



**CITY OF MENTOR
LAKE COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2007



Mary Taylor, CPA
Auditor of State

CITY OF MENTOR
LAKE COUNTY

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**CITY OF MENTOR
LAKE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2007**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Direct Program:</i>			
Community Planning and Development			
Community Development Block Grants/Entitlement Grants	B-00-MC-39-0033	14.218	\$ 686
Community Development Block Grants/Entitlement Grants	B-01-MC-39-0033	14.218	35,958
Community Development Block Grants/Entitlement Grants	B-02-MC-39-0033	14.218	11,559
Community Development Block Grants/Entitlement Grants	B-03-MC-39-0033	14.218	193
Community Development Block Grants/Entitlement Grants	B-04-MC-39-0033	14.218	51,100
Community Development Block Grants/Entitlement Grants	B-05-MC-39-0033	14.218	29,802
Community Development Block Grants/Entitlement Grants	B-06-MC-39-0033	14.218	155,299
Total U.S. Department of Housing and Urban Development			<u>284,597</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>			
<i>Passed Through the Ohio Office of Criminal Justice Services:</i>			
Office of Justice Programs			
Crime Victim Assistance	2007VAGENE531	16.575	3,152
Public Safety Partnership and Community Policing Grants	2005CKWX0609	16.710	24,996
Public Safety Partnership and Community Policing Grants	2006CKWX0614	16.710	46,539
Total Public Safety Partnership Community Policing Grants			<u>71,535</u>
Bullet Proof Vest Partnership Program	2006-BUBX-06134411	16.607	9,472
Total U.S. Department of Justice			<u>84,159</u>
<u>U.S. DEPARTMENT OF HIGHWAY ADMINISTRATION</u>			
<i>Passed Through Ohio Department of Transportation:</i>			
Highway Planning and Construction	E035(268)/20447	20.205	101,472
Total U.S. Department of Highway Administration			<u>101,472</u>
<u>DEPARTMENT OF HOMELAND SECURITY</u>			
<i>Direct Program:</i>			
Buffer Zone Protection Program	2005-GR-T5-0012	97.078	65,725
State Homeland Security Program	2006-GE-T6-0051	97.073	25,907
State Homeland Security Program	2006-GE-T6-0051	97.073	7,042
Total State Homeland Security Program			<u>32,949</u>
Total Department of Homeland Security			<u>98,674</u>
<u>U.S. DEPARTMENT OF COMMERCE</u>			
<i>Passed Through Ohio Department of Commerce</i>			
Coastal Zone Management Administration	NA04NOS4190052	11.419	107,769
Total U.S. Department of Interior			<u>107,769</u>
Total Federal Assistance			<u>\$ 676,671</u>

See the accompanying notes to the Schedule of Federal Award Expenditures

**CITY OF MENTOR
LAKE COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED DECEMBER 31, 2007**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

CFDA – Catalog of Federal Domestic Assistance



Mary Taylor, CPA

Auditor of State

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

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

To the City Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of City of Mentor, Lake County, Ohio, (the City) as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 17, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

We noted certain matters that we reported to the City's management in a separate letter dated June 17, 2008.

Compliance and Other Matters

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

We did note certain noncompliance or other matters that we reported to the City's management in a separate letter dated June 17, 2008.

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

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

Mary Taylor, CPA
Auditor of State

June 17, 2008



Mary Taylor, CPA

Auditor of State

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

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

To the City Council:

Compliance

We have audited the compliance of the City of Mentor, Lake County, Ohio, (the City) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that apply to its major federal program for the year ended December 31, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the City's major federal program. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its major federal program. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended December 31, 2007.

Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that the City's internal control will not prevent or detect more than inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the City's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

Schedule of Federal Awards Expenditures

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the City of Mentor, Lake County, Ohio, as of and for the year ended December 31, 2007, and have issued our report thereon dated June 17, 2008. Our audit was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of federal awards expenditures provides additional information as required by OMB Circular A-133 and is not a required part of the basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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



Mary Taylor, CPA
Auditor of State

June 17, 2008

**CITY OF MENTOR
LAKE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
DECEMBER 31, 2007**

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 weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control 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 weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control 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 Program(list):	CFDA # 14.218 – Community Development Block Grant
<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

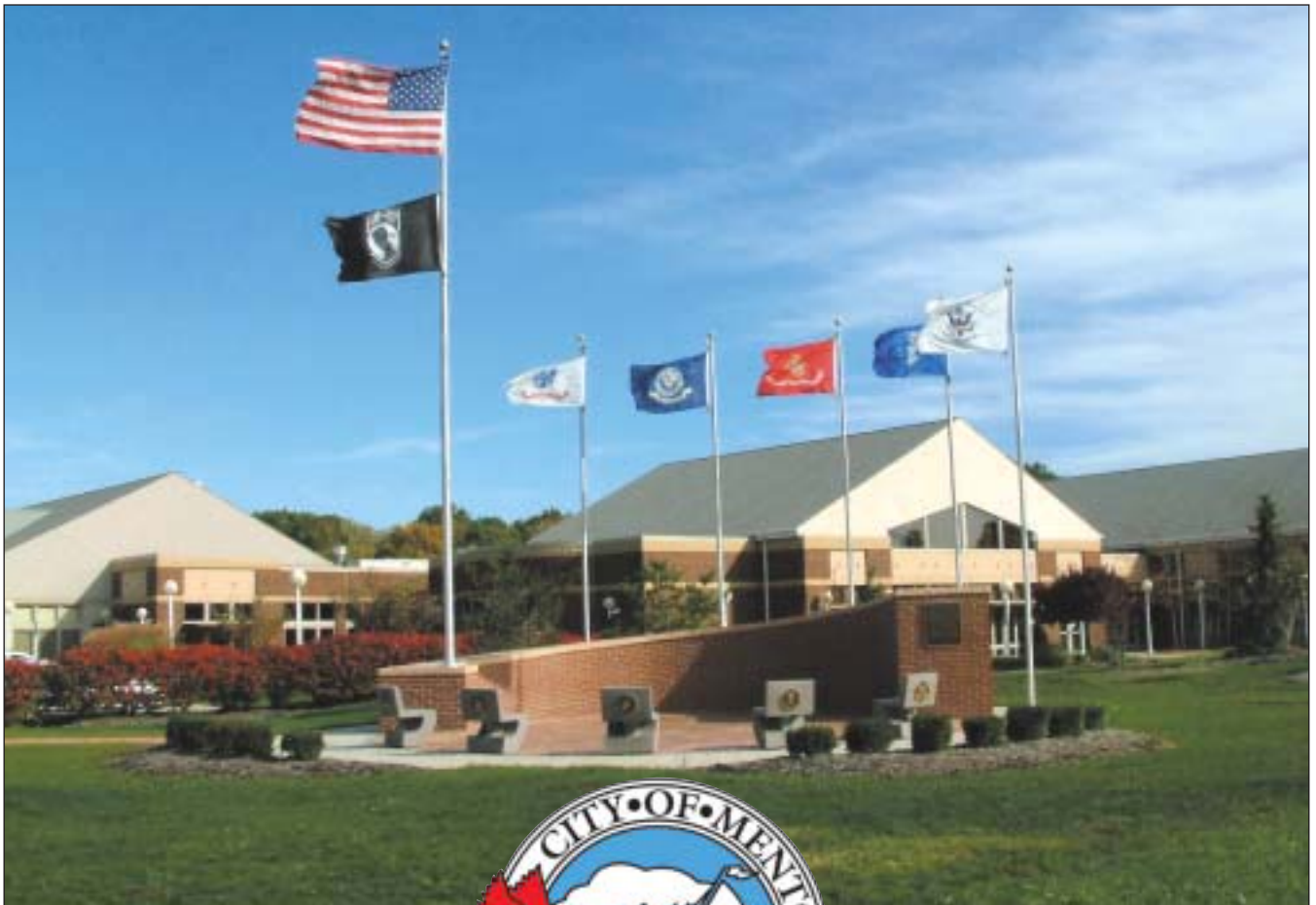
3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

2007

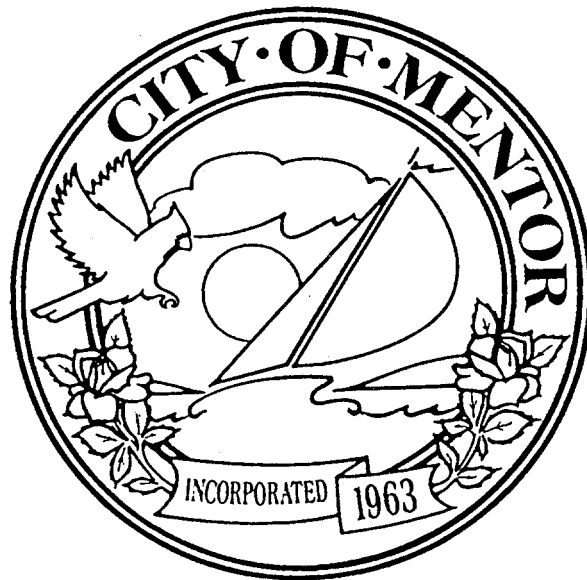
COMPREHENSIVE ANNUAL FINANCIAL REPORT

for the year ended December 31, 2007



*the city of choice!*SM

CITY OF
MENTOR, OHIO



COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

ISSUED BY THE DEPARTMENT OF FINANCE

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

CITY OF MENTOR, OHIO

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CITY OF MENTOR, OHIO

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CITY OF MENTOR, OHIO

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INTRODUCTORY SECTION





City of Mentor

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

Council-manager
government since 1963

June 17, 2008

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

Introduction

We are pleased to present the Comprehensive Annual Financial Report of the City of Mentor (the "City") for the year ended December 31, 2007. This report, prepared by the Department of Finance, includes the basic financial statements that summarize the various operations related to the City's 2007 activities. Our intention is to provide a clear, comprehensive, and materially accurate overview of the City's financial position at the close of last year. The enclosed information has been designed to allow the reader to gain an understanding of the City's finances, including financial trends, financial instruments, and fund performances. The City has complete responsibility for all information contained in this report.

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

The City's financial statements may be audited either by the Auditor of the State of Ohio, or with permission of the Auditor of State, by an independent certified public accountant. The audit of the City's basic financial statements for fiscal year 2007 was performed by the Auditor of the State of Ohio. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2007, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The Auditor of the State of Ohio concluded, based upon its audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the fiscal year ended December 31, 2007 are fairly presented, in all material respects, in conformity with GAAP. The Independent Accountants' Report is presented as the first component of the financial section of this document.

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

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

Profile of the Government

The City

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

City Government

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

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

Financial Reporting Entity

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

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

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

Accounting and Financial Reporting

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

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

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

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

Budget Control

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

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

Factors Affecting Financial Condition

Local Economic Indicators

The information presented in the financial statements should be considered in the context of the economic climate within which the City operates. The City's economic condition tends to reflect the broader national economy. During 2007, its local economy was strong as reflected in the growth in municipal income tax receipts over the previous year of 7.85% (cash basis).

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

Major Industries and Employment

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

Current Projects and 2007 Accomplishments

In terms of roadway infrastructure improvements, the City resurfaced 8 miles of asphalt streets using City forces for paving and contract services for the milling, and replaced 400 cubic yards of concrete streets. Capital improvement projects included: final completion including restoration on Norton Parkway improvements; resurfacing and repairing sections of Center Street between Mentor Avenue and Lindsey Drive; construction of a two-way center left turn lane on Lakeshore Boulevard from Dawson Boulevard to Brooks Boulevard; and completion of the improvements at the Marsh Creek Watershed. Significant equipment purchases included two new fire engines and a new marina travel lift.

Drainage projects undertaken in 2007 included the continued field surveying and information mapping to assemble the required base maps as part of the Mentor City Stormwater Discharge Permit application to the Ohio EPA. The City also continued its roadside ditch improvement program, enclosing 2,600 feet of hazardous ditch. In addition, as part of a program to help residents alleviate drainage problems, 8,000 feet of pipe was installed benefiting approximately 100 properties.

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

The Economic and Community Development Department serving as staff to the Municipal Planning Commission approved the final site plans for Dyna-Flex, Lincoln Electric’s addition, Marine Max, Hampton Inn, Chipotle and Chick-Fil-A restaurants, Mentor Mitsubishi/Kia, Value Place Hotel, Levin Furniture, and multi-tenant buildings on Old Johnnycake Ridge Road and on Center Street. Reimaging was approved for Classic Toyota and a single family village green development – Springbrook Lake Community was approved.

The Public Information Office produced 134 programs representing 2,555 hours of programming for the City’s government access channel. The office received two Lake County Apex Awards from Lake Communicators in recognition of Mentor’s communications effort.

The Department of Parks, Recreation and Public Facilities completed the remodeling of the Senior Citizens Center, the Council Chambers at the Municipal Center, and ADA accessible restrooms at the Black Brook Golf Course Clubhouse. Also completed was the acquisition of 100 acres of open space adjacent to the Mentor Marsh State Nature Preserve and Morton Park and 3 acres of land in the Mentor Lagoons Marina for future dockage. The City was named a Tree City USA for the 20th consecutive year.

The Police Department continued an aggressive program of providing supervisors with advanced management training to better position the department for the future. Two sergeants attended the ten-week School of Police Staff and Command through Northwestern University. The department also purchased, equipped, and trained officers in the use of the taser, with a goal of overcoming physical resistance, while minimizing injuries to both officers and citizens. A new K-9 was obtained and the officer and partner were trained. A SUV was obtained and equipped for use by police supervisors.

For the Future

The City’s five-year (2008-2012) capital improvement program contains the following proposed expenditures:

Facility construction and improvements	\$ 10,392,000
Roadway construction and improvements	193,369,700
Traffic control	3,278,200
Sidewalk and bikeway improvements	340,000
Storm drainage	5,424,785
Park acquisition, development & improvement	5,424,000
Major capital equipment	10,560,517
Miscellaneous (Waste Collection)	<u>15,552,000</u>
	<u>\$244,341,202</u>

Of the proposed \$244,341,202 for the five-year period, \$50,813,567 (21%) is expected to be funded by the City. The remaining \$193,527,635 (79%) is expected to be funded primarily by Federal/State/County assistance.

With a growing population and an extensive commercial and retail district, transportation issues are important to City officials. Projects anticipated in 2008 include the following: widening and resurfacing Heisley Road to four lanes between S.R. 2 and Hendricks Road; planning and engineering and land/right-of-way acquisition for the extension of Plaza Boulevard; resurfacing of U.S. 20 – Mentor Avenue from the West Corporation Line to Hopkins Road; major reconstruction including an additional lane to S.R. 2 between S.R. 91 in Willoughby and St. Clair Street in Painesville; the extension of Progress Parkway east of Heisley Road to the south of Diamond Centre Drive; construction of a right turn lane at the Center Street and Mentor Avenue intersection and a left turn lane on Center Street at its intersection with Prospect Street; repairs to concrete pavement on Market Street and Bellflower Road; improvements at the Roosevelt Avenue Culvert and the construction of a two-town detention basin between Jeremy Drive and Bellflower Road. Future building improvements include the expansion and renovation of the Municipal Court.

Long-term financial planning

The City's long-term financial planning considers maintaining a healthy general fund balance reserve during the preparation of its capital budget and operating budget. The City plans on issuing bond anticipation notes of approximately \$3.5 million dollars during 2008 to finance certain capital and infrastructure improvements. Special assessment bond anticipation notes will also be paid off through a bond issuance in the third quarter of 2008.

Relevant financial policies

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

Cash Management

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

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

Risk Management

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

Awards and Acknowledgements

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mentor for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2006. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

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

A Certificate of Achievement is valid for a period of one year only. The City of Mentor has received a Certificate of Achievement for the last twenty-three consecutive years (fiscal years 1984-2006). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgements

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

Sincerely,

A handwritten signature in black ink that reads "David W. Malinowski". The signature is written in a cursive style with a large initial 'D'.

David W. Malinowski
Director of Finance

CITY OF MENTOR, OHIO

PRINCIPAL CITY OFFICIALS DECEMBER 31, 2007

Mentor City Council

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

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

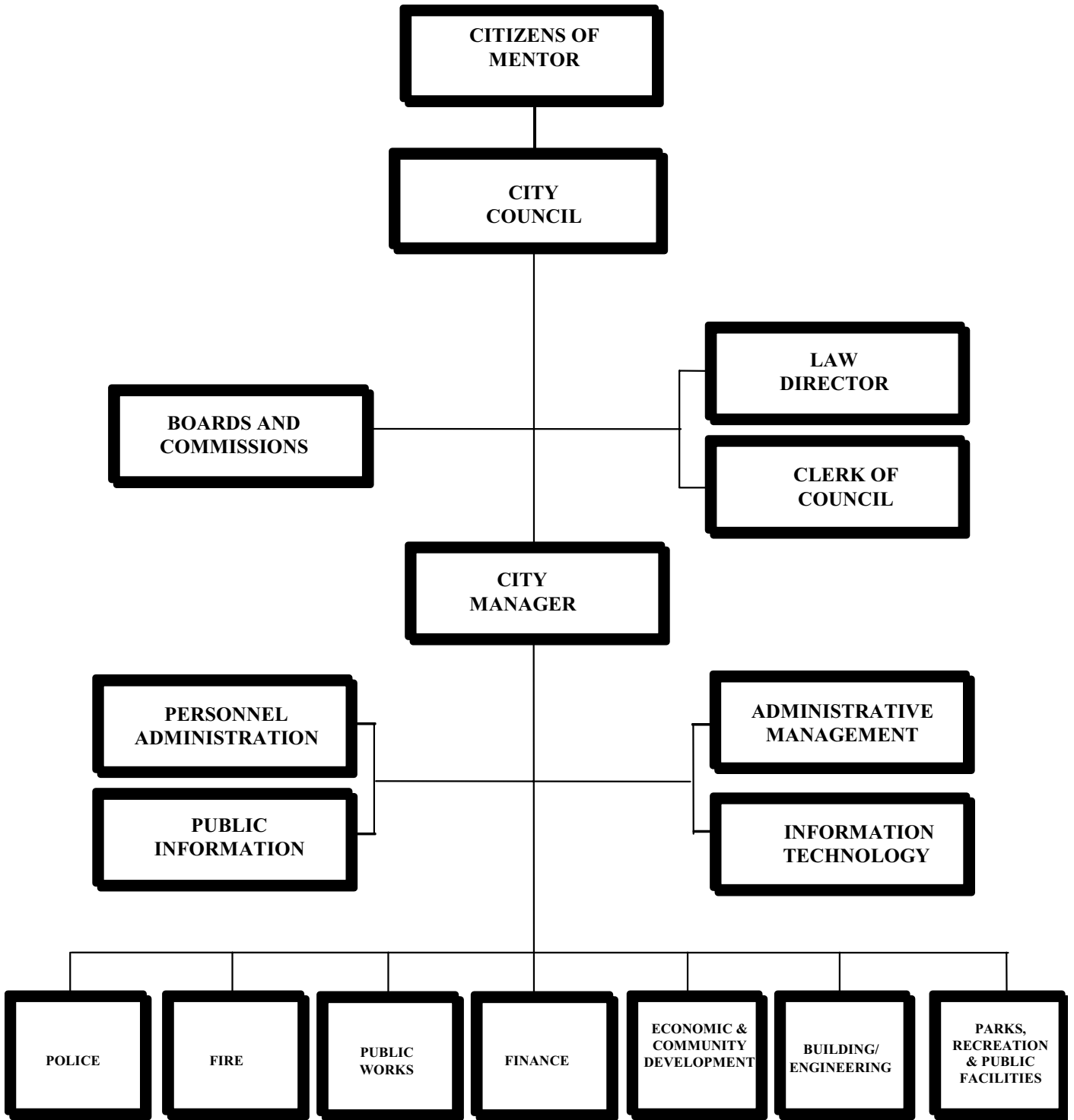
Law Director ----- Richard A. Hennig
Clerk of Council----- Elizabeth A. Limestahl
City Manager ----- John W. Konrad
Assistant City Manager ----- Anthony J. Zampedro
Director of Finance ----- David W. Malinowski
Director of Public Works-----Matthew S. Schweikert
Director of Parks, Recreation and Public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

CITY OF MENTOR, OHIO

DEPARTMENT OF FINANCE STAFF DECEMBER 31, 2007

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

CITY OF MENTOR, OHIO
Organization Chart



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Mentor
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2006

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.



