
LAKE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FISCAL YEAR END JUNE 30, 2006**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	#84.287 Twenty-First Century Community Learning Centers, #10.553 & 10.555 Child Nutrition Cluster and #84.010 Title 1 Grants to Local Educational Agencies
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



THE CORNERSTONE OF THE COMMUNITY

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

**Comprehensive Annual
Financial Report For The
Year Ended June 30, 2006**

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

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Mentor Exempted Village School District

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2006

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Mentor Exempted Village School District

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2006

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Mentor Exempted Village School District

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Mentor Exempted Village School District

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Introductory Section

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"THE CORNERSTONE OF THE COMMUNITY"

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

Administration Building

Jacqueline A. Hoynes, Ph.D.
Superintendent

Daniel L. Wilson
Chief Financial Officer

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

December 20, 2006

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

Ohio law (Ohio Administrative Code Section 117-2-03(B)) requires that all school districts file annual financial reports prepared on a GAAP (Generally Accepted Accounting Principles) basis with the Auditor of State within five months of the close of each fiscal year. This report is published to fulfill that requirement for the fiscal year ended June 30, 2006.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that the School District has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Ohio Auditor of State's office has issued an unqualified opinion on the Mentor Exempted Village School District's financial statements for the year ended June 30, 2006. The Independent Accountants' Report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the Independent Accountants' Report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of School District

The Mentor Exempted Village School District is the sixteenth largest of the 612 school districts in the State of Ohio and the largest of nine school districts in Lake County. The School District provided education to 9,077 students in grades kindergarten through twelve during the 2005-2006 school year. Additionally, the School District provides preschool and after school services to a number of students. The Mentor Exempted Village School District is located in northeastern Ohio, approximately twenty-five miles east of downtown Cleveland.

The Mentor Exempted Village School District serves the Cities of Mentor, Mentor-on-the-Lake, and portions of the Village of Kirtland Hills, Chardon Township and Concord Township. The School District operates one high school, three junior high schools, and ten elementary schools.

Kindergarten The School District operates a two and one-half day kindergarten program in ten elementary school buildings. These programs are designed to prepare children for school, to develop social skills and to promote the foundation for future learning.

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

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

High School The School District has one comprehensive high school serving 2,442 students in grades ten through twelve. It is accredited by the North Central Association of Colleges and Schools and by the Ohio Board of Education. Students select from a wide array of courses and electives from basic academic core subjects to advanced placement coursework, which offer the student the opportunity to do college level work. The Career Technical Program also offers the opportunity for students to pursue career objectives while in high school including the opportunity to earn college credit through the completion of college courses. Mentor High School continues to offer a full extracurricular program of sports, clubs and service groups. Students excel in all areas and benefit from a well-rounded preparation that allows them to be successful in whatever career path they choose.

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

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

Certified Staff The average experience of the certificated staff is 17.0 years and 73.3 percent of the teaching staff have at least a master's degree. Textbook authors, doctorates, nationally known speakers and recognized experts in specific fields of study are among the School District's teachers and administrators. A blend of experienced staff along with new teachers offers students of the Mentor Exempted Village School District one of the strongest faculties in the area.

Economic Condition and Outlook

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

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

The School District contributed to a relocation incentive package offered by the City of Mentor that resulted in an agreement with Avery Dennison to build its Fasson Roll North America Headquarters in the Newell Creek Development. Avery Dennison began occupying the new buildings in the fall of 2006.

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

Long-Term Financial Planning

The theme of the 2005-2006 fiscal year was enhancing fiscal stability. The fiscal management of the School District is being integrated into the School District's Strategic Plan. In addition, the Board of Education, Superintendent and Chief Financial Officer remain committed to managing to long-term plans that include:

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

The diligence of the School District in managing to long-term plans has become evident in that the current forecasted future budgets indicate that the 2004 emergency levy, originally planned to support four fiscal years of spending, has been extended for a fifth year. This is especially noteworthy in that the State average life of a new levy is three years.

Relevant Financial Policies

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

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

In developing the School District's accounting system much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable, but not

absolute assurance regarding the safeguarding of assets against loss from unauthorized use or disposition and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

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

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

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

All disbursements and transfers of cash between funds require appropriation authority from the Board. Budgets are controlled at the fund, function and object level. All purchase order requests must be approved by the site administrator, a central office administrator, and certified by the Treasurer, necessary funds are then encumbered and purchase orders released to vendors. Those requests which exceed the available appropriation are rejected until additional appropriations are secured.

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

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

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

Major Initiatives

During the 2005-2006 school year the Superintendent convened a Facility Task Force comprised of 31 members that included Board of Education members, District Administrators, Mentor Teachers Association representatives, Mentor Classified Employee representatives, parents and community members. The task force was charged with developing a formal facilities plan which had the potential of redistricting and which showed the reconfiguration of facilities to meet the needs of our students while demonstrating fiscal responsibility. The task force also studied enrollment projections commissioned by the Superintendent which predicted continued declines in student enrollment. The task force report was presented to the Board of Education on May 9, 2006 and was adopted by the Board of Education on August 22, 2006. The Board approved task force recommendations which included:

- Not redistricting all the elementary schools at this time;
- Including Dale R. Rice Elementary students in the Ridge Junior High attendance

- district beginning with the 2007-2008 school year;
- Converting to Kindergarten through fifth grade elementaries, grade six, seven and eight middle schools, and a ninth grade through twelfth grade high school beginning with the 2008-2009 school year; and
- Reviewing and analyzing the elementary school boundaries and the need for three middle schools in the 2009-2010 school year.

In April of 2006 the Board of Education entered into a new three-year collective bargaining agreement with the Mentor Teachers Association and on September 25, 2006 the Board of Education entered into a new three-year collective bargaining agreement with the Mentor Classified Employees. During the summer of 2006 the School District installed artificial field turf and refurbished the track at the Jerome T. Osborne Sr. Stadium. These projects were made possible by a private donation of \$1,050,000. On March 14, 2006 the Board of Education sold the former Reynolds Elementary School and on May 9, 2006 sold the former Center Street Village Elementary School. The \$1,200,000 of proceeds are being held in a capital fund pending the approval of a spending plan. The Board of Education implemented a merit pay program for School District administrators beginning with the 2005-2006 school year. The Ohio Department of Education awarded the Mentor Public Schools an “Excellent” rating for achieving 24 of 25 indicators for the 2005-2006 school year.

Awards and Acknowledgements

Awards

GFOA Certificate of Achievement The Government Finance Officers Association in the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the School District for its comprehensive annual financial report for the year ended June 30, 2005. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The Association of School Business Officials International (ASBO) also awarded a Certificate of Excellence in Financial Reporting to the School District for its comprehensive annual financial report for the year ended June 30, 2005. The Association’s Panel of Review judged that the School District’s report substantially conforms to principles and standards of ASBO’s Certificate of Excellence Program. This certificate is awarded upon recommendation of the Association’s Panel of Review and is valid for a period of one year only.

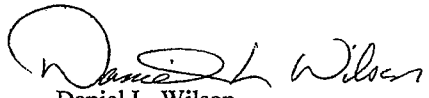
Acknowledgements

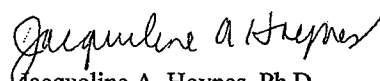
The publication of this CAFR represents an important achievement in the ability of the School District to provide significantly enhanced financial information and accountability to the taxpayers of the Mentor Exempted Village School District, its elected officials, management, staff and investors. This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

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

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

Respectfully submitted,


Daniel L. Wilson
Chief Financial Officer


Jacqueline A. Hoynes, Ph.D.,
Superintendent

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Mentor Exempted Village
School District, Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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



President

Executive Director

**ASSOCIATION OF SCHOOL BUSINESS OFFICIALS
INTERNATIONAL**



This Certificate of Excellence in Financial Reporting is presented to

MENTOR EXEMPTED VILLAGE SCHOOL DISTRICT

**For its Comprehensive Annual Financial Report (CAFR)
For the Fiscal Year Ended June 30, 2005**

Upon recommendation of the Association's Panel of Review which has judged that the Report substantially conforms to principles and standards of ASBO's Certificate of Excellence Program

President

Interim Executive Director

Mentor Exempted Village School District

Principal Officials

As of June 30, 2006

MENTOR EXEMPTED VILLAGE SCHOOL DISTRICT

Elected Officials

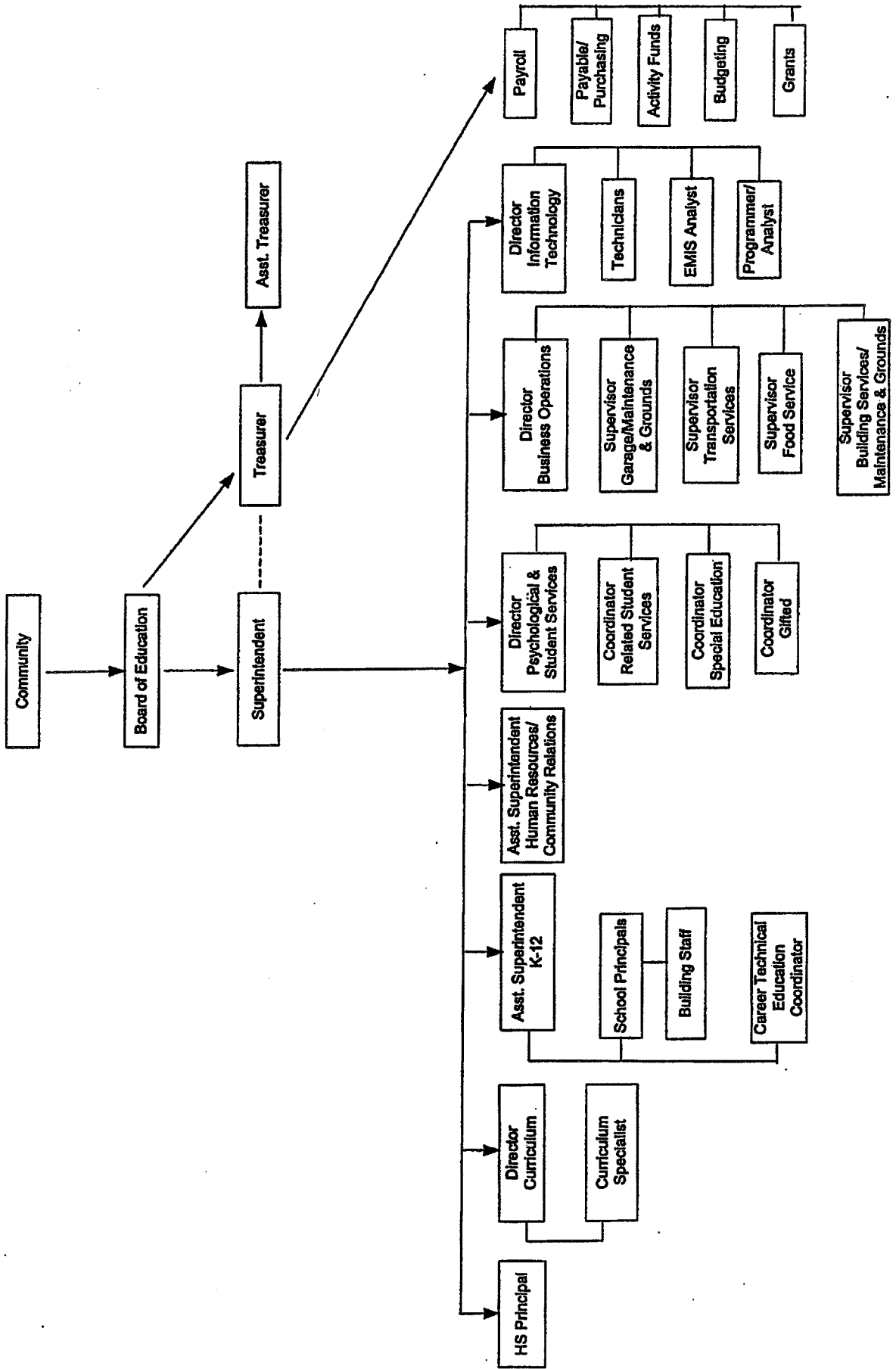
Board of Education

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

Appointed Officials

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

ORGANIZATION CHART - MENTOR PUBLIC SCHOOLS





Financial Section

Back of Financial Tab



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mentor Exempted Village School District, Lake County, Ohio, (the District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mentor Exempted Village School District, Lake County, Ohio, as of June 30, 2006, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 22, during the year ended June 30, 2006, the District restated their capital assets and interfund receivable.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2006, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

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

Betty Montgomery
Auditor of State

December 20, 2006

Mentor Exempted Village School District

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

For the Fiscal Year Ended June 30, 2006

Our discussion and analysis of the Mentor Exempted Village School District's (the "District") financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2006. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the transmittal letter, notes to the basic financial statements and the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2006 are as follows:

In total, net assets increased \$16,424,899. Net assets of governmental activities increased \$16,549,457 which represents an 333.37% increase from 2005. Net assets of business-type activities decreased \$124,558 or 50.8% from 2005.

General revenues accounted for \$97,330,463 in revenue or 89.42% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions accounted for \$11,513,190 or 10.58% of total revenues of \$108,843,653.

The School District had \$89,409,995 in expenses related to governmental activities and \$5,566 in other financing uses; only \$8,637,964 of these expenses was offset by program specific charges for services, operating and capital grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$97,327,054 were able to provide for these programs resulting in an increase to net assets from \$(4,964,237) to \$11,585,220.

The School District had \$3,008,759 in expenses related to business-type activities; a total of \$2,875,226 was offset by program specific charges for services, operating grants and contributions. General revenues include investment interest earnings of \$3,409. Other financing sources were \$5,566. Total revenues were not adequate to provide for these programs by \$(130,124) resulting in a decrease to net assets from \$245,043 to \$120,485.

The School District's major governmental funds were the General Fund and Debt Service Fund. The General Fund had \$86,597,819 in revenues and other financing sources and \$81,655,645 in expenditures and other financing uses. The General Fund increased \$4,942,697 from \$11,557,390 to \$16,500,087. The Debt Service Fund had \$12,479,258 in revenues and other financing sources and \$12,555,434 in expenditures and other financing uses. The Debt Service Fund decreased \$76,176 from \$1,212,649 to \$1,136,473.

Using this Comprehensive Annual Financial Report (CAFR)

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

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

Mentor Exempted Village School District

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

For the Fiscal Year Ended June 30, 2006

major funds presented in total in one column. In the case of the School District, the General Fund and the Debt Service Fund are by far the most significant funds and are the only funds reported as major funds.

Reporting the School District as a Whole

The Statement of Net Assets and Statement of Activities

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

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

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

Our analysis of the School District's major governmental fund begins on page 8. The fund financial statements begin on page 15 and provide detailed information about the most significant funds – not the School District as a whole. Some funds are required to be established by State statute, while many other funds are established by the School District to help manage money for particular purposes and compliance with various grant provisions. The School District's three types of funds, governmental, proprietary and fiduciary, use different accounting approaches as further described in the notes to the financial statements.

Governmental Funds

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

Mentor Exempted Village School District

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

For the Fiscal Year Ended June 30, 2006

resources available to spend in the near future to finance the School District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

Proprietary Funds

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

Fiduciary Funds

The School District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in an agency fund. The School District's fiduciary activities are reported in a separate statement on page 26. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

The School District As A Whole

The Statement of Net Assets provides the perspective of the School District as a whole. The table below provides a summary of the School District's net assets for 2006 and 2005.

	Net Assets			
	Governmental Activities <u>2006</u>	Business-Type Activities <u>2006</u>	Restated Governmental Activities <u>2005</u>	Restated Business-Type Activities <u>2005</u>
Assets:				
Current Assets	\$ 99,993,777	\$ 260,256	\$ 90,197,513	\$ 370,225
Capital Assets	<u>12,641,913</u>	<u>142,291</u>	<u>13,103,194</u>	<u>159,388</u>
Total Assets	<u>112,635,690</u>	<u>402,547</u>	<u>103,300,707</u>	<u>526,613</u>
Liabilities:				
Current Liabilities	78,661,957	120,172	73,819,007	169,175
Long Term Liabilities	<u>22,388,513</u>	<u>161,890</u>	<u>34,445,937</u>	<u>115,395</u>
Total Liabilities	<u>101,050,470</u>	<u>282,062</u>	<u>108,264,944</u>	<u>284,570</u>
Net Assets:				
Invested in Capital				
Assets, net of debt	2,128,472	49,328	808,000	43,993
Restricted	1,615,857	-	904,526	-
Unrestricted (deficit)	<u>7,840,891</u>	<u>71,157</u>	<u>(6,676,763)</u>	<u>201,050</u>
Total Net Assets	<u>\$ 11,585,220</u>	<u>\$ 120,485</u>	<u>\$ (4,964,237)</u>	<u>\$ 245,043</u>

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

Mentor Exempted Village School District

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

For the Fiscal Year Ended June 30, 2006

	Changes in Net Assets			
	Governmental	Business-Type	Governmental	Business-Type
	Activities	Activities	Activities	Activities
	<u>2006</u>	<u>2006</u>	<u>2005</u>	<u>2005</u>
Revenues:				
Program revenues:				
Charges for services	\$ 3,226,552	\$ 2,237,812	\$ 2,345,887	\$ 2,239,238
Operating grants and contributions	4,861,412	637,414	5,723,560	486,760
Capital grants and contributions	<u>550,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total program revenues	<u>8,637,964</u>	<u>2,875,226</u>	<u>8,069,447</u>	<u>2,725,998</u>
General revenues:				
Property taxes	70,396,792	-	67,482,457	-
Grants and entitlements	25,207,274	-	24,591,265	71,937
Investment earnings	1,245,192	3,409	751,071	1,669
Miscellaneous	477,796	-	892,690	-
Gain on sale of capital assets	<u>-</u>	<u>-</u>	<u>5,123</u>	<u>(1,838)</u>
Total general revenues	<u>97,327,054</u>	<u>3,409</u>	<u>93,722,606</u>	<u>71,768</u>
Total revenues	<u>105,965,018</u>	<u>2,878,635</u>	<u>101,792,053</u>	<u>2,797,766</u>
Program expenses:				
Instruction:				
Regular education	39,940,654	-	36,199,146	-
Special education	10,705,438	-	9,724,457	-
Vocational education	2,168,793	-	2,714,935	-
Other	616,275	-	3,238	-
Support services:				
Pupil	6,038,086	-	5,154,883	-
Instructional staff	4,011,014	-	3,704,672	-
Board of education	572,005	-	704,216	-
Administration	4,998,141	-	5,819,677	-
Fiscal	2,092,249	-	2,066,562	-
Business	388,929	-	334,689	-
Operation and maintenance - plant	8,032,060	-	7,174,525	-
Pupil transportation	4,830,605	-	4,887,065	-
Central	1,607,286	-	712,769	-
Operations of non-instructional services	1,286,930	-	1,914,056	-
Extracurricular activities	1,553,679	-	1,355,855	-
Interest and fiscal charges	567,851	-	1,134,454	-
Food service	-	2,470,584	-	2,355,277
Uniform school supplies	-	382,824	-	322,506
Adult and community education	-	1,040	-	73,116
Rotary	<u>-</u>	<u>154,311</u>	<u>-</u>	<u>-</u>
Total program expenses	<u>89,409,995</u>	<u>3,008,759</u>	<u>83,111,236</u>	<u>2,750,899</u>
Change in net assets before transfers	16,555,023	(130,124)	18,680,817	46,867
Transfers	<u>(5,566)</u>	<u>5,566</u>	<u>31,478</u>	<u>(31,478)</u>
Change in net assets	<u>\$ 16,549,457</u>	<u>\$ (124,558)</u>	<u>\$ 18,712,295</u>	<u>\$ 15,389</u>

Mentor Exempted Village School District

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

For the Fiscal Year Ended June 30, 2006

Governmental Activities

Net assets of the School District's governmental activities increased by \$16,549,457. Program revenues of \$8,637,964 and general revenues of \$97,327,054 were sufficient to offset total governmental expenses of \$89,409,995. Program revenues supported 9.67% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 90.22% of total governmental revenue.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2006 and 2005. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	Governmental Activities			
	<u>Total Cost of</u> <u>Services 2006</u>	<u>Net Cost of</u> <u>Services 2006</u>	<u>Total Cost of</u> <u>Services 2005</u>	<u>Net Cost of</u> <u>Services 2005</u>
Program Expenses:				
Instruction:				
Regular education	\$ 39,940,654	\$ 38,942,377	\$ 36,199,146	\$ 33,739,804
Special education	10,705,438	7,586,446	9,724,457	7,628,839
Vocational education	2,168,793	1,545,069	2,714,935	1,471,000
Other	616,275	616,275	3,238	3,238
Support services:				
Pupil	6,038,086	6,038,086	5,154,883	5,154,883
Instructional staff	4,011,014	4,011,014	3,704,672	3,704,672
Board of education	572,005	572,005	704,216	704,216
Administration	4,998,141	3,125,630	5,819,677	5,761,698
Fiscal	2,092,249	2,092,249	2,066,562	2,066,562
Business	388,929	388,929	334,689	334,689
Operation and maintenance - plant	8,032,060	8,032,060	7,174,525	7,174,525
Pupil transportation	4,830,605	4,782,890	4,887,065	4,794,422
Central services	1,607,286	1,457,663	712,769	633,501
Operation of non-instructional services	1,286,930	108,366	1,420,093	272,759
Extracurricular activities	1,553,679	905,121	1,355,855	462,527
Interest and fiscal charges	567,851	567,851	1,134,454	1,134,454
Total expenses	\$ <u>89,409,995</u>	\$ <u>80,772,031</u>	\$ <u>83,111,236</u>	\$ <u>75,041,789</u>

The dependence upon tax revenues during fiscal year 2006 for governmental activities is apparent, as 91% of 2006 instruction activities are supported through taxes and other general revenues. The School District's taxpayers, as a whole, are by far the primary support for School District's students.

Mentor Exempted Village School District

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

For the Fiscal Year Ended June 30, 2006

Business-Type Activities

Business-type activities include food service operation, uniform school supplies, adult education and rotary. These programs had revenues of \$2,878,635 and expenses of \$3,008,759 for fiscal year 2006. The food service operations had expenses of \$2,470,584 and revenues of \$2,451,254. This resulted in a decrease to net assets for the fiscal year of \$19,330. The other enterprise funds had expenses of \$539,063 and revenues of \$433,835. This resulted in a decrease to net assets for the fiscal year of \$105,228. Management assesses the performance of each of these funds to ensure that they are run efficiently.

The School District's Funds

The School District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$20,701,538, which is greater than last year's fund balance of \$14,723,987. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2006 and 2005.

	Fund Balance <u>June 30, 2006</u>	Restated Fund Balance <u>June 30, 2005</u>	Increase (Decrease)
General	\$ 16,500,087	\$ 11,557,390	\$ 4,942,697
Debt service	1,136,473	1,212,649	(76,176)
Non-major governmental	<u>3,064,978</u>	<u>1,953,948</u>	<u>1,111,030</u>
Total	<u>\$ 20,701,538</u>	<u>\$ 14,723,987</u>	<u>\$ 5,977,551</u>

General Fund

The School District's General Fund balance increased by \$4,942,697, due to an increase in taxes and earnings on investments. The table that follows assists in illustrating the financial activities and fund balance of the General Fund.

<u>Revenues</u>	2006 <u>Amount</u>	2005 <u>Amount</u>	Percentage <u>Change</u>
Taxes	\$ 67,212,545	\$ 63,618,872	5.65%
Earnings on investments	1,159,060	381,417	203.88
Intergovernmental	16,454,452	16,395,655	0.36
Other Revenue	<u>1,628,660</u>	<u>1,923,966</u>	(15.35)
Total	<u>\$ 86,454,717</u>	<u>\$ 82,319,910</u>	

The property tax revenue increased \$3,593,673 as a result of collection of prior year delinquent real estate taxes, higher than certified current year real estate taxes and higher than certified tangible personal property taxes.

Mentor Exempted Village School District

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

For the Fiscal Year Ended June 30, 2006

Intergovernmental revenue remained fairly consistent from the prior year. The increase in earnings on investments income is due to increases in the interest rates as a result of the Federal Reserve Bank actions throughout the year as well as a significant increase in the School District's cash flow. The other revenue decreased as a result of collection of previous year's student tuition reimbursement from other districts in fiscal year 2005 that did not occur in 2006.

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

<u>Expenditures by Function</u>	<u>2006 Amount</u>	<u>2005 Amount</u>	<u>Percentage Change</u>
Instruction	\$ 51,148,508	\$ 46,042,735	11.09%
Support services	29,238,179	27,940,286	4.65
Community services	-	1,270	(100.00)
Extracurricular activities	<u>1,077,262</u>	<u>937,048</u>	14.96
Total	\$ <u>81,463,949</u>	\$ <u>74,921,339</u>	

The primary reason for fiscal year 2006 increased expenditures is that as a result of calendar timing, the fiscal year contained 27 bi-weekly pays compared to the normal 26 bi-weekly pays. The 27th pay and associated benefits equates to \$1,957,636. Also contributing to the increased expenditures are: \$934,693 in additional instructional supplies and textbooks; \$127,390 in increased energy expenditures and normal inflation increases.

General Fund Budget Information

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

The School District's general fund budget was prepared and approved at the fund level for fiscal year 2006. The budget was readopted on November 10, 2005 at the fund, function and object level. During the course of fiscal 2006, the total budget was changed several times. For the general fund, original budget revenues and other financing sources were \$85,482,546 and final budgeted revenues and other financing sources were \$84,529,882. Actual revenues and other financing sources for fiscal year 2006 were \$ 89,250,643. Actual revenues and other financing sources were \$4,720,761 higher than budgeted revenues.

General fund original appropriations were \$83,823,200 and final appropriations were \$86,195,525 which included 2004-2005 carryover encumbrances. The actual expenditures and other financing uses for fiscal year 2006 totaled \$83,205,793, which was \$2,989,732 less than the final budget appropriations.

Capital Assets

The School District had \$12,784,204 invested in capital assets net of depreciation, with \$12,641,913 attributed to government activities. Acquisition for government activities totaled \$655,938 and depreciation was \$1,117,219. The majority of the additions were represented by acquisition of building improvements, vehicles and furniture and equipment. Detailed information regarding capital asset activities is included in the notes to the financial statement (Note 9).

Mentor Exempted Village School District

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

For the Fiscal Year Ended June 30, 2006

Debt

At June 30, 2006, the School District had \$17,617,070 in an outstanding long-term debt and \$77,333 in short-term debt. The School District paid \$ 9,965,000 in principal on bonds outstanding, state solvency loan and notes payable, \$261,853 on capital leases outstanding, and \$2,901,334 on long-term notes payable during the fiscal year. Detailed information regarding long-term debt activity, capital lease obligations and notes payable activity is included in the notes to the basic financial statements (Notes 14, 15 and 16, respectively).

Current Financial Related Activities

The theme of the 2005-2006 fiscal year was maintaining fiscal stability. The School District's execution of the theme was first detailed in the September 26, 2005 annual appropriations document which noted that the School District was committed to conducting all fiscal management based on long-term plans.

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

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

On June 23, 2006 the School District made the final repayment of the solvency assistance advance to the State of Ohio. This completed the final financial transaction related to the school district's fiscal emergency during the 2004-2005 school year. As a result of a prudent fiscal management strategy and a successful 2004-2005 fiscal year, the school district announced that the planned life of the August 2004 emergency levy had been extended one full year and has now balanced future budgets through the 2009-2010 fiscal year.

The Board of Education closed Reynolds Elementary School at the conclusion of the 2004-2005 year as a result of declining student enrollment and successfully completed the sale of the former Center Street Village Elementary School and the Reynolds Elementary School during the 2005-2006 fiscal year. On April 11 the Board of Education entered into a new three-year collective bargaining agreement with the Mentor Teachers Association which reduced forecast expense through the 2009-2010 fiscal year by a total of \$2,488,000. The Superintendent presented the Facility Task Force report to the Board of Education of December 13, 2005 and the Board adopted the Task Force recommendations on August 22, 2006. The Board approved the following recommendations:

- To not redistrict the elementary schools at this time.
- To include Dale R. Rice Elementary students in the Ridge Junior High attendance district beginning in the 2007-2008 school year.
- Convert to kindergarten through fifth grade elementaries, grade six, seven and eight middle schools and grade nine through twelve high school beginning with the 2008-2009 school year.
- Reviewing and reanalyzing the elementary school boundaries and the need for three middle schools in the 2009-2010 year.

On March 14, 2006 the Board of Education accepted a donation from the Jerome T. Osborne Sr. family of \$1,050,000 for Mentor Cardinal Stadium enhancements including the installation of an artificial playing

Mentor Exempted Village School District

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

For the Fiscal Year Ended June 30, 2006

surface and resurfacing of the track. During the budget development process for 2005-2006 the School District began to link fiscal management to the School District's Strategic Plan.

Contacting the School District's Financial Management

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

Team 101's Favorite Fourths Quilt



Mentor Exempted Village School District

Statement of Net Assets

June 30, 2006

	Primary Government		Total
	Governmental Activities	Business - Type Activities	
Assets:			
Equity in pooled cash and investments	\$ 24,980,757	\$ 169,705	\$ 25,150,462
Accounts receivable	213,652	3,717	27,910
Accrued interest receivable	-	26	189,485
Prepaid items	7,170	-	7,170
Intergovernmental receivable	21,853	71,730	93,583
Internal balances	(276)	276	-
Materials and supplies inventory	256,534	14,802	271,336
Taxes receivable	74,514,087	-	74,514,087
Nondepreciable capital assets	1,169,381	-	1,169,381
Depreciable capital assets, net	<u>11,472,532</u>	<u>142,291</u>	<u>11,614,823</u>
Total assets	<u>112,635,690</u>	<u>402,547</u>	<u>113,038,237</u>
Liabilities:			
Accounts payable	1,561,643	19,415	1,581,058
Accrued wages and benefits	7,996,724	51,353	8,048,077
Intergovernmental payable	588,934	4,323	593,257
Accrued pension	2,122,253	44,595	2,166,848
Unearned revenue	66,210,364	-	66,210,364
Accrued interest payable	104,706	486	105,192
Notes payable	77,333	-	77,333
Long-term liabilities:			
Due within one year	4,164,406	47,083	4,211,489
Due in more than one year	<u>18,224,107</u>	<u>114,807</u>	<u>18,338,914</u>
Total liabilities	<u>101,050,470</u>	<u>282,062</u>	<u>101,332,532</u>
Net assets:			
Invested in capital assets, net of related debt	2,128,472	49,328	2,177,800
Restricted for:			
Debt service	1,136,473	-	1,136,473
Special purposes	479,384	-	479,384
Unrestricted	<u>7,840,891</u>	<u>71,157</u>	<u>7,912,048</u>
Total net assets	\$ <u>11,585,220</u>	\$ <u>120,485</u>	\$ <u>11,705,705</u>

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

Mentor Exempted Village School District

Statement of Activities

For The Fiscal Year Ended June 30, 2006

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instruction:				
Regular education	\$ 39,940,654	\$ 512,113	\$ 486,164	\$ -
Special education	10,705,438	452,284	2,666,708	-
Vocational education	2,168,793	215,703	408,021	-
Other	616,275	-	-	-
Support services:				
Pupil	6,038,086	-	-	-
Instructional staff	4,011,014	-	-	-
Board of education	572,005	-	-	-
Administration	4,998,141	1,322,511	-	550,000
Fiscal	2,092,249	-	-	-
Business	388,929	-	-	-
Operations and maintenance of plant	8,032,060	-	-	-
Pupil transportation	4,830,605	47,715	-	-
Central	1,607,286	27,668	121,955	-
Operation and non-instructional services	1,286,930	-	1,178,564	-
Extracurricular activities	1,553,679	648,558	-	-
Interest and fiscal charges	567,851	-	-	-
Total governmental activities	<u>89,409,995</u>	<u>3,226,552</u>	<u>4,861,412</u>	<u>550,000</u>
Business-type activities:				
Food service	2,470,584	1,810,431	637,414	-
Uniform supplies	382,824	326,574	-	-
Rotary fund	154,311	100,307	-	-
Adult education	1,040	500	-	-
Total business-type activities	<u>3,008,759</u>	<u>2,237,812</u>	<u>637,414</u>	<u>-</u>
Totals	<u>\$ 92,418,754</u>	<u>\$ 5,464,364</u>	<u>\$ 5,498,826</u>	<u>\$ 550,000</u>

General revenues:
Property taxes levies for:
 General purpose
 Debt service
 Capital projects
Grant and entitlements not restricted to specific programs
Investment earnings
Miscellaneous
 Total general revenues
Transfers
 Total general revenues and transfers

Change in net assets

Net assets, beginning of year, restated, see Note 22

Net assets, end of year

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

<u>Primary Government</u>		
<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
\$ (38,942,377)	\$ -	\$ (38,942,377)
(7,586,446)	-	(7,586,446)
(1,545,069)	-	(1,545,069)
(616,275)	-	(616,275)
(6,038,086)	-	(6,038,086)
(4,011,014)	-	(4,011,014)
(572,005)	-	(572,005)
(3,125,630)	-	(3,125,630)
(2,092,249)	-	(2,092,249)
(388,929)	-	(388,929)
(8,032,060)	-	(8,032,060)
(4,782,890)	-	(4,782,890)
(1,457,663)	-	(1,457,663)
(108,366)	-	(108,366)
(905,121)	-	(905,121)
<u>(567,851)</u>	<u>-</u>	<u>(567,851)</u>
<u>(80,772,031)</u>	<u>-</u>	<u>(80,772,031)</u>
-	(22,739)	(22,739)
-	(56,250)	(56,250)
-	(54,004)	(54,004)
-	(540)	(540)
<u>-</u>	<u>(133,533)</u>	<u>(133,533)</u>
<u>(80,772,031)</u>	<u>(133,533)</u>	<u>(80,905,564)</u>
65,732,858	-	65,732,858
3,691,781	-	3,691,781
972,153	-	972,153
25,207,274	-	25,207,274
1,245,192	3,409	1,248,601
477,796	-	477,796
<u>97,327,054</u>	<u>3,409</u>	<u>97,330,463</u>
<u>(5,566)</u>	<u>5,566</u>	<u>-</u>
<u>97,321,488</u>	<u>8,975</u>	<u>97,330,463</u>
16,549,457	(124,558)	16,424,899
<u>(4,964,237)</u>	<u>245,043</u>	<u>(4,719,194)</u>
\$ <u>11,585,220</u>	\$ <u>120,485</u>	\$ <u>11,705,705</u>

Mentor Exempted Village School District

Balance Sheet Governmental Funds

June 30, 2006

	<u>General</u>	<u>Debt Service</u>	<u>Non-major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and investments	\$ 18,975,145	\$ 1,012,049	\$ 4,842,814	\$ 24,830,008
Taxes receivable	71,894,033	1,597,498	1,022,556	74,514,087
Accounts receivable	24,193	-	-	24,193
Accrued interest receivable	183,558	-	5,901	189,459
Intergovernmental receivable	10,045	-	10,172	20,217
Interfund receivable	726,184	-	43	726,227
Materials and supplies inventory	256,534	-	-	256,534
Prepays and other assets	7,170	-	-	7,170
Total assets	<u>\$ 92,076,862</u>	<u>\$ 2,609,547</u>	<u>\$ 5,881,486</u>	<u>\$ 100,567,895</u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable	\$ 607,856	\$ -	\$ 953,698	\$ 1,561,554
Accrued wages and benefits	6,818,611	-	173,521	6,992,132
Accrued pension	2,059,963	-	49,974	2,109,937
Intergovernmental payable	573,941	-	14,606	588,547
Interfund payable	-	-	584,133	584,133
Unearned revenue	65,516,404	1,473,074	932,580	67,922,058
Accrued interest payable	-	-	30,663	30,663
Notes payable	-	-	77,333	77,333
Total liabilities	<u>75,576,775</u>	<u>1,473,074</u>	<u>2,816,508</u>	<u>79,866,357</u>
Fund balances:				
Reserved for inventory	256,534	-	-	256,534
Reserved for prepaid	7,170	-	-	7,170
Reserved for encumbrances	2,084,126	-	1,254,218	3,338,344
Reserve for property taxes	6,377,629	124,424	89,976	6,592,029
Reserved for debt	-	1,012,049	-	1,012,049
Unreserved; undesignated (deficit) for:				
General fund	7,774,628	-	-	7,774,628
Special revenue funds	-	-	306,393	306,393
Capital projects funds	-	-	1,414,391	1,414,391
Total fund balances	<u>16,500,087</u>	<u>1,136,473</u>	<u>3,064,978</u>	<u>20,701,538</u>
Total liabilities and fund balances	<u>\$ 92,076,862</u>	<u>\$ 2,609,547</u>	<u>\$ 5,881,486</u>	<u>\$ 100,567,895</u>

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

Mentor Exempted Village School District

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

June 30, 2006

Total Governmental Funds Balances		\$ 20,701,538
Amounts Reported for Governmental Activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the Funds.		12,641,913
Other long-term assets are not available to pay for current- period expenditures and therefore are deferred in the funds. Property and other taxes		1,711,694
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in Governmental Funds, an interest expenditure is reported when due.		(74,043)
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance to individual funds. The assets and liabilities of the Internal Service Funds are included in Governmental Activities in the Statement of Net Assets.		(7,369)
Long-Term liabilities are not due and payable in the current period and are therefore not reported in the funds.		
General obligation debt	\$ (9,299,989)	
Long-term note payable	(8,016,000)	
Accrued wages and benefits	(1,000,000)	
Capital leases	(208,118)	
Compensated absences	<u>(4,864,406)</u>	
Total		<u>(23,388,513)</u>
Net assets of governmental activities		\$ <u>11,585,220</u>

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

Mentor Exempted Village School District

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

For The Fiscal Year Ended June 30, 2006

	General	Debt Service Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 67,212,545	\$ 3,695,796	\$ 990,494	\$ 71,898,835
Intergovernmental	16,454,452	8,672,071	4,950,337	30,076,860
Tuition and fees	1,113,377	-	-	1,113,377
Earnings on investments	1,159,060	-	86,155	1,245,215
Extracurricular activities	355,718	-	405,480	761,198
Miscellaneous revenue	<u>265,719</u>	<u>8,146</u>	<u>821,828</u>	<u>1,095,693</u>
Total revenues	<u>86,560,871</u>	<u>12,376,013</u>	<u>7,254,294</u>	<u>106,191,178</u>
Expenditures:				
Current:				
Instruction:				
Regular education	38,721,419	-	682,343	39,403,762
Special education	9,601,452	-	967,495	10,568,947
Vocational education	2,209,362	-	121,666	2,331,028
Other instruction	616,275	-	-	616,275
Support services:				
Pupil	4,696,116	-	1,266,531	5,962,647
Instructional staff	3,792,163	-	251,776	4,043,939
Board of education	572,005	-	-	572,005
Administration	4,682,620	-	423,102	5,105,722
Fiscal	2,064,682	16,797	-	2,081,479
Business	626,486	-	-	626,486
Operations and maintenance of plant	7,116,403	-	1,289,857	8,406,260
Pupil transportation	4,792,273	-	8,021	4,800,294
Central	895,431	-	676,750	1,572,181
Food service operations	-	-	961	961
Community services	-	-	1,279,536	1,279,536
Extracurricular activities	1,077,262	-	469,894	1,547,156
Debt services:				
Principal	-	11,861,000	1,005,334	12,866,334
Interest and fiscal charges	-	<u>574,391</u>	<u>30,591</u>	<u>604,982</u>
Total expenditures	<u>81,463,949</u>	<u>12,452,188</u>	<u>8,473,857</u>	<u>102,389,994</u>
Total excess of revenues over (under) expenditures	<u>5,096,922</u>	<u>(76,175)</u>	<u>(1,219,563)</u>	<u>3,801,184</u>

Continued

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

Mentor Exempted Village School District

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

For The Fiscal Year Ended June 30, 2006

	<u>General</u>	<u>Debt Service Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Other financing sources (uses):				
Proceeds from the sale of capital assets	37,467	-	1,248,736	1,286,203
Issuance of notes	-	-	928,000	928,000
Transfers - in	4	103,245	157,129	260,378
Transfers - out	<u>(191,696)</u>	<u>(103,246)</u>	<u>(3,272)</u>	<u>(298,214)</u>
Total other financing sources (uses)	<u>(154,225)</u>	<u>(1)</u>	<u>2,330,593</u>	<u>2,176,367</u>
Net change in fund balance	4,942,697	(76,176)	1,111,030	5,977,551
Fund balance at beginning of year, restated, see Note 22	<u>11,557,390</u>	<u>1,212,649</u>	<u>1,953,948</u>	<u>14,723,987</u>
Fund balance at end of year	\$ <u>16,500,087</u>	\$ <u>1,136,473</u>	\$ <u>3,064,978</u>	\$ <u>20,701,538</u>

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

Mentor Exempted Village School District

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

For The Fiscal Year Ended June 30, 2006

Net Change in Fund Balances - Total Governmental Funds \$ 5,977,551

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

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

Capital outlay	\$ 655,938	
Depreciation	<u>(1,117,219)</u>	
Total		(461,281)

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

Delinquent property and other taxes	(1,502,043)	
Grants	<u>(9,797)</u>	
Total		(1,511,840)

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

(928,000)

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

54,974

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental Funds.

Capital leases	239,421	
Compensated absences	(120,331)	
Accrued interest on bonds	37,131	
Accrued wages and benefits	395,498	
General obligation debt	<u>12,866,334</u>	
Total		<u>13,418,053</u>

Change in Net Assets of Governmental Activities \$ 16,549,457

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

Mentor Exempted Village School District

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Taxes	\$ 65,488,088	\$ 65,971,228	\$ 69,841,472	\$ 3,870,244
Intergovernmental	17,916,070	16,480,266	16,454,452	(25,814)
Tuition	895,000	895,000	1,147,325	252,325
Earnings on investments	385,000	385,000	1,015,753	630,753
Extracurricular activities	382,850	382,850	355,718	(27,132)
Miscellaneous	130,000	130,000	163,652	33,652
Total revenues	<u>85,197,008</u>	<u>84,244,344</u>	<u>88,978,372</u>	<u>4,734,028</u>
Expenditures:				
Current:				
Instruction:				
Regular	38,498,210	39,447,889	38,744,184	(703,705)
Special	10,089,274	10,586,863	10,091,875	494,988
Vocational education	2,497,473	2,564,091	2,406,993	157,098
Other	-	500,671	489,183	11,488
Support services:				
Pupil	4,999,501	4,724,616	4,587,800	136,816
Instructional staff	3,798,360	3,868,298	3,749,805	118,493
Board of education	676,087	755,777	626,556	129,221
Administration	4,586,565	4,611,275	4,578,161	33,114
Fiscal services	2,293,573	2,315,308	2,064,685	250,623
Business	646,598	678,500	672,027	6,473
Operation and maintenance - plant	7,774,335	8,038,435	7,370,500	667,935
Pupil transportation	5,342,089	5,258,018	5,168,348	89,670
Central services	904,221	966,504	926,985	39,519
Community services	80	80	-	80
Extracurricular activities:				
Subject oriented activities	136,153	156,260	155,729	531
Sports activities	786,088	766,252	722,933	43,319
Co-curricular activities	156,397	156,397	139,066	17,331
Total expenditures	<u>83,190,633</u>	<u>85,400,863</u>	<u>82,500,378</u>	<u>2,900,485</u>
Excess of revenues over (under) expenditures	<u>2,006,375</u>	<u>(1,156,519)</u>	<u>6,477,994</u>	<u>7,634,513</u>

Continued

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

Mentor Exempted Village School District

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Other financing sources (uses):				
Advances - in	194,038	194,038	164,038	(30,000)
Refund of prior year expenditures	64,000	64,000	69,323	5,323
Proceeds from the sale of capital assets	27,500	27,500	38,910	11,410
Transfers - out	(250,867)	(273,867)	(191,696)	82,171
Refund of prior year receipts	(381,700)	(520,795)	(513,719)	7,076
Total other financing sources (uses)	<u>(347,029)</u>	<u>(509,124)</u>	<u>(433,140)</u>	<u>75,984</u>
Net change in fund balance	1,659,346	(1,665,643)	6,044,854	7,710,497
Fund balance at beginning of year	8,064,041	8,064,041	8,064,041	-
Prior year encumbrances appropriated	<u>2,363,625</u>	<u>2,363,625</u>	<u>2,363,625</u>	-
Fund balance at end of year	\$ <u>12,087,012</u>	\$ <u>8,762,023</u>	\$ <u>16,472,520</u>	\$ <u>7,710,497</u>

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

Mentor Exempted Village School District

Statement of Fund Net Assets Proprietary Funds

June 30, 2006

	Non-Major Business Type	Governmental Activities Internal Service Fund
Assets:		
Current assets:		
Equity in pooled cash and investments	\$ 169,705	\$ 150,749
Accounts receivable	3,717	-
Accrued interest receivable	26	-
Intergovernmental receivable	71,730	1,636
Materials and supplies inventory	14,802	-
Interfund receivable	<u>276</u>	<u>-</u>
Total current assets	260,256	152,385
Non-current assets:		
Depreciable capital assets, net	<u>142,291</u>	<u>-</u>
Total assets	<u>402,547</u>	<u>152,385</u>
Liabilities:		
Current liabilities:		
Accounts payable	19,415	89
Accrued wages and benefits	51,353	4,592
Intergovernmental payable	4,323	387
Accrued pension	44,595	12,316
Accrued interest payable	486	-
Interfund payable	-	142,370
Current portion of compensated absences	23,201	-
Current portion of capital lease	<u>23,882</u>	<u>-</u>
Total current liabilities	<u>167,255</u>	<u>159,754</u>
Long-term liabilities:		
Compensated absences	45,726	-
Capital lease	<u>69,081</u>	<u>-</u>
Total long-term liabilities	<u>114,807</u>	<u>-</u>
Total liabilities	<u>282,062</u>	<u>159,754</u>
Net assets:		
Invested in capital assets, net of related debt	49,328	-
Unrestricted (deficit)	<u>71,157</u>	<u>(7,369)</u>
Total net assets	<u>\$ 120,485</u>	<u>\$ (7,369)</u>

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

Mentor Exempted Village School District

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

For The Fiscal Year Ended June 30, 2006

	Non-Major Business Type	Governmental Activities Internal Service Fund
Operating revenues:		
Tuition and fees	\$ 99,307	\$ -
Classroom materials and fees	326,572	-
Extracurricular activities	-	531,757
Sales	1,808,662	-
Miscellaneous	<u>3,271</u>	<u>51,077</u>
Total operating revenues	<u>2,237,812</u>	<u>582,834</u>
Operating expenses:		
Salaries and wages	918,611	303,115
Fringe benefits	632,127	74,549
Contractual services	24,960	81,862
Supplies and materials	1,414,941	71,299
Other expenses	537	29,305
Depreciation	<u>17,097</u>	<u>-</u>
Total operating expenses	<u>3,008,273</u>	<u>560,130</u>
Operating income (loss)	<u>(770,461)</u>	<u>22,704</u>
Non-operating revenues (expenses):		
Interest income	3,409	-
Federal donated commodities	175,432	-
Grant revenue	461,982	-
Interest and fiscal charges	<u>(486)</u>	<u>-</u>
Total non-operating revenues (expenses)	<u>640,337</u>	<u>-</u>
Income (loss) before transfers	(130,124)	22,704
Transfers - in	6,454	34,189
Transfers - out	<u>(888)</u>	<u>(1,919)</u>
Change in net assets	(124,558)	54,974
Total net assets at beginning of year, restated see Note 22	<u>245,043</u>	<u>(62,343)</u>
Total net assets at end of year	\$ <u><u>120,485</u></u>	\$ <u><u>(7,369)</u></u>