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director



FINANCIAL SECTION





Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the City Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Mentor, Lake County, Ohio, (the City), as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Mentor, Lake County, Ohio, as of December 31, 2007, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2008, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

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

Mary Taylor, CPA
Auditor of State

June 17, 2008

CITY OF MENTOR, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Mentor (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2007. Please read this information in conjunction with the City's basic financial statements and footnotes that begin on page 29.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at December 31, 2007 by approximately \$183.4 million (net assets). All of the net assets are accounted for as governmental activities. Of this amount, \$19.6 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's net assets increased by \$2.0 million during 2007.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$16.8 million and is available for spending at the City's discretion. The unreserved fund balance equals 35.8 percent of total current year general fund expenditures.
- The City's total debt and other long-term obligations decreased by \$1.0 million (2.8 percent) during the current fiscal year. The decrease was primarily related to the retirement of two bonds during the year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

The City maintains 48 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Assessment Bond Retirement Fund, and the Norton Parkway Fund, which are considered to be major funds. Data from the other 45 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

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

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

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Statement of Net Assets looks at the City as a whole. The table below provides a summary of the City's net assets for 2007 compared to 2006.

	Summary of Net Assets	
	Summary of Net Assets as of December 31, 2007	Summary of Net Assets as of December 31, 2006
Assets:		
Cash, investments, receivables, and other assets	\$ 49,636,897	\$ 48,269,844
Capital assets	<u>179,994,004</u>	<u>180,273,346</u>
Total assets	<u>229,630,901</u>	<u>228,543,190</u>
Liabilities:		
Accounts payable, accrued liabilities, deferred revenues and other liabilities	10,226,025	10,086,010
Long-term obligations	<u>36,050,064</u>	<u>37,078,408</u>
Total liabilities	<u>46,276,089</u>	<u>47,164,418</u>
Net assets:		
Invested in capital assets, net of related debt	146,853,882	146,106,516
Restricted	16,883,091	17,035,184
Unrestricted	<u>19,617,839</u>	<u>18,237,072</u>
Total net assets	<u>\$ 183,354,812</u>	<u>\$ 181,378,772</u>

Total assets increased \$1,087,711 from 2006 to 2007. The increase was primarily due to an increase in cash and investments held in the general fund.

Total liabilities decreased by \$888,329. The decrease was primarily in long-term obligations and is primarily attributable to the retirement of two outstanding long-term bonds during 2007.

The result of increased assets and decreased liabilities is an increase in total net assets of \$1,976,040.

A portion of the City's net assets (9.2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets of \$19.6 million or (10.7 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

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

Changes in Net Assets

	<u>2007</u>	<u>2006</u>
Revenues		
Program Revenues:		
Charges for services	\$ 9,269,921	\$ 7,840,395
Operating grants and contributions	942,586	997,524
Capital grants and contributions	769,887	5,643,220
General revenues:		
Municipal income taxes	32,267,383	29,885,930
Property taxes	6,086,882	5,798,329
Other local taxes	786,290	754,113
Shared revenues	8,314,320	7,272,144
Other grants and contributions	163,737	298,564
Unrestricted investment earnings	1,124,560	920,404
Note Premium	18,851	86,954
Other	<u>504,103</u>	<u>180,902</u>
 Total Revenues	 <u>60,248,520</u>	 <u>59,678,479</u>
 Expenses		
General government	7,300,405	7,550,150
Police	11,680,006	11,276,837
Fire	11,093,519	10,674,056
Streets and highways	13,482,845	14,120,600
Parks, recreation and public lands	9,225,254	8,406,060
Community development	1,821,134	1,336,892
Engineering and building	2,131,217	1,748,986
Interest and other charges	<u>1,538,100</u>	<u>1,636,342</u>
 Total expenses	 <u>58,272,480</u>	 <u>56,749,923</u>
 Increases in net assets	 1,976,040	 2,928,556
 Net assets at beginning of year	 <u>181,378,772</u>	 <u>178,450,216</u>
 Net assets at end of year	 <u>\$ 183,354,812</u>	 <u>\$ 181,378,772</u>

The increase in net assets of \$2.0 million in 2007 is a result of additional program revenues for charges for services in various programs and general revenues (municipal income taxes) offset by higher expenses per functional areas, particularly in police, fire, and parks, recreation and public facilities. The \$2.9 million increase in net assets in 2006 was a result of additional program revenues in various programs and general revenues offset by higher expenses in functional areas, particularly in streets and highways.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

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

As of December 31, 2007, the City's governmental funds reported combined ending fund balances of \$24.7 million, an increase of \$1.6 million from the prior year. The unreserved amount of \$21.1 million is available for spending at the City's discretion. The remainder of the combined fund balances is reserved to indicate that it is not available for general spending because it has already been committed 1) to liquidate contracts and purchase orders outstanding of \$2.0 million, 2) to pay \$0.9 million of debt service, and 3) to hold inventory of \$0.6 million.

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

- The City recorded revenues of \$1.1 million and expenditures of \$1.1 million related to special assessments for certain bonds issued in past years. The fund balance reserved for all debt service increased by \$0.04 million this year.

The General Fund is the chief operating fund of the City. At December 31, 2007, the unreserved fund balance of the General Fund was \$16.8 million. As a measure of the General Fund's liquidity, it is useful to compare the unreserved fund balance to total fund expenditures. The unreserved fund balance represents 35.8 percent of total General Fund expenditures at December 31, 2007.

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

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance Information – Modified Accrual Basis
Years Ended December 31, 2007 and 2006

	2007	2006
Revenues:		
Property taxes	\$ 1,795,300	\$ 2,111,122
Municipal income taxes	31,346,263	29,944,652
Intergovernmental	5,771,518	5,345,390
Charges for services	4,872,367	3,890,898
Fines and forfeitures	1,127,923	1,135,527
Licenses, permits, and inspections	1,587,741	1,240,121
Investment income	1,124,560	920,404
Donations and other	659,471	260,494
	<u>48,285,143</u>	<u>44,848,608</u>
Expenditures:		
General government	6,834,881	6,682,937
Police	10,518,016	9,974,040
Fire	8,766,398	8,246,244
Streets and highways	7,223,806	6,814,055
Parks, recreation and public facilities	7,929,041	7,650,858
Economic & community development	1,487,680	1,162,985
Engineering and building	1,992,617	1,650,631
Capital outlay	2,074,269	806,388
Debt service – principal retirement	21,221	1,584
	<u>46,847,929</u>	<u>42,989,722</u>
Excess of expenditures over revenues	1,437,214	1,858,886
Other Financing sources (Uses):		
Transfers in	151,682	
Transfers out	(830,178)	(489,454)
	<u> </u>	<u> </u>
Excess of expenditures and other financing uses over revenues and other financing sources	758,718	1,369,432
Fund balances at beginning of year	17,195,520	15,882,259
Change in reserve for inventory	38,874	(56,171)
	<u>17,234,394</u>	<u>15,826,088</u>
Fund balance at end of year	<u>\$ 17,993,112</u>	<u>\$ 17,195,520</u>

Analysis of General Fund Revenues

General Fund revenues and other sources totaled \$48.4 million in 2007, an increase of approximately 8% from 2006. A discussion of each of the major types of General Fund revenues follows.

Property Taxes

Taxes collected from real property in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year. Taxes collected from tangible personal property in one calendar year are levied in the same calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year, and at the rates determined in the preceding year. Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of January 1 of that preceding year, the lien date.

The “assessed valuation” of real property is fixed at 35% of true value and is determined pursuant to rules of the State Tax Commissioner. An exception is that real property devoted exclusively to agricultural use is assessed at not more than 35% of its current agricultural use value. Real property devoted exclusively to forestry or timber growing is taxed at 50% of the local tax rate multiplied by the assessed value.

The assessed values of taxable property in the City for the past two years were as follows:

<u>Tax Collection Year</u>	<u>Real Property</u>	<u>Tangible Personal Property (Other Than Public Utility Property)</u>	<u>Public Utility Tangible Personal Property</u>	<u>Total Assessed Valuation</u>
	(in thousands)			
2006	\$ 1,422,713	\$ 122,792	\$ 35,045	\$ 1,580,550
2007	1,562,461	93,005	35,571	1,691,037

Property tax revenues decreased by approximately 15% in 2007 principally due to reallocating 0.3 mills of available inside millage away from the general fund to the general obligation bond retirement fund.

Municipal Income Taxes

Ohio law authorizes a municipal income tax on both business income (net profits from the operation of a business or profession) and employee wages, salaries, and other compensation at a rate of up to 1% without voter authorization and at a rate above 1% with voter authorization. The charter of the City of Mentor requires voter approval of any tax on income. On November 6, 2007, the voters in the City renewed the two percent income tax for a five year period through December 31, 2012.

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

Income tax revenue increased approximately \$1.4 million in 2007 versus the comparable amount in 2006 as a result of stable growth in the local economy. Revenue generated from the municipal income tax is recorded in the General Fund and may be used for any governmental purpose, including debt service on general obligation bonds of the City.

Intergovernmental

Intergovernmental revenues are composed of federal and state grants and other shared revenues including taxes levied and collected by the State of Ohio and Lake County and partially redistributed to the City and other political subdivisions. Shared revenues include state income, sales, corporate franchise, estate, and cigarette taxes as well as liquor fees. Intergovernmental revenues increased by approximately 8.0% in 2007 due to higher estate tax collections during the year.

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

Pursuant to the Ohio Revised Code, State LGF revenues are divided into county and municipal portions. The county portion, the larger of the two, is distributed to each of the State’s 88 counties and is allocated based upon a statutory formula utilizing county population and county municipal property values. Once received by a county, the funds can either be distributed to all subdivisions using the statutory formula or the county and its subdivisions may agree upon an alternate method for allocating the funds. Lake County and its recipient communities have chosen the latter method, which is comprised of a base allocation and an excess allocation. The excess allocation takes into account such factors as assessed value per capita, per capita income, population density and the number of individuals receiving public assistance. The municipal portion of the LGF is distributed directly by the State to those municipalities that collect an income tax. A municipality receives its share of the funds based upon its percentage of total municipal income taxes collected throughout the state in a given year. In 2007, the City had LGF revenue of \$3.3 million.

The LGRAF, which was created in 1989, is distributed to all counties based upon population. Either the statutory allocation method or an agreed upon alternative allocation is used to apportion the funds. Lake County allocates LGRAF funds using the same method as is used to distribute LGF monies. In 2007, the City had LGRAF revenue of \$0.3 million. LGRAF funding has fluctuated over the course of the last few years. Distributions from the State of Ohio and Lake County (as a conduit between the State and City) have remained constant or decreased since 2001.

Charges for Services

Revenue from charges for services increased by \$981,469, approximately 25% in 2007 primarily due to revenue generated from the implementation of billing and collecting the cost of providing emergency transport services through the Fire department.

Licenses, permits and inspections

Revenue from licenses, permits and inspections increased by \$347,620 during 2007 primarily due to an increased volume of permits issued during 2007.

Investment Income

Investment income in 2007 was \$1,124,560, up from \$920,404 in 2006. The City had an average of \$23.7 million invested during 2007 versus \$25.8 million in 2006, which decreased investment income by about \$74,000. A higher effective yield on the portfolio caused an increase of about \$278,000.

Analysis of General Fund Expenditures

General Fund expenditures and other uses totaled \$47.7 million in 2007, an increase of 9.66% from 2006. The amount of expenditures and other uses by function on a modified accrual basis for the year ended December 31, 2007, including the increases (decreases) over the prior year, are shown in the following table:

<u>Expenditures and Other Uses</u>	<u>2007</u>	<u>Total</u>	<u>2006</u>	<u>Total</u>	<u>Increase (Decrease) Over 2006</u>	<u>Change</u>
			<u>(\$ Amounts in 000's)</u>			
Current:						
General Government	\$ 6,835	14.34 %	\$ 6,683	15.37 %	\$ 152	2.27 %
Police	10,518	22.06	9,974	22.94	544	5.45
Fire	8,766	18.39	8,246	18.97	520	6.31
Streets and highways	7,224	15.15	6,814	15.67	410	6.02
Parks, recreation and public lands	7,929	16.63	7,651	17.60	278	3.63
Community development	1,488	3.12	1,163	2.67	325	27.94
Engineering and building	1,993	4.18	1,651	3.80	342	20.71
Capital outlay	2,074	4.35	806	1.86	1,268	157.32
Debt service - principal retirement	21	0.04	2	0.00	19	950.00
Transfers Out	<u>830</u>	<u>1.74</u>	<u>489</u>	<u>1.12</u>	<u>341</u>	<u>69.73</u>
Total expenditures and other financing uses	<u>\$ 47,678</u>	<u>100.00 %</u>	<u>\$ 43,479</u>	<u>100.00 %</u>	<u>\$ 4,199</u>	<u>9.66 %</u>

Almost all governmental functions showed minor increases in expenditures.

Capital outlay and transfers out increased significantly as a result of the purchase of two new fire engines and the cost of acquiring Morton property and improving the Marsh Creek Detention requiring general fund monies during 2007.

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

Employee Compensation and Labor Relations

As of December 31, 2007 and 2006, the City had approximately 374 and 379 full-time employees, respectively. As of December 31, 2007, approximately 237 full-time employees are represented in 5 collective bargaining units. The labor unions, together with the approximate number of employees represented by each, are the Municipal, County and State Employees’ Union 1099 – 68, the Ohio Patrolmen’s Benevolent Assn. representing three units – 95, and the International Assn. of Firefighters Local 1845 – 72.

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

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

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

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

2007	\$25,085,331
2006	\$24,513,962

The increase in salaries and wages in 2007 is primarily due to general wage increases, and step increases as employees advance with experience in their classifications.

Employee Retirement Benefits

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

These two retirement systems are:

- Ohio Public Employees Retirement System (OPERS), created in 1935, represents state and local government employees not included in one of the other four state-mandated systems. The traditional pension and combined plans had 374,979 active contributing participants as of December 31, 2007. More data on this pension fund is shown in Notes 13 and 14 to the financial statements.
- Ohio Police and Fire Pension Fund (OP&F), created in 1966, represents sworn personnel, not civilians, employed in police and fire divisions of Ohio's local governments. All of the City's full-time police and fire officers are members of this pension fund. More data on this pension fund is shown in Notes 13 and 14 to the financial statements.

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

	<u>2007</u>	<u>2006</u>
	(in thousands)	
Paid by City to:		
OPERS	\$2,023	\$1,913
OP&F	<u>2,552</u>	<u>2,413</u>
Total paid by City	<u>4,575</u>	<u>4,326</u>
Paid by employees to:		
OPERS	1,337	1,306
OP&F	<u>1,122</u>	<u>1,121</u>
Total paid by employees	<u>2,459</u>	<u>2,427</u>
Total	<u>\$7,034</u>	<u>\$6,753</u>

The increase in amounts paid to OPERS and OP&F during 2007 is primarily due to the rate increase for employer and employee contributions.

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

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

Long-term debt. As of December 31, 2007 the City had total bond and notes outstanding of \$33.1 million. These are backed by the full faith and credit of the City.

The activity affecting the City's debt obligations outstanding during the year ended December 31, 2007 is summarized below.

	<u>Balance January 1, 2007</u>	<u>Debt Issued</u>	<u>Debt Retired</u>	<u>Balance December 31, 2007</u>
	(in thousands)			
General Obligation Bonds	\$ 20,684	\$ -	\$ (1,440)	\$ 19,244
Special Assessment Bonds	6,236	-	(675)	5,561
General Obligation Notes Payable	<u>7,246</u>	<u>7,950</u>	<u>(6,861)</u>	<u>8,335</u>
Total Governmental Activities	<u>\$ 34,166</u>	<u>\$ 7,950</u>	<u>\$ (8,976)</u>	<u>\$ 33,140</u>

The funds used to meet the debt service requirements of the City's general obligation bonds are from certain ad valorem taxes and other revenue sources. Ad valorem taxes, the primary source of funds, amounted to \$2.1 million in 2007 which represented 90% of the debt service requirements on the general obligation bonds. Admission tax and hotel/motel tax revenues and transfers from the general fund were used to pay the remaining 10% of debt service requirements.

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

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

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

The ratio of net general bonded debt to assessed valuation and the amount of bonded debt per capita are useful indicators of the City's debt position. Net general bonded debt is total general bonded debt supported by taxes less amounts available in the Debt Service Funds. This data at December 31, 2007 was:

Net General Bonded Debt \$19,244,376

Ratio of Net Bonded Debt to Assessed Valuation 1.09%

Net General Bonded Debt Per Capita \$367.33

The Ohio Revised Code provides that the net debt of the municipal corporation, whether or not approved by the electors, shall not exceed 10.5 percent of the assessed value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5 percent of the total assessed value of property. The City's total debt limit (10.5 percent) is \$177,558,977 and unvoted debt limit (5.5 percent) is \$93,007,083. These debt limitations are not expected to affect the financing of any currently planned facilities or services.

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

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

On a cash basis the City's general fund budget for 2008 projects a year-end unencumbered balance of \$4.1 million. This includes estimated income tax collections of \$32.2 million which is 1.7% more than actual 2007 collections. For the four months through April 30, 2008 income tax collections were up 2.1% from the comparable 2007 period. The general fund unencumbered balance at April 30, 2008 was \$10.1 million.

NEED ADDITIONAL INFORMATION

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

BASIC FINANCIAL STATEMENTS



CITY OF MENTOR, OHIO

STATEMENT OF NET ASSETS December 31, 2007

ASSETS

Cash and investments	\$ 22,430,862
Receivables, net of allowance for doubtful accounts	22,206,953
Due from other governments	3,993,293
Inventory	627,736
Prepaid expenses	25,026
Deferred charges	215,027
Land held for resale	138,000
Nondepreciable capital assets	64,321,175
Depreciable capital assets, net of accumulated depreciation	115,672,829
Total assets	<u>229,630,901</u>

LIABILITIES

Accounts payable and accrued liabilities	4,958,541
Deposits	295,586
Unearned revenues	4,971,898
Long-term obligations:	
Due within one year	11,038,280
Due in more than one year	25,011,784
Total liabilities	<u>46,276,089</u>

NET ASSETS

Invested in capital assets, net of related debt	146,853,882
Restricted for:	
Debt service	10,061,284
Capital projects	814,484
Streets and public safety	6,007,323
Unrestricted	19,617,839
Total net assets	<u>\$ 183,354,812</u>

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

CITY OF MENTOR, OHIO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2007

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Capital Grants and Contributions</u>
<u>Functions/Programs:</u>					
Governmental Activities:					
General Government	\$ 7,300,405	\$ 2,583,475	\$ 78,008	\$ -	\$ (4,638,922)
Police	11,680,006	67,362	165,507	65,725	(11,381,412)
Fire	11,093,519	920,458	37,335	8,314	(10,127,412)
Streets and highways	13,482,845	1,166,350	225,653	223,566	(11,867,276)
Parks, recreation and public facilities	9,225,254	3,952,388	88,085	154,830	(5,029,951)
Economic and community development	1,821,134	55,100	347,998	-	(1,418,036)
Engineering and building	2,131,217	524,788	-	-	(1,606,429)
Interest and other charges	1,538,100	-	-	317,452	(1,220,648)
Total governmental activities	<u>\$ 58,272,480</u>	<u>\$ 9,269,921</u>	<u>\$ 942,586</u>	<u>\$ 769,887</u>	<u>\$ (47,290,086)</u>
General revenues:					
Municipal income taxes					32,267,383
Property taxes levied for:					
General purpose					1,795,300
Special revenue					2,219,417
Debt service					2,072,165
Other local taxes					786,290
Shared revenues					8,314,320
Grants and contributions					163,737
Unrestricted investment earnings					1,124,560
Note premium					18,851
Other					504,103
Total general revenues					<u>49,266,126</u>
Changes in net assets					1,976,040
Net assets at beginning of year					181,378,772
Net assets at end of year					<u>\$ 183,354,812</u>

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

CITY OF MENTOR, OHIO
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2007

	<u>General</u>	<u>Special Assessment Bond Retirement</u>	<u>Norton Parkway</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and investments	\$ 15,829,496	\$ 46,685	\$ 326,050	\$ 6,228,631	\$ 22,430,862
Receivables, net	9,373,770	8,785,360	-	4,047,823	22,206,953
Due from other funds	219,605	-	-	-	219,605
Due from other governments	2,243,819	-	-	1,749,474	3,993,293
Inventory	627,736	-	-	-	627,736
Land held for resale	-	138,000	-	-	138,000
TOTAL ASSETS	<u>\$ 28,294,426</u>	<u>\$ 8,970,045</u>	<u>\$ 326,050</u>	<u>\$ 12,025,928</u>	<u>\$ 49,616,449</u>
LIABILITIES					
Accounts payable	\$ 1,026,384	\$ -	\$ 36,975	\$ 302,940	\$ 1,366,299
Accrued payroll and employee benefits	2,629,022	-	-	-	2,629,022
Accrued liabilities	863,026	12,072	-	-	875,098
Construction, security and bid deposits	295,586	-	-	-	295,586
Due to other funds	-	4,000	-	215,605	219,605
Deferred revenue	5,487,296	8,785,360	-	5,302,559	19,575,215
Total liabilities	<u>10,301,314</u>	<u>8,801,432</u>	<u>36,975</u>	<u>5,821,104</u>	<u>24,960,825</u>
FUND BALANCES					
Reserved for:					
Inventory	627,736	-	-	-	627,736
Debt Service	-	168,613	-	775,925	944,538
Encumbrances	587,730	-	107,397	1,297,257	1,992,384
Unreserved, reported in:					
General fund	16,777,646	-	-	-	16,777,646
Special revenue funds	-	-	-	4,145,223	4,145,223
Capital project funds	-	-	181,678	(13,581)	168,097
Total fund balances	<u>17,993,112</u>	<u>168,613</u>	<u>289,075</u>	<u>6,204,824</u>	<u>24,655,624</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 28,294,426</u>	<u>\$ 8,970,045</u>	<u>\$ 326,050</u>	<u>\$ 12,025,928</u>	

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. (See note 6).	179,994,004
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	14,843,370
Deferred charges for bond refundings in 2004/2005	215,027
Prepaid expenses	25,026
Deferred revenues	<u>14,603,317</u>
Long-term liabilities, including bonds and claims payable and accrued interest, are not due and payable in the current period and, therefore, are not reported in the funds. (See note 7, plus \$88,122 of accrued interest).	<u>(36,138,186)</u>
Net assets of governmental activities	<u>\$ 183,354,812</u>

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

CITY OF MENTOR, OHIO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2007

	General	Special Assessment Bond Retirement	Norton Parkway	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$ 1,795,300	\$ -	\$ -	\$ 4,291,582	\$ 6,086,882
Municipal income taxes	31,346,263	-	-	-	31,346,263
Other local taxes	-	-	-	786,290	786,290
Intergovernmental	5,771,518	-	-	3,345,909	9,117,427
Charges for services	4,872,367	-	-	168,447	5,040,814
Fines and forfeitures	1,127,923	-	-	327,251	1,455,174
Licenses, permits, and inspections	1,587,741	-	-	6,475	1,594,216
Special assessments	-	976,174	-	1,138,778	2,114,952
Investment income	1,124,560	56,149	-	107,588	1,288,297
Donations and other	659,471	-	-	66,846	726,317
Total revenues	<u>48,285,143</u>	<u>1,032,323</u>	<u>-</u>	<u>10,239,166</u>	<u>59,556,632</u>
EXPENDITURES					
Current:					
General government	6,834,881	-	21,879	324,747	7,181,507
Police	10,518,016	-	-	682,096	11,200,112
Fire	8,766,398	-	-	1,721,207	10,487,605
Streets and highways	7,223,806	-	-	2,353,372	9,577,178
Parks, recreation and public facilities	7,929,041	-	-	125,589	8,054,630
Economic and community development	1,487,680	-	-	336,482	1,824,162
Engineering and building	1,992,617	-	-	111,779	2,104,396
Capital outlay	2,074,269	-	583,406	2,363,289	5,020,964
Debt service:					
Principal retirement	21,221	680,772	6,829,380	1,439,688	8,971,061
Interest and other expenditures	-	357,849	300,226	852,075	1,510,150
Total expenditures	<u>46,847,929</u>	<u>1,038,621</u>	<u>7,734,891</u>	<u>10,310,324</u>	<u>65,931,765</u>
Excess (deficiency) of revenues over (under) expenditures	1,437,214	(6,298)	(7,734,891)	(71,158)	(6,375,133)
OTHER FINANCING SOURCES (USES)					
Issuance of notes	-	-	7,353,653	596,000	7,949,653
Premium on notes	-	18,851	-	-	18,851
Transfers in	151,682	-	-	1,230,177	1,381,859
Transfers out	(830,178)	-	-	(551,681)	(1,381,859)
Total other financing sources (uses)	<u>(678,496)</u>	<u>18,851</u>	<u>7,353,653</u>	<u>1,274,496</u>	<u>7,968,504</u>
NET CHANGE IN FUND BALANCES	758,718	12,553	(381,238)	1,203,338	1,593,371
FUND BALANCES AT BEGINNING OF YEAR	17,195,520	156,060	670,313	5,001,486	23,023,379
CHANGE IN RESERVE FOR INVENTORY	38,874	-	-	-	38,874
FUND BALANCES AT END OF YEAR	<u>\$ 17,993,112</u>	<u>\$ 168,613</u>	<u>\$ 289,075</u>	<u>\$ 6,204,824</u>	<u>\$ 24,655,624</u>

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

CITY OF MENTOR, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES OF GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2007

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

Net change in fund balances - total governmental funds \$1,593,371

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

Capital asset additions, net of retired assets	\$ 4,818,878	
Current year depreciation	<u>(5,160,191)</u>	(341,313)

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

Municipal income taxes	921,120	
Intergovernmental	297,507	
Special Assessment	<u>(491,211)</u>	727,416

The issuance of long-term debt (e.g. bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. In the statement of activities interest is accrued on outstanding bonds, whereas in governmental funds an interest expenditure is reported when due. 993,458

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. (996,892)

Changes in net assets of governmental activities \$1,976,040

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

CITY OF MENTOR, OHIO
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:				
Property taxes	\$ 2,076,700	\$ 2,076,700	\$ 1,795,300	\$ (281,400)
Municipal income tax	30,536,900	30,536,900	31,670,221	1,133,321
Intergovernmental	4,722,097	4,722,097	5,932,841	1,210,744
Charges for services	4,935,526	4,935,526	4,872,367	(63,159)
Fines and forfeitures	1,129,000	1,129,000	1,147,305	18,305
Licenses, permits and inspections	1,105,020	1,105,020	1,587,741	482,721
Investment income	1,000,000	1,000,000	1,048,481	48,481
Other	9,500	9,500	659,471	649,971
Total revenues	<u>45,514,743</u>	<u>45,514,743</u>	<u>48,713,727</u>	<u>3,198,984</u>
EXPENDITURES:				
Function:				
General government	8,678,695	7,958,865	7,298,850	660,015
Police	11,157,654	11,310,120	10,853,862	456,258
Fire	10,120,697	10,226,606	9,807,425	419,181
Streets and highways	8,018,969	7,903,327	7,295,121	608,206
Parks, recreation and public facilities	9,407,418	9,585,692	8,592,943	992,749
Economic and community development	1,145,466	1,494,295	1,494,295	-
Engineering and building	2,282,459	2,332,460	2,201,848	130,612
Total expenditures	<u>50,811,358</u>	<u>50,811,365</u>	<u>47,544,344</u>	<u>3,267,021</u>
Excess (deficiency) of revenues over expenditures	<u>(5,296,615)</u>	<u>(5,296,622)</u>	<u>1,169,383</u>	<u>6,466,005</u>
OTHER FINANCING SOURCES (USES):				
Advances in	700,000	700,000	2,198,260	1,498,260
Advances out	-	(537,829)	(537,829)	-
Transfers in	-	34,493	151,682	117,189
Transfers out	-	(830,178)	(830,178)	-
Total other financing sources (uses)	<u>700,000</u>	<u>(633,514)</u>	<u>981,935</u>	<u>1,615,449</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(4,596,615)</u>	<u>(5,930,136)</u>	<u>2,151,318</u>	<u>8,081,454</u>
Adjustment for prior year encumbrances	1,077,114	1,077,114	1,077,114	-
FUND BALANCES, BEGINNING OF YEAR	<u>7,801,741</u>	<u>7,801,741</u>	<u>7,801,741</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 4,282,240</u>	<u>\$ 2,948,719</u>	<u>\$ 11,030,173</u>	<u>\$ 8,081,454</u>

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

CITY OF MENTOR, OHIO
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
December 31, 2007

	CEMETERY BEQUEST and ENDOWMENT PRIVATE-PURPOSE TRUST FUND	MUNICIPAL COURT AGENCY FUND
	<u> </u>	<u> </u>
ASSETS		
Cash	\$ 26,235	\$ 78,736
	<u> </u>	<u> </u>
LIABILITIES		
Accounts payable	435	-
Deposits held and due to others	-	78,736
Total liabilities	<u>435</u>	<u>\$ 78,736</u>
NET ASSETS		
Held in trust for decoration of specific graves	<u>\$ 25,800</u>	

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

CITY OF MENTOR, OHIO
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
For the year ended December 31, 2007

	CEMETERY BEQUEST and ENDOWMENT PRIVATE- PURPOSE TRUST FUND
ADDITIONS	
Investment Income	\$ 1,319
Donations and other	117
Total additions	<u>1,436</u>
DEDUCTIONS	
General expenses	<u>1,250</u>
Total deductions	<u>1,250</u>
Change in net assets	186
Net assets - beginning of year	<u>25,614</u>
Net assets - end of year	<u><u>\$ 25,800</u></u>

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

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2007

NOTE 1 – DESCRIPTION OF CITY OPERATIONS AND REPORTING ENTITY

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

Reporting Entity: The accompanying financial statements as of December 31, 2007 and for the year then ended have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) applicable to local governments. The Governmental Accounting Standards Board (“GASB”) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB’s Codification of Governmental Accounting and Financial Reporting Standards (“GASB Codification”). The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities unless those pronouncements conflict with or contradict GASB pronouncements.

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. *Government-wide and fund financial statements*

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

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2007

Basic Financial Statements:

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

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

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

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

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

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

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

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

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

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2007

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

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

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

B. *Financial reporting presentation*

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

GOVERNMENTAL FUNDS

1. **General Fund** - The General Fund is the general operating fund of the City. It is used to account for all financial resources, except those required to be accounted for in another fund.
2. **Special Revenue Funds** - Special revenue funds are used to account for revenues derived from specific taxes, grants, or other restricted revenue sources. The uses and limitations of each special revenue fund are specified by legal, regulatory or administrative provisions. These funds include most federal and state grants.
3. **Debt Service Funds** - Debt service funds are used to account for the accumulation of resources for, and the payment of, general obligation and special assessment long-term debt principal, interest, and related costs.
4. **Capital Projects Funds** - The capital projects funds are used to account for financial resources used for the acquisition or construction of major capital projects.
5. **Permanent Funds** - Permanent funds are used for the purpose of accounting for resources that are legally restricted to the extent that earnings, and not principal, may be used for purposes that support the reporting government's programs. During 2007, the City did not utilize any permanent funds.

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2007

PROPRIETARY FUNDS

1. **Enterprise Funds** - The enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. During 2007, the City did not utilize any enterprise funds.
2. **Internal Service Funds** - The internal service funds are used to account for the financing of goods or services provided by one department to other departments or to other governments on a cost-reimbursement basis. During 2007, the City did not utilize any internal service funds.

FIDUCIARY FUNDS

1. **Private-purpose Trust Funds** - Private-purpose trust funds are used to account for trust arrangements which benefit individuals, private organizations, or other governments. For accounting measurement purposes, the private-purpose trust funds are accounted for in essentially the same manner as proprietary funds. The City accounts for the cost of decorating specific graves as designated by individual donors in a Cemetery Bequest and Endowment Fund.
2. **Agency Funds** - Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, and other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The City's agency fund accounts for the Mentor Municipal Court.
3. **Other Fiduciary Funds** - Other fiduciary funds include pension trust funds and investment trust funds. During 2007, the City did not utilize any such trust funds.

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

C. *Measurement focus and basis of accounting*

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

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

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2007

the provider government recognizes its liability to the City. Revenue from grants 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 year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a cost reimbursement basis.

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

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

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

D. *Budgetary Procedures*

Budgetary Process: The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance. These budgetary documents are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources as certified. The tax budget and appropriation ordinance are prepared under the direction of the City Manager and submitted to City Council for adoption. Budgeted expenditures represent original appropriations as modified by adjustments during the year. The primary level of budgetary control is at the departmental level. Budget revisions within appropriated amounts are subject to the approval of the City Manager. Changes in a department's total appropriation require action by City Council. For the year ended December 31, 2007, expenditures did not exceed appropriations in any individual department.

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2007

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

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

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

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

A reconciliation of the General Fund's results of operations for 2007 reported on the budget basis versus the GAAP basis is as follows:

<u>Net Change in Fund Balance</u>	
Budget basis	\$ 2,151,318
Adjustments:	
Revenue accruals	(428,584)
Advances In	(2,198,260)
Advances Out	537,829
Expenditure accruals	65,318
Encumbrances	<u>631,097</u>
GAAP basis	<u>\$ 758,718</u>

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2007

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

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

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

E. *Other Significant Accounting Policies*

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

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

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

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

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

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2007

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

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

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

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

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

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

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

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

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2007

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

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

F. **Recently Issued Accounting Pronouncements**

The GASB issued Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues." This statement established criteria that governments will use to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings. The statement also included disclosure requirements for future revenues that are pledged or sold. The requirements of the new statement became effective for fiscal periods beginning after December 15, 2006. The implementation of GASB Statement No. 48 did not affect the presentation of the financial statements of the City.

NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2007

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that the investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio). No derivative securities or investment "pools" with the exception of STAROhio are permitted. STAROhio is an investment pool professionally managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio 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. The fund follows all state statutes from the Ohio Revised Code under the Uniform Depository Act. The fund is audited by the State of Ohio to ensure compliance with these laws;
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed three million dollars face amount invested in the acceptances of any one bank at any time; and,
8. Under limited circumstances, three mutual funds which invest in corporate and GNMA bonds: Vanguard Short-Term Corporate Fund, Vanguard Intermediate-Term Corporate Fund, and Vanguard GNMA Fund.

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

Deposits

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

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2007

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

At year-end, the carrying amount of the City's deposits including certificates of deposit was \$4,419,872 and the bank balance was \$5,070,283. Of the bank balance \$412,000 was covered by Federal depository insurance and \$4,658,283 was uninsured. Of the remaining uninsured bank balance, \$4,658,283 was collateralized with securities held by the pledging institution's agent or trust department, not in the City's name.

Investments

As of December 31, 2007, the City had the following investments:

	Fair Value	Maturity		
		Less than 1 year	1 to 2 years	Greater than 2 years
Vanguard Short-Term Corporate Bond Fund	\$ 505,698	-	\$ 505,698	-
Vanguard Intermediate-Term Corporate Bond Fund	4,149,099	-	-	\$ 4,149,099
Vanguard GNMA Fund	3,067,586	-	-	3,067,586
STAROhio	10,393,579	\$ 10,393,579	-	-
Total Portfolio	<u>\$ 18,115,962</u>	<u>\$ 10,393,579</u>	<u>\$ 505,698</u>	<u>\$ 7,216,685</u>

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

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

Credit Risk is addressed by the City's general investment policy that the objective of investment activity is to maximize investment income while preserving principal and maintaining sufficient liquidity to meet cash flow

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2007

requirements without having to sell securities before maturity. Investments in debt securities that mature in the future are not made unless it is reasonable to believe that the investment can be held until maturity.

The City's investment in the three mutual funds were as follows: the Vanguard Short-Term Corporate Bond Fund was rated Aa2 by Moody's; the Vanguard Intermediate-Term Corporate Bond Fund was rated Aa3 by Moody's; and the Vanguard GNMA Fund was rated Aaa by Moody's. The STAROhio investment was rated AAAM by S&P. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service.

Concentration of Credit Risk is defined by the Governmental Accounting Standards Board as five percent or more in the securities of a single issuer. The City's investment policy requires diversification of the portfolio but does not indicate specific percentage allocations. The following is the City's allocation as of December 31, 2007; Vanguard Short-Term Corporate Bond Fund - 2.8%, Vanguard Intermediate Term Corporate Bond Fund - 22.9%, Vanguard GNMA Fund - 16.9%, and STAROhio - 57.4%.

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

Government-Wide Financial Statements

Cash and investments	<u>\$22,430,862</u>
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Fund Financial Statements

Cash and investments	\$22,430,862
Statement of Fiduciary Net Assets:	
Cash	<u>104,971</u>
Total	<u>\$22,535,833</u>

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2007

NOTE 4 – RECEIVABLES AND DEFERRED REVENUE

Receivables consist of the following at December 31, 2007:

	Income Taxes	Property Taxes	Special Assess- ments	Other	Gross Receivables	Allowance for Uncol- lectibles	Net
Governmental Activities							
Governmental Funds							
General Fund	\$ 8,278,603	\$ 1,886,489	\$ -	\$ 117,514	\$ 10,282,606	\$ (908,836)	\$ 9,373,770
Special Assessment Bond Retirement Fund	-	-	8,948,065	-	8,948,065	(162,705)	8,785,360
Other Governmental Funds	<u>-</u>	<u>3,980,335</u>	<u>24,372</u>	<u>53,578</u>	<u>4,058,285</u>	<u>(10,462)</u>	<u>4,047,823</u>
Total Receivables	<u>\$ 8,278,603</u>	<u>\$ 5,866,824</u>	<u>\$ 8,972,437</u>	<u>\$ 171,092</u>	<u>\$ 23,288,956</u>	<u>\$ (1,082,003)</u>	<u>\$ 22,206,953</u>

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

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2007

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

	<u>Government-Wide Statement of Net Assets</u>	<u>Governmental Funds Balance Sheet</u>
Governmental Funds:		
General Fund:		
Property tax receivable	\$ 977,653	\$ 977,653
Income tax receivable	-	2,960,618
State shared revenue receivable	-	1,549,025
	<u>977,653</u>	<u>5,487,296</u>
Total General Fund		
Special Assessment Bond Retirement Fund:		
Special assessment receivable	-	8,785,360
Other Governmental Funds:		
Property tax receivable	3,980,335	3,980,335
Special assessment receivable	13,910	13,910
State shared revenue receivable	-	1,308,314
	<u>3,994,245</u>	<u>5,302,559</u>
Total other governmental funds		
Total Unearned Revenue/ Deferred Revenue	<u>\$4,971,898</u>	<u>\$19,575,215</u>

NOTE 5 – MUNICIPAL COURT

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

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

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2007

NOTE 6 – CAPITAL ASSETS

Capital Asset Activity: Capital asset activity for the year ended December 31, 2007 was as follows:

	<u>Balance January 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2007</u>
	(Amount in 000's)			
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$ 62,285	\$ 717	(11)	\$ 62,991
Construction in progress	<u>6,837</u>	<u>978</u>	<u>(6,485)</u>	<u>1,330</u>
Total capital assets, not being depreciated	<u>69,122</u>	<u>1,695</u>	<u>(6,496)</u>	<u>64,321</u>
Capital assets, being depreciated:				
Land improvements	6,832	28	-	6,860
Buildings and improvements	40,282	362	(13)	40,631
Equipment	20,712	2,378	(454)	22,636
Infrastructure	<u>106,770</u>	<u>6,979</u>	<u>-</u>	<u>113,749</u>
Cost	<u>174,596</u>	<u>9,747</u>	<u>(467)</u>	<u>183,876</u>
Less accumulated depreciation for:				
Land improvements	(5,295)	(190)	-	(5,485)
Buildings and improvements	(14,290)	(1,090)	-	(15,380)
Equipment	(13,376)	(1,400)	402	(14,374)
Infrastructure	<u>(30,484)</u>	<u>(2,480)</u>	<u>-</u>	<u>(32,964)</u>
Total accumulated depreciation	<u>(63,445)</u>	<u>(5,160)</u>	<u>402</u>	<u>(68,203)</u>
Total accumulated assets being depreciated, net	<u>111,151</u>	<u>4,587</u>	<u>(65)</u>	<u>115,673</u>
Capital assets, net	<u>\$ 180,273</u>	<u>\$ 6,282</u>	<u>\$ (6,561)</u>	<u>\$ 179,994</u>

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

	(Amounts in 000's)
Governmental Activities:	
General government	\$ 114
Police	406
Fire	636
Streets and highways	2,813
Parks, recreation and public lands	1,166
Community development	4
Engineering and building	<u>21</u>
Total depreciation expense charged to governmental activities	<u>\$ 5,160</u>

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2007

NOTE 7 – DEBT AND OTHER LONG-TERM OBLIGATIONS

A summary of the changes in the debt and other long-term obligations of the City during the year ended December 31, 2007 is as follows:

	Balance January 1, 2007	Additions	(Reductions)	Balance December 31, 2007	Due Within One Year
Governmental Activities					
General Obligation Bonds due through 2017, 2% to 9.125%	\$ 20,684,064	\$ -	\$ (1,439,688)	\$ 19,244,376	\$ 1,474,245
Special Assessment Bonds due through 2022, 2% to 9.625%	6,235,936	-	(675,312)	5,560,624	490,755
Other Obligations:					
Compensated absences	2,861,578	154,565	(156,201)	2,859,942	1,377,891
Claims and judgments	50,000	-	-	50,000	-
Capital projects notes payable	<u>7,246,830</u>	<u>7,949,653</u>	<u>(6,861,361)</u>	<u>8,335,122</u>	<u>7,695,389</u>
Total Debt and Other Long-Term Obligations	<u>\$ 37,078,408</u>	<u>\$ 8,104,218</u>	<u>\$ (9,132,562)</u>	<u>\$ 36,050,064</u>	<u>\$ 11,038,280</u>

During September 2007 the City issued \$7,663,000 of Street Improvement Bond Anticipation notes with an interest rate of 4.25% maturing March 14, 2008 for the purpose of rolling the September 2006 short-term notes and to obtain funds for the anticipated special assessment bond issuance to cover the costs of constructing the Norton Parkway and improving Center Street. During 2007, the City finalized a 20 year, 3.00% interest rate loan through the Ohio Water Development Authority in the amount of \$286,653. The outstanding principal balance at December 31, 2007 is \$270,512. The City also made principal payments on its two Ohio Public Works Commission 20 year, 0% loans during 2007. The Chillicothe Road Widening & Resurfacing loan and the Hopkins Road Bridge development loan have outstanding December 31, 2007 principal amounts of \$28,517 and \$373,093, respectively.