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

Mentor Exempted Village School District

Statement of Cash Flows Proprietary Funds

For The Fiscal Year Ended June 30, 2006

	Non-Major Business Type	Governmental Activities Internal Service Fund
Increase (decrease) in cash and cash equivalents:		
Cash flows from operating activities:		
Cash received from customers	\$ 1,811,872	\$ 531,757
Cash received from tuition payments	98,367	-
Cash payments received from classroom materials and fees	326,572	-
Cash received from other operating revenues	1,502	50,807
Cash payments for contractual services	(24,960)	(84,615)
Cash payments for materials and supplies	(1,216,861)	(71,299)
Cash payments to employees for services	(987,261)	(313,601)
Cash payments for employee benefits	(556,505)	(75,725)
Cash payments for other operating expenses	(537)	(28,870)
<i>Net cash (provided by) operating activities</i>	<u>(547,811)</u>	<u>8,454</u>
Cash flows from noncapital financing activities:		
Operating grants received	461,585	-
Advances-in	-	2,370
Advances-out	(120,000)	(21,066)
Transfers-in	6,454	36,286
Transfers-out	(888)	(2,441)
<i>Net cash provided by noncapital financing</i>	<u>347,151</u>	<u>15,149</u>
Cash flows from capital and related financing activities:		
Principal payment on capital lease	(22,432)	-
Cash flows from investing activities		
Interest received	3,520	-
Net increase (decrease) in cash and cash equivalents	(219,572)	23,603
Cash and cash equivalents at beginning of year	<u>389,277</u>	<u>127,146</u>
Cash and cash equivalents at end of year	\$ <u><u>169,705</u></u>	\$ <u><u>150,749</u></u>
Non-cash noncapital financing activities:		
Federal donated commodities	\$ <u><u>175,432</u></u>	\$ <u><u>-</u></u>

Continued

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

Mentor Exempted Village School District

Statement of Cash Flows (continued) Proprietary Funds

For The Fiscal Year Ended June 30, 2006

	Non-Major Business Type	Governmental Activities Internal Service Fund
	<u> </u>	<u> </u>
<i>Reconciliation of operating loss to net cash from operating activities:</i>		
Operating income (loss)	\$ (770,461)	\$ 22,704
Adjustments:		
Depreciation	17,097	-
Federal donated commodities	175,432	-
Changes in assets/liabilities:		
Decrease in interfund receivable	4,218	-
(Increase) decrease in accounts receivable	(3,717)	3,376
Increase in intergovernmental receivable	-	(1,636)
Decrease in inventory	9,578	-
Increase in accounts payable	13,070	89
Decrease in accrued wages and benefits	(65,447)	(9,672)
Increase (decrease) in accrued pension	2,372	(1,563)
Decrease (increase) in intergovernmental payable	1,120	(427)
Decrease in interfund payable	-	(4,417)
Increase in compensated absences	<u>68,927</u>	<u>-</u>
Total adjustments	<u>222,650</u>	<u>(14,250)</u>
<i>Net cash (provided by) operating activities</i>	\$ <u><u>(547,811)</u></u>	\$ <u><u>8,454</u></u>

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

Mentor Exempted Village School District

Statement of Fiduciary Assets and Liabilities Fiduciary Funds

June 30, 2006

	<u>Agency</u>
Assets:	
Equity in pooled cash and cash equivalents	\$ <u>412,552</u>
Liabilities:	
Accounts payable	\$ 22,699
Due to students	<u>389,853</u>
Total liabilities	\$ <u>412,552</u>

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



Nathan Porter
Second Grade

Mentor Exempted Village School District

Notes To Basic Financial Statements

June 30, 2006

Note 1: Description of the School District

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

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

As of June 2006, 9,077 students were enrolled in the School District’s 14 schools. The School District employs approximately 600 certified staff and 374 non-teaching and support staff employees.

Note 2: Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 2: Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

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

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

The School District participates in Jointly Governed Organizations that are further described in Note 17, and in one Related Organization as described in Note 21.

B. Fund Accounting

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

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

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

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

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

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 2: Summary of Significant Accounting Policies (continued)

B. Fund Accounting

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

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

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

Internal Service Fund Internal service fund accounts for the financing of goods or services provided by one department or agency to other departments or agencies of the School District, or to other governments, on a cost reimbursement basis. The rotary fund provides for the purchase of services and equipment by internal persons and organizations.

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

C. Basis of Presentation and Measurement Focus

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

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

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 2: Summary of Significant Accounting Policies (continued)

C. Basis of Presentation and Measurement Focus (continued)

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the School District and for each function or program of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular

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

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

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

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

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

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2006

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

D. Basis of Accounting

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

Note 2: Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 2: Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

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

Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2006, but which were levied to finance fiscal year 2007 operations, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

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

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2006 is as follows:

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

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 2: Summary of Significant Accounting Policies (continued)

E. Budgets (continued)

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the School District's Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District's Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2006. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures for all funds, which are the legal levels of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. All funds, other than agency funds, are legally required to be budgeted and appropriated. Short-term inter-fund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the legal level of budgetary control for a fund must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds, consistent with the general obligation bond indenture and other statutory provisions.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2006.
9. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the legal level of budgetary control for the fund.

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 2: Summary of Significant Accounting Policies (continued)

F. Cash and Cash Equivalents

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

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

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2006 amounted to \$1,159,060 which includes \$101,028 assigned from other funds.

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

G. Restricted Assets

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

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 2: Summary of Significant Accounting Policies (continued)

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2006, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Inventory

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

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

J. Capital Assets

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

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

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

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

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 2: Summary of Significant Accounting Policies (continued)

K. Interfund Balances

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

L. Compensated Absences

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

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

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

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

M. Accrued Liabilities and Long-term Obligations

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

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

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 2: Summary of Significant Accounting Policies (continued)

N. Fund Balance Reserves

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

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

O. Net Assets

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

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. As of June 30, 2006, net assets restricted by enabling legislation were \$1,136,473 in the statement of net assets.

P. Operating Revenues and Expenses

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

Q. Interfund Activity

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

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

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 2: Summary of Significant Accounting Policies (continued)

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. During fiscal year 2006, the School District had neither extraordinary nor special items.

S. Estimates

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

Note 3: Accountability and Legal Compliance

A. Accountability

Deficit Fund Balances The following funds had negative fund balances at June 30, 2006:

	<u>Deficit Fund Balance</u>
Non-major Governmental Funds:	
One Net Ohio Program	\$ 164
Ohio Reads	150
Summer Intervention	55
Title VI-B	143,548
Title I	44,027
Preschool Grant for the Handicapped	4,254
Classroom Reduction	19
Non-major Capital Projects Funds:	
Building	107,996

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

B. Legal Compliance

The School District had appropriations for the original budget that exceeded estimated resources, contrary to Ohio Revised Code 5705.39, for the Debt Service fund in the amount of \$392,669.

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 4: Budgetary Basis of Accounting

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

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

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

	<u>Net Change In Fund Balance</u>
GAAP Basis	\$ 4,942,697
Net Adjustment for Revenue Accruals	2,652,305
Net Adjustment for Expenditure Accruals	952,493
Adjustment for Encumbrances	<u>(2,502,641)</u>
Budget Basis	\$ <u>6,044,854</u>

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 5: Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2006 for real and public utility property taxes represents collections of calendar 2005 taxes. Property tax payments received during calendar 2006 for tangible personal property (other than public utility property) are for calendar 2006 taxes.

2005 real property taxes are levied after April 1, 2005, on the assessed value as of January 1, 2005, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2006 public utility property taxes became a lien December 31, 2004, are levied after April 1, 2005 and are collected in 2006 with real property taxes.

Tangible personal property tax revenue received during calendar 2006 (other than public utility property) represents the collection of 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value as of December 31, 2005. In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. Payments 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. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The assessed values upon which the fiscal year 2006 taxes were collected are:

	2005 Second-Half Collections		2006 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 1,709,904,170	89%	\$ 1,729,289,390	91%
Public Utility Personal	44,533,230	2%	42,689,040	2%
Tangible Personal Property	<u>160,416,040</u>	<u>9%</u>	<u>129,253,952</u>	<u>7%</u>
	\$ <u>1,914,853,440</u>	<u>100%</u>	\$ <u>1,901,232,382</u>	<u>100%</u>
Tax rate per \$1,000 of Assessed Valuation		\$ 77.46		\$ 77.28

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

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 5: Property Taxes (continued)

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30 and are intended to finance the fiscal year in which they are paid. This year, the June 2006 tangible personal property tax settlement was not received until July of 2006.

The Lake County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Mentor Exempted Village School District. The Lake County Auditor periodically advances to the School District its portion of the taxes. Second-half real property tax payments collected by the County by June 30, 2006, are available to finance fiscal year 2006 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable include the late settlement of personal property, real, personal and public utility taxes which became measurable as of June 30, 2006 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed settlement of personal property tax and the amount of real property taxes available as an advance at June 30 were levied to finance current year fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current fiscal year operations. The late settlement and the amount available to the School District as an advance at June 30, 2006 is recognized as revenue. At June 30, 2006, \$6,377,629 was available as an advance to the general fund, \$124,424 was available to the debt service fund and \$89,976 for the permanent improvement capital projects fund. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

Note 6: Deposits and Investments

State statutes classify monies held by the School District into three categories.

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim monies must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies are to be deposited or invested in the following securities:

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 6: Deposits and Investments (continued)

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Deposits

Custodial Credit Risk is the risk that in the event of bank failure, the School District's deposits may not be returned to it. Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution, by surety company bonds or by a

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 6: Deposits and Investments (continued)

single collateral pool established by the financial institution. In accordance with Chapter 135 of the Ohio Revised Code, any public depository receiving deposits pursuant to an award of School District funds shall be required to pledge as security for repayment of all public moneys.

At year-end, the carrying amount of the School District's deposits was \$24,562,400 and the bank balance was \$25,116,201. \$200,000 of the bank balance was covered by federal depository insurance and \$24,916,201 was uninsured and collateralized with securities held by the pledging institution's agent not in the School District's name.

Investments

Investments are reported as fair value. As of June 30, 2006, the District had the following investments:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Federal National Mortgage Association	\$ 1,000,614	497

Interest Rate Risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The School District's investment policy addresses interest rate risk requiring that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity and by investing operating funds primarily in short-term investments. The School District investment policy also limits security purchases to those that mature five years unless specifically matched to a specific cash flow. To date, no investments have been purchased with a life greater than two years.

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

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

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

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 7: Interfund Transactions

A. Interfund transactions for the year ended June 30, 2006 consisted of the following:

	Interfund Payable		
	Nonmajor Governmental Funds	Internal Service Fund	Total
<u>Interfund receivable</u>			
General Fund	\$ 583,814	\$ 142,370	\$ 726,184
Nonmajor Governmental Funds	43	-	43
Nonmajor Enterprise Funds	276	-	276
	<u>\$ 584,133</u>	<u>\$ 142,370</u>	<u>\$ 726,503</u>

All balances resulted from a time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2006, all interfund loans outstanding are anticipated to be repaid in the fiscal year 2007.

B. Interfund transfers for the year ended June 30, 2006, consisted of the following:

<u>Transfer to</u>	Transfer From					Total
	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Internal Service Fund	
General Fund	\$ -	\$ -	\$ 4	\$ -	\$ -	\$ 4
Debt Service Fund	103,245	-	-	-	-	103,245
Nonmajor Governmental Funds	47,808	103,246	3,268	888	1,919	157,129
Nonmajor Enterprise Funds	6,454	-	-	-	-	6,454
Internal Service Fund	34,189	-	-	-	-	34,189
	<u>\$ 191,696</u>	<u>\$ 103,246</u>	<u>\$ 3,272</u>	<u>\$ 888</u>	<u>\$ 1,919</u>	<u>\$ 301,021</u>

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

Note 8: Receivables

Receivables at June 30, 2006, consisted of taxes, accounts (rent and student fees) and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the non-payment of taxes the stable condition of the state programs and the current fiscal year guarantee of federal funds.

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 8: Receivables (continued)

A summary of the principal items of intergovernmental receivables follows:

Governmental activities:

City of Mentor	\$	693
Mentor Municipal Court		100
Auditor of State reimbursement		9,252
Lakeland Community College		1,636
Title V		<u>10,172</u>
Total governmental activities		<u>21,853</u>

Business-type activities:

Auditor of State reimbursement		<u>71,730</u>
Total intergovernmental receivables	\$	<u><u>93,583</u></u>

Note 9: Capital Assets

Capital asset activity for the fiscal year ended June 30, 2006 was as follows:

	Restated Balance June 30, 2005	Additions	Disposals	Balance June 30, 2006
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 725,721	\$ -	\$ -	\$ 725,721
Construction in progress	<u>-</u>	<u>443,660</u>	<u>-</u>	<u>443,660</u>
Total capital assets, not being depreciated	<u>725,721</u>	<u>443,660</u>	<u>-</u>	<u>1,169,381</u>
Capital assets, being depreciated:				
Land improvements	2,830,312	-	-	2,830,312
Buildings and improvements	34,026,115	-	(1,160,000)	32,866,115
Furniture and equipment	5,211,662	202,384	-	5,414,046
Vehicles	<u>5,535,026</u>	<u>9,894</u>	<u>-</u>	<u>5,544,920</u>
Total capital assets, being depreciated	<u>47,603,115</u>	<u>212,278</u>	<u>(1,160,000)</u>	<u>46,655,393</u>
Less accumulated depreciation:				
Land improvements	(2,639,951)	(19,965)	-	(2,659,916)
Buildings and improvements	(25,977,789)	(455,355)	1,160,000	(25,273,144)
Furniture and equipment	(3,565,627)	(247,405)	-	(3,813,032)
Vehicles	<u>(3,042,275)</u>	<u>(394,494)</u>	<u>-</u>	<u>(3,436,769)</u>
Total accumulated depreciation	<u>(35,225,642)</u>	<u>(1,117,219)</u>	<u>1,160,000</u>	<u>(35,182,861)</u>
Capital assets being depreciated, net	<u>12,377,473</u>	<u>(904,941)</u>	<u>-</u>	<u>11,472,532</u>
Total governmental activities capital assets, net	\$ <u>13,103,194</u>	\$ <u>(461,281)</u>	\$ <u>-</u>	\$ <u>12,641,913</u>
Business-type activities:				
Buildings and improvements	\$ 516,825	\$ -	\$ -	\$ 516,825
Less accumulated depreciation	<u>(357,437)</u>	<u>(17,097)</u>	<u>-</u>	<u>(374,534)</u>
Total business-type activities capital assets, net	\$ <u>159,388</u>	\$ <u>(17,097)</u>	\$ <u>-</u>	\$ <u>142,291</u>

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 9: Capital Assets (continued)

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular education	\$ 726,733
Special education	2,740
Vocational education	31,336
Support services:	
Pupil	1,932
Business	411
Operation and maintenance of plant	297,850
Pupil transportation	16,205
Central	32,073
Community services	3,132
Sports oriented	3,085
Co-curricular sports oriented activities	<u>1,722</u>
Total depreciation expense	\$ <u>1,117,219</u>

Note 10: Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2006, the School District contracted with Indiana Insurance Company for property, building contents, and data processing insurance.

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

B. Workers Compensation

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

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 10: Risk Management (continued)

B. Workers Compensation (continued)

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

Note 11: Defined Benefit Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, by calling (800) 878-5853 or by visiting the SERS website at ohsers.org.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005, and 2004 were \$1,305,042, \$1,237,030, and \$1,058,400, respectively; 55 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to the STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (614) 227 - 4090, or by visiting the STRS Ohio web site at www.strsoh.org.

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 11: Defined Benefit Pension Plans (continued)

B. State Teachers Retirement System (continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2006, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2005, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for members and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2006, 2005, and 2004 were \$5,680,350, \$5,405,965, and \$6,084,240, respectively; 82 percent has been contributed for fiscal year 2006 and 100 percent for fiscal years 2005 and 2004. Contributions to the DC and Combined Plans for fiscal year 2006 were \$45,046 made by the School District and \$42,901 made by the plan members.

Note 12: Postemployment Benefits

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS Ohio), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 12: Postemployment Benefits (continued)

and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$436,950 for fiscal year 2006.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005 (the latest information available), the balance in the Fund was \$3.3 billion. For the fiscal year ended June 30, 2005, net health care costs paid by STRS Ohio were \$254,780,000 and STRS had 115,395 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, compared to 3.43 percent of covered payroll for fiscal year 2005. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2006 fiscal year equaled \$606,115.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the projected claims less premium contributions for the next fiscal year. Expenses for health care for the fiscal year ended June 30, 2005 (the latest information available), were \$178,221,113. At June 30, 2005, SERS had net assets available for payment of health care benefits of \$267.5 million. SERS has approximately 58,123 participants eligible to receive health care benefits.

Note 13: Other Employee Benefits

A. Compensated Absences

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

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 13: Other Employee Benefits (continued)

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

B. Early Retirement Incentive

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

Any employee who first becomes eligible for SERS retirement before July 1, 2006, shall be entitled to a retirement incentive bonus amounting to forty percent (40%) of said employee's highest earnings in any employment year with the Board inclusive of longevity, overtime, supplemental contracts, if any, and any other income reported to the government, during the period of July 1 through June 30, provided the employee retires during the first year of eligibility during the term of this Agreement. Employees previously eligible to retire and continue to be employed will be eligible for a twenty-five percent (25%) one-time bonus if the employee retires before July 1, 2006. For certified employees the bonus is as follows: Any employee who is currently eligible for retirement with the State Teachers Retirement System or becomes eligible by the end of the 2005-2006 school year shall be entitled to a retirement incentive in the amount of \$50,000 as listed under the articles of this program. If the retirement incentive is not taken during the first or second year of eligibility, then the employee will no longer be eligible.

The liability of unpaid severance, in the amount of \$1,000,000 has been included as accrued wages and benefits on the statement of net assets. This obligation will ultimately be paid from the fund which the employee was paid.

Note 14: Long - Term Liabilities

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

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

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

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

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 14: Long - Term Liabilities (continued)

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

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

	Principal Outstanding <u>6/30/05</u>	<u>Additions</u>	<u>Reductions</u>	Principal Outstanding <u>6/30/06</u>	Amounts Due in <u>One Year</u>
Governmental activities:					
School improvement refunding bonds, 2.20%-5.375%, 12/11 maturity	\$ 895,000	\$ -	\$ (895,000)	\$ -	\$ -
School improvement refunding bonds 2.20%-11.19%, 12/13 maturity	3,430,000	-	(385,000)	3,045,000	226,690
School improvement refunding bonds 3%, 12/11 maturity	6,439,989	-	(185,000)	6,254,989	1,060,000
Long-term notes payable 3.5%, 12/08 maturity	1,984,000	-	(496,000)	1,488,000	496,000
Long-term notes payable 3.05%	1,005,334	928,000	(1,005,334)	928,000	-
State solvency loan, 0.0%, 06/06 maturity	8,500,000	-	(8,500,000)	-	-
Long-term notes payable 2.8759%, 9/09 maturity	7,000,000	-	(1,400,000)	5,600,000	1,400,000
Capital lease obligations	447,539	-	(239,421)	208,118	208,118
Compensated absences	<u>4,744,075</u>	<u>4,144,292</u>	<u>4,023,961</u>	<u>4,864,406</u>	<u>773,598</u>
Total governmental activities long-term liabilities	\$ <u>34,445,937</u>	\$ <u>5,072,292</u>	\$ <u>17,129,716</u>	\$ <u>22,388,513</u>	\$ <u>4,164,406</u>
Business-type activities:					
Capital lease obligations	\$ 115,395	-	(22,432)	92,963	23,882
Compensated absences	<u>-</u>	<u>68,927</u>	<u>-</u>	<u>68,927</u>	<u>23,201</u>
Total business-type activities long-term liabilities	\$ <u>115,395</u>	\$ <u>68,927</u>	\$ <u>(22,432)</u>	\$ <u>161,890</u>	\$ <u>47,083</u>

At June 30, 2006, the School District's overall legal debt margin was \$150,967,412 with an unvoted debt margin of \$1,768,121.

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 14: Long - Term Liabilities (continued)

Principal and interest requirements to retire long-term liabilities outstanding at June 30, 2006 are as follows:

Fiscal Year Ending June 30	General Obligation Bonds		Total
	Principal	Interest	
2007	\$ 1,286,690	\$ 332,585	\$ 1,619,275
2008	1,293,303	323,722	1,617,025
2009	1,520,000	192,863	1,712,863
2010	1,560,000	141,153	1,701,153
2011	1,620,000	84,455	1,704,455
2012 - 2015	<u>2,019,996</u>	<u>685,570</u>	<u>2,705,566</u>
Total	\$ <u>9,299,989</u>	\$ <u>1,760,348</u>	\$ <u>11,060,337</u>

Fiscal Year Ending June 30	Long-term Notes Payable		Total
	Principal	Interest	
2007	\$ 2,824,000	\$ 199,606	\$ 3,023,606
2008	1,896,000	126,665	2,022,665
2009	1,896,000	69,055	1,965,055
2010	<u>1,400,000</u>	<u>20,125</u>	<u>1,420,125</u>
Total	\$ <u>8,016,000</u>	\$ <u>415,451</u>	\$ <u>8,431,451</u>

Note 15: Capital Lease Obligations

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

Governmental activities and business-type activities capital assets consisting of technology/electrical equipment and upgrades and vehicles have been capitalized in the amount of \$1,610,759 and \$164,142, respectively. These amounts represent the present value of the future minimum lease payments at the time of acquisition. A corresponding liability is recorded in the government-wide financial statements as well as the Statement of Net Assets for Proprietary Funds. Principal payments in the 2006 fiscal year totaled \$239,421 and \$22,432, respectively for the governmental activities and the business-type activities. These amounts are reported as program/function expenditures of the General Fund and as an expense in the Food Service Enterprise Fund, respectively for the governmental activities and the business-type activities.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2006:

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 15: Capital Lease Obligations (continued)

<u>Year Ending June 30,</u>	<u>Governmental Activities Amount</u>	<u>Business-Type Activities Amount</u>
2007	215,297	29,040
2008	-	29,040
2009	-	29,040
2010	-	16,940
Total minimum lease payment	215,297	104,060
Less: amount representing interest	<u>(7,179)</u>	<u>(11,097)</u>
Present value of minimum lease payments	<u>\$ 208,118</u>	<u>\$ 92,963</u>

Note 16: Short-Term Notes Payable

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

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Outstanding Beginning of Year</u>	<u>Addition During Year</u>	<u>Redemption During Year</u>	<u>Outstanding End of Period</u>
Energy conservation note	3.05%	07/08/04	07/08/05	\$ <u>77,333</u>	\$ <u>77,333</u>	\$ <u>(77,333)</u>	\$ <u>77,333</u>

Note 17: Jointly Governed Organizations

Ohio Schools Council

The Ohio Schools Council (Council) is a jointly governed organization among ninety-one school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. During fiscal year 2006 the School District paid \$4,686 to the Council. Financial information can be obtained by contacting David A. Cottrell, the Executive Director/Treasurer of the Ohio Schools' Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

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

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 17: Jointly Governed Organizations (continued)

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

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

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

East Shore Regional Transportation System

The East Shore Regional Transportation System (ESRTS) is a jointly governed organization that was formed for the purpose of providing a transportation system for the handicapped children in the sixteen member school districts. The governing board consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. ESRTS is not accumulating significant financial resources or experiencing fiscal distress, which would cause additional financial benefit or burden on the School District. In fiscal year 2006, the School District paid \$219,743 to ESRTS. Financial information can be obtained by writing the fiscal agent, Kirtland Board of Education, 9152 Chillicothe Road, Kirtland, Ohio 44094.