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

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2007

Bonds payable at December 31, 2007 are comprised of the following issues:

	Amount of Original Issuance	Bonds Outstanding December 31, 2007
Governmental Activities Obligations:		
General unvoted obligations:		
2004 Various Purpose Refunding Bonds due in annual installments ranging from \$260,000 to \$622,364 through 2016 plus interest at rates varying between 2% to 5%	\$ 5,808,974	\$ 4,529,376
2005 Various Purpose Improvement and Refunding Bonds due in annual installments ranging from \$200,000 to \$1,410,000 through 2025 plus interest rates varying between 3.5% to 5%	<u>15,210,000</u>	<u>14,715,000</u>
Total general obligation bonds	<u>21,018,974</u>	<u>19,244,376</u>
Special assessment obligations:		
1991 Street Improvement Bonds due in annual installments ranging from \$166,005 to \$493,272 through 2011, plus interest at rates varying between 6.7% to 7.15%	5,582,511	1,195,000
1993 Various Purpose Improvement Bonds due in annual installments ranging from \$17,136 to \$46,795 through 2013, plus interest at rates varying between 5% to 5.65%	580,000	245,000
2002 Tyler Boulevard Extension Bonds due in annual installments ranging from \$145,000 to \$375,000 through 2022, plus interest at rates varying between 3% to 4.7%	4,850,000	4,055,000
2004 Various Purpose Refunding Bonds due in annual installments ranging from \$260,000 to \$622,364 through 2016 plus interest at rates varying between 2% and 5%	<u>76,026</u>	<u>65,624</u>
Total special assessment bonds	<u>11,088,537</u>	<u>5,560,624</u>
Total bonds	<u>\$ 32,107,511</u>	<u>\$ 24,805,000</u>

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

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2007

The following is a summary of the City's future debt service requirements as of December 31, 2007:

Year Ending December 31	Governmental Activities				Total
	General Obligation Bonds		Special Assessment Bonds		
	Principal	Interest	Principal	Interest	
2008	\$ 1,474,245	\$ 775,052	\$ 490,755	\$ 282,407	\$ 3,022,459
2009	1,524,024	729,330	525,976	254,175	3,033,505
2010	1,583,581	680,069	561,419	223,498	3,048,567
2011	1,638,139	627,462	596,861	190,168	3,052,630
2012	1,697,807	571,573	277,193	154,670	2,701,243
2013-2017	8,071,580	1,825,880	1,403,420	584,775	11,885,655
2018-2022	1,905,000	527,869	1,705,000	246,210	4,384,079
2023-2027	1,350,000	116,450	-	-	1,466,450
	<u>\$ 19,244,376</u>	<u>\$ 5,853,685</u>	<u>\$ 5,560,624</u>	<u>\$ 1,935,903</u>	<u>\$ 32,594,588</u>

Under the Ohio Revised Code, at December 31, 2007, the City legally could issue approximately \$66.2 million of additional, unvoted, general obligation debt.

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

As of December 31, 2007, there were three series of industrial revenue bonds outstanding. The aggregate principal amount payable for the three series was \$5.3 million.

NOTE 8 – COMPLIANCE AND ACCOUNTABILITY

At December 31, 2007, the Community Development Block Grant 04-05, Community Development Block Grant 05-06, Community Development Block Grant 07-08 and COPS Secure Our Schools Grant – 2007 Special Revenue Funds had a deficit fund balance of \$8,976, \$5,722, \$3,250, and \$4,229, respectively. All deficits will be eliminated through the receipt of grant proceeds during 2008. No other funds had deficit balances as of December 31, 2007.

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2007

NOTE 9 – RISK MANAGEMENT

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

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

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

Changes in the estimated claims payable for self-insured risks (employee dental benefits) during the years ended December 31, 2007 and 2006 were as follows:

	<u>2007</u>	<u>2006</u>
Estimated claims payable, January 1	\$ 45,670	\$ 45,250
Current year claims (including IBNRs) and changes in estimates	305,026	274,420
Claim payments	<u>(278,500)</u>	<u>(274,000)</u>
Estimated claims payable, December 31	<u>\$ 72,196</u>	<u>\$ 45,670</u>

Insurance: The City purchases insurance policies in varying amounts for general liability, property damage, employee health care benefits (excluding dental benefits), and law enforcement and public officials’ liability, including errors and omissions of the City’s safety forces. Otherwise, the City is generally self-insured. Included in the coverage is an excess umbrella liability limit of \$10 million for each occurrence and annual aggregate. The City contracts with several different insurance companies, with either excellent or superior ratings. No material losses, including incurred but not reported losses, occurred in 2007. There was no significant decrease in any insurance coverages in 2007. In addition, there were no insurance settlements in excess of insurance coverage during the past three fiscal years.

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

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2007

NOTE 10 – CONTINGENCIES

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

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

NOTE 11 – INTERFUND TRANSACTIONS AND BALANCES

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

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

For the year ended December 31, 2007 transfers consisted of the following:

	Transfers Out	Transfers In		
		General Fund	Other Governmental Funds	Total Governmental Funds
	<u>Total</u>			
Governmental Funds:				
General	\$ 830,178	\$ 151,682	\$ -	\$ 151,682
Other governmental	<u>551,681</u>	<u>-</u>	<u>1,230,177</u>	<u>1,230,177</u>
Total	<u>\$ 1,381,859</u>	<u>\$ 151,682</u>	<u>\$ 1,230,177</u>	<u>\$ 1,381,859</u>

Interfund balances: Interfund balances at December 31, 2007 represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting records, and (3) payments between funds are made. All are expected to be paid within one year.

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2007

Interfund receivable and payable balances as of December 31, 2007 are as follows:

	Due To	Due From		
		General Fund	Other Governmental Funds	Total
	<u>Total</u>			
Governmental Funds:				
General	\$ -	\$ 219,605	\$ -	\$ 219,605
Norton Parkway	-	-	-	-
Special Assessment Bond				
Retirement	4,000	-	-	-
Other governmental	<u>215,605</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 219,605</u>	<u>\$ 219,605</u>	<u>-</u>	<u>\$ 219,605</u>

NOTE 12 - TAXES

Income Taxes – A two percent City income tax is levied on substantially all income earned within the City. On November 6, 2007, the two percent income tax was renewed by the voters for a five year period through December 31, 2012. In addition, the residents of the City are required to pay City income tax on income they earn outside the City; however, full credit is allowed for all income taxes these residents pay to other municipalities. Employers within the City are required to withhold income tax on employee compensation and remit the tax to an intermediary collection agency (Central Collection Agency) at least quarterly. Corporations and self-employed individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually with the collection agency. The collection agency remits taxes collected for the City each month, net of a charge for the cost of services and a credit for interest earned on amounts collected between remittances. Effective January 1, 2008 the City contracted with the Regional Income Tax Agency (RITA) to be the collection agency for the municipal income tax.

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

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2007

Personal property (other than public utility) taxes are levied in October of the preceding calendar year based on tax rates determined in the preceding year and assessed values determined at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year. Tangible personal property used in business (except for public utilities) is currently being phased-out over a three-year period. The listing percentage on all tangible personal property for 2007 is 12.50%. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30 with the remainder payable by September 20. Under Ohio law, personal property taxes do not attach as a lien on the personal property.

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

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

The assessed value upon which the 2006 levy (collected in 2007) was based was approximately \$1.7 billion. Ohio law limits unvoted property taxation, combined for all overlapping taxing authorities, to 10 mills. The City's current share of the unvoted property tax is 3 mills of assessed value, and the City's total property tax levy, including all voted levies is 4.50 mills of assessed value.

NOTE 13 – DEFINED BENEFIT PENSION PLANS

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

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

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2007

Plan members are required to contribute 9.5 percent of their annual covered salary to fund pension obligations. For calendar year 2007 the employer pension contribution rate was 13.85 percent of covered payroll. For calendar years 2006 and 2005, the employer pension contribution rates for the City were 13.70 and 13.55 percent, respectively, of covered payroll. Contributions are authorized by State statute and the contribution rates are determined actuarially. The City's required contributions (including post-employment benefits) to OPERS for the years ended December 31, 2007, 2006, and 2005 were \$2,023,338, \$1,912,859, \$1,811,214, respectively; 77 percent has been contributed for 2007 and 100 percent for 2006 and 2005.

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

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 19.5 percent for police and 24 percent for firefighters. Contributions are authorized by State statute. The City's contributions (including post-employment benefits) to the OP&F for police and firefighters were \$1,154,199 and \$1,397,971 for the year ended December 31, 2007, \$1,069,254 and \$1,343,812 for the year ended December 31, 2006, \$1,023,296 and \$1,251,387 for the year ended December 31, 2005, respectively, equal to the required payments for each year. The full amount has been contributed for 2006 and 2005. 74 percent for police and 77 percent for firefighters has been contributed for 2007.

NOTE 14 – OTHER POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System: The Ohio Public Employees Retirement System provides post-retirement health care coverage to age and service retirees that are in the traditional pension and combined plans, with ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care coverage. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care based on authority granted by State statute. Of the 2007 employer contribution rate of 13.85 percent of covered payroll, 5 percent was allocated from January 1, 2007 through June 30, 2007, and 6 percent was allocated from July 1, 2007 through December, 31, 2007 to fund post-retirement health care benefits for 2007.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.5 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase .50 to 5 percent annually for the next 8 years. In subsequent years, (9 and beyond) health care costs were assumed to increase at 4 percent.

CITY OF MENTOR, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2007

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed 12 percent corridor. At December 31, 2007, the number of active contribution participants in the traditional pension and combined plans was 374,979. The number of active contributing participants for both plans used in December 31, 2006, actuarial valuation was 362,130. The City's actual contributions for 2007, which were used to fund post-employment benefits, were \$808,863. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006 (the latest information available) were \$12.0 billion. The actuarial liability and the unfunded actuarial liability were \$30.7 billion and \$18.7 billion, respectively. On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008 which allowed additional funds to be allocated to the health care plan.

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

The Ohio Revised Code permits the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. Of the total police employer contribution of 19.5 percent of covered payroll and the total firefighter employer contribution of 24 percent of covered payroll, 7.75 percent of covered payroll was applied to the post-employment health care program during 2006 and 6.75 percent of covered payroll in 2007. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2007 that were used to fund post-employment benefits were \$399,530 for police and \$393,179 for firefighters. The OP&F's total health care expenses for the year ended December 31, 2006 (the latest information available) were \$120,373,722, which was net of member contributions of \$58,532,848. The number of OP&F participants eligible to receive health care benefits as of December 31, 2006 was 14,120 police and 10,563 firefighters.

NOTE 15 – SUBSEQUENT EVENTS

In March 2008, the City issued \$7,828,000 notes with an interest rate of 3.00%, in anticipation of the issuance of bonds for the purpose of constructing Norton Parkway and improving Center Street. The City plans on issuing long-term bonds in August 2008 to pay off the note obligation which matures on August 29, 2008.

SUPPLEMENTARY INFORMATION



CITY OF MENTOR, OHIO
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:				
Property taxes	\$ 2,076,700	\$ 2,076,700	\$ 1,795,300	\$ (281,400)
Municipal income tax	30,536,900	30,536,900	31,670,221	1,133,321
Intergovernmental	4,722,097	4,722,097	5,932,841	1,210,744
Charges for services	4,935,526	4,935,526	4,872,367	(63,159)
Fines and forfeitures	1,129,000	1,129,000	1,147,305	18,305
Licenses, permits and inspections	1,105,020	1,105,020	1,587,741	482,721
Investment income	1,000,000	1,000,000	1,048,481	48,481
Other	9,500	9,500	659,471	649,971
Total revenues	<u>45,514,743</u>	<u>45,514,743</u>	<u>48,713,727</u>	<u>3,198,984</u>
EXPENDITURES:				
GENERAL GOVERNMENT:				
Council:				
Employee compensation	198,500	198,500	179,227	19,273
Other	388,973	388,973	378,729	10,244
Total council	<u>587,473</u>	<u>587,473</u>	<u>557,956</u>	<u>29,517</u>
Court:				
Employee compensation	763,800	763,801	726,029	37,772
Other	392,520	392,520	366,345	26,175
Total court	<u>1,156,320</u>	<u>1,156,321</u>	<u>1,092,374</u>	<u>63,947</u>
City manager:				
Employee compensation	1,145,350	1,145,350	1,078,435	66,915
Other	1,116,076	1,163,719	998,324	165,395
Total city manager	<u>2,261,426</u>	<u>2,309,069</u>	<u>2,076,759</u>	<u>232,310</u>
Finance:				
Employee compensation	773,000	773,000	723,108	49,892
Other	1,813,442	1,813,442	1,529,096	284,346
Total finance	<u>2,586,442</u>	<u>2,586,442</u>	<u>2,252,204</u>	<u>334,238</u>
Legal:				
Employee compensation	325,300	311,927	311,927	-
Other	316,734	461,696	461,696	-
Total legal	<u>642,034</u>	<u>773,623</u>	<u>773,623</u>	<u>-</u>
Other	<u>1,445,000</u>	<u>545,937</u>	<u>545,934</u>	<u>3</u>
Total general government	<u>8,678,695</u>	<u>7,958,865</u>	<u>7,298,850</u>	<u>660,015</u>

Continued

CITY OF MENTOR, OHIO
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
POLICE:				
Employee compensation	\$ 7,826,500	\$ 7,826,500	\$ 7,527,065	\$ 299,435
Other	3,331,154	3,483,620	3,326,797	156,823
Total police	<u>11,157,654</u>	<u>11,310,120</u>	<u>10,853,862</u>	<u>456,258</u>
FIRE:				
Employee compensation	6,137,400	6,137,400	5,877,542	259,858
Other	3,983,297	4,089,206	3,929,883	159,323
Total fire	<u>10,120,697</u>	<u>10,226,606</u>	<u>9,807,425</u>	<u>419,181</u>
STREETS AND HIGHWAYS:				
Employee compensation	3,331,276	3,331,276	3,043,664	287,612
Other	4,687,693	4,572,051	4,251,457	320,594
Total streets and highways	<u>8,018,969</u>	<u>7,903,327</u>	<u>7,295,121</u>	<u>608,206</u>
PARKS, RECREATION AND PUBLIC FACILITIES:				
Employee compensation	4,171,050	4,171,050	3,721,274	449,776
Other	5,236,368	5,414,642	4,871,669	542,973
Total parks, recreation and public facilities	<u>9,407,418</u>	<u>9,585,692</u>	<u>8,592,943</u>	<u>992,749</u>
ECONOMIC AND COMMUNITY DEVELOPMENT:				
Employee compensation	619,100	602,963	602,963	-
Other	526,366	891,332	891,332	-
Total economic and community development	<u>1,145,466</u>	<u>1,494,295</u>	<u>1,494,295</u>	<u>-</u>
ENGINEERING AND BUILDING				
Employee compensation	1,332,050	1,332,050	1,294,098	37,952
Other	950,409	1,000,410	907,750	92,660
Total engineering and building	<u>2,282,459</u>	<u>2,332,460</u>	<u>2,201,848</u>	<u>130,612</u>
 Total expenditures	 <u>50,811,358</u>	 <u>50,811,365</u>	 <u>47,544,344</u>	 <u>3,267,021</u>
 Excess (deficiency) of revenues over expenditures	 <u>(5,296,615)</u>	 <u>(5,296,622)</u>	 <u>1,169,383</u>	 <u>6,466,005</u>
OTHER FINANCING SOURCES (USES):				
Advances in	700,000	700,000	2,198,260	1,498,260
Advances out	-	(537,829)	(537,829)	-
Transfers in	-	34,493	151,682	117,189
Transfers out	-	(830,178)	(830,178)	-
Total other financing sources (uses)	<u>700,000</u>	<u>(633,514)</u>	<u>981,935</u>	<u>1,615,449</u>
 Excess (deficiency) of revenues and other sources over expenditures and other uses	 <u>(4,596,615)</u>	 <u>(5,930,136)</u>	 <u>2,151,318</u>	 <u>8,081,454</u>
 Adjustment for prior year encumbrances	 1,077,114	 1,077,114	 1,077,114	 -
 FUND BALANCES, BEGINNING OF YEAR	 <u>7,801,741</u>	 <u>7,801,741</u>	 <u>7,801,741</u>	 <u>-</u>
 FUND BALANCES, END OF YEAR	 <u>\$ 4,282,240</u>	 <u>\$ 2,948,719</u>	 <u>\$ 11,030,173</u>	 <u>\$ 8,081,454</u>

CITY OF MENTOR, OHIO

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

SPECIAL REVENUE FUNDS (Continued)

Indigent Driver Alcohol Treatment Fund	To account for fines and fees received from the Mentor Municipal Court and the Ohio Department of Alcohol and Drug Addiction Services for the purpose of providing indigent drivers with alcohol and/or drug treatment.
Law Enforcement Trust Fund	To account for monies received from the seizure and sale of contraband and property used in criminal activity.
Police Canine Fund	To account for monies received from the Ortrud Higgins Trust for the Police Department's canine unit.
Seat Belt Grant Fund	To account for monies received from the Ohio Department of Highway Safety for the encouragement of seat belt use.
VOCA Victims Assistance Grant 06-07 Fund	To account for monies received from the Crime Victims Assistance Office to assist victims of crime.
VOCA Victims Assistance Grant 07-08 Fund	To account for monies received from the Crime Victims Assistance Office to assist victims of crime.
Community Development Block Grant 00-01 Fund	To account for monies received from the U.S. Department of Housing and Urban Development for various community development block grant programs.
Community Development Block Grant 01-02 Fund	To account for monies received from the U.S. Department of Housing and Urban Development for various community development block grant programs.
Community Development Block Grant 02-03 Fund	To account for monies received from the U.S. Department of Housing and Urban Development for various community development block grant programs.
Community Development Block Grant 03-04 Fund	To account for monies received from the U.S. Department of Housing and Urban Development for various community development block grant programs.
Community Development Block Grant 04-05 Fund	To account for monies received from the U.S. Department of Housing and Urban Development for various community development block grant programs.
Community Development Block Grant 05-06 Fund	To account for monies received from the U.S. Department of Housing and Urban Development for various community development block grant programs.
Community Development Block Grant 06-07 Fund	To account for monies received from the U.S. Department of Housing and Urban Development for various community development block grant programs.
Community Development Block Grant 07-08 Fund	To account for monies received from the U.S. Department of Housing and Urban Development for various community development block grant programs.
Forfeited Property – U.S. Department of Justice Fund	To account for shared federally forfeited property proceeds received from the U.S. Department of Justice.
COPS Secure Our Schools Grant-2006 Fund	To account for monies received from the U.S. Department of Justice for the security at Mentor High School.

SPECIAL REVENUE FUNDS (Continued)

COPS Secure Our Schools Grant-2007 Fund	To account for monies received from the U.S. Department of Justice for the security at Mentor High School.
Council Donation Fund	To account for donations from various sources and individuals to be used to support specific purposes or programs provided by City Council.
Police Donation Fund	To account for donations from various sources and individuals to be used to support specific purposes or programs provided by the Police Department.
Fire Donation Fund	To account for donations from various sources and individuals to be used to support specific purposes or programs provided by the Fire Department.
Senior Citizens Donation Fund	To account for donations from various sources and individuals to be used to support specific purposes provided by the Mentor Senior Citizens Center.
Cultural Donation Fund	To account for donations from various sources and individuals to be used to support specific purposes or programs provided by the Wildwood Cultural Center.
Beautification Donation Fund	To account for donations from various sources and individuals to be used to support specific purposes or programs provided by the City of Mentor's Beautification Commission.
IBIM Festival Fund	To account for revenue received from the It's Better in Mentor Festival to cover the cost of operating the festival.

DEBT SERVICE FUNDS

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

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

CITY OF MENTOR, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
At December 31, 2007

	Special Revenue Funds			
	Street	Police Pension	Fire Pension	Fire Levy
ASSETS				
Cash and investments	\$ 2,001,590	\$ -	\$ -	\$ -
Receivables, net	-	472,078	472,078	1,147,864
Due from other governments	1,088,095	75,981	75,981	256,902
TOTAL ASSETS	<u>\$ 3,089,685</u>	<u>\$ 548,059</u>	<u>\$ 548,059</u>	<u>\$ 1,404,766</u>
LIABILITIES				
Accounts payable	\$ 60,379	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Deferred revenue	687,969	548,059	548,059	1,404,766
Total liabilities	<u>748,348</u>	<u>548,059</u>	<u>548,059</u>	<u>1,404,766</u>
FUND BALANCES				
Reserved for:				
Debt Service	-	-	-	-
Encumbrances	729,085	-	-	-
Unreserved, undesignated	1,612,252	-	-	-
Total fund balances	<u>2,341,337</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,089,685</u>	<u>\$ 548,059</u>	<u>\$ 548,059</u>	<u>\$ 1,404,766</u>

Continued

CITY OF MENTOR, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
At December 31, 2007

	Special Revenue Funds			
	Senior Citizens Service Levy	Community Recreation Facilities	Cemetery	Economic Development
ASSETS				
Cash and investments	\$ 330,518	\$ 49,986	\$ 424,001	\$ 55,904
Receivables, net	-	33,577	-	-
Due from other governments	-	-	-	-
TOTAL ASSETS	<u>\$ 330,518</u>	<u>\$ 83,563</u>	<u>\$ 424,001</u>	<u>\$ 55,904</u>
LIABILITIES				
Accounts payable	\$ 31,813	\$ -	\$ -	\$ 1,500
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>31,813</u>	<u>-</u>	<u>-</u>	<u>1,500</u>
FUND BALANCES				
Reserved for:				
Debt Service	-	-	-	-
Encumbrances	5,252	-	-	-
Unreserved, undesignated	293,453	83,563	424,001	54,404
Total fund balances	<u>298,705</u>	<u>83,563</u>	<u>424,001</u>	<u>54,404</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 330,518</u>	<u>\$ 83,563</u>	<u>\$ 424,001</u>	<u>\$ 55,904</u>

Continued

CITY OF MENTOR, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
At December 31, 2007

Special Revenue Funds

	<u>Subdivision Street Tree</u>	<u>Street Lighting</u>	<u>Court Computer</u>	<u>Court Special Projects</u>
ASSETS				
Cash and investments	\$ 54,425	\$ 813,139	\$ 172,701	\$ 304,317
Receivables, net	-	13,910	6,083	6,075
Due from other governments	-	-	-	-
TOTAL ASSETS	<u>\$ 54,425</u>	<u>\$ 827,049</u>	<u>\$ 178,784</u>	<u>\$ 310,392</u>
LIABILITIES				
Accounts payable	\$ -	\$ 163,352	\$ 2,248	\$ -
Due to other funds	-	-	-	-
Deferred revenue	-	13,910	-	-
Total liabilities	<u>-</u>	<u>177,262</u>	<u>2,248</u>	<u>-</u>
FUND BALANCES				
Reserved for:				
Debt Service	-	-	-	-
Encumbrances	482	-	-	-
Unreserved, undesignated	53,943	649,787	176,536	310,392
Total fund balances	<u>54,425</u>	<u>649,787</u>	<u>176,536</u>	<u>310,392</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 54,425</u>	<u>\$ 827,049</u>	<u>\$ 178,784</u>	<u>\$ 310,392</u>

Continued

CITY OF MENTOR, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
At December 31, 2007

	Special Revenue Funds			
	Enforcement & Education	Court Probation Services	Indigent Driver Alcohol Treatment	Law Enforcement Trust
ASSETS				
Cash and investments	\$ 29,526	\$ 155,357	\$ 28,025	\$ 47,829
Receivables, net	187	5,911	275	1,265
Due from other governments	-	-	7,000	-
TOTAL ASSETS	<u>\$ 29,713</u>	<u>\$ 161,268</u>	<u>\$ 35,300</u>	<u>\$ 49,094</u>
LIABILITIES				
Accounts payable	\$ -	\$ 1,238	\$ 13,085	\$ -
Due to other funds	-	-	-	-
Deferred revenue	-	-	7,000	-
Total liabilities	<u>-</u>	<u>1,238</u>	<u>20,085</u>	<u>-</u>
FUND BALANCES				
Reserved for:				
Debt Service	-	-	-	-
Encumbrances	-	-	-	-
Unreserved, undesignated	29,713	160,030	15,215	49,094
Total fund balances	<u>29,713</u>	<u>160,030</u>	<u>15,215</u>	<u>49,094</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 29,713</u>	<u>\$ 161,268</u>	<u>\$ 35,300</u>	<u>\$ 49,094</u>

Continued

CITY OF MENTOR, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
At December 31, 2007

	Special Revenue Funds			
	Police Canine	Seat Belt Grant	VOCA Victims Assistance Grant 06-07	VOCA Victims Assistance Grant 07-08
ASSETS				
Cash and investments	\$ 57,738	\$ 6,013	\$ -	\$ 789
Receivables, net	-	-	-	-
Due from other governments	-	-	-	-
TOTAL ASSETS	\$ 57,738	\$ 6,013	\$ -	\$ 789
LIABILITIES				
Accounts payable	\$ 83	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	83	-	-	-
FUND BALANCES				
Reserved for:				
Debt Service	-	-	-	-
Encumbrances	-	-	-	-
Unreserved, undesignated	57,655	6,013	-	789
Total fund balances	57,655	6,013	-	789
TOTAL LIABILITIES AND FUND BALANCES	\$ 57,738	\$ 6,013	\$ -	\$ 789

Continued

CITY OF MENTOR, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
At December 31, 2007

	Special Revenue Funds			
	Community Development Block Grant 00-01	Community Development Block Grant 01-02	Community Development Block Grant 02-03	Community Development Block Grant 03-04
ASSETS				
Cash and investments	\$ 518	\$ 40,092	\$ 9,851	\$ -
Receivables, net	-	-	-	-
Due from other governments	-	-	-	-
TOTAL ASSETS	<u>\$ 518</u>	<u>\$ 40,092</u>	<u>\$ 9,851</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	19,000	9,000	-
Deferred revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>19,000</u>	<u>9,000</u>	<u>-</u>
FUND BALANCES				
Reserved for:				
Debt Service	-	-	-	-
Encumbrances	-	-	-	-
Unreserved, undesignated	518	21,092	851	-
Total fund balances	<u>518</u>	<u>21,092</u>	<u>851</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 518</u>	<u>\$ 40,092</u>	<u>\$ 9,851</u>	<u>\$ -</u>

Continued

CITY OF MENTOR, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
At December 31, 2007

	Special Revenue Funds			
	Community Development Block Grant 04-05	Community Development Block Grant 05-06	Community Development Block Grant 06-07	Community Development Block Grant 07-08
ASSETS				
Cash and investments	\$ 33,024	\$ 36,278	\$ 2,500	\$ -
Receivables, net	-	-	-	-
Due from other governments	-	-	-	-
TOTAL ASSETS	<u>\$ 33,024</u>	<u>\$ 36,278</u>	<u>\$ 2,500</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 3,250
Due to other funds	42,000	42,000	2,500	-
Deferred revenue	-	-	-	-
Total liabilities	<u>42,000</u>	<u>42,000</u>	<u>2,500</u>	<u>3,250</u>
FUND BALANCES				
Reserved for:				
Debt Service	-	-	-	-
Encumbrances	-	21,755	907	-
Unreserved, undesignated	(8,976)	(27,477)	(907)	(3,250)
Total fund balances	<u>(8,976)</u>	<u>(5,722)</u>	<u>-</u>	<u>(3,250)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 33,024</u>	<u>\$ 36,278</u>	<u>\$ 2,500</u>	<u>\$ -</u>

Continued

CITY OF MENTOR, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
At December 31, 2007

	Special Revenue Funds			
	Forfeited Property - U.S. Department of Justice	COPS Secure Our Schools Grant-2006	COPS Secure Our Schools Grant-2007	Council Donation
ASSETS				
Cash and investments	\$ 1,453	\$ 9,163	\$ 4,534	\$ 1,438
Receivables, net	-	-	205	-
Due from other governments	-	4,990	36,044	-
TOTAL ASSETS	<u>\$ 1,453</u>	<u>\$ 14,153</u>	<u>\$ 40,783</u>	<u>\$ 1,438</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 25,812	\$ -
Due to other funds	-	9,454	19,200	-
Deferred revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>9,454</u>	<u>45,012</u>	<u>-</u>
FUND BALANCES				
Reserved for:				
Debt Service	-	-	-	-
Encumbrances	-	-	-	-
Unreserved, undesignated	1,453	4,699	(4,229)	1,438
Total fund balances	<u>1,453</u>	<u>4,699</u>	<u>(4,229)</u>	<u>1,438</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,453</u>	<u>\$ 14,153</u>	<u>\$ 40,783</u>	<u>\$ 1,438</u>

Continued

CITY OF MENTOR, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
At December 31, 2007

Special Revenue Funds

	Police Donation	Fire Donation	Senior Citizens Donation	Cultural Donation
ASSETS				
Cash and investments	\$ 56,523	\$ 6,858	\$ 14,976	\$ 94,232
Receivables, net	-	-	-	-
Due from other governments	-	-	-	-
TOTAL ASSETS	\$ 56,523	\$ 6,858	\$ 14,976	\$ 94,232
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 180
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	-	-	-	180
FUND BALANCES				
Reserved for:				
Debt Service	-	-	-	-
Encumbrances	-	375	411	-
Unreserved, undesignated	56,523	6,483	14,565	94,052
Total fund balances	56,523	6,858	14,976	94,052
TOTAL LIABILITIES AND FUND BALANCES	\$ 56,523	\$ 6,858	\$ 14,976	\$ 94,232

Continued

CITY OF MENTOR, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
At December 31, 2007

	<u>Special Revenue Funds</u>		<u>Total Special Revenue Funds</u>	<u>Debt Service Fund</u>
	<u>Beautification Donation</u>	<u>IBIM Festival</u>		<u>General Obligation Bond Retirement</u>
ASSETS				
Cash and investments	\$ 3,143	\$ 8,405	\$ 4,854,846	\$ 775,925
Receivables, net	-	-	2,159,508	1,888,315
Due from other governments	-	-	1,544,993	204,481
TOTAL ASSETS	<u>\$ 3,143</u>	<u>\$ 8,405</u>	<u>\$ 8,559,347</u>	<u>\$ 2,868,721</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 302,940	\$ -
Due to other funds	-	-	143,154	-
Deferred revenue	-	-	3,209,763	2,092,796
Total liabilities	<u>-</u>	<u>-</u>	<u>3,655,857</u>	<u>2,092,796</u>
FUND BALANCES				
Reserved for:				
Debt Service	-	-	-	775,925
Encumbrances	-	-	758,267	-
Unreserved, undesignated	3,143	8,405	4,145,223	-
Total fund balances	<u>3,143</u>	<u>8,405</u>	<u>4,903,490</u>	<u>775,925</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,143</u>	<u>\$ 8,405</u>	<u>\$ 8,559,347</u>	<u>\$ 2,868,721</u>

Continued

CITY OF MENTOR, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
At December 31, 2007

	Capital Project Funds			
	Center Street	Hopkins Road/Bridge Improvements	Chillicothe Road Widening & Resurfacing - Phase 2	Marsh Creek Detention Improvement
ASSETS				
Cash and investments	\$ 525,409	\$ -	\$ -	\$ 72,451
Receivables, net	-	-	-	-
Due from other governments	-	-	-	-
TOTAL ASSETS	<u>\$ 525,409</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,451</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	72,451
Deferred revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,451</u>
FUND BALANCES				
Reserved for:				
Debt Service	-	-	-	-
Encumbrances	466,539	-	-	72,451
Unreserved, undesignated	58,870	-	-	(72,451)
Total fund balances	<u>525,409</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 525,409</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,451</u>

Continued

CITY OF MENTOR, OHIO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
At December 31, 2007

	<u>Capital Project Funds</u>			
	<u>Morton Property Acquisition</u>	<u>Lakeshore Boulevard Bikeway</u>	<u>Total Capital Project Funds</u>	<u>Total All Nonmajor Funds</u>
ASSETS				
Cash and investments	\$ -	\$ -	\$ 597,860	\$ 6,228,631
Receivables, net	-	-	-	4,047,823
Due from other governments	-	-	-	1,749,474
TOTAL ASSETS	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 597,860</u>	<u>\$ 12,025,928</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 302,940
Due to other funds	-	-	72,451	215,605
Deferred revenue	-	-	-	5,302,559
Total liabilities	<u>-</u>	<u>-</u>	<u>72,451</u>	<u>5,821,104</u>
FUND BALANCES				
Reserved for:				
Debt Service	-	-	-	775,925
Encumbrances	-	-	538,990	1,297,257
Unreserved, undesignated	-	-	(13,581)	4,131,642
Total fund balances	<u>-</u>	<u>-</u>	<u>525,409</u>	<u>6,204,824</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 597,860</u>	<u>\$ 12,025,928</u>

CITY OF MENTOR, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2007

	Special Revenue Funds			
	Street	Police Pension	Fire Pension	Fire Levy
REVENUES				
Property taxes	\$ -	\$ 483,433	\$ 483,433	\$ 1,252,551
Other local taxes	368,957	-	-	-
Intergovernmental	2,220,141	46,039	46,039	105,151
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Licenses, permits, and inspections	-	-	-	-
Special assessments	-	-	-	-
Investment income	107,516	-	-	-
Donations and other	-	-	-	-
Total revenues	<u>2,696,614</u>	<u>529,472</u>	<u>529,472</u>	<u>1,357,702</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Police	-	529,472	-	-
Fire	-	-	529,472	1,184,702
Streets and highways	1,336,639	-	-	-
Parks, recreation and public facilities	-	-	-	-
Economic and community development	-	-	-	-
Engineering and building	111,779	-	-	-
Capital outlay	1,079,305	-	-	173,000
Debt service:				
Principal retirement	-	-	-	-
Interest and other expenditures	-	-	-	-
Total expenditures	<u>2,527,723</u>	<u>529,472</u>	<u>529,472</u>	<u>1,357,702</u>
Excess (deficiency) of revenues over (under) expenditures	168,891	-	-	-
OTHER FINANCING SOURCES (USES)				
Proceeds of notes	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	168,891	-	-	-
FUND BALANCES AT BEGINNING OF YEAR	2,172,446	-	-	-
FUND BALANCES AT END OF YEAR	<u>\$ 2,341,337</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

CITY OF MENTOR, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2007

	Special Revenue Funds			
	Senior Citizens Service Levy	Community Recreation Facilities	Cemetery	Economic Development
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other local taxes	-	417,333	-	-
Intergovernmental	98,020	-	-	-
Charges for services	-	-	37,380	13,420
Fines and forfeitures	-	-	-	-
Licenses, permits, and inspections	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	-	-	-
Donations and other	-	-	-	-
Total revenues	<u>98,020</u>	<u>417,333</u>	<u>37,380</u>	<u>13,420</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Police	-	-	-	-
Fire	-	-	-	-
Streets and highways	-	-	-	-
Parks, recreation and public facilities	96,401	-	-	-
Economic and community development	-	-	-	60,833
Engineering and building	-	-	-	-
Capital outlay	237,873	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other expenditures	-	-	-	-
Total expenditures	<u>334,274</u>	<u>-</u>	<u>-</u>	<u>60,833</u>
Excess (deficiency) of revenues over (under) expenditures	(236,254)	417,333	37,380	(47,413)
OTHER FINANCING SOURCES (USES)				
Proceeds of notes	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	(400,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(400,000)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(236,254)	17,333	37,380	(47,413)
FUND BALANCES AT BEGINNING OF YEAR	534,959	66,230	386,621	101,817
FUND BALANCES AT END OF YEAR	<u>\$ 298,705</u>	<u>\$ 83,563</u>	<u>\$ 424,001</u>	<u>\$ 54,404</u>

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CITY OF MENTOR, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2007

	Special Revenue Funds			
	Subdivision Street Tree	Street Lighting	Court Computer	Court Special Projects
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other local taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	96,645	96,571
Licenses, permits, and inspections	6,475	-	-	-
Special assessments	-	1,138,778	-	-
Investment income	-	-	-	-
Donations and other	-	-	-	-
Total revenues	<u>6,475</u>	<u>1,138,778</u>	<u>96,645</u>	<u>96,571</u>
EXPENDITURES				
Current:				
General government	-	-	72,345	70,623
Police	-	-	-	-
Fire	-	-	-	-
Streets and highways	-	1,016,733	-	-
Parks, recreation and public facilities	3,632	-	-	-
Economic and community development	-	-	-	-
Engineering and building	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other expenditures	-	-	-	-
Total expenditures	<u>3,632</u>	<u>1,016,733</u>	<u>72,345</u>	<u>70,623</u>
Excess (deficiency) of revenues over (under) expenditures	2,843	122,045	24,300	25,948
OTHER FINANCING SOURCES (USES)				
Proceeds of notes	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	2,843	122,045	24,300	25,948
FUND BALANCES AT BEGINNING OF YEAR	51,582	527,742	152,236	284,444
FUND BALANCES AT END OF YEAR	<u>\$ 54,425</u>	<u>\$ 649,787</u>	<u>\$ 176,536</u>	<u>\$ 310,392</u>

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CITY OF MENTOR, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2007

	Special Revenue Funds			
	Enforcement & Education	Court Probation Services	Indigent Driver Alcohol Treatment	Law Enforcement Trust
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other local taxes	-	-	-	-
Intergovernmental	-	-	14,118	-
Charges for services	-	-	-	-
Fines and forfeitures	5,203	89,932	5,825	33,075
Licenses, permits, and inspections	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	-	-	-
Donations and other	-	-	-	-
Total revenues	<u>5,203</u>	<u>89,932</u>	<u>19,943</u>	<u>33,075</u>
EXPENDITURES				
Current:				
General government	-	64,204	29,216	-
Police	465	-	-	40,868
Fire	-	-	-	-
Streets and highways	-	-	-	-
Parks, recreation and public facilities	-	-	-	-
Economic and community development	-	-	-	-
Engineering and building	-	-	-	-
Capital outlay	3,455	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other expenditures	-	-	-	-
Total expenditures	<u>3,920</u>	<u>64,204</u>	<u>29,216</u>	<u>40,868</u>
Excess (deficiency) of revenues over (under) expenditures	1,283	25,728	(9,273)	(7,793)
OTHER FINANCING SOURCES (USES)				
Proceeds of notes	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,283	25,728	(9,273)	(7,793)
FUND BALANCES AT BEGINNING OF YEAR	28,430	134,302	24,488	56,887
FUND BALANCES AT END OF YEAR	<u>\$ 29,713</u>	<u>\$ 160,030</u>	<u>\$ 15,215</u>	<u>\$ 49,094</u>

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CITY OF MENTOR, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2007

	Special Revenue Funds			
	Police Canine	Seat Belt Grant	VOCA Victims Assistance Grant 06-07	VOCA Victims Assistance Grant 07-08
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other local taxes	-	-	-	-
Intergovernmental	-	1,260	2,363	789
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Licenses, permits, and inspections	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	-	-	-
Donations and other	8,296	-	-	-
Total revenues	<u>8,296</u>	<u>1,260</u>	<u>2,363</u>	<u>789</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Police	21,171	1,814	3,152	-
Fire	-	-	-	-
Streets and highways	-	-	-	-
Parks, recreation and public facilities	-	-	-	-
Economic and community development	-	-	-	-
Engineering and building	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other expenditures	-	-	-	-
Total expenditures	<u>21,171</u>	<u>1,814</u>	<u>3,152</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	(12,875)	(554)	(789)	789
OTHER FINANCING SOURCES (USES)				
Proceeds of notes	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(12,875)	(554)	(789)	789
FUND BALANCES AT BEGINNING OF YEAR	70,530	6,567	789	-
FUND BALANCES AT END OF YEAR	<u>\$ 57,655</u>	<u>\$ 6,013</u>	<u>\$ -</u>	<u>\$ 789</u>

Continued

CITY OF MENTOR, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2007

	Special Revenue Funds			
	Community Development Block Grant 00-01	Community Development Block Grant 01-02	Community Development Block Grant 02-03	Community Development Block Grant 03-04
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other local taxes	-	-	-	-
Intergovernmental	-	54,856	8,857	193
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Licenses, permits, and inspections	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	-	-	-
Donations and other	-	-	-	-
Total revenues	<u>-</u>	<u>54,856</u>	<u>8,857</u>	<u>193</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Police	-	-	-	-
Fire	-	-	-	-
Streets and highways	-	-	-	-
Parks, recreation and public facilities	-	-	-	-
Economic and community development	686	35,958	11,559	193
Engineering and building	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other expenditures	-	-	-	-
Total expenditures	<u>686</u>	<u>35,958</u>	<u>11,559</u>	<u>193</u>
Excess (deficiency) of revenues over (under) expenditures	(686)	18,898	(2,702)	-
OTHER FINANCING SOURCES (USES)				
Proceeds of notes	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(686)	18,898	(2,702)	-
FUND BALANCES AT BEGINNING OF YEAR	1,204	2,194	3,553	-
FUND BALANCES AT END OF YEAR	<u>\$ 518</u>	<u>\$ 21,092</u>	<u>\$ 851</u>	<u>\$ -</u>