East Shore Center

The East Shore Center is a jointly governed organization that was formed for the purpose of providing special education for the handicapped children in the sixteen member school districts. The governing board consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. East Shore Center is not accumulating significant financial resources or experiencing fiscal distress, which would cause additional financial benefit or burden on the School District. In fiscal year 2006, the School District paid \$219,743 to the East Shore Center. Financial information can be obtained by writing the fiscal agent, Lake County Educational Service Center, 30 South Park Place, Suite 320, Painesville, OH 44077.

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 17: Jointly Governed Organizations (continued)

Lake-Geauga Computer Association

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

Note 18: Set-Aside Calculations

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

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

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>
Set-Aside Reserve Balance as of July 1, 2005	\$ (229,911)	\$ -
Current Year Set-Aside Requirements	1,375,024	1,375,024
Offset Credits	-	(184,862)
Qualifying Disbursements	<u>(2,310,873)</u>	<u>(2,705,774)</u>
Total	\$ <u>(1,165,760)</u>	\$ <u>(1,515,612)</u>
Set-aside Balance Carried Forward To Future Fiscal Years	\$ <u>(1,165,760)</u>	\$ _____
Set-aside Reserve Balance as of June 30, 2006	\$ _____	\$ _____

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 18: Set-Aside Calculations (continued)

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

Note 19: Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2006.

B. Litigation

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

Note 20: State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding plan is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...". The District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

Note 21: Related Organization

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

Mentor Exempted Village School District

Notes to Basic Financial Statements (continued)

June 30, 2006

Note 22: Change in Accounting Principles and Restatement of Net Assets

For fiscal year 2006, the School District implemented GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries", GASB Statement No. 44, "Economic Condition Reporting: The Statistical Section", GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation" and GASB Statement No. 47, "Accounting for Termination Benefits".

GASB Statement No. 42 establishes accounting and financial reporting standards for impairment of capital assets and clarifies and establishes accounting requirements for insurance recoveries.

GASB Statement No. 44 improves the understandability and usefulness of the information that the State and local governments present as supplementary information in the statistical section.

GASB Statement No. 46 clarifies when net assets should be restricted based on enabling legislation.

GASB Statement No. 47 provides guidance to governmental employers for measuring, recognizing, and reporting liabilities and expenses/expenditures related to all termination benefits without limitation as to the period of time during which the benefits are offered.

Implementation of GASB Statement No. 42, No. 46 and No. 47 did not affect the presentation of the financial statements of the School District.

Overstatement of capital assets had the following effects on net assets at June 30, 2005:

	Governmental Activities	Business-Type Activities
Net assets at June 30, 2005	\$ (2,291,794)	\$ 545,232
Overstatement of capital assets	(2,672,443)	(300,189)
Net assets at June 30, 2005, restated	\$ (4,964,237)	\$ 245,043

Net assets at June 30, 2005 for the Internal Service Fund were restated from \$465,569 to \$(62,343) due to the overstatement of capital assets in the amount of \$63,322 and a restatement of an interfund receivable from the General Fund in the amount of \$464,590, which is also included in the above restatement of the net assets of Governmental Activities.

In addition, the General Fund was restated from \$11,092,800 to \$11,557,390 due to a restatement of an interfund payable to the Internal Service Fund in the amount of \$464,590.

Note 23: Subsequent Event

On July 7, 2006, the School District issued \$928,000 Energy Conservation Improvement Notes at the rate of 3.99% maturing on July 6, 2007.



Patrick Kolleda
Fifth Grade

Mentor Exempted Village School District
Combining Statements and Individual
Fund Schedules

Mentor Exempted Village School District

Fund Descriptions

Nonmajor Special Revenue Funds

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

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

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

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

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

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

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

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

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

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

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

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

Mentor Exempted Village School District

Fund Descriptions

Nonmajor Special Revenue Funds (continued)

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

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

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

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

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

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

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

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

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

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

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

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

Nonmajor Capital Projects Funds

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

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

Mentor Exempted Village School District

Fund Descriptions

Nonmajor Special Revenue Funds (continued)

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

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

Nonmajor Enterprise Funds

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

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

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

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

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

Mentor Exempted Village School District

Combining Balance Sheet Nonmajor Governmental Funds

June 30, 2006

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
Assets:			
Equity in pooled cash and investments	\$ 1,057,805	\$ 3,785,009	\$ 4,842,814
Taxes receivable	-	1,022,556	1,022,556
Accrued interest receivable	-	5,901	5,901
Intergovernmental receivable	10,172	-	10,172
Interfund receivable	43	-	43
Total assets	<u>\$ 1,068,020</u>	<u>\$ 4,813,466</u>	<u>\$ 5,881,486</u>
Liabilities:			
Accounts payable	\$ 266,402	\$ 687,296	\$ 953,698
Accrued wages and benefits	173,521	-	173,521
Accrued pension	49,974	-	49,974
Intergovernmental payable	14,606	-	14,606
Interfund payable	84,133	500,000	584,133
Unearned revenue	-	932,580	932,580
Accrued interest payable	-	30,663	30,663
Notes payable	-	77,333	77,333
Total liabilities	<u>588,636</u>	<u>2,227,872</u>	<u>2,816,508</u>
Fund balance:			
Reserve for encumbrances	172,991	1,081,227	1,254,218
Reserve for property taxes	-	89,976	89,976
Unreserved; undesignated (deficit)	306,393	1,414,391	1,720,784
Total fund balance	<u>479,384</u>	<u>2,585,594</u>	<u>3,064,978</u>
Total liabilities and fund balances	<u>\$ 1,068,020</u>	<u>\$ 4,813,466</u>	<u>\$ 5,881,486</u>

Mentor Exempted Village School District

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

For The Fiscal Year Ended June 30, 2006

	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Revenues:			
Taxes	\$ -	\$ 990,494	\$ 990,494
Intergovernmental	4,854,713	95,624	4,950,337
Earnings on investments	14,924	71,231	86,155
Extracurricular activities	405,480	-	405,480
Miscellaneous revenue	<u>271,828</u>	<u>550,000</u>	<u>821,828</u>
Total revenues	<u>5,546,945</u>	<u>1,707,349</u>	<u>7,254,294</u>
Expenditures:			
Current:			
Instruction:			
Regular	623,215	59,128	682,343
Special	967,495	-	967,495
Vocational education	121,666	-	121,666
Support services:			
Pupil	1,266,531	-	1,266,531
Instructional staff	251,776	-	251,776
Administration	423,102	-	423,102
Operations and maintenance of plant	237,654	1,052,203	1,289,857
Pupil transportation	8,021	-	8,021
Central	372,847	303,903	676,750
Food service operations	961	-	961
Community services	1,279,536	-	1,279,536
Extracurricular activities	469,894	-	469,894
Debt service:			
Principal	-	1,005,334	1,005,334
Interest and fiscal charges	<u>-</u>	<u>30,591</u>	<u>30,591</u>
Total expenditures	<u>6,022,698</u>	<u>2,451,159</u>	<u>8,473,857</u>
Excess of revenues over (under) expenditures	<u>(475,753)</u>	<u>(743,810)</u>	<u>(1,219,563)</u>

Continued

Mentor Exempted Village School District

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

For The Fiscal Year Ended June 30, 2005

	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
Other financing sources (uses):			
Proceeds from the sale of capital assets	-	1,248,736	1,248,736
Issuance of notes	-	928,000	928,000
Transfers - in	53,883	103,246	157,129
Transfers - out	<u>(3,272)</u>	-	<u>(3,272)</u>
Total other financing sources (uses)	<u>50,611</u>	<u>2,279,982</u>	<u>2,330,593</u>
Net change in fund balance	(425,142)	1,536,172	1,111,030
Fund balance (deficit) at beginning of year	<u>904,526</u>	<u>1,049,422</u>	<u>1,953,948</u>
Fund balance at end of year	\$ <u><u>479,384</u></u>	\$ <u><u>2,585,594</u></u>	\$ <u><u>3,064,978</u></u>

Mentor Exempted Village School District

Combining Balance Sheet Nonmajor Special Revenue Funds

June 30, 2006

	<u>Other Grants</u>	<u>Athletic DMSA</u>	<u>Auxiliary Services</u>
Assets:			
Equity in pooled cash and investments	\$ 106,746	\$ 192,535	\$ 172,418
Intergovernmental receivable	-	-	-
Interfund receivable	-	-	-
Total assets	\$ <u>106,746</u>	\$ <u>192,535</u>	\$ <u>172,418</u>
 Liabilities and fund balances:			
Liabilities:			
Accounts payable	\$ 39,440	\$ 38,562	\$ 30,410
Accrued wages and benefits	-	-	-
Accrued pension	-	7	-
Intergovernmental payables	-	-	-
Interfund payable	-	2,424	57,269
Total liabilities	<u>39,440</u>	<u>40,993</u>	<u>87,679</u>
 Fund balances:			
Reserve for encumbrances	7,182	41,199	21,116
Unreserved; undesignated (deficit)	<u>60,124</u>	<u>110,343</u>	<u>63,623</u>
Total fund balances (deficit)	<u>67,306</u>	<u>151,542</u>	<u>84,739</u>
 Total liabilities and fund balance	 \$ <u>106,746</u>	 \$ <u>192,535</u>	 \$ <u>172,418</u>

<u>Public School Support</u>	<u>Entry Year Programs</u>	<u>Management Information Systems</u>	<u>OneNet Ohio Program</u>	<u>School Net Professional Development</u>	<u>Ohio Reads</u>
\$ 154,374	\$ 6,875	\$ 15,698	\$ 1,022	\$ 4,176	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 154,374</u>	<u>\$ 6,875</u>	<u>\$ 15,698</u>	<u>\$ 1,022</u>	<u>\$ 4,176</u>	<u>\$ -</u>
\$ 7,428	\$ -	\$ 15,698	\$ 1,186	\$ -	\$ -
-	-	-	-	-	-
22	-	-	-	-	150
-	-	-	-	-	-
18	-	-	-	-	-
<u>7,468</u>	<u>-</u>	<u>15,698</u>	<u>1,186</u>	<u>-</u>	<u>150</u>
24,604	-	-	1,022	1,800	-
<u>122,302</u>	<u>6,875</u>	<u>-</u>	<u>(1,186)</u>	<u>2,376</u>	<u>(150)</u>
<u>146,906</u>	<u>6,875</u>	<u>-</u>	<u>(164)</u>	<u>4,176</u>	<u>(150)</u>
<u>\$ 154,374</u>	<u>\$ 6,875</u>	<u>\$ 15,698</u>	<u>\$ 1,022</u>	<u>\$ 4,176</u>	<u>\$ -</u>

Continued

Mentor Exempted Village School District

Combining Balance Sheet
 Nonmajor Special Revenue Funds (continued)

June 30, 2006

	<u>Summer Intervention</u>	<u>Vocational Education Enhancement</u>	<u>Miscellaneous State Grants</u>	<u>Title VI-B</u>
Assets:				
Equity in pooled cash and investments	\$ -	\$ -	\$ 16,181	\$ 62,443
Intergovernmental receivable	-	-	-	-
Interfund receivable	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,181</u>	<u>\$ 62,443</u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ 23,188
Accrued wages and benefits	-	-	-	133,538
Accrued pension	55	-	-	38,025
Intergovernmental payable	-	-	-	11,240
Interfund payable	-	-	-	-
Total liabilities	<u>55</u>	<u>-</u>	<u>-</u>	<u>205,991</u>
Fund balances:				
Reserve for encumbrances	-	-	325	43,777
Unreserved; undesignated (deficit)	<u>(55)</u>	<u>-</u>	<u>15,856</u>	<u>(187,325)</u>
Total fund balances (deficit)	<u>(55)</u>	<u>-</u>	<u>16,181</u>	<u>(143,548)</u>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,181</u>	<u>\$ 62,443</u>

<u>Vocational Education</u>	<u>LEP/ Immigrants Title III</u>	<u>Title I</u>	<u>Chapter II</u>	<u>Drug Free Schools Grant</u>	<u>Preschool Grant for the Handicapped</u>	<u>Special Trust</u>
\$ 84,433	\$ 1,404	\$ 5,715	\$ 24,639	\$ 1,412	\$ 1,820	\$ 144,160
-	-	-	10,172	-	-	-
-	-	-	-	-	-	43
<u>\$ 84,433</u>	<u>\$ 1,404</u>	<u>\$ 5,715</u>	<u>\$ 34,811</u>	<u>\$ 1,412</u>	<u>\$ 1,820</u>	<u>\$ 144,203</u>
\$ 65,378	\$ -	\$ -	\$ 11,458	\$ 1,282	\$ 3,784	\$ 425
-	-	36,336	-	-	1,677	-
-	-	10,347	5	-	472	-
-	-	3,059	-	-	141	-
473	-	-	23,026	-	-	923
<u>65,851</u>	<u>-</u>	<u>49,742</u>	<u>34,489</u>	<u>1,282</u>	<u>6,074</u>	<u>1,348</u>
18,469	-	831	328	130	1,250	682
113	1,404	(44,858)	(6)	-	(5,504)	142,173
<u>18,582</u>	<u>1,404</u>	<u>(44,027)</u>	<u>322</u>	<u>130</u>	<u>(4,254)</u>	<u>142,855</u>
<u>\$ 84,433</u>	<u>\$ 1,404</u>	<u>\$ 5,715</u>	<u>\$ 34,811</u>	<u>\$ 1,412</u>	<u>\$ 1,820</u>	<u>\$ 144,203</u>

Continued

Mentor Exempted Village School District

Combining Balance Sheet Nonmajor Special Revenue Funds (continued)

June 30, 2006

	<u>E-Rate Reimbursement</u>	<u>Classroom Reduction</u>	<u>Miscellaneous Federal Grants</u>	<u>Total Nonmajor Special Revenue</u>
Assets:				
Equity in pooled cash and investments	\$ 40,314	\$ 2,671	\$ 18,769	\$ 1,057,805
Intergovernmental receivable	-	-	-	10,172
Interfund receivable	-	-	-	43
Total assets	<u>\$ 40,314</u>	<u>\$ 2,671</u>	<u>\$ 18,769</u>	<u>\$ 1,068,020</u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable	\$ 13,382	\$ -	\$ 14,781	\$ 266,402
Accrued wages and benefits	-	1,970	-	173,521
Accrued pension	-	554	337	49,974
Intergovernmental payable	-	166	-	14,606
Interfund payable	-	-	-	84,133
Total liabilities	<u>13,382</u>	<u>2,690</u>	<u>15,118</u>	<u>588,636</u>
Fund balances:				
Reserve for encumbrances	6,463	576	3,237	172,991
Unreserved; undesignated (deficit)	<u>20,469</u>	<u>(595)</u>	<u>414</u>	<u>306,393</u>
Total fund balances (deficit)	<u>26,932</u>	<u>(19)</u>	<u>3,651</u>	<u>479,384</u>
Total liabilities and fund balance	<u>\$ 40,314</u>	<u>\$ 2,671</u>	<u>\$ 18,769</u>	<u>\$ 1,068,020</u>



Amy Dittebrand
Second Grade

Mentor Exempted Village School District

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

For The Fiscal Year Ended June 30, 2006

	<u>Other Grants</u>	<u>Athletic DMSA</u>	<u>Auxiliary Services</u>
Revenues:			
Intergovernmental	\$ -	\$ -	\$ 1,178,564
Earnings on investments	4,158	630	8,905
Extracurricular activities	-	289,590	-
Miscellaneous revenue	<u>76,448</u>	<u>48,855</u>	<u>-</u>
Total revenues	<u>80,606</u>	<u>339,075</u>	<u>1,187,469</u>
Expenditures:			
Current:			
Instruction:			
Regular education	66,551	-	-
Special education	-	-	-
Vocational education	-	-	-
Support services:			
Pupil	3,376	-	-
Instructional staff	2,132	-	-
Administration	18,129	-	-
Operations and maintenance of plant	55,740	-	-
Pupil transportation	-	-	-
Central	-	-	-
Food service operations	-	-	-
Community service	-	-	1,245,576
Extracurricular activities	<u>312</u>	<u>376,624</u>	<u>-</u>
Total expenditures	<u>146,240</u>	<u>376,624</u>	<u>1,245,576</u>
Excess of revenues over (under) expenditures	<u>(65,634)</u>	<u>(37,549)</u>	<u>(58,107)</u>
Other financing sources (uses):			
Transfers-in	-	47,977	-
Transfers-out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(4,634)</u>	<u>47,977</u>	<u>-</u>
Net change in fund balance	(65,634)	10,428	(58,107)
Fund balance (deficit) at beginning of year	<u>132,940</u>	<u>141,114</u>	<u>142,846</u>
Fund balance (deficit) at end of year	\$ <u>67,306</u>	\$ <u>151,542</u>	\$ <u>84,739</u>

<u>Public School Support</u>	<u>Entry Year Programs</u>	<u>Management Information Systems</u>	<u>OneNet Ohio Program</u>	<u>School Net Professional Development</u>	<u>Ohio Reads</u>
\$ -	\$ 17,500	\$ 31,035	\$ 42,000	\$ 6,300	\$ 16,000
591	-	-	-	-	-
115,890	-	-	-	-	-
<u>119,341</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>235,822</u>	<u>17,500</u>	<u>31,035</u>	<u>42,000</u>	<u>6,300</u>	<u>16,000</u>
-	3,971	-	-	1,696	28,005
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	3,022
-	8,396	-	-	428	1,433
4,822	1,500	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
134,781	-	45,644	43,005	-	-
961	-	-	-	-	-
7,818	-	-	-	-	-
<u>82,502</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>230,884</u>	<u>13,867</u>	<u>45,644</u>	<u>43,005</u>	<u>2,124</u>	<u>32,460</u>
<u>4,938</u>	<u>3,633</u>	<u>(14,609)</u>	<u>(1,005)</u>	<u>4,176</u>	<u>(16,460)</u>
5,018	-	-	-	-	-
-	-	-	-	(4)	-
<u>5,018</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>-</u>
9,956	3,633	(14,609)	(1,005)	4,172	(16,460)
<u>136,950</u>	<u>3,242</u>	<u>14,609</u>	<u>841</u>	<u>4</u>	<u>16,310</u>
\$ <u>146,906</u>	\$ <u>6,875</u>	\$ <u>-</u>	\$ <u>(164)</u>	\$ <u>4,176</u>	\$ <u>(150)</u>

Continued

Mentor Exempted Village School District

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

For The Fiscal Year Ended June 30, 2006

	<u>Summer Intervention</u>	<u>Vocational Educational Enhancement</u>	<u>Miscellaneous State Grants</u>	<u>Title VI-B</u>
Revenues:				
Intergovernmental	\$ -	\$ 2,349	\$ 24,375	\$ 2,005,461
Earnings on investments	-	-	-	-
Extracurricular activities	-	-	-	-
Miscellaneous revenue	-	-	-	-
Total revenues	<u>-</u>	<u>2,349</u>	<u>24,375</u>	<u>2,005,461</u>
Expenditures:				
Current:				
Instruction:				
Regular education	11,905	-	3,654	8,890
Special education	-	-	-	560,511
Vocational education	-	2,349	-	-
Support services:				
Pupil	2,287	-	22,486	939,670
Instructional staff	-	-	-	136,789
Administration	3,443	-	-	371,505
Operations and maintenance of plant	-	-	-	177,899
Pupil transportation	-	-	-	596
Central	-	-	-	-
Food service operations	-	-	-	-
Community service	2,234	-	-	-
Extracurricular activities	-	-	-	-
Total expenditures	<u>19,869</u>	<u>2,349</u>	<u>26,140</u>	<u>2,195,860</u>
Excess of revenues over (under) expenditures	<u>(19,869)</u>	<u>-</u>	<u>(1,765)</u>	<u>(190,399)</u>
Other financing sources (uses):				
Transfers-in	-	-	-	-
Transfers-out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(19,869)	-	(1,765)	(190,399)
Fund balance (deficit) at beginning of year	<u>19,814</u>	<u>-</u>	<u>17,946</u>	<u>46,851</u>
Fund balance (deficit) at end of year	\$ <u>(55)</u>	\$ <u>-</u>	\$ <u>16,181</u>	\$ <u>(143,548)</u>

<u>Vocational Education</u>	<u>LEP/ Immigrants Title III</u>	<u>Title I</u>	<u>Chapter II</u>	<u>Drug Free Schools Grant</u>	<u>Preschool Grant for the Handicapped</u>	<u>Special Trust</u>
\$ 408,021	\$ 35,110	\$ 303,267	\$ 65,504	\$ 23,624	\$ 43,852	\$ 80,361
-	-	-	-	-	-	640
-	-	-	-	-	-	-
-	-	-	-	-	-	25,584
<u>408,021</u>	<u>35,110</u>	<u>303,267</u>	<u>65,504</u>	<u>23,624</u>	<u>43,852</u>	<u>106,585</u>
-	-	-	22,689	10,562	-	22,548
-	23,051	346,809	-	-	35,189	1,935
119,317	-	-	-	-	-	-
224,653	-	2,827	15,511	8,966	23,761	-
34,333	2,611	1,508	22,397	7,088	1,419	4,462
19,107	-	-	-	-	-	805
-	-	-	-	-	-	4,015
6,502	-	-	-	-	-	923
-	-	-	-	-	-	1,292
-	-	-	-	-	-	-
200	-	-	5,783	-	-	587
-	-	-	-	-	-	10,456
<u>404,112</u>	<u>25,662</u>	<u>351,144</u>	<u>66,380</u>	<u>26,616</u>	<u>60,369</u>	<u>47,023</u>
<u>3,909</u>	<u>9,448</u>	<u>(47,877)</u>	<u>(876)</u>	<u>(2,992)</u>	<u>(16,517)</u>	<u>59,562</u>
-	-	-	-	-	-	888
-	-	-	-	-	-	(3,268)
-	-	-	-	-	-	(2,380)
3,909	9,448	(47,877)	(876)	(2,992)	(16,517)	57,182
<u>14,673</u>	<u>(8,044)</u>	<u>3,850</u>	<u>1,198</u>	<u>3,122</u>	<u>12,263</u>	<u>85,673</u>
\$ <u>18,582</u>	\$ <u>1,404</u>	\$ <u>(44,027)</u>	\$ <u>322</u>	\$ <u>130</u>	\$ <u>(4,254)</u>	\$ <u>142,855</u>

Continued

Mentor Exempted Village School District

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

For The Fiscal Year Ended June 30, 2006

	E-rate Reimbursement	Classroom Reduction	Miscellaneous Federal grants	Total Nonmajor Special Revenues
Revenues:				
Intergovernmental	\$ 78,355	\$ 204,220	\$ 288,815	\$ 4,854,713
Earnings on investments	-	-	-	14,924
Extracurricular activities	-	-	-	405,480
Miscellaneous revenue	<u>1,600</u>	<u>-</u>	<u>-</u>	<u>271,828</u>
Total revenues	<u>79,955</u>	<u>204,220</u>	<u>288,815</u>	<u>5,546,945</u>
Expenditures:				
Current:				
Instruction:				
Regular education	-	179,078	263,666	623,215
Special education	-	-	-	967,495
Vocational education	-	-	-	121,666
Support services:				
Pupil	-	-	19,972	1,266,531
Instructional staff	-	23,047	5,733	251,776
Administration	-	-	3,791	423,102
Operations and maintenance of plant	-	-	-	237,654
Pupil transportation	-	-	-	8,021
Central	148,125	-	-	372,847
Food service operations	-	-	-	961
Community service	-	-	17,338	1,279,536
Extracurricular activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>469,894</u>
Total expenditures	<u>148,125</u>	<u>202,125</u>	<u>310,500</u>	<u>6,022,698</u>
Excess of revenues over (under) expenditures	<u>(68,170)</u>	<u>2,095</u>	<u>(21,685)</u>	<u>(475,753)</u>
Other financing sources (uses):				
Transfers-in	-	-	-	53,883
Transfers-out	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,272)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,611</u>
Net change in fund balance	(68,170)	2,095	(21,685)	(425,142)
Fund balance (deficit) at beginning of year	<u>95,102</u>	<u>(2,114)</u>	<u>25,336</u>	<u>904,526</u>
Fund balance (deficit) at end of year	\$ <u>26,932</u>	\$ <u>(19)</u>	\$ <u>3,651</u>	\$ <u>479,384</u>