Continued

CITY OF MENTOR, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2007

	Special Revenue Funds			
	Community Development Block Grant 04-05	Community Development Block Grant 05-06	Community Development Block Grant 06-07	Community Development Block Grant 07-08
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other local taxes	-	-	-	-
Intergovernmental	42,123	48,604	193,365	-
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Licenses, permits, and inspections	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	-	-	-
Donations and other	-	-	-	-
Total revenues	<u>42,123</u>	<u>48,604</u>	<u>193,365</u>	<u>-</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Police	-	-	-	-
Fire	-	-	-	-
Streets and highways	-	-	-	-
Parks, recreation and public facilities	-	-	-	-
Economic and community development	51,099	17,606	155,298	3,250
Engineering and building	-	-	-	-
Capital outlay	-	12,197	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other expenditures	-	-	-	-
Total expenditures	<u>51,099</u>	<u>29,803</u>	<u>155,298</u>	<u>3,250</u>
Excess (deficiency) of revenues over (under) expenditures	(8,976)	18,801	38,067	(3,250)
OTHER FINANCING SOURCES (USES)				
Proceeds of notes	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(8,976)	18,801	38,067	(3,250)
FUND BALANCES AT BEGINNING OF YEAR	-	(24,523)	(38,067)	-
FUND BALANCES AT END OF YEAR	<u>\$ (8,976)</u>	<u>\$ (5,722)</u>	<u>\$ -</u>	<u>\$ (3,250)</u>

Continued

CITY OF MENTOR, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2007

	Special Revenue Funds			
	Forfeited Property - U.S. Department of Justice	COPS Secure Our Schools Grant-2006	COPS Secure Our Schools Grant-2007	Council Donation
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other local taxes	-	-	-	-
Intergovernmental	-	20,496	68,087	-
Charges for services	-	-	-	1,481
Fines and forfeitures	-	-	-	-
Licenses, permits, and inspections	-	-	-	-
Special assessments	-	-	-	-
Investment income	72	-	-	-
Donations and other	-	-	-	-
Total revenues	<u>72</u>	<u>20,496</u>	<u>68,087</u>	<u>1,481</u>
EXPENDITURES				
Current:				
General government	-	-	-	943
Police	-	24,995	56,878	-
Fire	-	-	-	-
Streets and highways	-	-	-	-
Parks, recreation and public facilities	-	-	-	-
Economic and community development	-	-	-	-
Engineering and building	-	-	-	-
Capital outlay	-	-	15,438	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other expenditures	-	-	-	-
Total expenditures	<u>-</u>	<u>24,995</u>	<u>72,316</u>	<u>943</u>
Excess (deficiency) of revenues over (under) expenditures	72	(4,499)	(4,229)	538
OTHER FINANCING SOURCES (USES)				
Proceeds of notes	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	72	(4,499)	(4,229)	538
FUND BALANCES AT BEGINNING OF YEAR	1,381	9,198	-	900
FUND BALANCES AT END OF YEAR	<u>\$ 1,453</u>	<u>\$ 4,699</u>	<u>\$ (4,229)</u>	<u>\$ 1,438</u>

Continued

CITY OF MENTOR, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2007

	Special Revenue Funds			
	Police Donation	Fire Donation	Senior Citizens Donation	Cultural Donation
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other local taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	3,405	20,259
Fines and forfeitures	-	-	-	-
Licenses, permits, and inspections	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	-	-	-
Donations and other	50,373	3,920	2	4,255
Total revenues	<u>50,373</u>	<u>3,920</u>	<u>3,407</u>	<u>24,514</u>
EXPENDITURES				
Current:				
General government	-	-	-	-
Police	3,281	-	-	-
Fire	-	7,033	-	-
Streets and highways	-	-	-	-
Parks, recreation and public facilities	-	-	2,903	17,123
Economic and community development	-	-	-	-
Engineering and building	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal retirement	-	-	-	-
Interest and other expenditures	-	-	-	-
Total expenditures	<u>3,281</u>	<u>7,033</u>	<u>2,903</u>	<u>17,123</u>
Excess (deficiency) of revenues over (under) expenditures	47,092	(3,113)	504	7,391
OTHER FINANCING SOURCES (USES)				
Proceeds of notes	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	47,092	(3,113)	504	7,391
FUND BALANCES AT BEGINNING OF YEAR	9,431	9,971	14,472	86,661
FUND BALANCES AT END OF YEAR	<u>\$ 56,523</u>	<u>\$ 6,858</u>	<u>\$ 14,976</u>	<u>\$ 94,052</u>

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CITY OF MENTOR, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2007

	<u>Special Revenue Funds</u>		<u>Total Special Revenue Funds</u>	<u>Debt Service Fund</u>
	<u>Beautification Donation</u>	<u>IBIM Festival</u>		<u>General Obligation Bond Retirement</u>
REVENUES				
Property taxes	\$ -	\$ -	\$ 2,219,417	\$ 2,072,165
Other local taxes	-	-	786,290	-
Intergovernmental	-	-	2,970,501	205,356
Charges for services	6,351	86,151	168,447	-
Fines and forfeitures	-	-	327,251	-
Licenses, permits, and inspections	-	-	6,475	-
Special assessments	-	-	1,138,778	-
Investment income	-	-	107,588	-
Donations and other	-	-	66,846	-
Total revenues	<u>6,351</u>	<u>86,151</u>	<u>7,791,593</u>	<u>2,277,521</u>
EXPENDITURES				
Current:				
General government	-	81,368	318,699	-
Police	-	-	682,096	-
Fire	-	-	1,721,207	-
Streets and highways	-	-	2,353,372	-
Parks, recreation and public facilities	5,530	-	125,589	-
Economic and community development	-	-	336,482	-
Engineering and building	-	-	111,779	-
Capital outlay	-	-	1,521,268	-
Debt service:				
Principal retirement	-	-	-	1,439,688
Interest and other expenditures	-	-	-	852,075
Total expenditures	<u>5,530</u>	<u>81,368</u>	<u>7,170,492</u>	<u>2,291,763</u>
Excess (deficiency) of revenues over (under) expenditures	821	4,783	621,101	(14,242)
OTHER FINANCING SOURCES (USES)				
Proceeds of notes	-	-	-	-
Transfers in	-	-	-	400,000
Transfers out	-	-	(400,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(400,000)</u>	<u>400,000</u>
NET CHANGE IN FUND BALANCES	821	4,783	221,101	385,758
FUND BALANCES AT BEGINNING OF YEAR	2,322	3,622	4,682,389	390,167
FUND BALANCES AT END OF YEAR	<u>\$ 3,143</u>	<u>\$ 8,405</u>	<u>\$ 4,903,490</u>	<u>\$ 775,925</u>

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CITY OF MENTOR, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2007

	Capital Project Funds			
	Center Street	Hopkins Road/Bridge Improvements	Chillicothe Road Widening & Resurfacing - Phase 2	Marsh Creek Detention Improvement
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ -
Other local taxes	-	-	-	-
Intergovernmental	-	-	-	62,283
Charges for services	-	-	-	-
Fines and forfeitures	-	-	-	-
Licenses, permits, and inspections	-	-	-	-
Special assessments	-	-	-	-
Investment income	-	-	-	-
Donations and other	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,283</u>
EXPENDITURES				
Current:				
General government	6,048	-	-	-
Police	-	-	-	-
Fire	-	-	-	-
Streets and highways	-	-	-	-
Parks, recreation and public facilities	-	-	-	-
Economic and community development	-	-	-	-
Engineering and building	-	-	-	-
Capital outlay	64,543	-	-	239,550
Debt service:				
Principal retirement	-	-	-	-
Interest and other expenditures	-	-	-	-
Total expenditures	<u>70,591</u>	<u>-</u>	<u>-</u>	<u>239,550</u>
Excess (deficiency) of revenues over (under) expenditures	(70,591)	-	-	(177,267)
OTHER FINANCING SOURCES (USES)				
Proceeds of notes	596,000	-	-	-
Transfers in	-	4,136	-	477,202
Transfers out	-	-	(34,493)	-
Total other financing sources (uses)	<u>596,000</u>	<u>4,136</u>	<u>(34,493)</u>	<u>477,202</u>
NET CHANGE IN FUND BALANCES	525,409	4,136	(34,493)	299,935
FUND BALANCES AT BEGINNING OF YEAR	-	(4,136)	34,493	(299,935)
FUND BALANCES AT END OF YEAR	<u>\$ 525,409</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Continued

CITY OF MENTOR, OHIO
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2007

	<u>Capital Project Funds</u>			
	<u>Morton Property Acquisition</u>	<u>Lakeshore Boulevard Bikeway</u>	<u>Total Capital Project Funds</u>	
REVENUES				
Property taxes	\$ -	\$ -	\$ -	\$ 4,291,582
Other local taxes	-	-	-	786,290
Intergovernmental	107,769	-	170,052	3,345,909
Charges for services	-	-	-	168,447
Fines and forfeitures	-	-	-	327,251
Licenses, permits, and inspections	-	-	-	6,475
Special assessments	-	-	-	1,138,778
Investment income	-	-	-	107,588
Donations and other	-	-	-	66,846
Total revenues	<u>107,769</u>	<u>-</u>	<u>170,052</u>	<u>10,239,166</u>
EXPENDITURES				
Current:				
General government	-	-	6,048	324,747
Police	-	-	-	682,096
Fire	-	-	-	1,721,207
Streets and highways	-	-	-	2,353,372
Parks, recreation and public facilities	-	-	-	125,589
Economic and community development	-	-	-	336,482
Engineering and building	-	-	-	111,779
Capital outlay	323,584	214,344	842,021	2,363,289
Debt service:				
Principal retirement	-	-	-	1,439,688
Interest and other expenditures	-	-	-	852,075
Total expenditures	<u>323,584</u>	<u>214,344</u>	<u>848,069</u>	<u>10,310,324</u>
Excess (deficiency) of revenues over (under) expenditures	(215,815)	(214,344)	(678,017)	(71,158)
OTHER FINANCING SOURCES (USES)				
Proceeds of notes	-	-	596,000	596,000
Transfers in	348,839	-	830,177	1,230,177
Transfers out	-	(117,188)	(151,681)	(551,681)
Total other financing sources (uses)	<u>348,839</u>	<u>(117,188)</u>	<u>1,274,496</u>	<u>1,274,496</u>
NET CHANGE IN FUND BALANCES	133,024	(331,532)	596,479	1,203,338
FUND BALANCES AT BEGINNING OF YEAR	(133,024)	331,532	(71,070)	5,001,486
FUND BALANCES AT END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 525,409</u>	<u>\$ 6,204,824</u>

CITY OF MENTOR, OHIO
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
Year ended December 31, 2007

	<u>Balance</u> <u>January 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>December 31, 2007</u>
Municipal Court Fund:				
ASSETS:				
Cash	\$ 43,621	\$ 1,287,266	\$ 1,252,151	\$ 78,736
LIABILITIES:				
Deposits held and due to others	\$ 43,621	\$ 1,287,266	\$ 1,252,151	\$ 78,736

CITY OF MENTOR, OHIO
STREET FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ 2,015,000	\$ 2,205,164	\$ 190,164
Other local taxes	360,000	368,308	8,308
Investment income	90,300	107,516	17,216
Total revenues	<u>2,465,300</u>	<u>2,680,988</u>	<u>215,688</u>
EXPENDITURES:			
Streets and highways	<u>4,138,247</u>	<u>3,264,408</u>	<u>873,839</u>
Excess (deficiency) of revenues over expenditures	(1,672,947)	(583,420)	1,089,527
Adjustment for prior year encumbrances	171,948	171,948	-
FUND BALANCES, BEGINNING OF YEAR	<u>1,623,596</u>	<u>1,623,596</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 122,597</u>	<u>\$ 1,212,124</u>	<u>\$ 1,089,527</u>

CITY OF MENTOR, OHIO
POLICE PENSION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ 46,039	\$ 46,039	\$ -
Property taxes	<u>483,433</u>	<u>483,433</u>	<u>-</u>
Total revenues	<u>529,472</u>	<u>529,472</u>	<u>-</u>
EXPENDITURES:			
Police	<u>529,472</u>	<u>529,472</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	-
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MENTOR, OHIO
FIRE PENSION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ 46,039	\$ 46,039	\$ -
Property taxes	<u>483,433</u>	<u>483,433</u>	<u>-</u>
Total revenues	<u>529,472</u>	<u>529,472</u>	<u>-</u>
EXPENDITURES:			
Fire	<u>529,472</u>	<u>529,472</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	-
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF MENTOR, OHIO
FIRE LEVY FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ 107,026	\$ 105,151	\$ (1,875)
Property taxes	<u>1,287,974</u>	<u>1,252,551</u>	<u>(35,423)</u>
Total revenues	<u>1,395,000</u>	<u>1,357,702</u>	<u>(37,298)</u>
EXPENDITURES:			
Fire			
Employee compensation	1,169,746	1,169,746	-
Other	<u>187,956</u>	<u>187,956</u>	<u>-</u>
Total expenditures	<u>1,357,702</u>	<u>1,357,702</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	37,298	-	(37,298)
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 37,298</u>	<u>\$ -</u>	<u>\$ (37,298)</u>

CITY OF MENTOR, OHIO
SENIOR CITIZENS SERVICES LEVY FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	<u>\$ 98,000</u>	<u>\$ 98,020</u>	<u>\$ 20</u>
EXPENDITURES:			
Parks, recreation and public facilities	<u>360,447</u>	<u>339,526</u>	<u>20,921</u>
Excess (deficiency) of revenues over expenditures	(262,447)	(241,506)	20,941
Adjustment for prior year encumbrances	12,196	12,196	-
FUND BALANCES, BEGINNING OF YEAR	<u>522,762</u>	<u>522,762</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 272,511</u></u>	<u><u>\$ 293,452</u></u>	<u><u>\$ 20,941</u></u>

CITY OF MENTOR, OHIO
COMMUNITY RECREATION FACILITIES FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Other local taxes	<u>\$ 387,000</u>	<u>\$ 417,285</u>	<u>\$ 30,285</u>
EXPENDITURES:	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	387,000	417,285	30,285
OTHER FINANCING SOURCES (USES):			
Transfers out	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(13,000)	17,285	30,285
FUND BALANCES, BEGINNING OF YEAR	<u>32,747</u>	<u>32,747</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 19,747</u>	<u>\$ 50,032</u>	<u>\$ 30,285</u>

CITY OF MENTOR, OHIO
CEMETERY FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Charges for services	<u>\$ 38,000</u>	<u>\$ 37,380</u>	<u>\$ (620)</u>
EXPENDITURES:	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	38,000	37,380	(620)
FUND BALANCES, BEGINNING OF YEAR	<u>386,621</u>	<u>386,621</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 424,621</u></u>	<u><u>\$ 424,001</u></u>	<u><u>\$ (620)</u></u>

CITY OF MENTOR, OHIO
ECONOMIC DEVELOPMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Charges for services	<u>\$ 15,000</u>	<u>\$ 13,420</u>	<u>\$ (1,580)</u>
EXPENDITURES:			
Economic and community development	<u>108,744</u>	<u>60,833</u>	<u>47,911</u>
Excess (deficiency) of revenues over expenditures	(93,744)	(47,413)	46,331
Adjustment for prior year encumbrances	8,744	8,744	-
FUND BALANCES, BEGINNING OF YEAR	<u>93,073</u>	<u>93,073</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 8,073</u></u>	<u><u>\$ 54,404</u></u>	<u><u>\$ 46,331</u></u>

CITY OF MENTOR, OHIO
SUBDIVISION STREET TREE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Licenses, permits and inspections	<u>\$ 10,000</u>	<u>\$ 6,475</u>	<u>\$ (3,525)</u>
EXPENDITURES:			
Parks, recreation and public facilities	<u>56,828</u>	<u>14,237</u>	<u>42,591</u>
Excess (deficiency) of revenues over expenditures	(46,828)	(7,762)	39,066
Adjustment for prior year encumbrances	10,123	10,123	-
FUND BALANCES, BEGINNING OF YEAR	<u>51,582</u>	<u>51,582</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 14,877</u></u>	<u><u>\$ 53,943</u></u>	<u><u>\$ 39,066</u></u>

CITY OF MENTOR, OHIO
STREET LIGHTING FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Special assessments	<u>\$ 1,013,000</u>	<u>\$ 1,138,778</u>	<u>\$ 125,778</u>
EXPENDITURES:			
Streets and highways	<u>1,039,500</u>	<u>1,016,733</u>	<u>22,767</u>
Excess (deficiency) of revenues over expenditures	(26,500)	122,045	148,545
FUND BALANCES, BEGINNING OF YEAR	<u>527,742</u>	<u>527,742</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 501,242</u></u>	<u><u>\$ 649,787</u></u>	<u><u>\$ 148,545</u></u>

CITY OF MENTOR, OHIO
COURT COMPUTER FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Fines and forfeitures	<u>\$ 95,000</u>	<u>\$ 97,596</u>	<u>\$ 2,596</u>
EXPENDITURES:			
General government	<u>145,069</u>	<u>72,344</u>	<u>72,725</u>
Excess (deficiency) of revenues over expenditures	(50,069)	25,252	75,321
Adjustment for prior year encumbrances	5,069	5,069	-
FUND BALANCES, BEGINNING OF YEAR	<u>140,132</u>	<u>140,132</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 95,132</u></u>	<u><u>\$ 170,453</u></u>	<u><u>\$ 75,321</u></u>

CITY OF MENTOR, OHIO
COURT SPECIAL PROJECTS FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Fines and forfeitures	<u>\$ 115,000</u>	<u>\$ 97,511</u>	<u>\$ (17,489)</u>
EXPENDITURES:			
General government	<u>196,240</u>	<u>70,623</u>	<u>125,617</u>
Excess (deficiency) of revenues over expenditures	(81,240)	26,888	108,128
FUND BALANCES, BEGINNING OF YEAR	<u>277,429</u>	<u>277,429</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 196,189</u></u>	<u><u>\$ 304,317</u></u>	<u><u>\$ 108,128</u></u>

CITY OF MENTOR, OHIO
ENFORCEMENT AND EDUCATION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Fines and forfeitures	<u>\$ 6,000</u>	<u>\$ 5,730</u>	<u>\$ (270)</u>
EXPENDITURES:			
Police	<u>25,000</u>	<u>3,920</u>	<u>21,080</u>
Excess (deficiency) of revenues over expenditures	(19,000)	1,810	20,810
FUND BALANCES, BEGINNING OF YEAR	<u>27,716</u>	<u>27,716</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 8,716</u></u>	<u><u>\$ 29,526</u></u>	<u><u>\$ 20,810</u></u>

CITY OF MENTOR, OHIO
COURT PROBATION SERVICES FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Fines and forfeitures	\$ 120,000	\$ 92,327	\$ (27,673)
EXPENDITURES:			
General government	<u>120,000</u>	<u>64,204</u>	<u>55,796</u>
Excess (deficiency) of revenues over expenditures	-	28,123	28,123
FUND BALANCES, BEGINNING OF YEAR	<u>125,996</u>	<u>125,996</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 125,996</u></u>	<u><u>\$ 154,119</u></u>	<u><u>\$ 28,123</u></u>

CITY OF MENTOR, OHIO
INDIGENT DRIVER ALCOHOL TREATMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Fines and forfeitures	\$ 5,000	\$ 5,950	\$ 950
Intergovernmental	<u>10,000</u>	<u>14,118</u>	<u>4,118</u>
Total revenues	<u>15,000</u>	<u>20,068</u>	<u>5,068</u>
EXPENDITURES:			
General government	<u>39,000</u>	<u>16,131</u>	<u>22,869</u>
Excess (deficiency) of revenues over expenditures	(24,000)	3,937	27,937
FUND BALANCES, BEGINNING OF YEAR	<u>24,088</u>	<u>24,088</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 88</u>	<u>\$ 28,025</u>	<u>\$ 27,937</u>

CITY OF MENTOR, OHIO
LAW ENFORCEMENT TRUST FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Fines and forfeitures	<u>\$ 1,000</u>	<u>\$ 32,083</u>	<u>\$ 31,083</u>
EXPENDITURES:			
Police	<u>50,000</u>	<u>40,867</u>	<u>9,133</u>
Excess (deficiency) of revenues over expenditures	(49,000)	(8,784)	40,216
FUND BALANCES, BEGINNING OF YEAR	<u>56,614</u>	<u>56,614</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 7,614</u></u>	<u><u>\$ 47,830</u></u>	<u><u>\$ 40,216</u></u>

CITY OF MENTOR, OHIO
POLICE CANINE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Donations and other	<u>\$ -</u>	<u>\$ 8,296</u>	<u>\$ 8,296</u>
EXPENDITURES:			
Police	<u>67,000</u>	<u>21,171</u>	<u>45,829</u>
Excess (deficiency) of revenues over expenditures	<u>(67,000)</u>	<u>(12,875)</u>	<u>54,125</u>
FUND BALANCES, BEGINNING OF YEAR	<u>70,530</u>	<u>70,530</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 3,530</u></u>	<u><u>\$ 57,655</u></u>	<u><u>\$ 54,125</u></u>

CITY OF MENTOR, OHIO
SEAT BELT GRANT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	<u>\$ 1,460</u>	<u>\$ 1,260</u>	<u>\$ (200)</u>
EXPENDITURES:			
Police	<u>6,648</u>	<u>1,814</u>	<u>4,834</u>
Excess (deficiency) of revenues over expenditures	(5,188)	(554)	4,634
Adjustment for prior year encumbrances	61	61	-
FUND BALANCES, BEGINNING OF YEAR	<u>6,506</u>	<u>6,506</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 1,379</u></u>	<u><u>\$ 6,013</u></u>	<u><u>\$ 4,634</u></u>

CITY OF MENTOR, OHIO
VOCA VICTIMS ASSISTANCE GRANT 06-07 FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	<u>\$ 2,367</u>	<u>\$ 2,363</u>	<u>\$ (4)</u>
EXPENDITURES:			
Police	<u>3,152</u>	<u>3,152</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(785)</u>	<u>(789)</u>	<u>(4)</u>
OTHER FINANCING SOURCES (USES):			
Advances in	1,000	1,000	-
Advances out	<u>(1,000)</u>	<u>(1,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(785)</u>	<u>(789)</u>	<u>(4)</u>
FUND BALANCES, BEGINNING OF YEAR	<u>789</u>	<u>789</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 4</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (4)</u></u>

CITY OF MENTOR, OHIO
VOCA VICTIMS ASSISTANCE GRANT 07-08 FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

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

CITY OF MENTOR, OHIO
COMMUNITY DEVELOPMENT BLOCK GRANT 00-01 FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	<u>\$ 686</u>	<u>\$ 686</u>	<u>\$ -</u>
EXPENDITURES:			
Economic and community development	<u>1,204</u>	<u>686</u>	<u>518</u>
Excess (deficiency) of revenues over expenditures	<u>(518)</u>	<u>-</u>	<u>518</u>
FUND BALANCES, BEGINNING OF YEAR	<u>518</u>	<u>518</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ 518</u></u>	<u><u>\$ 518</u></u>

CITY OF MENTOR, OHIO
COMMUNITY DEVELOPMENT BLOCK GRANT 01-02 FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	<u>\$ 48,025</u>	<u>\$ 54,856</u>	<u>\$ 6,831</u>
EXPENDITURES:			
Economic and community development	<u>50,219</u>	<u>35,958</u>	<u>14,261</u>
Excess (deficiency) of revenues over expenditures	(2,194)	18,898	21,092
OTHER FINANCING SOURCES (USES):			
Advances in	19,000	19,000	-
Advances out	<u>(16,800)</u>	<u>(16,800)</u>	-
Total other financing sources (uses)	<u>2,200</u>	<u>2,200</u>	-
Excess (deficiency) of revenues and other sources over expenditures and other uses	6	21,098	21,092
Adjustment for prior year encumbrances	14,685	14,685	-
FUND BALANCES, BEGINNING OF YEAR	<u>4,309</u>	<u>4,309</u>	-
FUND BALANCES, END OF YEAR	<u>\$ 19,000</u>	<u>\$ 40,092</u>	<u>\$ 21,092</u>

CITY OF MENTOR, OHIO
COMMUNITY DEVELOPMENT BLOCK GRANT 02-03 FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	<u>\$ 11,852</u>	<u>\$ 8,857</u>	<u>\$ (2,995)</u>
EXPENDITURES:			
Economic and community development	<u>15,405</u>	<u>11,559</u>	<u>3,846</u>
Excess (deficiency) of revenues over expenditures	(3,553)	(2,702)	851
OTHER FINANCING SOURCES (USES):			
Advances in	<u>9,000</u>	<u>9,000</u>	<u>-</u>
Total other financing sources (uses)	<u>9,000</u>	<u>9,000</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	5,447	6,298	851
Adjustment for prior year encumbrances	2,059	2,059	-
FUND BALANCES, BEGINNING OF YEAR	<u>1,494</u>	<u>1,494</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 9,000</u>	<u>\$ 9,851</u>	<u>\$ 851</u>

CITY OF MENTOR, OHIO
COMMUNITY DEVELOPMENT BLOCK GRANT 03-04 FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	<u>\$ 193</u>	<u>\$ 193</u>	<u>\$ -</u>
EXPENDITURES:			
Economic and community development	<u>193</u>	<u>193</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	-
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF MENTOR, OHIO
COMMUNITY DEVELOPMENT BLOCK GRANT 04-05 FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	<u>\$ 60,892</u>	<u>\$ 42,123</u>	<u>\$ (18,769)</u>
EXPENDITURES:			
Economic and community development	<u>54,261</u>	<u>51,099</u>	<u>3,162</u>
Excess (deficiency) of revenues over expenditures	6,631	(8,976)	(15,607)
OTHER FINANCING SOURCES (USES):			
Advances in	42,000	42,000	-
Advances out	<u>(9,200)</u>	<u>(9,200)</u>	<u>-</u>
Total other financing sources (uses)	<u>32,800</u>	<u>32,800</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	39,431	23,824	(15,607)
FUND BALANCES, BEGINNING OF YEAR	<u>9,200</u>	<u>9,200</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 48,631</u></u>	<u><u>\$ 33,024</u></u>	<u><u>\$ (15,607)</u></u>

CITY OF MENTOR, OHIO
COMMUNITY DEVELOPMENT BLOCK GRANT 05-06 FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	<u>\$ 151,975</u>	<u>\$ 48,604</u>	<u>\$ (103,371)</u>
EXPENDITURES:			
Economic and community development	<u>66,080</u>	<u>51,558</u>	<u>14,522</u>
Excess (deficiency) of revenues over expenditures	85,895	(2,954)	(88,849)
OTHER FINANCING SOURCES (USES):			
Advances in	42,000	42,000	-
Advances out	<u>(63,000)</u>	<u>(63,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(21,000)</u>	<u>(21,000)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	64,895	(23,954)	(88,849)
Adjustment for prior year encumbrances	15,940	15,940	-
FUND BALANCES, BEGINNING OF YEAR	<u>22,537</u>	<u>22,537</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 103,372</u>	<u>\$ 14,523</u>	<u>\$ (88,849)</u>

CITY OF MENTOR, OHIO
COMMUNITY DEVELOPMENT BLOCK GRANT 06-07 FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	<u>\$ 191,772</u>	<u>\$ 193,365</u>	<u>\$ 1,593</u>
EXPENDITURES:			
Economic and community development	<u>156,205</u>	<u>156,205</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	35,567	37,160	1,593
OTHER FINANCING SOURCES (USES):			
Advances in	190,487	2,500	(187,987)
Advances out	<u>(187,987)</u>	<u>(187,987)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,500</u>	<u>(185,487)</u>	<u>(187,987)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	38,067	(148,327)	(186,394)
FUND BALANCES, BEGINNING OF YEAR	<u>149,921</u>	<u>149,921</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 187,988</u>	<u>\$ 1,594</u>	<u>\$ (186,394)</u>

CITY OF MENTOR, OHIO
FORFEITED PROPERTY - U.S. DEPARTMENT OF JUSTICE FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Investment income	<u>\$ 169</u>	<u>\$ 72</u>	<u>\$ (97)</u>
EXPENDITURES:			
Police	<u>1,447</u>	<u>-</u>	<u>1,447</u>
Excess (deficiency) of revenues over expenditures	(1,278)	72	1,350
FUND BALANCES, BEGINNING OF YEAR	<u>1,381</u>	<u>1,381</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 103</u></u>	<u><u>\$ 1,453</u></u>	<u><u>\$ 1,350</u></u>

CITY OF MENTOR, OHIO
COPS SECURE OUR SCHOOLS GRANT- 2006 FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	<u>\$ 86,507</u>	<u>\$ 15,506</u>	<u>\$ (71,001)</u>
EXPENDITURES:			
Police	<u>34,159</u>	<u>24,995</u>	<u>9,164</u>
Excess (deficiency) of revenues over expenditures	52,348	(9,489)	(61,837)
OTHER FINANCING SOURCES (USES):			
Advances in	<u>9,454</u>	<u>9,454</u>	<u>-</u>
Total other financing sources (uses)	<u>9,454</u>	<u>9,454</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	61,802	(35)	(61,837)
FUND BALANCES, BEGINNING OF YEAR	<u>9,198</u>	<u>9,198</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 71,000</u>	<u>\$ 9,163</u>	<u>\$ (61,837)</u>

CITY OF MENTOR, OHIO
COPS SECURE OUR SCHOOLS GRANT- 2007 FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	<u>\$ 151,982</u>	<u>\$ 32,043</u>	<u>\$ (119,939)</u>
EXPENDITURES:			
Police	<u>51,244</u>	<u>46,540</u>	<u>4,704</u>
Excess (deficiency) of revenues over expenditures	100,738	(14,497)	(115,235)
OTHER FINANCING SOURCES (USES):			
Advances in	19,200	19,200	-
Transfers in	<u>13,200</u>	<u>-</u>	<u>(13,200)</u>
Total other financing sources (uses)	<u>32,400</u>	<u>19,200</u>	<u>(13,200)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	133,138	4,703	(128,435)
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 133,138</u>	<u>\$ 4,703</u>	<u>\$ (128,435)</u>

CITY OF MENTOR, OHIO
COUNCIL DONATION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Donations and other	<u>\$ 500</u>	<u>\$ 1,481</u>	<u>\$ 981</u>
EXPENDITURES:			
General government	<u>950</u>	<u>943</u>	<u>7</u>
Excess (deficiency) of revenues over expenditures	(450)	538	988
FUND BALANCES, BEGINNING OF YEAR	<u>900</u>	<u>900</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 450</u></u>	<u><u>\$ 1,438</u></u>	<u><u>\$ 988</u></u>

CITY OF MENTOR, OHIO
POLICE DONATION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Donations and other	<u>\$ 500</u>	<u>\$ 50,373</u>	<u>\$ 49,873</u>
EXPENDITURES:			
Police	<u> 8,000</u>	<u> 3,281</u>	<u> 4,719</u>
Excess (deficiency) of revenues over expenditures	(7,500)	47,092	54,592
FUND BALANCES, BEGINNING OF YEAR	<u> 9,431</u>	<u> 9,431</u>	<u> -</u>
FUND BALANCES, END OF YEAR	<u><u> 1,931</u></u>	<u><u> 56,523</u></u>	<u><u> 54,592</u></u>

CITY OF MENTOR, OHIO
FIRE DONATION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Donations and other	<u>\$ 1,000</u>	<u>\$ 3,920</u>	<u>\$ 2,920</u>
EXPENDITURES:			
Fire	<u>8,000</u>	<u>7,407</u>	<u>593</u>
Excess (deficiency) of revenues over expenditures	(7,000)	(3,487)	3,513
FUND BALANCES, BEGINNING OF YEAR	<u>9,971</u>	<u>9,971</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 2,971</u></u>	<u><u>\$ 6,484</u></u>	<u><u>\$ 3,513</u></u>

CITY OF MENTOR, OHIO
SENIOR CITIZENS DONATION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Donations and other	<u>\$ 2,400</u>	<u>\$ 3,407</u>	<u>\$ 1,007</u>
EXPENDITURES:			
Parks, recreation and public facilities	<u>13,900</u>	<u>3,314</u>	<u>10,586</u>
Excess (deficiency) of revenues over expenditures	(11,500)	93	11,593
FUND BALANCES, BEGINNING OF YEAR	<u>14,472</u>	<u>14,472</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 2,972</u></u>	<u><u>\$ 14,565</u></u>	<u><u>\$ 11,593</u></u>

CITY OF MENTOR, OHIO
CULTURAL DONATION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Charges for services	\$ 16,000	\$ 20,259	\$ 4,259
Donations and other	1,000	4,255	3,255
Total revenues	<u>17,000</u>	<u>24,514</u>	<u>7,514</u>
EXPENDITURES:			
Parks, recreation and public facilities	<u>80,391</u>	<u>17,123</u>	<u>63,268</u>
Excess (deficiency) of revenues over expenditures	(63,391)	7,391	70,782
Adjustment for prior year encumbrances	391	391	-
FUND BALANCES, BEGINNING OF YEAR	<u>86,270</u>	<u>86,270</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 23,270</u>	<u>\$ 94,052</u>	<u>\$ 70,782</u>

CITY OF MENTOR, OHIO
BEAUTIFICATION DONATION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Donations and other	<u>\$ 5,000</u>	<u>\$ 6,351</u>	<u>\$ 1,351</u>
EXPENDITURES:			
Parks, recreation and public facilities	<u>6,016</u>	<u>5,530</u>	<u>486</u>
Excess (deficiency) of revenues over expenditures	(1,016)	821	1,837
Adjustment for prior year encumbrances	16	16	-
FUND BALANCES, BEGINNING OF YEAR	<u>2,306</u>	<u>2,306</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 1,306</u></u>	<u><u>\$ 3,143</u></u>	<u><u>\$ 1,837</u></u>

CITY OF MENTOR, OHIO
IBIM FESTIVAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Charges for services	<u>\$ 86,151</u>	<u>\$ 86,151</u>	<u>\$ -</u>
EXPENDITURES:			
Parks, recreation and public facilities	<u>81,527</u>	<u>81,368</u>	<u>159</u>
Excess (deficiency) of revenues over expenditures	4,624	4,783	159
FUND BALANCES, BEGINNING OF YEAR	<u>3,622</u>	<u>3,622</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ 8,246</u></u>	<u><u>\$ 8,405</u></u>	<u><u>\$ 159</u></u>

CITY OF MENTOR, OHIO
GENERAL OBLIGATION BOND RETIREMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ 191,613	\$ 205,356	\$ 13,743
Property taxes	<u>1,987,347</u>	<u>2,072,165</u>	<u>84,818</u>
Total revenues	<u>2,178,960</u>	<u>2,277,521</u>	<u>98,561</u>
EXPENDITURES:			
Debt service:			
Principal retirement	1,485,598	1,439,688	45,910
Interest and other charges	<u>907,133</u>	<u>852,075</u>	<u>55,058</u>
Total expenditures	<u>2,392,731</u>	<u>2,291,763</u>	<u>100,968</u>
Excess (deficiency) of revenues over expenditures	(213,771)	(14,242)	199,529
OTHER FINANCING SOURCES (USES):			
Transfers in	<u>390,000</u>	<u>400,000</u>	<u>10,000</u>
Total other financing sources (uses)	<u>390,000</u>	<u>400,000</u>	<u>10,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	176,229	385,758	209,529
FUND BALANCES, BEGINNING OF YEAR	<u>390,167</u>	<u>390,167</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 566,396</u>	<u>\$ 775,925</u>	<u>\$ 209,529</u>

CITY OF MENTOR, OHIO
SPECIAL ASSESSMENT BOND RETIREMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Investment income	\$ -	\$ 56,149	\$ 56,149
Special assessments	<u>1,114,127</u>	<u>976,174</u>	<u>(137,953)</u>
Total revenues	<u>1,114,127</u>	<u>1,032,323</u>	<u>(81,804)</u>
EXPENDITURES:			
Debt service:			
Principal retirement	680,772	680,772	-
Interest and other charges	<u>359,563</u>	<u>359,563</u>	<u>-</u>
Total expenditures	<u>1,040,335</u>	<u>1,040,335</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	73,792	(8,012)	(81,804)
OTHER FINANCING SOURCES (USES):			
Advances in	-	4,000	4,000
Note premium	<u>-</u>	<u>18,851</u>	<u>18,851</u>
Total other financing sources (uses)	<u>-</u>	<u>22,851</u>	<u>22,851</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	73,792	14,839	(58,953)
FUND BALANCES, BEGINNING OF YEAR	<u>31,846</u>	<u>31,846</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 105,638</u>	<u>\$ 46,685</u>	<u>\$ (58,953)</u>

CITY OF MENTOR, OHIO
NORTON PARKWAY FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ -	\$ -	\$ -
EXPENDITURES:			
Debt service:			
Principal retirement	6,829,380	6,829,380	-
Interest and other charges	300,226	300,226	-
Capital projects	1,419,009	1,294,164	124,845
Total expenditures	<u>8,548,615</u>	<u>8,423,770</u>	<u>124,845</u>
Excess (deficiency) of revenues over expenditures	(8,548,615)	(8,423,770)	124,845
OTHER FINANCING SOURCES (USES):			
Note proceeds	7,584,487	7,353,653	(230,834)
Advances out	<u>(287,665)</u>	<u>(287,665)</u>	-
Total other financing sources (uses)	<u>7,296,822</u>	<u>7,065,988</u>	<u>(230,834)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(1,251,793)	(1,357,782)	(105,989)
Adjustment for prior year encumbrances	1,196,280	1,196,280	-
FUND BALANCES, BEGINNING OF YEAR	<u>343,178</u>	<u>343,178</u>	-
FUND BALANCES, END OF YEAR	<u>\$ 287,665</u>	<u>\$ 181,676</u>	<u>\$ (105,989)</u>

CITY OF MENTOR, OHIO
CENTER STREET FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Investment income	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ (10,000)</u>
EXPENDITURES:			
Capital projects	<u>596,000</u>	<u>537,130</u>	<u>58,870</u>
Excess (deficiency) of revenues over expenditures	(586,000)	(537,130)	48,870
OTHER FINANCING SOURCES (USES):			
Note proceeds	<u>595,000</u>	<u>596,000</u>	<u>1,000</u>
Total other financing sources (uses)	<u>595,000</u>	<u>596,000</u>	<u>1,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	9,000	58,870	49,870
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 9,000</u>	<u>\$ 58,870</u>	<u>\$ 49,870</u>

CITY OF MENTOR, OHIO
HOPKINS ROAD BRIDGE IMPROVEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	\$ 313,500	\$ 313,500	\$ -
EXPENDITURES:			
Capital projects	-	-	-
Excess (deficiency) of revenues over expenditures	313,500	313,500	-
OTHER FINANCING SOURCES (USES):			
Transfers in	326,617	4,136	(322,481)
Advances out	(322,481)	(322,481)	-
Total other financing sources (uses)	4,136	(318,345)	(322,481)
Excess (deficiency) of revenues and other sources over expenditures and other uses	317,636	(4,845)	(322,481)
FUND BALANCES, BEGINNING OF YEAR	4,845	4,845	-
FUND BALANCES, END OF YEAR	<u>\$ 322,481</u>	<u>\$ -</u>	<u>\$ (322,481)</u>

CITY OF MENTOR, OHIO
CHILLICOTHE ROAD WIDENING & RESURFACING - PHASE 2 FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	<u>\$ 234,085</u>	<u>\$ 132,500</u>	<u>\$ (101,585)</u>
EXPENDITURES:			
Capital projects	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	234,085	132,500	(101,585)
OTHER FINANCING SOURCES (USES):			
Advances out	(101,585)	(101,585)	-
Transfers out	<u>(34,493)</u>	<u>(34,493)</u>	<u>-</u>
Total other financing sources (uses)	<u>(136,078)</u>	<u>(136,078)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	98,007	(3,578)	(101,585)
FUND BALANCES, BEGINNING OF YEAR	<u>3,578</u>	<u>3,578</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 101,585</u>	<u>\$ -</u>	<u>\$ (101,585)</u>

CITY OF MENTOR, OHIO
MARSH CREEK STORMWATER DETENTION IMPROVEMENT FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	<u>\$ 249,000</u>	<u>\$ 167,666</u>	<u>\$ (81,334)</u>
EXPENDITURES:			
Capital projects	<u>623,829</u>	<u>623,829</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(374,829)	(456,163)	(81,334)
OTHER FINANCING SOURCES (USES):			
Advances in	708,434	72,451	(635,983)
Transfers in	477,202	477,202	-
Advances out	<u>(717,318)</u>	<u>(717,318)</u>	<u>-</u>
Total other financing sources (uses)	<u>468,318</u>	<u>(167,665)</u>	<u>(635,983)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	93,489	(623,828)	(717,317)
Adjustment for prior year encumbrances	623,828	623,828	-
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 717,317</u>	<u>\$ -</u>	<u>\$ (717,317)</u>

CITY OF MENTOR, OHIO
MORTON PROPERTY ACQUISITION FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	<u>\$ 107,769</u>	<u>\$ 107,769</u>	<u>\$ -</u>
EXPENDITURES:			
Capital projects	<u>327,364</u>	<u>327,363</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	(219,595)	(219,594)	1
OTHER FINANCING SOURCES (USES):			
Advances in	491,224	317,224	(174,000)
Transfers in	348,839	348,839	-
Advances out	<u>(491,224)</u>	<u>(491,224)</u>	<u>-</u>
Total other financing sources (uses)	<u>348,839</u>	<u>174,839</u>	<u>(174,000)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	129,244	(44,755)	(173,999)
Adjustment for prior year encumbrances	2,379	2,379	-
FUND BALANCES, BEGINNING OF YEAR	<u>42,376</u>	<u>42,376</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 173,999</u>	<u>\$ -</u>	<u>\$ (173,999)</u>