Mentor Exempted Village School District

Combining Balance Sheet Nonmajor Capital Projects Funds

June 30, 2006

	<u>Permanent Improvement</u>	<u>Building</u>	<u>SchoolNet Plus</u>	<u>Total Nonmajor Capital Projects</u>
Assets:				
Equity in pooled cash and investments	\$ 3,785,009	\$ -	\$ -	\$3,785,009
Taxes receivable	1,022,556	-	-	1,022,556
Accrued interest receivable	5,901	-	-	5,901
Total assets	<u>\$ 4,813,466</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,813,466</u>
Liabilities and fund balances:				
Liabilities:				
Accounts payable	\$ 687,296	\$ -	\$ -	\$ 687,296
Interfund payable	500,000	-	-	500,000
Unearned revenue	932,580	-	-	932,580
Accrued interest payable	-	30,663	-	30,663
Notes payable	-	<u>77,333</u>	-	<u>77,333</u>
Total liabilities	<u>2,119,876</u>	<u>107,996</u>	<u>-</u>	<u>2,227,872</u>
Fund balance:				
Reserve for encumbrances	1,081,227	-	\$ -	1,081,227
Reserve for property taxes	89,976	-	-	89,976
Unreserved, undesignated (deficit)	<u>1,522,387</u>	<u>(107,996)</u>	<u>-</u>	<u>1,414,391</u>
Total fund balance (deficit)	<u>2,693,590</u>	<u>(107,996)</u>	<u>-</u>	<u>2,585,594</u>
Total liabilities and fund balances	<u>\$ 4,813,466</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,813,466</u>

Mentor Exempted Village School District

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

For The Fiscal Year Ended June 30, 2006

	<u>Permanent Improvement</u>	<u>Building</u>	<u>SchoolNet Plus</u>	<u>Total Nonmajor Capital Projects</u>
Revenues:				
Taxes	\$ 990,494	\$ -	\$ -	\$ 990,494
Intergovernmental	95,624	-	-	95,624
Earnings on investments	71,231	-	-	71,231
Miscellaneous revenue	<u>550,000</u>	<u>-</u>	<u>-</u>	<u>550,000</u>
Total revenues	<u>1,707,349</u>	<u>-</u>	<u>-</u>	<u>1,707,349</u>
Expenditures:				
Current:				
Regular education	18,664	-	40,464	59,128
Operations and maintenance of plant	1,052,203	-	-	1,052,203
Central	303,903	-	-	303,903
Debt service:				
Principal	-	1,005,334	-	1,005,334
Interest and fiscal charges	<u>-</u>	<u>30,591</u>	<u>-</u>	<u>30,591</u>
Total expenditures	<u>1,374,770</u>	<u>1,035,925</u>	<u>40,464</u>	<u>2,451,159</u>
Excess of revenues over (under) expenditures	<u>332,579</u>	<u>(1,035,925)</u>	<u>(40,464)</u>	<u>(743,810)</u>
Other financing sources (uses):				
Proceeds from the sale of capital assets	1,248,736	-	-	1,248,736
Issuance of notes	-	928,000	-	928,000
Transfers-in	<u>-</u>	<u>103,246</u>	<u>-</u>	<u>103,246</u>
Total other financing sources (uses)	<u>1,248,736</u>	<u>1,031,246</u>	<u>-</u>	<u>2,279,982</u>
Net change in fund balance	1,581,315	(4,679)	(40,464)	1,536,172
Fund balance (deficit) at beginning of year	<u>1,112,275</u>	<u>(103,317)</u>	<u>40,464</u>	<u>1,049,422</u>
Fund balance (deficit) at end of year	\$ <u><u>2,693,590</u></u>	\$ <u><u>(107,996)</u></u>	\$ <u><u>-</u></u>	\$ <u><u>2,585,594</u></u>

Mentor Exempted Village School District

Combining Statement of Fund Net Assets Nonmajor Enterprise Funds

June 30, 2006

	Food Service	Uniform School Supply	Rotary Fund	Adult Education	Total Nonmajor Enterprise Funds
Assets:					
Current assets:					
Equity in pooled cash and investments	\$ 8,265	\$ 96,759	\$ 59,654	\$ 5,027	\$ 169,705
Accounts receivable	2,777	-	940	-	3,717
Accrued interest receivable	26	-	-	-	26
Intergovernmental receivable	71,730	-	-	-	71,730
Materials and supplies inventories	14,802	-	-	-	14,802
Interfund receivable	276	-	-	-	276
Total current assets	<u>97,876</u>	<u>96,759</u>	<u>60,594</u>	<u>5,027</u>	<u>260,256</u>
Non-current assets:					
Depreciable capital assets, net	<u>142,291</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,291</u>
Total assets	<u>240,167</u>	<u>96,759</u>	<u>60,594</u>	<u>5,027</u>	<u>402,547</u>
Liabilities:					
Current liabilities:					
Accounts payable	-	19,415	-	-	19,415
Accrued wages and benefits	20,467	-	30,886	-	51,353
Intergovernmental payable	1,723	-	2,600	-	4,323
Accrued pension	35,838	-	8,757	-	44,595
Accrued interest payable	486	-	-	-	486
Current portion of accrued compensated absences	23,201	-	-	-	23,201
Current portion of capital lease	<u>23,882</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,882</u>
Total current liabilities	105,597	19,415	42,243	-	167,255
Long-term liabilities:					
Compensated absences	45,726	-	-	-	45,726
Capital lease	<u>69,081</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,081</u>
Total long-term liabilities	<u>114,807</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>114,807</u>
Total liabilities	<u>220,404</u>	<u>19,415</u>	<u>42,243</u>	<u>-</u>	<u>282,062</u>
Net assets:					
Invested in capital assets, net of related debt	49,328	-	-	-	49,328
Unrestricted (deficit)	<u>(29,565)</u>	<u>77,344</u>	<u>18,351</u>	<u>5,027</u>	<u>71,157</u>
Total net assets	<u>\$ 19,763</u>	<u>\$ 77,344</u>	<u>\$ 18,351</u>	<u>\$ 5,027</u>	<u>\$ 120,485</u>

Mentor Exempted Village School District

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

For The Fiscal Year Ended June 30, 2006

	Food Service	Uniform Supply	Rotary Fund	Adult Education	Total Nonmajor Enterprise Funds
Operating revenues:					
Tuition and fees	\$ -	\$ -	\$ 99,307	\$ -	\$ 99,307
Classroom materials and fees	-	326,572	-	-	326,572
Sales	1,808,662	-	-	-	1,808,662
Miscellaneous revenue	<u>1,769</u>	<u>2</u>	<u>1,000</u>	<u>500</u>	<u>3,271</u>
Total operating revenues	<u>1,810,431</u>	<u>326,574</u>	<u>100,307</u>	<u>500</u>	<u>2,237,812</u>
Operating expenses:					
Salaries and wages	791,536	-	127,075	-	918,611
Fringe benefits	605,481	-	26,646	-	632,127
Contractual services	24,960	-	-	-	24,960
Supplies and materials	1,031,024	382,824	53	1,040	1,414,941
Other operating expenses	-	-	537	-	537
Depreciation expense	<u>17,097</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,097</u>
Total operating expenses	<u>2,470,098</u>	<u>382,824</u>	<u>154,311</u>	<u>1,040</u>	<u>3,008,273</u>
Operating income (loss)	<u>(659,667)</u>	<u>(56,250)</u>	<u>(54,004)</u>	<u>(540)</u>	<u>(770,461)</u>
Non-operating revenues (expenses):					
Interest income	3,409	-	-	-	3,409
Federal donated commodities	175,432	-	-	-	175,432
Grant revenue	461,982	-	-	-	461,982
Interest and fiscal charges	<u>(486)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(486)</u>
Total non-operating revenues (expenses)	<u>640,337</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>640,337</u>
Income (loss) before transfers	(19,330)	(56,250)	(54,004)	(540)	(130,124)
Transfers-in	-	-	6,454	-	6,454
Transfers-out	<u>-</u>	<u>(888)</u>	<u>-</u>	<u>-</u>	<u>(888)</u>
Change in net assets	(19,330)	(57,138)	(47,550)	(540)	(124,558)
Net assets, beginning of year at restated	<u>39,093</u>	<u>134,482</u>	<u>65,901</u>	<u>5,567</u>	<u>245,043</u>
Net assets at end of year	\$ <u>19,763</u>	\$ <u>77,344</u>	\$ <u>18,351</u>	\$ <u>5,027</u>	\$ <u>120,485</u>

Mentor Exempted Village School District

Combining Statement of Cash Flows Nonmajor Enterprise Funds

For The Fiscal Year Ended June 30, 2006

	<u>Food Service</u>	<u>Uniform Supply</u>	<u>Rotary Fund</u>	<u>Adult Education</u>	<u>Total Nonmajor Enterprise Funds</u>
Increase (decrease) in cash and cash equivalents:					
Cash flows from operating activities:					
Cash received from customers	\$ 1,811,872	\$ -	\$ -	\$ -	\$ 1,811,872
Cash received from tuition payments	-	-	98,367	-	98,367
Cash payments received from classroom materials and fees	-	326,572	-	-	326,572
Cash received for other operating revenues	-	2	1,000	500	1,502
Cash payments for contractual services	(24,960)	-	-	-	(24,960)
Cash payments for materials and supplies	(846,014)	(369,754)	(53)	(1,040)	(1,216,861)
Cash payments to employees for services	(888,751)	-	(98,510)	-	(987,261)
Cash payments for employee benefits	(540,603)	-	(15,902)	-	(556,505)
Cash payments for other operating expenses	-	-	(537)	-	(537)
<i>Net cash provided by (used for) operating activities</i>	<u>(488,456)</u>	<u>(43,180)</u>	<u>(15,635)</u>	<u>(540)</u>	<u>(547,811)</u>
Cash flows from noncapital financing activities:					
Operating grants received	461,585	-	-	-	461,585
Advances-out	-	(120,000)	-	-	(120,000)
Transfers-in	-	-	6,454	-	6,454
Transfers-out	-	(888)	-	-	(888)
<i>Net cash provided by (used for) noncapital financing</i>	<u>461,585</u>	<u>(120,888)</u>	<u>6,454</u>	<u>-</u>	<u>347,151</u>
Cash flows from capital and related financing activities:					
Principal payment on capital lease	<u>(22,432)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,432)</u>
Cash flows from investing activities:					
Interest received	<u>3,520</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,520</u>
Net decrease in cash and cash equivalents	(45,783)	(164,068)	(9,181)	(540)	(219,572)
Cash and cash equivalents at beginning of year	<u>54,048</u>	<u>260,827</u>	<u>68,835</u>	<u>5,567</u>	<u>389,277</u>
Cash and cash equivalents at end of year	<u>\$ 8,265</u>	<u>\$ 96,759</u>	<u>\$ 59,654</u>	<u>\$ 5,027</u>	<u>\$ 169,705</u>
Non-cash noncapital financing activities:					
Federal donated commodities	<u>\$ 175,432</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 175,432</u>

Continued

Mentor Exempted Village School District

Combining Statement of Cash Flows Nonmajor Enterprise Funds (continued)

For The Fiscal Year Ended June 30, 2006

	<u>Food Service</u>	<u>Uniform Supply</u>	<u>Rotary Fund</u>	<u>Adult Education</u>	<u>Total Nonmajor Enterprise Funds</u>
Reconciliation of operating loss to net cash provided by (used for) operating activities:					
Operating loss	\$(659,667)	\$ (56,250)	\$ (54,004)	\$ (540)	\$ (770,461)
Adjustments:					
Depreciation	17,097	-	-	-	17,097
Federal donated commodities	175,432	-	-	-	175,432
Changes in assets/liabilities:					
Decrease in interfund receivable	4,218	-	-	-	4,218
Increase in accounts receivable	(2,777)	-	(940)	-	(3,717)
Decrease in inventory	9,578	-	-	-	9,578
Increase in accounts payable	-	13,070	-	-	13,070
(Decrease) increase in accrued wages and benefits	(94,137)	-	28,690	(65,447)	40,028
(Decrease) increase in accrued pension	(5,772)	-	8,144	2,372	(5,040)
Increase (decrease) in intergovernmental payable	(1,355)	-	2,475	1,120	(6,213)
Increase in accrued compensated absences	68,927	-	-	-	68,927
Total adjustments	<u>171,211</u>	<u>13,070</u>	<u>38,369</u>	<u>-</u>	<u>222,650</u>
Net cash used for operating activities	\$ <u>(488,456)</u>	\$ <u>(43,180)</u>	\$ <u>(15,635)</u>	\$ <u>(540)</u>	\$ <u>(547,811)</u>

Mentor Exempted Village School District

Combining Statement of Changes in Assets and Liabilities Agency Fund

For The Fiscal Year Ended June 30, 2006

	<u>Balance</u> <u>06/30/05</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>06/30/06</u>
Student Activities:				
Assets:				
Equity in pooled cash and cash equivalents	\$ <u>483,734</u>	\$ <u>527,548</u>	\$ <u>598,730</u>	\$ <u>412,552</u>
Liabilities:				
Accounts payable	\$ 29,591	\$ 22,699	\$ 29,591	\$ 22,699
Due to students	<u>454,143</u>	<u>504,849</u>	<u>569,139</u>	<u>389,853</u>
Total liabilities	\$ <u>483,734</u>	\$ <u>527,548</u>	\$ <u>598,730</u>	\$ <u>412,552</u>



**Isabella Jogan
Kindergarten**

Mentor Exempted Village School District

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

Mentor Exempted Village School District

General Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 65,488,088	\$ 65,971,228	\$ 69,841,472	\$ 3,870,244
Intergovernmental	17,916,070	16,480,266	16,454,452	(25,814)
Tuition	895,000	895,000	1,147,325	252,325
Earnings on investments	385,000	385,000	1,015,753	630,753
Extracurricular activities	382,850	382,850	355,718	(27,132)
Miscellaneous	<u>130,000</u>	<u>130,000</u>	<u>163,652</u>	<u>33,652</u>
Total revenues	<u>85,197,008</u>	<u>84,244,344</u>	<u>88,978,372</u>	<u>4,734,028</u>
Expenditures:				
Current:				
Instruction:				
Regular	38,498,210	39,447,889	38,744,184	703,705
Special	10,089,274	10,586,863	10,091,875	494,988
Vocational education	2,497,473	2,564,091	2,406,993	157,098
Other	-	500,671	489,183	11,488
Support services:				
Pupil	4,999,501	4,724,616	4,587,800	136,816
Instructional staff	3,798,360	3,868,298	3,749,805	118,493
Board of education	676,087	755,777	626,556	129,221
Administration	4,586,565	4,611,275	4,578,161	33,114
Fiscal services	2,293,573	2,315,308	2,064,685	250,623
Business	646,598	678,500	672,027	6,473
Operation and maintenance - plant	7,774,335	8,038,435	7,370,500	667,935
Pupil transportation	5,342,089	5,258,018	5,168,348	89,670
Central services	904,221	966,504	926,985	39,519
Community services	80	80	-	80
Extracurricular activities:				
Subject oriented activities	136,153	156,260	155,729	531
Occupation oriented activities	5,629	5,629	5,548	81
Sports activities	786,088	766,252	722,933	43,319
Co-curricular activities	<u>156,397</u>	<u>156,397</u>	<u>139,066</u>	<u>17,331</u>
Total expenditures	<u>83,190,633</u>	<u>85,400,863</u>	<u>82,500,378</u>	<u>2,900,485</u>
Excess of revenues over (under) expenditures	<u>2,006,375</u>	<u>(1,156,519)</u>	<u>6,477,994</u>	<u>7,634,513</u>

Continued

Mentor Exempted Village School District

General Fund (continued)

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Other financing sources (uses):				
Transfers – in			4	4
Advances - in	194,038	194,038	164,038	(30,000)
Refund of prior year expenditures	64,000	64,000	69,323	4,996
Proceeds from the sale of capital assets	27,500	27,500	38,910	11,410
Transfers - out	(250,867)	(273,867)	(191,696)	82,171
Refund of prior year receipts	<u>(381,700)</u>	<u>(520,795)</u>	<u>(513,719)</u>	<u>7,403</u>
Total other financing sources (uses)	<u>(347,029)</u>	<u>(509,124)</u>	<u>(433,140)</u>	<u>75,984</u>
Net change in fund balance	1,659,346	(1,665,643)	6,044,854	7,710,497
Fund balance at beginning of year	8,064,041	8,064,041	8,064,041	-
Prior year encumbrances appropriated	<u>2,363,625</u>	<u>2,363,625</u>	<u>2,363,625</u>	-
Fund balance at end of year	\$ <u>12,087,012</u>	\$ <u>8,762,023</u>	\$ <u>16,472,520</u>	\$ <u>7,710,497</u>

Mentor Exempted Village School District

Debt Service Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,733,604	\$ 2,980,175	\$ 3,934,577	\$ 954,402
Intergovernmental	8,500,000	8,500,000	8,500,000	-
Total revenues	<u>10,233,604</u>	<u>11,480,175</u>	<u>12,434,577</u>	<u>954,402</u>
Expenditures:				
Current:				
Support services:				
Fiscal services	30,000	30,000	16,797	13,203
Debt service:				
Repayment of debt	<u>12,623,121</u>	<u>13,568,503</u>	<u>12,943,667</u>	<u>624,836</u>
Total expenditures	<u>12,653,121</u>	<u>13,598,503</u>	<u>12,960,464</u>	<u>638,039</u>
Excess of revenues over (under) expenditures	<u>(2,419,517)</u>	<u>(2,118,328)</u>	<u>(525,887)</u>	<u>1,592,441</u>
Other financing sources (uses):				
Interest on bond and note	-	-	(600,303)	(600,303)
Proceeds from the sale of notes	1,005,333	1,005,333	1,005,333	-
Transfers - in	<u>-</u>	<u>111,391</u>	<u>111,391</u>	<u>-</u>
Total other financing sources (uses)	<u>1,005,333</u>	<u>1,116,724</u>	<u>516,421</u>	<u>(600,303)</u>
Net change in fund balance	(1,414,184)	(1,001,604)	(9,466)	992,138
Fund balance at beginning of year	<u>1,021,515</u>	<u>1,021,515</u>	<u>1,021,515</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>(392,669)</u></u>	\$ <u><u>19,911</u></u>	\$ <u><u>1,012,049</u></u>	\$ <u><u>992,138</u></u>

Mentor Exempted Village School District

Other Grants – Special Revenue Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Earnings on investments	\$ 3,000	\$ 2,750	\$ 4,442	\$ 1,692
Miscellaneous	467,000	138,228	76,448	(61,780)
Total revenues	<u>470,000</u>	<u>140,978</u>	<u>80,890</u>	<u>(60,088)</u>
Expenditures:				
Current:				
Instruction:				
Regular	67,780	300,844	274,732	26,112
Support services:				
Pupil	-	3,581	3,376	205
Instructional staff	10,000	10,000	2,132	7,868
Administration	94,000	34,809	18,350	16,459
Operations and maintenance – plant	62,900	62,900	62,700	200
Pupil transportation	5,000	5,000	-	5,000
Extracurricular activities:				
Subject oriented activities	315	315	312	3
Total expenditures	<u>239,995</u>	<u>417,449</u>	<u>361,602</u>	<u>55,847</u>
Excess of revenues over expenditures	230,005	(276,471)	(280,712)	(4,241)
Other financing sources (uses):				
Advances - out	<u>(4,634)</u>	<u>(4,634)</u>	<u>(4,634)</u>	-
Net change in fund balance	225,371	(281,105)	(285,346)	(4,241)
Fund balance at beginning of year	127,197	127,197	127,197	-
Prior year encumbrances appropriated	<u>218,274</u>	<u>218,274</u>	<u>218,274</u>	-
Fund balance at end of year	\$ <u>570,842</u>	\$ <u>64,366</u>	\$ <u>60,125</u>	\$ <u>(4,241)</u>

Mentor Exempted Village School District

Athletic DMSA – Special Revenue Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Earnings on investments	\$ -	\$ 316	\$ 630	\$ 314
Extracurricular activities	371,336	481,544	289,590	(191,954)
Miscellaneous	<u>115,783</u>	<u>141,633</u>	<u>37,981</u>	<u>(103,652)</u>
Total revenues	<u>487,119</u>	<u>623,493</u>	<u>328,201</u>	<u>(295,292)</u>
Expenditures:				
Current:				
Sports oriented	578,934	707,306	433,832	273,474
Academic oriented	<u>3,200</u>	<u>3,200</u>	<u>2,543</u>	<u>657</u>
Total expenditures	<u>582,134</u>	<u>710,506</u>	<u>436,375</u>	<u>274,131</u>
Excess of revenues over (under) expenditures	<u>(95,015)</u>	<u>(87,013)</u>	<u>(108,174)</u>	<u>(21,161)</u>
Other financing sources (uses):				
Transfers - in	22,881	48,933	58,851	9,918
Transfers - out	<u>(15,682)</u>	<u>(15,681)</u>	<u>-</u>	<u>15,681</u>
Total other financing sources (uses)	<u>7,199</u>	<u>33,252</u>	<u>58,851</u>	<u>25,599</u>
Net change in fund balance	(87,816)	53,761	(49,323)	4,438
Fund balance at beginning of year	94,032	94,032	94,032	-
Prior year encumbrances appropriated	<u>65,995</u>	<u>65,995</u>	<u>65,995</u>	<u>-</u>
Fund balance at end of year	\$ <u>72,211</u>	\$ <u>106,266</u>	\$ <u>110,704</u>	\$ <u>4,438</u>

Mentor Exempted Village School District

Auxiliary Services – Special Revenue Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Earnings on investments	\$ -	\$ 8,905	\$ 8,905	\$ -
Intergovernmental	<u>1,250,000</u>	<u>1,178,664</u>	<u>1,178,564</u>	<u>(100)</u>
Total revenues	<u>1,250,000</u>	<u>1,187,569</u>	<u>1,187,469</u>	<u>(100)</u>
Expenditures:				
Current:				
Community services	<u>1,159,903</u>	<u>1,403,758</u>	<u>1,336,552</u>	<u>67,206</u>
Net change in fund balance	90,097	(216,189)	(149,083)	67,106
Fund balance at beginning of year	1,725	1,725	1,725	-
Prior year encumbrances appropriated	<u>214,464</u>	<u>214,464</u>	<u>214,464</u>	<u>-</u>
Fund balance at end of year	\$ <u>306,286</u>	\$ <u>-</u>	\$ <u>67,106</u>	\$ <u>67,106</u>

Mentor Exempted Village School District

Public School Support – Special Revenue Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues:				
Earnings on investments	\$ -	\$ 177	\$ 591	\$ 414
Food services	-	1,000	650	(350)
Extracurricular activities	169,260	129,700	88,217	(41,483)
Contributions and donations	-	129,651	99,575	(30,076)
Miscellaneous	62,789	61,192	29,787	(31,405)
Total revenues	<u>232,049</u>	<u>321,720</u>	<u>218,820</u>	<u>(102,900)</u>
Expenditures:				
Supporting services:				
Administration	17,000	28,045	5,892	22,153
Central	113,346	254,101	150,203	103,898
Operation of Non-instructional:				
Food services operations	3,900	4,689	1,201	3,488
Community services	10,000	-	-	-
Extracurricular activities:				
Academic and subject oriented activities	17,500	12,795	10,815	1,980
Sports oriented	29,550	28,050	13,031	15,019
Co-curricular activities	113,200	121,700	75,178	46,522
Total expenditures	<u>304,496</u>	<u>449,380</u>	<u>256,320</u>	<u>193,060</u>
Excess of revenues over (under) expenditures	<u>(72,447)</u>	<u>(127,660)</u>	<u>(37,500)</u>	<u>90,160</u>
Other financing sources and uses:				
Transfers - in	42,951	50,193	21,730	(28,463)
Refund of prior year expenditures	-	-	290	290
Transfers - out	(19,800)	(30,295)	-	30,295
Total other financing sources and uses	<u>23,151</u>	<u>19,898</u>	<u>22,020</u>	<u>2,122</u>
Net change in fund balance	(49,296)	(107,762)	(15,480)	92,282
Fund balance at beginning of year	112,226	112,226	112,226	-
Prior year encumbrances appropriated	<u>25,606</u>	<u>25,606</u>	<u>25,606</u>	-
Fund balance at end of year	\$ <u>88,536</u>	\$ <u>30,070</u>	\$ <u>122,352</u>	\$ <u>92,282</u>

Mentor Exempted Village School District

Entry Level Programs – Special Revenue Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 5,775	\$ 17,500	\$ 17,500	\$ -
Expenditures:				
Current:				
Instruction:				
Regular	-	10,220	3,971	6,249
Support services:				
Administration	-	1,500	1,500	-
Instructional staff	2,448	9,023	8,396	627
Total expenditures	2,448	20,743	13,867	6,876
Net change in fund balance	3,327	(3,243)	3,633	6,876
Fund balance at beginning of year	2,448	2,448	2,448	-
Prior year encumbrances appropriated	795	795	795	-
Fund balance at end of year	\$ 6,570	\$ -	\$ 6,876	\$ 6,876

Mentor Exempted Village School District

Management Information Systems – Special Revenue Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>32,000</u>	\$ <u>31,035</u>	\$ <u>31,035</u>	\$ <u>-</u>
Expenditures:				
Current:				
Support services:				
Central services	<u>13,702</u>	<u>51,718</u>	<u>51,075</u>	<u>643</u>
Net change in fund balance	18,298	(20,683)	(20,040)	643
Fund balance at beginning of year	13,702	13,702	13,702	-
Prior year encumbrances appropriated	<u>8,165</u>	<u>8,165</u>	<u>8,165</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>40,165</u></u>	\$ <u><u>1,184</u></u>	\$ <u><u>1,827</u></u>	\$ <u><u>643</u></u>

Mentor Exempted Village School District

OneNet Ohio Program – Special Revenue Fund

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

For The Fiscal Year Ended June 30, 2006

	<u>Budget</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ <u>47,000</u>	\$ <u>42,000</u>	\$ <u>42,000</u>	\$ <u>-</u>
Expenditures:				
Current:				
Support services:				
Central services	<u>42,000</u>	<u>43,241</u>	<u>43,241</u>	<u>-</u>
Net change in fund balance	5,000	(1,241)	(1,241)	-
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated	<u>1,241</u>	<u>1,241</u>	<u>1,241</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>6,241</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

Mentor Exempted Village School District

SchoolNet Professional Development – Special Revenue Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 7,000	\$ 6,300	\$ 6,300	\$ -
Expenditures:				
Current:				
Instruction:				
Regular	-	1,734	1,696	38
Support services:				
Instructional staff	-	4,565	2,228	2,337
Total expenditures	-	6,299	3,924	2,375
Excess of revenues over (under) expenditures	7,000	1	2,376	2,375
Other financing sources (uses):				
Transfers – out	(4)	(4)	(4)	-
Net change in fund balance	6,996	(3)	2,372	2,375
Fund balance at beginning of year	4	4	4	-
Fund balance at end of year	\$ 7,000	\$ 1	\$ 2,376	\$ 2,375

Mentor Exempted Village School District

Ohio Reads – Special Revenue Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>124,986</u>	\$ <u>16,406</u>	\$ <u>16,406</u>	\$ <u>-</u>
Expenditures:				
Current:				
Instruction:				
Regular	7,174	27,855	27,855	-
Support services:				
Pupils	3,106	3,163	3,163	-
Instructional staff	<u>2,222</u>	<u>1,433</u>	<u>1,433</u>	<u>-</u>
Total expenditures	<u>12,502</u>	<u>32,451</u>	<u>32,451</u>	<u>-</u>
Net change in fund balance	112,484	(16,046)	(16,045)	-
Fund balance at beginning of year	5,310	5,310	5,310	-
Prior year encumbrances appropriated	<u>10,735</u>	<u>10,735</u>	<u>10,735</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>128,529</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

Mentor Exempted Village School District

Summer Intervention – Special Revenue Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 258,000	\$ 14,896	\$ 14,896	\$ -
Expenditures:				
Current:				
Instruction:				
Regular	11,626	24,374	24,374	-
Support services:				
Pupils	2,339	2,339	2,339	-
Administration	3,443	3,443	3,443	-
Community services	2,234	2,234	2,234	-
Total expenditures	19,642	32,390	32,390	-
Net change in fund balance	238,358	(17,494)	(17,494)	-
Fund balance at beginning of year	4,745	4,745	4,745	-
Prior year encumbrances appropriated	12,749	12,749	12,749	-
Fund balance at end of year	\$ 255,852	\$ -	\$ -	\$ -

Mentor Exempted Village School District

Vocational Education Enhancement – Special Revenue Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 8,900	\$ 2,349	\$ 2,349	\$ -
Expenditures:				
Current:				
Instruction:				
Vocational education	<u>2,349</u>	<u>2,349</u>	<u>2,349</u>	<u>-</u>
Net change in fund balance	6,551	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>6,551</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

Mentor Exempted Village School District

Miscellaneous State Grants – Special Revenue Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 37,500	\$ 24,375	\$ 24,375	\$ -
Expenditures:				
Current:				
Instruction:				
Regular	19,016	19,016	3,979	15,037
Special	70	54	-	54
Support services:				
Pupils	25,570	25,570	25,569	21,971
Instructional staff	-	16	-	16
Extracurricular activities:				
Sports oriented	-	748	-	748
Total expenditures	<u>44,656</u>	<u>45,404</u>	<u>29,548</u>	<u>37,826</u>
Excess of revenues over (under expenditures)	(7,156)	(21,029)	(5,173)	15,856
Other financing sources (uses):				
Transfers-in	-	-	500	500
Transfers-out	-	-	(500)	(500)
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	(7,156)	(21,029)	(5,173)	15,856
Fund balance at beginning of year	<u>21,029</u>	<u>21,029</u>	<u>21,029</u>	<u>-</u>
Fund balance at end of year	\$ <u>13,873</u>	\$ <u>-</u>	\$ <u>15,856</u>	\$ <u>15,856</u>

Mentor Exempted Village School District

Title VI-B – Special Revenue Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>2,600,000</u>	\$ <u>2,522,309</u>	\$ <u>2,123,192</u>	\$ <u>(399,117)</u>
Expenditures:				
Current:				
Instruction:				
Special	826,404	752,916	593,080	159,836
Support services:				
Pupils	998,936	1,042,947	910,286	132,661
Instructional staff	170,070	161,568	148,552	13,016
Administration	248,531	413,201	348,090	65,111
Operation and plant maintenance	1,000	210,364	180,604	29,760
Transportation	74,342	45,564	45,564	-
Community services	<u>182,705</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>2,501,988</u>	<u>2,626,560</u>	<u>2,226,176</u>	<u>400,384</u>
Net change in fund balance	98,012	(104,251)	(102,984)	1,267
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated	<u>104,251</u>	<u>104,251</u>	<u>104,251</u>	<u>-</u>
Fund balance at end of year	\$ <u>202,263</u>	\$ <u>-</u>	\$ <u>1,267</u>	\$ <u>1,267</u>

Mentor Exempted Village School District

Vocational Education – Special Revenue Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>510,000</u>	\$ <u>417,418</u>	\$ <u>414,293</u>	\$ <u>(3,125)</u>
Expenditures:				
Current:				
Instruction:				
Vocational education	106,703	139,333	136,297	3,036
Support services:				
Pupils	234,322	240,065	240,046	19
Instructional staff	35,461	41,287	40,474	813
Administration	19,877	20,036	20,036	-
Pupil transportation	7,995	6,031	6,031	-
Central		-	-	
Community services	<u>100</u>	<u>200</u>	<u>200</u>	<u>-</u>
Total expenditures	<u>404,458</u>	<u>446,952</u>	<u>443,084</u>	<u>3,868</u>
Net change in fund balance	105,542	(29,534)	(28,791)	743
Fund balance at beginning of year	649	649	649	-
Prior year encumbrances appropriated	<u>28,885</u>	<u>28,885</u>	<u>28,885</u>	<u>-</u>
Fund balance at end of year	\$ <u>135,076</u>	\$ <u>-</u>	\$ <u>743</u>	\$ <u>743</u>

Mentor Exempted Village School District

LEP/Immigrant Title III – Special Revenue Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 50,000	\$ 43,908	\$ 35,110	\$ (8,798)
Expenditures:				
Current:				
Instruction:				
Special	36,378	36,379	31,797	4,582
Support services:				
Instructional staff	9,382	8,231	2,611	5,620
Total expenditures	45,760	44,610	34,408	10,202
Net change in fund balance	4,240	(702)	702	1,404
Fund balance at beginning of year	301	301	301	-
Prior year encumbrances appropriated	401	401	401	-
Fund balance at end of year	\$ 4,942	\$ -	\$ 1,404	\$ 1,404

Mentor Exempted Village School District

Title I – Special Revenue Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 420,000	\$ 411,511	\$ 328,790	\$ (82,721)
Expenditures:				
Current:				
Instruction:				
Special	420,400	420,400	334,053	86,347
Support services:				
Pupils	2,800	2,800	2,770	30
Instructional staff	2,450	3,150	1,923	1,227
Administration	2,569	-	-	-
Total expenditures	<u>428,219</u>	<u>426,350</u>	<u>338,746</u>	<u>87,604</u>
Net change in fund balance	(8,219)	(14,839)	(9,956)	4,883
Fund balance at beginning of year	14,637	14,637	14,637	-
Prior year encumbrances appropriated	202	202	202	-
Fund balance at end of year	\$ <u>6,620</u>	\$ <u>-</u>	\$ <u>4,883</u>	\$ <u>4,883</u>

Mentor Exempted Village School District

Chapter II – Special Revenue Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 160,000	\$ 84,733	\$ 56,349	\$ (28,384)
Expenditures:				
Current:				
Instruction:				
Regular	15,856	25,283	22,710	2,573
Support services:				
Pupils	4,710	16,091	15,516	575
Instructional staff	11,502	37,760	22,697	15,063
Community services	5,676	5,784	5,783	1
Total expenditures	37,744	84,918	66,706	18,212
Excess of revenues over (under) expenditures	122,256	(185)	(10,357)	(10,172)
Other financing sources (uses):				
Advances - in	-	-	10,172	10,172
Net change in fund balance	122,256	(185)	(185)	-
Fund balance at beginning of year	-	-	-	-
Prior year encumbrances appropriated	185	185	185	-
Fund balance at end of year	\$ 122,441	\$ -	\$ -	\$ -

Mentor Exempted Village School District

Drug Free Schools Grant – Special Revenue Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 35,000	\$ 29,898	\$ 23,624	\$ (6,274)
Expenditures:				
Current:				
Instruction:				
Regular	4,689	10,633	10,562	71
Support services:				
Pupils	6,253	9,765	8,966	799
Instructional staff	21,826	12,622	7,218	5,404
Total expenditures	32,768	33,020	26,746	6,274
Net change in fund balance	2,232	(3,122)	(3,122)	-
Fund balance at beginning of year	2,871	2,871	2,871	-
Prior year encumbrances appropriated	251	251	251	-
Fund balance at end of year	\$ 5,354	\$ -	\$ -	\$ -

Mentor Exempted Village School District

Preschool Grant for the Handicapped – Special Revenue Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 80,000	\$ 74,321	\$ 43,852	\$ (30,469)
Expenditures:				
Current:				
Instruction:				
Special	31,201	43,704	43,345	359
Support services:				
Pupils	36,055	49,824	23,109	26,715
Instructional staff	7,240	3,866	1,421	2,445
Total expenditures	<u>74,496</u>	<u>97,394</u>	<u>67,875</u>	<u>29,519</u>
Net change in fund balance	5,504	(23,073)	(24,023)	(950)
Fund balance at beginning of year	3,688	3,688	3,688	-
Prior year encumbrances appropriated	<u>20,457</u>	<u>20,457</u>	<u>20,457</u>	-
Fund balance at end of year	\$ <u>29,649</u>	\$ <u>1,072</u>	\$ <u>122</u>	\$ <u>(950)</u>

Mentor Exempted Village School District

Special Trust – Special Revenue Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 32,845	\$ -	\$ 80,361	\$ 80,361
Earnings on investments	-	-	692	692
Extracurricular activities	10,650	10,661	-	(10,661)
Miscellaneous	19,430	32,148	25,584	(6,564)
Total revenues	<u>62,925</u>	<u>42,809</u>	<u>106,637</u>	<u>63,828</u>
Expenditures:				
Current:				
Instruction:				
Regular	37,710	47,731	21,661	26,070
Special	2,397	4,125	2,042	2,083
Vocational education	83	83	-	83
Support services:				
Pupils	310	7,422	250	7,172
Instructional staff	3,981	7,743	4,462	3,281
Board of education	750	750	587	163
Administration	175	980	805	175
Operations and maintenance – plant	5,420	4,819	4,015	804
Pupil transportation	923	923	923	-
Central	7,168	8,432	1,061	7,371
Community services	46	215	-	215
Extracurricular activities:				
Academic and subject oriented activities	16,419	-	-	-
Sports oriented	383	-	-	-
Co-curricular activities	10,263	12,310	10,456	1,854
Total expenditures	<u>86,028</u>	<u>95,533</u>	<u>46,262</u>	<u>49,271</u>
Excess of revenues over (under) expenditures	<u>(23,103)</u>	<u>(52,724)</u>	<u>60,375</u>	<u>113,099</u>
Other financing sources (uses):				
Transfers - in	-	3,019	888	(2,131)
Transfers - out	(5,919)	(5,913)	(3,501)	2,412
Refund of prior years receipts	(711)	(1,550)	(462)	1,088
Total other financing sources (uses)	<u>(6,630)</u>	<u>(4,444)</u>	<u>(3,075)</u>	<u>1,369</u>
Net change in fund balance	(29,733)	(57,168)	57,300	114,468
Fund balance at beginning of year	79,862	79,862	79,862	-
Prior year encumbrances appropriated	<u>5,716</u>	<u>5,716</u>	<u>5,716</u>	<u>-</u>
Fund balance at end of year	\$ <u>55,845</u>	\$ <u>28,410</u>	\$ <u>142,878</u>	\$ <u>114,468</u>

Mentor Exempted Village School District

E-Rate Reimbursement – Special Revenue Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 54,000	\$ 78,355	\$ 79,955	\$ 1,600
Expenditures:				
Current:				
Support services:				
Central Services	<u>76,617</u>	<u>189,452</u>	<u>164,240</u>	<u>25,212</u>
Net change in fund balance	(22,617)	(111,097)	(84,285)	26,812
Fund balance at beginning of year	76,617	76,617	76,617	-
Prior year encumbrances appropriated	<u>34,480</u>	<u>34,480</u>	<u>34,480</u>	<u>-</u>
Fund balance at end of year	\$ <u>88,480</u>	\$ <u>-</u>	\$ <u>26,812</u>	\$ <u>26,812</u>

Mentor Exempted Village School District

Classroom Reduction – Special Revenue Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 310,000	\$ 250,596	\$ 221,604	\$ (28,992)
Expenditures:				
Current:				
Instruction:				
Regular	269,435	227,309	199,013	28,296
Support services:				
Instructional staff	38,659	30,269	27,480	2,789
Total expenditures	308,094	257,578	226,493	31,085
Net change in fund balance	1,906	(6,982)	(4,889)	2,093
Fund balance at beginning of year	6,983	6,983	6,983	-
Prior year encumbrances appropriated	-	-	-	-
Fund balance at end of year	\$ 8,889	\$ 1	\$ 2,094	\$ 2,093

Mentor Exempted Village School District

Miscellaneous Federal Grants – Special Revenue Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ <u>340,000</u>	\$ <u>306,430</u>	\$ <u>288,815</u>	\$ <u>(17,615)</u>
Expenditures:				
Current:				
Instruction:				
Regular	238,841	284,941	273,512	11,429
Support services:				
Pupils	35,142	21,220	19,951	1,269
Instructional staff	24,030	8,568	5,733	2,835
Administration	5,850	6,179	3,791	2,388
Community services	<u>10,202</u>	<u>17,781</u>	<u>17,338</u>	<u>443</u>
Total expenditures	<u>314,065</u>	<u>338,689</u>	<u>320,325</u>	<u>18,364</u>
Net change in fund balance	25,935	(32,259)	(31,510)	749
Fund balance at beginning of year	7,619	7,619	7,619	-
Prior year encumbrances appropriated	<u>24,640</u>	<u>24,640</u>	<u>24,640</u>	<u>-</u>
Fund balance at end of year	\$ <u>58,194</u>	\$ <u>-</u>	\$ <u>749</u>	\$ <u>749</u>

Mentor Exempted Village School District

Permanent Improvement – Capital Projects Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,083,914	\$ 953,190	\$ 1,124,155	\$ 170,965
Earnings on investments	20,000	30,000	69,046	39,046
Intergovernmental	-	1,180,000	1,798,736	618,736
Total revenues	<u>1,103,914</u>	<u>2,163,190</u>	<u>2,991,937</u>	<u>828,747</u>
Expenditures:				
Current:				
Instruction:				
Regular	-	18,700	18,664	36
Support Services:				
Fiscal services	5,500	-	-	-
Operation and maintenance - plant	1,489,862	3,455,939	2,687,111	768,828
Central Services	<u>373,828</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>1,869,190</u>	<u>3,474,639</u>	<u>2,705,775</u>	<u>768,864</u>
Excess of revenues over (under) expenditures	(765,276)	(1,311,449)	286,162	1,597,611
Other financing sources (uses):				
Advances - in	<u>-</u>	<u>-</u>	<u>500,000</u>	<u>500,000</u>
Net change in fund balance	(765,276)	(1,311,449)	786,162	2,097,611
Fund balance at beginning of year	758,275	758,275	758,275	-
Prior year encumbrances appropriated	<u>555,449</u>	<u>555,449</u>	<u>555,449</u>	<u>-</u>
Fund balance at end of year	\$ <u>548,448</u>	\$ <u>2,275</u>	\$ <u>2,099,886</u>	\$ <u>2,097,611</u>

Mentor Exempted Village School District

SchoolNet Plus – Capital Projects Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 91,000	\$ -	\$ -	\$ -
Expenditures:				
Current:				
Instruction:				
Regular	<u>40,029</u>	<u>46,031</u>	<u>46,031</u>	<u>-</u>
Net change in fund balance	50,971	(46,031)	(46,031)	-
Fund balance at beginning of year	40,029	40,029	40,029	-
Prior year encumbrances appropriated	<u>6,002</u>	<u>6,002</u>	<u>6,002</u>	<u>-</u>
Fund balance at end of year	\$ <u><u>97,002</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>

Mentor Exempted Village School District

Food Service – Enterprise Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Food service	\$ 1,816,820	\$ 1,816,820	\$ 1,811,872	\$ (4,948)
Interest	2,000	2,000	3,520	1,520
Intergovernmental	416,558	413,500	461,585	48,085
Total revenues	<u>2,235,378</u>	<u>2,232,320</u>	<u>2,276,977</u>	<u>44,657</u>
Expenditures:				
Salaries	888,751	888,751	888,751	-
Employees' retirement and insurance	540,603	540,603	540,603	-
Purchased services	51,748	51,748	45,435	6,313
Materials and supplies	914,508	928,527	846,076	82,451
Capital outlay	3,900	3,900	2,800	1,100
Total expenditures	<u>2,399,510</u>	<u>2,413,529</u>	<u>2,323,665</u>	<u>89,864</u>
Excess of revenues over (under) expenditures	<u>(164,132)</u>	<u>(181,209)</u>	<u>(46,688)</u>	<u>134,521</u>
Other financing sources and (uses):				
Advances - in	130,000	130,000	-	(130,000)
Refund of prior year expenditures	200	200	-	(200)
Total other financing sources and (uses)	<u>130,200</u>	<u>130,200</u>	<u>-</u>	<u>(130,200)</u>
Net change in fund balance	(33,932)	(51,009)	(46,688)	4,321
Fund balance at beginning of year	40,029	40,029	40,029	-
Prior year encumbrances appropriated	<u>14,019</u>	<u>14,019</u>	<u>14,019</u>	<u>-</u>
Fund balance at end of year	\$ <u>20,116</u>	\$ <u>3,039</u>	\$ <u>7,360</u>	\$ <u>4,321</u>

Mentor Exempted Village School District

Uniform School Supply – Enterprise Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Classroom materials and fees	\$ 345,000	\$ 461,000	\$ 326,574	\$ (134,426)
Expenditures:				
Materials and supplies	458,129	598,075	460,189	137,886
Excess of revenues over (under) expenditures	(113,129)	(137,075)	(133,615)	3,460
Other financing sources (uses):				
Transfers-out	-	(888)	(888)	-
Advances - out	-	(120,000)	(120,000)	-
Total other financing sources (uses)	-	(120,888)	(120,888)	-
Net change in fund balance	(113,129)	(257,963)	(254,503)	3,460
Fund balance at beginning of year	120,881	120,881	120,881	-
Prior year encumbrances appropriated	139,948	139,948	139,948	-
Fund balance at end of year	\$ 147,700	\$ 2,866	\$ 6,326	\$ 3,460

Mentor Exempted Village School District

Rotary – Enterprise Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Tuition	\$ 144,000	\$ 75,000	\$ 99,367	\$ 24,367
Expenditures:				
Salaries	77,450	99,850	98,510	1,340
Employees retirement and insurance	12,650	16,050	15,902	148
Materials and supplies	100	3,675	98	3,577
Other expenses	1,950	1,950	537	1,413
Total expenditures	92,150	121,525	115,047	6,478
Excess of revenues over (under) expenditures	51,850	(46,525)	(15,680)	30,845
Other financing sources (uses):				
Transfers - in	6,000	6,000	6,454	454
Net change in fund balance	57,850	(40,525)	(9,226)	31,299
Fund balance at beginning of year	64,860	64,860	64,860	-
Prior year encumbrances appropriated	3,975	3,975	3,975	-
Fund balance at end of year	\$ 126,685	\$ 28,310	\$ 59,609	\$ 31,299

Mentor Exempted Village School District

Adult Education – Enterprise Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Miscellaneous	\$ -	\$ 2,030	\$ 500	\$ (1,530)
Expenses:				
Other	-	2,520	1,040	1,480
Net change in fund balance	-	(490)	(540)	(50)
Fund balance at beginning of year	<u>5,568</u>	<u>5,568</u>	<u>5,568</u>	
Fund balance at end of year	\$ <u><u>5,568</u></u>	\$ <u><u>5,078</u></u>	\$ <u><u>5,028</u></u>	\$ <u><u>(50)</u></u>

Mentor Exempted Village School District

Internal Service Fund

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

For The Fiscal Year Ended June 30, 2006

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Extracurricular activities	\$ 64,762	\$ 67,762	\$ 48,522	\$ (19,240)
Miscellaneous	827,238	611,328	531,757	(79,571)
Total revenues	<u>892,000</u>	<u>679,090</u>	<u>580,279</u>	<u>(98,811)</u>
Expenditures:				
Current:				
Instruction:				
Regular Instruction:				
Salaries	364,056	364,056	313,601	50,455
Employees' retirement and insurance	62,182	82,182	75,725	6,457
Contractual services	106,045	106,045	80,260	25,785
Supplies and materials	76,769	100,594	72,094	28,500
Other expenses	31,562	70,162	29,344	40,818
Capital outlay	<u>2,985</u>	<u>12,367</u>	<u>4,890</u>	<u>7,477</u>
Total expenditures	<u>643,599</u>	<u>735,406</u>	<u>575,914</u>	<u>159,492</u>
Excess of revenues over (under) expenditures	<u>248,401</u>	<u>(56,316)</u>	<u>4,365</u>	<u>60,681</u>
Other financing sources (uses):				
Transfers - in	-	60,587	36,199	(24,388)
Advances - in	-	-	2,370	2,370
Refund of prior year expenditures	-	-	38	38
Transfers - out	(2,440)	(2,441)	(2,354)	87
Advances - out	<u>(10,000)</u>	<u>(21,066)</u>	<u>(21,066)</u>	<u>-</u>
Total other financing sources (uses)	<u>(12,440)</u>	<u>37,080</u>	<u>15,187</u>	<u>(21,893)</u>
Net change in fund balance	235,961	(19,236)	19,552	38,788
Fund balance at beginning of year	101,672	101,672	101,672	-
Prior year encumbrances appropriated	<u>21,257</u>	<u>21,257</u>	<u>21,257</u>	<u>-</u>
Fund balance at end of year	\$ <u>358,890</u>	\$ <u>103,693</u>	\$ <u>142,481</u>	\$ <u>38,788</u>



Statistical Section

Back of Statistical Tab

Mentor Exempted Village School District

Statistical Section

June 30, 2006

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

<u>Contents</u>	<u>Page(s)</u>
Financial Trends These schedules contain trend information to help the reader understand how the School District's financial performance and well-being have changed over time.	122-129
Revenue Capacity These schedules contain information to help the reader assess the School District's most significant local revenue source, the property tax.	130-136
Debt Capacity These schedules present information to help the reader assess the affordability of the School District's current levels of outstanding debt and the School District's ability to issue additional debt in the future.	137-140
Economic and Demographic Information These schedules offer economic and demographic indicators to help the reader understand the environment within which the School District's financial activities take place.	141
Operating Information These schedules contain service data to help the reader understand how the information in the School District's financial report relates to the services the school District provides and the activities it performs.	142-146

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

Mentor Exempt Village School District

Net Assets by Component

Last Four Fiscal Years

Table 1

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental Activities:				
Invested in capital assets, net of related debt	\$ 2,482,562	\$ 1,764,840	\$ 3,480,443	\$ 2,128,472
Restricted for:				
Special purposes	-	765,350	904,526	479,384
Debt service	-	-	-	1,136,473
HealthCare Consortium	1,948,950	2,008,216	-	-
Unrestricted (deficit)	(13,852,295)	(25,542,495)	(6,676,763)	7,840,891
Total net assets – governmental activities	(9,420,783)	(21,004,089)	(2,291,794)	11,585,220
Business – Type Activities:				
Invested in capital assets, net of related debt	286,793	310,861	344,182	49,328
Unrestricted (deficit)	453,351	218,982	201,050	71,157
Total net assets – business – type activities	740,144	529,843	545,232	120,485
Primary Government:				
Invested in capital assets, net of related debt	2,769,355	2,075,701	3,824,625	2,177,800
Restricted for:				
Special purposes	-	765,350	904,526	479,384
Debt service	-	-	-	1,136,473
HealthCare Consortium	1,948,950	2,008,216	-	-
Unrestricted (deficit)	(13,398,944)	(25,323,513)	(6,475,713)	7,912,048
Total net assets – primary government	\$ (8,680,639)	\$ (20,474,246)	\$ (1,746,562)	\$ 11,705,705

Mentor Exempted Village School District

Changes in Net Assets (continued)

Last Four Fiscal Years

Table 2

Expenses:	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities:				
Regular education	\$ 40,956,464	\$ 43,134,601	\$36,199,146	\$ 39,940,654
Special education	8,260,968	9,584,464	9,724,457	10,705,438
Vocational education	2,544,369	2,835,166	2,714,935	2,168,793
Adult/continuing education	71,533	4,251	-	-
Other	2,298,419	1,513,815	3,238	616,275
Support services:				
Pupil	5,683,969	6,128,799	5,154,883	6,038,086
Instructional staff	4,816,165	5,393,115	3,704,672	4,011,014
Board of education	629,729	479,902	704,216	572,005
Administration	6,311,385	6,440,990	5,819,677	4,998,141
Fiscal	1,694,931	2,119,153	2,066,562	2,092,249
Business	23,205	302,004	334,689	388,929
Operation and maintenance of plant	8,766,874	8,494,172	7,174,525	8,032,060
Pupil transportation	5,635,017	5,668,170	4,887,065	4,830,605
Central	1,960,997	1,321,251	712,769	1,607,286
Operation of non-instructional services	1,011,416	1,914,056	1,420,093	1,286,930
Extracurricular activities	2,858,612	1,546,458	1,355,855	1,553,679
Interest and fiscal charges	<u>1,321,916</u>	<u>1,604,865</u>	<u>1,134,454</u>	<u>567,851</u>
Total governmental activities expenses	<u>94,845,969</u>	<u>98,485,232</u>	<u>83,111,236</u>	<u>89,409,995</u>
Business-type activities:				
Food service	2,712,308	2,703,619	2,355,277	2,470,584
Uniform supplies	297,382	363,205	322,506	382,824
Adult education	136,412	127,653	-	1,040
Rotary	-	12,345	73,116	154,311
Recreation	<u>187,850</u>	<u>143,733</u>	<u>-</u>	<u>-</u>
Total business-type activities expenses	<u>3,333,952</u>	<u>3,350,555</u>	<u>2,750,899</u>	<u>3,008,759</u>
Total primary government expenses	\$ <u>98,179,921</u>	\$ <u>101,835,787</u>	\$ <u>85,862,135</u>	\$ <u>92,418,754</u>

Continued

Mentor Exempted Village School District

Changes in Net Assets (continued)

Last Four Fiscal Years

Table 2

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Program revenues:				
Governmental activities:				
Charges for services:				
Regular education	\$ 67,905	\$ 727,349	\$ 1,283,167	\$ 512,113
Special education	273,771	234,357	14,495	452,284
Vocational education	-	-	-	215,703
Pupil	-	44,399	-	-
Administration	841,692	101,073	57,979	1,322,511
Pupil transportation	76,840	125,243	92,643	47,715
Central	-	-	4,275	27,668
Operation of non-instructional services	89,570	78,968	-	-
Extracurricular activities	515,432	586,140	893,328	648,558
Operating Grants and Contributions:				
Regular education	1,128,057	934,069	1,176,175	486,164
Special education	1,830,445	2,352,267	2,081,123	2,666,708
Vocational	682,628	865,694	1,243,935	408,021
Instructional staff	56,000	-	-	-
Central	92,021	83,709	74,993	121,955
Operation of non-instructional services	-	1,135,660	1,147,334	1,178,564
Extracurricular activities	1,064,200	-	-	-
Capital Grants and Contributions:				
Administration	-	-	-	550,000
Total governmental activities program revenues	<u>6,718,561</u>	<u>7,268,928</u>	<u>8,069,447</u>	<u>8,637,964</u>
Business-type activities:				
Charges for Services:				
Food service	1,849,378	1,968,096	1,846,313	1,810,431
Uniform supplies	271,272	288,949	324,785	326,574
Rotary	-	5,623	68,140	100,307
Adult education	154,762	118,146	-	500
Recreation	197,661	119,121	-	-
Operating Grants and Contributions:				
Food service	519,131	602,702	486,760	637,414
Adult education	-	220	-	-
Total business-type activities program revenues	<u>2,992,204</u>	<u>3,102,857</u>	<u>2,725,998</u>	<u>2,875,226</u>
Total primary government revenues	<u>9,710,765</u>	<u>10,371,785</u>	<u>10,795,445</u>	<u>11,513,190</u>
Net (expenses) revenue:				
Governmental activities	(87,965,777)	(91,216,304)	(75,041,789)	(80,772,031)
Business-type activities	<u>(341,748)</u>	<u>(247,698)</u>	<u>(24,901)</u>	<u>(133,533)</u>
Total primary government net expenses	<u>\$(88,307,525)</u>	<u>\$(91,464,002)</u>	<u>\$(75,066,690)</u>	<u>\$(80,905,564)</u>

Continued

Mentor Exempted Village School District

Changes in Net Assets (continued)

Last Four Fiscal Years

Table 2

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
General revenues and other changes in net assets:				
Governmental activities:				
Property taxes levied for:				
General purpose	54,910,178	52,424,690	64,136,454	65,732,858
Debt service	1,934,762	1,525,603	2,351,745	3,691,781
Capital projects	1,216,247	963,442	994,258	972,153
Grants and entitlements not restricted to specific programs	21,901,553	23,729,703	24,591,265	25,207,274
Investment earnings	92,578	94,172	751,071	1,245,192
Miscellaneous	267,402	929,112	892,690	477,796
Transfers	-	(33,724)	31,478	(5,566)
Gain on the sale on an asset	<u>13,142</u>	<u>-</u>	<u>5,123</u>	<u>-</u>
Total governmental activities	<u>80,335,862</u>	<u>79,632,998</u>	<u>93,754,084</u>	<u>97,321,488</u>
Business – type activities:				
Grants and entitlements not restricted to specific programs	-	-	71,937	-
Investment earnings	4,170	1,173	1,669	3,409
Miscellaneous	-	2,500	-	-
Loss on the sale on an asset	-	-	(1,838)	-
Transfers	<u>-</u>	<u>33,724</u>	<u>(31,478)</u>	<u>5,566</u>
Total business – type activities	<u>4,170</u>	<u>37,397</u>	<u>40,290</u>	<u>8,975</u>
Total primary government	<u>80,340,032</u>	<u>79,670,395</u>	<u>93,794,374</u>	<u>97,330,463</u>
Change in net assets:				
Governmental activities	(7,629,915)	(11,583,306)	18,712,295	16,549,457
Business – type activities	<u>(337,578)</u>	<u>(210,301)</u>	<u>15,389</u>	<u>(124,558)</u>
Total primary government change in net assets	\$ <u>(7,967,493)</u>	\$ <u>(11,793,607)</u>	\$ <u>18,727,684</u>	\$ <u>16,424,899</u>

Source: School District financial records

Mentor Exempted Village School District

Program Revenues by Function/Program

Last Four Fiscal Years

Table 3

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Governmental activities:				
Regular education	\$ 1,195,962	\$ 1,661,418	\$ 2,459,342	\$ 998,277
Special education	2,104,216	2,586,624	2,095,618	3,118,992
Vocational	682,628	865,694	1,243,935	623,724
Pupil	-	44,399	-	-
Instructional staff	56,000	-	-	-
Administration	841,692	101,073	57,979	1,872,511
Pupil transportation	76,840	125,243	92,643	47,715
Central	92,021	83,709	79,268	149,623
Operation of non-instructional services	89,570	1,214,628	1,147,334	1,178,564
Extracurricular activities	<u>1,579,632</u>	<u>586,140</u>	<u>893,328</u>	<u>648,558</u>
Total governmental activities	<u>6,718,561</u>	<u>7,268,928</u>	<u>8,069,447</u>	<u>8,637,964</u>
Business-type activities:				
Food service	2,368,509	2,570,798	2,333,073	2,447,845
Uniform supplies	271,272	288,949	324,785	326,574
Rotary	-	5,623	68,140	100,307
Adult education	154,762	118,366	-	500
Recreation	<u>197,661</u>	<u>119,121</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>2,992,204</u>	<u>3,102,857</u>	<u>2,725,998</u>	<u>2,875,226</u>
Total primary government program revenues	\$ <u>9,710,765</u>	\$ <u>10,371,785</u>	\$ <u>10,795,445</u>	\$ <u>11,513,190</u>

Source: School District financial records

Mentor Exempted Village School District

Fund Balances, Governmental Funds

Last Ten Fiscal Years Table 4

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General fund										
Reserved	\$ -	\$ 3,137,809	\$ 2,033,599	\$ 2,559,934	\$ 1,846,769	\$ 1,771,250	\$ 7,240,318	\$ 6,516,061	\$ 11,365,628	\$ 8,725,459
Unreserved (deficit)	(5,791,216)	(4,425,311)	(3,563,092)	(1,549,548)	(7,882,059)	(7,931,436)	(19,073,107)	(8,451,274)	(272,828)	7,774,628
Total general fund	<u>(5,791,216)</u>	<u>(1,287,502)</u>	<u>(1,529,493)</u>	<u>1,010,386</u>	<u>(6,035,290)</u>	<u>(6,160,186)</u>	<u>(11,832,789)</u>	<u>(1,935,213)</u>	<u>11,092,800</u>	<u>16,500,087</u>
All other governmental funds										
Reserved	-	2,953,956	3,231,108	3,840,764	2,733,932	2,015,652	2,115,786	1,601,966	2,298,209	2,480,667
Unreserved, undesignated,										
Reported in:										
Special revenue funds	674,568	747,166	895,079	163,244	44,574	(50,292)	(397,608)	302,389	477,949	306,393
Debt service funds	213,226	-								
Capital projects funds	(1,841,778)	(3,786,287)	(2,917,530)	(2,556,844)	(1,896,679)	(1,122,171)	(451,078)	(849,791)	390,439	1,414,391
Total all other governmental funds	<u>(953,984)</u>	<u>(85,165)</u>	<u>1,208,657</u>	<u>1,447,164</u>	<u>881,827</u>	<u>843,189</u>	<u>1,267,100</u>	<u>1,054,564</u>	<u>3,166,597</u>	<u>4,201,451</u>
Total governmental funds	<u>\$ (6,745,200)</u>	<u>\$ (1,372,667)</u>	<u>\$ (320,836)</u>	<u>\$ 2,457,550</u>	<u>\$ (5,153,463)</u>	<u>\$ (5,316,997)</u>	<u>\$ (10,565,689)</u>	<u>\$ (880,649)</u>	<u>\$ 14,259,397</u>	<u>\$ 20,701,538</u>

Source: School District financial records

Mentor Exempted Village School District

Changes in Fund Balances, Governmental Funds (continued)

Last Ten Fiscal Years **Table 4**

	1997 ⁽¹⁾	1998 ⁽¹⁾	1999	2000	2001	2002	2003	2004	2005	2006
Revenues:										
Taxes	\$ 41,147,629	\$ 46,071,361	\$ 49,703,326	\$ 53,131,605	\$ 50,558,752	\$ 55,537,652	\$ 57,447,184	\$ 55,371,277	\$ 66,964,875	\$ 71,898,835
Intergovernmental	18,699,863	20,330,654	26,143,848	25,582,794	26,290,117	27,870,998	26,916,535	28,852,517	30,553,613	30,076,860
Tuition and fees	190,352	194,011	163,254	206,366	195,240	230,179	175,267	896,991	1,375,810	1,113,377
Earnings on investments	247,071	408,005	578,504	720,286	765,183	252,298	92,509	91,535	415,479	1,245,215
Extracurricular activities	-	-	199,406	247,783	250,519	250,084	329,170	433,844	782,771	761,198
Contributions and donations	-	-	-	190,893	232,435	254,724	-	-	-	-
Charges for services	-	-	-	105,270	105,312	103,111	89,570	-	4,275	-
Classroom materials and fees	-	-	-	-	-	-	-	78,968	-	-
Miscellaneous	308,016	801,218	544,925	335,102	101,013	214,757	358,067	431,424	426,679	980,878
Total Revenues	60,592,931	67,805,249	77,333,263	80,520,099	78,498,571	84,713,803	85,408,302	86,156,556	100,523,502	106,076,363
Expenditures:										
Current:										
Instruction	42,461,201	44,379,280	43,819,740	44,183,055	47,589,362	48,283,502	-	-	-	-
Regular	-	-	-	-	-	-	39,414,096	40,447,432	35,960,608	39,398,241
Special	-	-	-	-	-	-	8,274,200	9,366,190	9,753,168	10,568,947
Vocational	-	-	-	-	-	-	2,584,977	2,727,370	2,739,969	2,331,028
Adult	-	-	-	-	-	-	71,533	7,046	-	-
Other	-	-	-	-	-	-	2,298,419	1,511,020	3,238	616,275
Support Services:										
Pupil	-	-	4,484,734	4,621,957	4,679,347	4,901,974	5,709,112	5,803,632	5,386,707	5,962,647
Instructional staff	-	-	2,847,225	3,214,204	3,500,607	4,043,172	4,830,999	5,163,861	3,798,426	4,043,939
Board of education	-	-	452,184	501,619	614,501	677,709	629,729	479,902	704,216	572,005
Administration	3,810,039	3,987,373	5,034,343	4,821,304	4,953,635	5,085,796	5,464,582	5,544,785	4,424,330	5,105,722
Fiscal	1,117,029	1,321,966	1,582,396	1,636,206	1,742,146	2,336,762	1,680,799	2,097,989	2,067,938	2,081,479
Business	461,529	464,579	504,930	526,875	674,150	644,005	705,305	636,011	595,051	626,486
Operation and maintenance of plant	5,660,774	6,471,654	7,153,258	8,095,071	8,344,673	9,295,466	9,109,353	9,565,657	7,473,930	8,406,260
Pupil transportation	3,118,878	3,450,259	4,058,486	4,100,279	4,389,336	4,669,889	6,464,715	5,139,482	5,073,907	4,800,294
Central	485,377	865,654	721,867	728,205	954,721	1,429,671	1,998,367	1,322,314	879,218	1,572,181
Food services	-	-	22,950	77,621	87,765	87,786	-	-	5,346	961
Community services	74,449	66,874	953,782	1,017,397	1,169,267	1,199,116	322,672	1,353,307	1,207,360	1,279,536
Extracurricular activities	866,678	924,638	1,299,060	1,251,397	1,359,030	1,500,117	2,890,030	1,535,319	1,346,644	1,547,156
Capital outlay	-	780,865	437,935	200,667	-	-	-	-	-	-
Miscellaneous	101,814	84,764	4,138	-	-	-	-	-	-	-

Continued

Mentor Exempted Village School District

Changes in Fund Balances, Governmental Funds (continued)

Last Ten Fiscal Years Table 4

	1997 ⁽¹⁾	1998 ⁽¹⁾	1999	2000	2001	2002	2003	2004	2005	2006
Debt Service:										
Principal retirement	-	-	483,836	442,945	416,507	394,540	466,933	464,926	16,661,000	12,866,334
Interest and fiscal charges	-	-	1,417,137	1,432,468	1,462,360	1,400,911	1,305,993	1,596,861	1,091,276	604,982
Total expenditures	<u>58,659,843</u>	<u>63,241,421</u>	<u>75,278,001</u>	<u>76,851,270</u>	<u>81,937,407</u>	<u>85,950,416</u>	<u>94,221,814</u>	<u>94,763,104</u>	<u>99,172,332</u>	<u>102,384,473</u>
Excess of revenues over (under) expenditures	<u>1,933,088</u>	<u>4,563,828</u>	<u>2,055,262</u>	<u>3,668,829</u>	<u>(3,438,836)</u>	<u>(1,236,613)</u>	<u>(8,813,512)</u>	<u>(8,606,548)</u>	<u>1,351,170</u>	<u>3,691,890</u>
Other financing sources (uses):										
Other sources	-	-	-	-	-	-	-	2,552	335,592	-
Issuance of bonds	-	-	-	-	-	-	-	-	6,439,989	-
Issuance of notes	-	-	-	-	-	-	-	19,480,000	8,005,334	928,000
Inception of capital lease	-	-	-	-	275,536	328,183	1,007,040	-	-	-
Proceeds from sale of capital assets	14,038	15,664	69,131	12,056	21,322	18,001	13,142	-	12,624	1,286,203
Refund of prior year expenditures	-	-	-	18,019	336,312	142,998	161,464	-	57,865	114,815
Transfers in	-	-	476,913	382,624	561,452	367,167	465,646	859,850	1,046,636	260,378
Refund of prior year receipts	-	-	-	(8,491)	(28,501)	(11,381)	(10,880)	-	(49,781)	(5,521)
Transfers out	<u>(1,469,290)</u>	<u>(1,475,738)</u>	<u>(1,549,475)</u>	<u>(1,230,620)</u>	<u>(1,352,948)</u>	<u>(940,053)</u>	<u>(465,646)</u>	<u>(2,050,814)</u>	<u>(1,128,530)</u>	<u>(298,214)</u>
Total other financing sources (uses)	<u>(1,455,252)</u>	<u>(1,460,074)</u>	<u>(1,003,431)</u>	<u>(826,412)</u>	<u>(186,827)</u>	<u>(95,085)</u>	<u>1,170,766</u>	<u>18,291,588</u>	<u>14,719,729</u>	<u>2,285,661</u>
Net change in fund balances	\$ <u>477,836</u>	\$ <u>3,103,754</u>	\$ <u>1,051,831</u>	\$ <u>2,842,417</u>	\$ <u>(3,625,663)</u>	\$ <u>(1,331,698)</u>	\$ <u>(7,642,746)</u>	\$ <u>9,685,040</u>	\$ <u>16,070,899</u>	\$ <u>5,977,551</u>
Debt Service as a percentage of noncapital expenditures	-	-	2.53%	2.44%	2.29%	2.09%	1.88%	2.18%	17.90%	13.16%

Source: School District Financial Records

⁽¹⁾ 1997 & 1998 – only General Fund financial information available.

Mentor Exempted Village School District

Assessed and Estimated Actual Value of Taxable Property

Table 5
Last Ten Years

Year	Real Property		Public Utility Property		Tangible Personal Property		Total		
	Assessed Value	Estimated Actual Value ⁽¹⁾	Assessed Value	Estimated Actual Value ⁽¹⁾	Assessed Value	Estimated Actual Value ⁽¹⁾	Assessed Value	Estimated Actual Value	
2006	\$ 1,729,289,390	\$ 4,940,826,829	\$ 42,689,040	\$ 170,756,160	\$ 129,253,952	\$ 689,354,411	\$ 1,901,232,382	\$ 5,800,937,400	32.77%
2005	1,709,904,170	4,885,440,486	44,533,230	178,132,920	160,416,040	641,664,160	1,914,853,440	5,705,237,566	33.56
2004	1,685,185,080	4,814,814,514	43,693,710	174,774,840	167,917,519	671,670,076	1,896,796,309	5,661,259,430	33.50
2003	1,436,430,740	4,104,087,829	42,734,840	170,939,360	182,230,555	728,922,220	1,661,396,135	5,003,949,409	33.20
2002	1,412,020,610	4,034,344,600	45,017,670	180,070,680	189,929,231	759,716,924	1,646,967,511	4,974,132,204	33.11
2001	1,394,604,940	3,984,585,543	51,031,770	204,127,080	180,385,071	721,540,284	1,626,021,781	4,910,252,907	33.11
2000	1,228,998,710	3,511,424,886	53,714,800	214,859,200	175,243,944	700,975,776	1,457,957,454	4,427,259,862	32.93
1999	1,207,740,240	3,450,686,400	57,296,770	229,187,080	156,299,500	625,198,000	1,421,336,510	4,305,071,480	33.02
1998	1,179,758,070	3,370,737,343	55,926,310	223,705,240	151,200,048	604,800,192	1,386,884,428	4,199,242,775	33.03
1997	1,018,263,300	2,909,323,714	57,392,890	229,571,560	144,752,054	579,008,216	1,220,408,244	3,717,903,490	32.83

Source: Lake County Auditor. Data is presented on a calendar year basis because that is the manner in which the information is maintained by the County Auditor.

(1) This amount is calculated based on the following percentages:

Real Property - Assessed at 35 percent of actual value.

Public utility personal is assessed at 25 percent of actual value.

Tangible Personal Property - Tax year 1983 begins a 1% reduction of assessed valuation for 10 year period. Prior to 1983 property was assessed at 25 percent of actual value.

Mentor Exempted Village School District

Property Tax Rates – Direct and Overlapping Governments

Last Ten Years Table 6

Tax Year/ Collection Year	Municipality/Township	Concord Township	City of Mentor	City of Willoughby	City Mentor-on the-Lake	Village of Kirtland Hills	Chardon Township (a)
2005/2006	Municipality/Township	\$ 9.40	\$ 4.50	\$ 6.58	\$ 24.00	\$ 20.00	\$ 6.70
	School	77.28	77.28	49.40	77.28	77.28	77.28
	Library District	0.62	0.62	1.30	0.62	0.62	0.63
	County	15.70	15.70	15.70	15.70	15.70	15.10
	TOTAL	103.00	98.10	72.98	117.60	113.60	99.71
2004/2005	Municipality/Township	9.40	4.50	6.68	24.00	20.00	6.70
	School	77.46	77.46	49.77	77.46	77.46	77.46
	Library District	0.62	0.62	1.30	0.62	0.62	0.63
	County	15.70	15.70	15.70	15.70	15.70	15.10
	TOTAL	103.18	98.28	73.45	117.78	113.78	99.89
2003/2004	Municipality/Township	9.40	4.50	7.19	24.00	20.00	7.70
	School	69.62	69.62	66.87	69.62	69.62	66.70
	Library District	0.63	0.63	0.63	0.63	0.63	0.63
	County	15.70	15.70	15.70	15.70	15.70	9.50
	TOTAL	95.35	90.45	90.39	109.95	105.95	84.53
2002/2003	Municipality/Township	9.40	4.50	7.19	24.00	23.00	7.70
	School	66.77	66.77	66.87	66.77	66.77	66.70
	Library District	0.63	0.63	0.63	0.63	0.63	0.63
	County	15.70	15.70	15.70	15.70	15.70	9.50
	TOTAL	92.50	87.60	90.39	107.10	106.10	84.53
2001/2002	Municipality/Township	9.40	4.50	7.19	24.00	23.00	7.70
	School	66.79	66.79	66.79	66.79	66.79	66.79
	Library District	0.63	0.63	0.63	0.63	0.63	0.63
	County	15.70	15.70	15.70	15.70	15.70	9.50
	TOTAL	92.52	87.62	90.31	107.12	106.12	84.62

Mentor Exempted Village School District

Property Tax Rates – Direct and Overlapping Governments (continued)

Last Ten Years Table 6

Tax Year/ Collection Year	Municipality/Township	Concord Township	City of Mentor	City of Willoughby	City Mentor-on the-Lake	Village of Kirtland Hills	Chardon Township (a)
2000/2001	Municipality/Township	\$ 9.40	\$ 4.50	\$ 7.19	\$ 24.00	\$ 23.00	\$ 7.70
	School	66.84	66.84	66.84	66.84	66.84	66.84
	Library District	0.63	0.63	0.63	0.63	0.63	0.63
	County	<u>15.70</u>	<u>15.70</u>	<u>15.70</u>	<u>15.70</u>	<u>15.70</u>	<u>9.50</u>
	TOTAL	<u>92.57</u>	<u>87.67</u>	<u>90.36</u>	<u>107.17</u>	<u>106.17</u>	<u>84.67</u>
1999 / 2000	Municipality/Township	9.40	4.50	7.19	24.00	23.00	7.70
	School	66.87	66.87	66.87	66.87	66.87	66.87
	Library District	0.63	0.63	0.63	0.63	0.63	0.63
	County	<u>15.70</u>	<u>15.70</u>	<u>15.70</u>	<u>15.70</u>	<u>15.70</u>	<u>9.50</u>
	TOTAL	<u>92.60</u>	<u>87.70</u>	<u>90.39</u>	<u>107.20</u>	<u>106.20</u>	<u>84.70</u>
1998 / 1999	Municipality/Township	9.40	4.50	7.19	24.00	23.00	7.70
	School	67.21	67.21	67.21	67.21	67.21	67.21
	Library District	0.63	0.63	0.63	0.63	0.63	0.63
	County	<u>15.60</u>	<u>15.60</u>	<u>15.60</u>	<u>15.60</u>	<u>15.60</u>	<u>9.50</u>
	TOTAL	<u>92.84</u>	<u>87.94</u>	<u>90.63</u>	<u>107.44</u>	<u>106.44</u>	<u>85.04</u>
1997 / 1998	Municipality/Township	9.40	6.00	6.29	24.00	23.00	7.70
	School	67.21	67.21	67.21	67.21	67.21	67.21
	Library District	0.50	0.50	0.50	0.50	0.50	0.50
	County	<u>14.10</u>	<u>14.10</u>	<u>14.10</u>	<u>14.10</u>	<u>14.10</u>	<u>9.50</u>
	TOTAL	<u>91.21</u>	<u>87.81</u>	<u>88.10</u>	<u>105.81</u>	<u>104.81</u>	<u>84.91</u>
1996 / 1997	Municipality/Township	9.40	6.05	6.55	24.00	23.00	7.70
	School	67.45	67.45	67.45	67.45	67.45	67.45
	Library District	0.50	0.50	0.50	0.50	0.50	0.50
	County	<u>14.00</u>	<u>14.00</u>	<u>14.00</u>	<u>14.00</u>	<u>14.00</u>	<u>9.70</u>
	TOTAL	<u>91.35</u>	<u>88.00</u>	<u>88.50</u>	<u>105.95</u>	<u>104.95</u>	<u>85.35</u>

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

(a) Located in Geauga County

Mentor Exempted Village School District

Property Tax - Levies and Collections- Real and Tangible Personal Property

Last Ten Years Table 7

<u>Year</u>	<u>Current Levy</u>	<u>Delinquent Levy</u>	<u>Total Levy</u>	<u>Current Collection</u>	<u>Percent of Current Levy Collected</u>	<u>Delinquent Collection</u>	<u>Total Collections</u>	<u>Total Collection as a Percent of Current Levy</u>
2005	\$ 81,991,123	\$ 4,175,061	\$ 86,166,184	\$ 79,113,652	96.49%	\$ 1,699,737	\$ 80,813,389	98.56%
2004	64,618,639	3,890,196	68,508,835	63,309,098	97.97	1,268,514	64,577,612	99.94
2003	58,608,457	3,680,538	62,288,995	56,910,391	97.10	1,719,718	58,630,109	100.04
2002	59,032,060	3,711,131	62,743,191	57,073,211	96.88	1,606,667	58,679,878	99.40
2001	58,892,070	2,581,368	61,473,438	56,889,448	96.60	1,022,971	57,912,419	98.34
2000	56,704,322	2,675,288	59,379,610	55,441,703	97.77	1,262,619	56,704,322	100.00
1999	56,626,512	2,353,769	58,980,281	54,995,114	97.12	1,631,398	56,626,512	100.00
1998	49,280,143	1,998,079	51,278,222	48,117,168	97.64	1,162,974	49,280,142	100.00
1997	48,182,502	1,997,729	50,180,231	47,087,957	97.73	1,094,546	48,182,503	100.00
1996	41,817,576	1,855,425	43,673,001	41,035,072	98.13	782,504	41,817,576	100.00

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

Mentor Exempted Village School District

Principal Tax Payers: Real Property Tax

As of December 31, 2005 and December 31, 1999

Table 8

Name of Taxpayer	December 31, 2005	
	Assessed Value	Percent of Total Assessed Value
Simon Property Group LP	\$ 25,900,140	1.51%
Points East	7,013,210	.41
Steris Corporation	6,372,170	.37
University Hospitals	4,501,630	.26
F I Mentor Commons Ltd..	4,238,230	.25
Deepwood North Company	4,086,290	.24
First Interstate	3,929,240	.23
Royal Appliance Mfg. Company	3,768,630	.22
Lakeway Harbour	3,646,160	.21
Ventias Realty	3,561,370	.21
Total	\$ 67,017,070	3.91%

Name of Taxpayer	December 31, 1999	
	Assessed Value	Percent of Total Assessed Value
DeBartolo Realty Partnership	\$ 18,203,360	1.51%
Fashion Square Associates	5,037,240	.42
Lake Hospital Systems, Inc.	4,085,400	.34
Euclid Clinic Foundation	3,611,960	.30
Michael E. Osborne	3,406,390	.28
Deepwood North Company	3,233,370	.27
Creekside Commons Ltd.	3,116,260	.26
Mentor Commons Ltd.	2,962,810	.25
James A. Brown	2,929,370	.24
Lincoln Electric Company	2,893,160	.24
Total	\$ 49,479,320	4.11%

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

Note: Information prior to 1999 was not available.

Mentor Exempted Village School District

Principal Taxpayers - Personal Property Tax

As of December 31, 2005 and December 31, 1999

Table 9

Name of Taxpayer	December 31, 2005	
	Assessed Value	Percent of Total Assessed Value
Avery Dennison Corporation	\$ 6,129,400	3.82 %
Swagelok Manufacturing Company	4,836,060	3.01
Jim Brown Chevrolet	4,539,400	2.83
Lincoln Electric Company	4,351,570	2.71
PCC Airfoils Inc.	4,086,850	2.55
Worthington Precision	3,563,540	2.22
Steris Corporation	3,238,240	2.02
Wiseco Piston Company	3,125,850	1.95
Polychem Corporation	3,113,520	1.94
Comcast	3,016,450	1.88
Total	\$ 40,000,880	24.93%

Name of Taxpayer	December 31, 1999	
	Assessed Value	Percent of Total Assessed Value
Lincoln Electric Company	\$ 7,358,490	4.71%
Avery Dennison Corporation	5,517,380	3.53
Buckeye Steel Casting Corporation	4,903,780	3.14
Jim Brown Chevrolet	3,692,900	2.36
Higbee Company	3,528,020	2.26
Polychem Corporation	3,243,220	2.08
Nupro Company.	3,222,550	2.06
Eye Lighting	2,479,240	1.59
Wiseco Piston Company	2,395,210	1.53
Minnesota Mining & Manufacturing	2,374,490	1.52
Total	\$ 38,715,280	24.78%

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

Note: Information prior to 1999 was not available.

Mentor Exempted Village School District

Principal Tax Payers: Public Utility Tax

As of December 31, 2005 and December 31, 1999

December 31, 2005		Percent of
Assessed	Total Assessed	Value
Value		
Cleveland Electric Illuminating Company	18,083,900	40.61%
Aqua Ohio Inc.	12,648,780	28.40
Ohio Bell Telephone Company	7,242,740	16.26
American Transmission	1,908,750	4.29
East Ohio Gas Company	1,192,730	2.68
Total	\$ 41,076,900	92.24%

December 31, 1999		Percent of
Assessed	Total Assessed	Value
Value		
Cleveland Electric Illuminating Company.	28,579,860	2.01%
Consumer Ohio Water	14,656,120	1.03
Ohio Bell Telephone Company	13,129,720	.92
East Ohio Gas Company	3,437,730	.24
Total	\$ 59,803,430	4.20%

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

Note: Information prior to 1999 was not available.

Mentor Exempted Village School District

Computation of Direct and Overlapping General Obligation Bonded Debt

As of December 31, 2006

Table II

Jurisdiction	General Obligation Bonded Debt Outstanding	Percentage Applicable to School District ⁽¹⁾	Amount Applicable to School District
Direct:			
Mentor Exempted Village School District	\$ 9,045,000	100.00%	\$ 9,045,000
Total Direct	<u>9,045,000</u>		<u>9,045,000</u>
Overlapping:			
City of Mentor	22,103,974	100.00%	22,103,974
City of Mentor-on-the-Lake	740,000	100.00%	740,000
Lake County	24,708,000	30.34%	7,496,407
Geauga County	5,589,885	0.16%	8,944
Total Overlapping	<u>53,141,859</u>		<u>30,349,325</u>
Total	\$ <u>62,186,859</u>		\$ <u>39,394,325</u>

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

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the School District by the total assessed valuation of the subdivision. The valuations used were for the 2005 collection year.

Mentor Exempted Village School District

Ratio of Outstanding Debt by Type

Last Ten Fiscal Years Table 12

Fiscal Year	Governmental Activities							Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Energy Conservation Notes	Tax Anticipation Notes	Solvency Loan	Purchase Agreements					
2006	\$ 9,299,989	\$ 77,333	\$ 8,016,000	\$ -	\$ 208,118	\$ -	\$ 17,601,440	1.12%	\$ 276.14	
2005	10,764,989	77,333	2,989,334	8,500,000	447,539	-	22,779,195	1.45	357.37	
2004	11,990,000	1,410,000	2,480,000	17,000,000	714,975	-	33,594,975	2.14	527.05	
2003	12,454,926	750,000	5,000,000	-	1,057,403	-	19,262,329	1.23	302.19	
2002	12,921,859	750,000	-	-	733,869	-	14,405,728	0.92	226.00	
2001	13,316,399	1,000,000	-	-	858,023	-	15,174,422	0.97	238.06	
2000	13,732,906	1,250,000	-	-	848,488	-	15,831,394	1.01	248.37	
1999	14,175,851	1,500,000	-	-	1,054,098	-	16,729,949	1.56	261.30	
1998	14,659,687	-	-	-	1,355,945	-	16,015,632	1.32	230.00	
1997	14,523,742	-	-	-	1,155,945	-	15,679,687	.99	252.00	

SOURCE: School District Financial Records and the U.S. Census Bureau

Mentor Exempted Village School District

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

Last Ten Years Table 13

<u>Year</u>	<u>Bonded Debt</u>	<u>Assessed Value</u>	<u>Population</u>	<u>Debt to Assessed Value</u>	<u>Net Debt Per Capita</u>
2006	\$ 9,299,989	\$ 1,901,232,382	63,742	0.49%	\$ 146
2005	10,764,989	1,914,853,440	63,742	0.56%	169
2004	11,990,000	1,896,796,309	63,742	0.63%	187
2003	11,826,977	1,661,396,135	63,742	0.71%	185
2002	12,083,311	1,646,967,511	63,742	0.73%	190
2001	12,838,681	1,626,021,781	63,742	0.79%	201
2000	12,722,120	1,457,957,454	63,742	0.87%	200
1999	13,301,168	1,421,336,510	64,025	0.94%	208
1998	14,039,991	1,386,884,428	64,314	1.01%	218
1997	15,466,461	1,220,408,244	62,848	1.27%	246

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

Mentor Exempted Village School District

Computation Legal Debt Margin

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006 ⁽²⁾
Assessed valuation	\$ 1,220,408,244	\$ 1,386,884,428	\$ 1,421,336,510	\$ 1,457,957,454	\$ 1,626,021,781	\$ 1,646,967,571	\$ 1,661,396,135	\$ 1,896,796,309	\$ 1,914,853,440	\$ 1,768,121,420
Debt limit – 9% of assessed value	\$ 109,836,742	\$ 124,819,598	\$ 127,920,286	\$ 131,216,171	\$ 146,341,960	\$ 148,227,076	\$ 149,525,652	\$ 170,711,668	\$ 172,336,809	\$ 159,130,928
Amount of debt applicable to debt limit:										
General obligation bonds	15,892,913	15,279,382	14,175,851	13,732,906	13,316,399	12,921,859	11,360,044	13,400,000	10,764,989	9,299,989
Energy conservation notes	-	-	-	-	-	-	-	1,410,000	1,082,667	1,005,334
Less: amount available in debt service fund	-	-	-	-	-	-	-	(992,110)	(1,212,649)	(1,136,473)
total amount of debt Subject to the limit	15,892,913	15,279,382	14,175,851	13,732,906	13,316,399	12,921,859	11,360,044	13,817,890	10,635,007	9,168,850
Exemptions:										
Energy conservation bonds	-	-	-	-	-	-	-	1,410,000	1,082,667	1,005,334
Amount of debt subject to the limit	15,892,913	15,279,382	14,175,851	13,732,906	13,316,399	12,921,859	11,360,044	12,407,890	9,552,340	8,163,516
Overall debt margin	\$ 93,943,829	\$ 109,540,216	\$ 113,744,435	\$ 117,483,265	\$ 133,025,561	\$ 135,305,217	\$ 138,165,608	\$ 158,303,778	\$ 162,784,469	\$ 150,967,412
Debt limit – .10% of assessed value ⁽¹⁾	\$ 1,220,408	\$ 1,386,884	\$ 1,421,337	\$ 1,457,957	\$ 1,626,022	\$ 1,646,968	\$ 1,661,396	\$ 1,896,796	\$ 1,914,853	\$ 1,768,121
Amount of debt applicable	-	-	-	-	-	-	-	-	-	-
Unvoted debt margin	\$ 1,220,408	\$ 1,386,884	\$ 1,421,337	\$ 1,457,957	\$ 1,626,022	\$ 1,646,968	\$ 1,661,396	\$ 1,896,796	\$ 1,914,853	\$ 1,768,121

Source: Lake County Auditor and School District Financial Records

- (1) Ohio Bond law sets an overall limit of 9% for total debt and 1/10 of 1% for unvoted debt.
- (2) Assessed valuation does not equal the assessed value in Table 6 and 13 due to general tangible personal property values no longer being included in calculation of legal debt margin.

Mentor Exempted Village School District

Demographic and Economic Statistics

Last Ten Years

Table 15

Year	City of Mentor Population ¹	Median Family Income ¹	Per Capita Income ¹	Person per Household ¹	Unemployment Rate ²
2006	50,278	\$ 65,322	\$ 24,592	2.65	N/A
2005	50,278	65,322	24,592	2.65	5.2%
2004	50,278	65,322	24,592	2.65	5.7%
2003	50,278	65,322	24,592	2.65	6.3%
2002	50,278	65,322	24,592	2.65	5.4%
2001	50,278	65,322	24,592	2.65	5.0%
2000	50,278	65,322	24,592	2.65	3.6%
1999	47,358	46,589	16,717	2.76	3.8%
1998	47,358	46,589	16,717	2.76	3.7%
1997	47,358	46,589	16,717	2.76	4.0%

Sources:

¹ U.S. Census data

² Ohio Job and Family Services

NA – Information is not available

Mentor Exempted Village School District

Principal Employers

December 31, 2005

Table 16

<u>Employer</u>	<u>Nature of Business</u>	<u>2005</u> <u>Number of</u> <u>Employees</u>
Mentor Public Schools	Education	960
City of Mentor	Municipal Government	886 (a)
Steris Corporation	Infection Prevention Systems	700
Lincoln Electric	Arc welding consumables	515
P.C.C. Airfoil	Casting manufacturer	480
Sears Roebuck & Co.	Retail sales	375
Deepwood Industries	Social services	355
Mag-Nif, Inc.	Automation-banks, games	350
Source One Healthcare	Imaging equipment distributor	300
Super K-Mart Center	Discount retail center	300
Wal-Mart	Discount retail center	300

Source: City of Mentor financial records

(a) including part-time employees

Mentor Exempted Village School District

Building Statistics by Function/Program

June 30, 2006

Table 17

Mentor High School Total Building Square Footage Enrollment Grades 10-12	364,490	Garfield Elementary School Total Building Square Footage Enrollment Grades K-6	40,909
Memorial Junior High School Total Building Square Footage Enrollment Grades 7-9	144,787	Headlands Elementary School Total Building Square Footage Enrollment Grades K-6	28,167
Mentor Ridge Junior High School Total Building Square Footage Enrollment Grades 7-9	87,865	Hopkins Elementary School Total Building Square Footage Enrollment Grades K-6	41,706
Mentor Shore Junior High School Total Building Square Footage Enrollment Grades 7-9	118,450	Lake Elementary School Total Building Square Footage Enrollment Grades K-6	40,559
Bellflower Elementary School Total Building Square Footage Enrollment Grades K-6	40,552	Morton Elementary School Total Building Square Footage Enrollment Grades K-6	34,589
Brentmoor Elementary School Total Building Square Footage Enrollment Grades K-6	35,276	Orchard Hollow Elementary School Total Building Square Footage Enrollment Grades K-6	48,157
Fairfax Elementary School Total Building Square Footage Enrollment Grades K-6	33,770	Rice Elementary School Total Building Square Footage Enrollment Grades K-6	31,621

Mentor Exempted Village School District

Per Pupil Cost

Last Ten Fiscal Years Table 18

Year	Governmental Expenditures (1)	Average Daily Student Enrollment (2)	Per Pupil Cost	Percentage Change	Teaching Staff	Pupil/Teacher Ratio	Percentage of Students who Receive Free or Reduced Lunch (3)
2006	\$ 81,655,645	9,077	\$ 8,966	12.17%	600	15.13	13.5%
2005	75,445,009	9,407	8,020	(10.41)%	568	15.56	12.3%
2004	87,359,953	9,759	8,952	2.79%	557	17.52	6.3%
2003	86,100,976	9,887	8,709	12.90%	765	12.92	8.0%
2002	78,325,635	10,154	7,714	7.98%	682	14.88	N/A
2001	73,378,904	10,272	7,144	4.14%	682	15.06	N/A
2000	70,384,603	10,261	6,859	2.92%	691	14.85	N/A
1999	69,753,580	10,466	6,665	13.47%	680	15.06	N/A
1998	64,717,159	11,018	5,874	7.99%	N/A	14.85	N/A
1997	60,129,133	11,055	5,439	N/A	N/A	15.39	N/A

Source: School District Records

(1) Includes other financing uses. 1999 through 2006 reported on the modified accrual basis of accounting; all others reported on cash basis.

(2) Based upon EMIS information provided to the Ohio Department of Education.

N/A – Information not available.

Mentor Exempted Village School District

Teacher Education and Experience

Last Five Fiscal Years

Table 19

<u>Degree</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Non-Degree	3	N/A	3	9	9
Bachelor's Degree	185	N/A	125	136	151
Master's Degree	489	N/A	424	419	432
PhD	<u>5</u>	<u>N/A</u>	<u>5</u>	<u>4</u>	<u>8</u>
Total	<u>682</u>	<u>N/A</u>	<u>557</u>	<u>568</u>	<u>600</u>
<u>Years of Experience</u>					
0-5	126	N/A	41	129	93
6-10	105	N/A	109	118	110
11 and over	<u>451</u>	<u>N/A</u>	<u>407</u>	<u>321</u>	<u>397</u>
Total	<u>682</u>	<u>N/A</u>	<u>557</u>	<u>568</u>	<u>600</u>

Source: School District Personnel Records. Information prior to 2001 was not available.

N/A – Information is not available

Mentor Exempted Village School District

Full-time School District Employees by Function

Last Two Fiscal Years

Table 20

	<u>2006</u>	<u>2005</u>
Function:		
Instruction:		
Regular	563	539
Special	6	6
Vocational	24	23
Other	7	8
Support services:		
Pupil	91	106
Instructional staff	52	61
Board of education	1	1
Administration	35	38
Fiscal	15	18
Business	10	12
Operations of maintenance of plant	65	76
Pupil transportation	59	69
Central	9	11
Operations of non-instructional services:		
Community services	19	22
Extracurricular activities	<u>19</u>	<u>22</u>
Total	<u>975</u>	<u>1,012</u>



**Kristen Buse
First Grade**



Brian Eslinger
Second Grade



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

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

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MENTOR EXEMPTED VILLAGE SCHOOL DISTRICT

LAKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 16, 2007**