CITY OF MENTOR, OHIO
LAKESHORE BOULEVARD BIKEWAY FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL
(NON-GAAP BUDGETARY BASIS)
Year Ended December 31, 2007

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance - Positive (Negative)</u>
REVENUES:			
Intergovernmental	<u>\$ 101,472</u>	<u>\$ 101,472</u>	<u>\$ -</u>
EXPENDITURES:			
Capital projects	<u>366,506</u>	<u>366,506</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(265,034)	(265,034)	-
OTHER FINANCING SOURCES (USES):			
Transfers out	<u>(117,188)</u>	<u>(117,188)</u>	<u>-</u>
Total other financing sources (uses)	<u>(117,188)</u>	<u>(117,188)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(382,222)	(382,222)	-
Adjustment for prior year encumbrances	382,222	382,222	-
FUND BALANCES, BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

STATISTICAL SECTION



Statistical Section

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

<u>Contents</u>	<u>Page</u>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the city’s financial performance and well-being have changed over time.	138 - 142
<i>Revenue Capacity</i> These schedules contain information to help the reader assess the factors affecting the city’s ability to generate its property and sales taxes.	143 - 147
<i>Debt Capacity</i> These schedules present information to help the reader assess the affordability of the city’s current levels of outstanding debt and the city’s ability to issue additional debt in the future.	148 - 152
<i>Demographic and Economic Information</i> These schedules offer demographic and economic indicators to help the reader understand the environment within which the city’s financial activities take place and to help make comparisons over time and with other governments.	153 - 154
<i>Operating Information</i> The schedules contain information about the city’s operations and resources to help the reader understand how the city’s financial information relates to the services the city provides and the activities it performs.	155 - 157

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

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
GOVERNMENTAL ACTIVITIES					
Invested in Capital Assets, Net of Related Debt	\$ 146,853,882	\$ 146,106,516	\$ 144,331,191	\$ 142,321,257	\$ 137,537,568
Restricted -					
Debt Service	10,061,284	10,308,462	8,416,626	9,440,732	9,869,233
Capital Projects	814,484	1,045,244	608,301	580,697	526,096
Streets and Public Safety	6,007,323	5,681,478	5,202,402	4,081,130	4,304,140
Unrestricted (Deficit)	<u>19,617,839</u>	<u>18,237,072</u>	<u>19,891,696</u>	<u>19,705,506</u>	<u>18,708,417</u>
<i>Total Governmental Net Assets</i>	<u>\$ 183,354,812</u>	<u>\$ 181,378,772</u>	<u>\$ 178,450,216</u>	<u>\$ 176,129,322</u>	<u>\$ 170,945,454</u>

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

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

	2007	2006	2005	2004	2003
Program Revenues					
Governmental Activities:					
Charges for Services:					
General Government	\$2,583,475	\$2,083,099	\$1,953,882	\$1,898,955	\$1,887,632
Police	67,362	56,520	65,584	76,841	89,162
Fire	920,458	8,050	5,683	6,756	43,782
Streets & Highways	1,166,350	1,043,860	1,157,879	1,066,234	1,143,244
Parks, Recreation & Public Facilities	3,952,388	4,001,727	3,734,490	2,782,247	2,686,242
Economic & Community Development	55,100	49,475	56,716	38,722	49,142
Engineering & Building	524,788	597,664	546,780	670,619	660,744
<i>Subtotal - Charges for Services</i>	<i>9,269,921</i>	<i>7,840,395</i>	<i>7,521,014</i>	<i>6,540,374</i>	<i>6,559,948</i>
Operating Grants and Contributions:					
General Government	78,008	54,788	47,636	58,818	49,124
Police	165,507	57,709	6,657	84,477	100,731
Fire	37,335	64,437	102,094	37,262	88,218
Streets & Highways	225,653	687,388	220,387	367,239	341,133
Parks, Recreation & Public Facilities	88,085	35,710	251,235	88,050	71,606
Economic & Community Development	347,998	97,492	128,553	186,515	162,339
Engineering & Building	-	-	-	-	275,111
<i>Subtotal - Operating Grants and Contributions</i>	<i>942,586</i>	<i>997,524</i>	<i>756,562</i>	<i>822,361</i>	<i>1,088,262</i>
Capital Grants and Contributions:					
General Government	-	-	-	-	-
Police	65,725	24,925	38,303	41,122	55,420
Fire	8,314	-	-	-	100,000
Streets & Highways	223,566	3,387,422	2,543,371	8,809,265	5,430,713
Parks, Recreation & Public Facilities	154,830	1,860,118	1,450,489	55,000	1,974,932
Economic & Community Development	-	-	51,839	44,581	180,374
Engineering & Building	-	-	-	45,943	-
Interest and Other Charges	317,452	370,755	481,875	524,071	542,586
<i>Subtotal - Capital Grants and Contributions</i>	<i>769,887</i>	<i>5,643,220</i>	<i>4,565,877</i>	<i>9,519,982</i>	<i>8,284,025</i>
<i>Total Governmental Program Revenues</i>	<i>10,982,394</i>	<i>14,481,139</i>	<i>12,843,453</i>	<i>16,882,717</i>	<i>15,932,235</i>

Continued

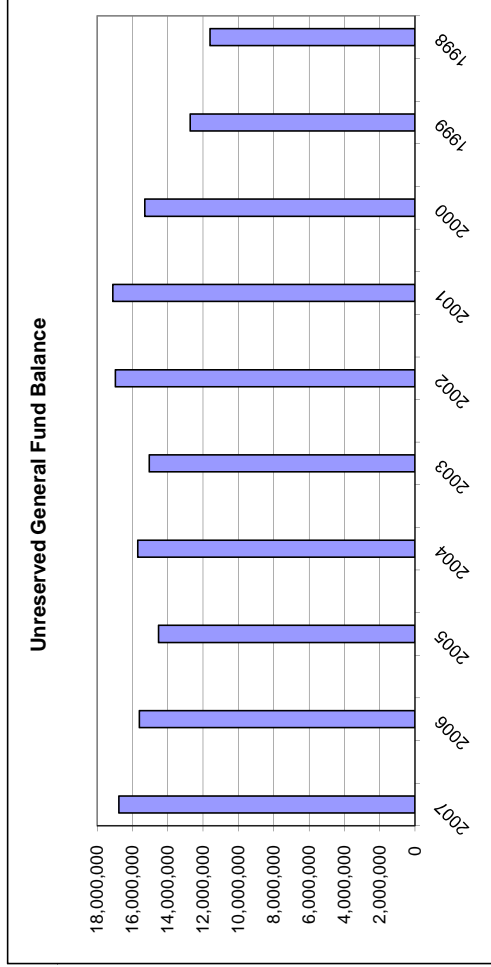
CITY OF MENTOR, OHIO
Changes in Net Assets (continued)
Last Five Fiscal Years
(Accrual Basis of Accounting)

	2007	2006	2005	2004	2003
Expenses					
Governmental Activities:					
General Government	7,300,405	7,550,150	7,201,492	6,998,884	7,545,494
Police	11,680,006	11,276,837	10,759,750	10,604,664	10,013,387
Fire	11,093,519	10,674,056	10,251,159	9,502,396	9,070,349
Streets and Highways	13,482,845	14,120,600	12,062,550	13,880,008	12,170,074
Parks, Recreation & Public Facilities	9,225,254	8,406,060	8,382,989	7,641,284	7,187,899
Economic & Community Development	1,821,134	1,336,892	1,247,418	1,336,548	1,229,646
Engineering & Building	2,131,217	1,748,986	1,678,511	1,833,510	1,882,276
Interest and Other Charges	1,538,100	1,636,342	1,285,841	1,583,354	1,710,007
Total Governmental Activities Expenses	58,272,480	56,749,923	52,869,710	53,380,648	50,809,132
Net (Expense)/Revenue					
Total Governmental Net Expense	<u>\$ (47,290,086)</u>	<u>\$ (42,268,784)</u>	<u>\$ (40,026,257)</u>	<u>\$ (36,497,931)</u>	<u>\$ (34,876,897)</u>
General Revenues and Other Changes in Net Assets					
Governmental Activities					
Taxes:					
Municipal Income Taxes Levied	32,267,383	29,885,930	28,019,315	27,729,472	26,338,127
Property Taxes Levied					
General Purposes	1,795,300	2,111,122	2,011,037	1,569,225	1,306,313
Special Revenue	2,219,417	2,179,159	2,062,913	2,041,450	1,941,861
Debt Service	2,072,165	1,508,048	1,436,550	1,854,132	1,634,249
Other Local Taxes	786,290	754,113	733,874	775,571	732,210
Shared Revenues	8,314,320	7,272,144	7,402,225	7,093,817	6,914,549
Other Grants and Contributions	163,737	298,564	55,458	63,216	59,612
Unrestricted Investment Income	1,124,560	920,404	583,428	510,565	680,325
Note Premium	18,851	86,954	-	-	-
Other	504,103	180,902	42,351	44,351	412,295
Total Governmental General Revenues and Other Changes in Net Assets	49,266,126	45,197,340	42,347,151	41,681,799	40,019,541
Change in Net Assets					
Total Governmental Change in Net Assets	<u>\$ 1,976,040</u>	<u>\$ 2,928,556</u>	<u>\$ 2,320,894</u>	<u>\$ 5,183,868</u>	<u>\$ 5,142,644</u>

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

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

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Fund										
Reserved	\$1,215,466	\$1,582,283	\$1,351,276	\$1,973,554	\$3,031,581	\$3,995,269	\$4,566,809	\$5,394,453	\$4,797,373	\$4,318,030
Unreserved	16,777,646	15,613,237	14,530,983	15,707,167	15,057,255	16,965,404	17,110,887	15,307,940	12,729,103	11,605,235
Total General Fund	17,993,112	17,195,520	15,882,259	17,680,721	18,088,836	20,960,673	21,677,696	20,702,393	17,526,476	15,923,265
All Other Governmental Funds										
Reserved	2,349,192	2,125,908	1,330,417	1,249,201	1,129,438	2,331,255	2,990,162	2,792,115	4,015,597	2,334,157
Unreserved, Reported in:										
Special Revenue Funds	4,145,223	4,455,878	4,137,732	3,222,412	2,830,931	2,276,450	1,915,661	1,843,501	1,472,289	1,527,974
Capital Projects Funds	168,097	(753,927)	(705,498)	(515,057)	(369,719)	(998,715)	(5,176,304)	(4,375,631)	(4,238,844)	(2,200,787)
Total All Other Governmental Funds	6,662,512	5,827,859	4,762,651	3,956,556	3,590,650	3,608,990	(270,481)	259,985	1,249,042	1,661,344
Total Governmental Funds	\$24,655,624	\$23,023,379	\$20,644,910	\$21,637,277	\$21,679,486	\$24,569,663	\$21,407,215	\$20,962,378	\$18,775,518	\$17,584,609



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

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Revenues										
Property Taxes	\$6,086,882	\$5,798,328	\$5,510,500	\$5,464,463	\$4,962,416	\$4,900,827	\$4,822,373	\$4,510,628	\$4,942,438	\$5,384,126
Municipal Income Taxes	31,346,263	29,944,652	28,735,602	26,813,889	26,435,708	26,686,076	26,595,125	26,698,790	25,482,261	23,678,549
Other Local Taxes	786,290	754,522	733,464	775,571	732,210	739,099	723,702	698,842	591,378	586,806
Intergovernmental	9,117,427	10,330,679	11,009,784	14,808,365	13,042,568	10,139,016	8,712,200	7,486,071	8,122,126	6,477,186
Charges for Services	5,040,814	4,049,658	3,796,645	2,793,584	2,835,243	2,740,706	2,644,028	2,497,616	2,419,661	2,121,339
Fines and Forfeitures	1,455,174	1,435,683	1,430,104	1,460,402	1,457,235	1,360,790	1,064,279	1,016,581	1,128,764	1,059,036
Licenses, Permits and Inspections	1,594,216	1,253,441	1,076,848	1,169,226	1,110,261	1,062,882	1,151,675	1,100,063	1,367,601	1,338,993
Special Assessments	2,114,952	2,136,312	3,004,125	2,336,570	2,337,359	1,958,849	1,983,894	2,179,302	2,249,799	2,341,615
Investment Income	1,288,297	1,218,968	647,026	576,607	758,196	1,580,682	2,149,937	2,108,268	917,794	1,693,464
Donations and Other	726,317	293,426	292,745	1,796,499	763,324	186,451	532,973	228,782	367,905	808,046
Total Revenues	59,556,632	57,215,669	56,236,843	57,995,176	54,434,520	51,375,378	50,380,186	48,524,943	47,589,727	45,489,160
Expenditures										
Current:										
General Government	7,181,507	7,058,856	7,089,759	6,848,689	7,387,217	6,620,824	6,111,342	5,814,140	5,609,142	4,698,330
Security of Persons and Property:										
Police	11,200,112	10,535,879	10,278,880	9,967,486	9,499,252	8,851,538	8,266,679	7,797,590	15,432,540	16,054,548
Fire	10,487,605	9,961,438	9,617,904	8,917,993	8,584,765	8,159,466	7,830,587	7,420,286	-	-
Streets & Highways	9,577,178	9,217,664	9,516,798	9,716,845	9,201,015	7,846,277	8,204,890	6,999,226	6,344,865	10,069,938
Parks, Recreation and Public Facilities	8,054,630	7,771,902	7,187,975	6,428,368	6,016,077	6,412,685	6,150,922	5,681,331	5,240,349	9,213,644
Economic & Community Development	1,824,162	1,312,148	1,238,926	1,309,906	1,217,252	1,213,590	1,041,438	1,006,737	889,587	795,300
Engineering and Building	2,104,396	1,650,631	1,596,813	1,791,941	1,807,059	1,920,058	1,916,517	1,700,348	1,680,656	3,150,419
Capital Outlay	5,020,964	10,406,978	12,913,502	9,739,603	10,201,726	8,454,079	7,739,863	6,341,720	7,493,598	4,703,856
Other	-	-	-	-	-	-	-	-	-	921,878
Debt Service:										
Principal Retirement	8,971,061	8,816,885	9,400,000	2,010,000	1,930,000	1,700,000	1,740,000	1,682,000	1,680,000	1,945,000
Interest and Other Expenditures	1,510,150	1,609,446	1,488,260	1,684,862	1,719,536	1,899,233	1,946,039	2,024,097	2,087,369	2,185,121
Total Expenditures	65,931,765	68,341,827	70,328,817	58,415,693	57,563,899	53,077,750	50,948,277	46,467,475	46,458,106	53,738,034
Excess of Revenues Over (Under) Expenditures	(6,375,133)	(11,126,158)	(14,091,974)	(420,517)	(3,129,379)	(1,702,372)	(568,091)	2,057,468	1,131,621	(8,248,874)
Other Financing Sources (Uses)										
Issuance of Bonds	-	-	15,541,714	5,948,605	-	4,850,738	-	-	-	-
Payment to Refunded Bonds Escrow Agent	-	-	(9,009,278)	(5,850,913)	-	-	-	-	-	-
Issuance of Notes	7,949,653	13,473,842	6,496,148	188,111	-	22,402	22,402	59,105	-	-
Transfers In	1,381,859	859,454	1,586,576	1,134,349	500,181	1,367,547	714,612	672,809	1,999,430	1,426,554
Transfers Out	(1,381,859)	(859,454)	(1,586,576)	(1,134,349)	(500,181)	(1,367,547)	(714,612)	(672,809)	(1,999,430)	(1,426,554)
Other	18,851	86,954	-	-	-	-	-	-	38	-
Total Other Financing Sources (Uses)	7,968,504	13,560,796	13,028,584	285,803	-	4,850,738	22,402	59,105	38	-
Net Change in Fund Balances	\$1,593,371	\$2,434,638	(\$1,063,390)	(\$134,714)	(\$3,129,379)	\$3,148,366	(\$545,689)	\$2,116,573	\$1,131,659	(\$8,248,874)
Debt Service as a Percentage of Noncapital Expenditures	17.2%	17.9%	19.1%	7.3%	7.7%	8.1%	8.5%	9.2%	9.7%	8.4%

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

Tax Year/ Collection Year	Assessed Value							Total Estimated Actual Real Property Taxable Value	Assessed Value as a Percentage of Actual Value
	Real Property	Other Real Estate & Public Utility Property	Tangible Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate	Total Estimated Actual Real Property Taxable Value	Assessed Value as a Percentage of Actual Value		
1997/1998	\$ 975,528,640	\$ 48,549,500	\$ 145,382,074	\$ 1,169,460,214	6.00	\$ 2,787,224,686	41.96%		
1998/1999	999,347,400	49,949,560	150,599,739	1,199,896,699	4.50	2,855,278,286	42.02%		
1999/2000	1,016,927,670	46,721,270	166,636,682	1,230,285,622	4.50	2,905,507,629	42.34%		
2000/2001	1,155,168,000	44,297,170	170,222,816	1,369,687,986	4.50	3,300,480,000	41.50%		
2001/2002	1,169,553,690	38,507,980	177,900,785	1,385,962,455	4.50	3,341,581,971	41.48%		
2002/2003	1,189,075,230	36,151,460	170,313,459	1,395,540,149	4.50	3,397,357,800	41.08%		
2003/2004	1,390,301,500	36,951,470	158,265,924	1,585,518,894	4.50	3,972,290,000	39.91%		
2004/2005	1,405,566,960	36,934,900	152,470,740	1,594,972,600	4.50	4,015,905,600	39.72%		
2005/2006	1,422,713,440	35,045,410	122,792,273	1,580,551,123	4.50	4,064,895,543	38.88%		
2006/2007	1,562,461,290	35,571,190	93,005,399	1,691,037,879	4.50	4,464,175,114	37.88%		

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

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

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

Tax Year/ Collection Year	City of Mentor Direct Rates				Mentor Exempted Village School District ¹		Lake County	Total
	General Fund	Special Revenue Funds	Debt Service Funds	Total				
1997/1998	\$ 1.90	\$ 2.10	\$ 2.00	\$ 6.00	\$ 67.71	\$ 14.10	\$ 87.81	
1998/1999	0.60	2.10	1.80	4.50	67.84	15.60	87.94	
1999/2000	0.80	2.10	1.60	4.50	67.50	15.70	87.70	
2000/2001	1.10	2.10	1.30	4.50	67.47	15.70	87.67	
2001/2002	1.10	2.10	1.30	4.50	67.42	15.70	87.62	
2002/2003	1.10	2.10	1.30	4.50	67.40	15.70	87.60	
2003/2004	1.10	2.10	1.30	4.50	70.25	15.70	90.45	
2004/2005	1.40	2.10	1.00	4.50	78.09	15.70	98.29	
2005/2006	1.40	2.10	1.00	4.50	77.905	15.70	98.105	
2006/2007	1.10	2.10	1.30	4.50	77.305	15.70	97.505	

¹Includes Mentor Public Library

SOURCE: Office of the Lake County Auditor

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

<u>Taxpayer</u>	<u>2007</u>		<u>1998</u>	
	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>	<u>Taxable Assessed Value</u>	<u>Percentage of Total City Taxable Assessed Value</u>
Simon Property Group Ltd Partnership	\$ 25,180,450	1.58%		
Cleveland Electric Illuminating Co	17,958,150	1.12%	\$ 26,531,140	2.59%
Steris Corporation	10,703,340	0.67%		
Aqua Ohio (Consumers Ohio Water)	9,312,600	0.58%	6,493,480	0.63%
Points East	7,223,610	0.45%		
Ohio Bell Telephone Company	5,112,190	0.32%	11,672,070	1.14%
First Interstate	4,850,080	0.30%		
FI Mentor Commons LTD	4,603,940	0.29%		
Sears Roebuck Co	4,421,430	0.28%		
Deepwood North Co.	4,140,980	0.26%	3,233,370	0.32%
University Hospitals (Lake Hospital Sys)	3,781,130	0.24%	4,085,400	0.40%
Lincoln Electric Co.	3,614,080	0.23%		
Creekside Commons Limited			3,116,260	0.30%
De Bartolo Realty Partnership			18,203,360	1.78%
Fashion Square Associates			5,037,240	0.49%
Mentor City			4,025,260	0.39%
Euclid Clinic Foundation			3,611,960	0.35%
Osborne, Michael E.			3,406,390	0.33%
Total Principal Taxpayers	<u>\$ 100,901,980</u>		<u>\$ 89,415,930</u>	
Total Real City Property	<u>\$ 1,598,032,480</u>		<u>\$ 1,024,078,140</u>	

SOURCE: Office of the Lake County Auditor

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

Tax Year/ Collection Year	Current Levy	Current Collections	Current Levy Collected	Outstanding Accumulated Delinquent Taxes	Collections Including Delinquencies	Total Collections as Percent of Current Levy
1997/1998	\$ 4,486,018	\$ 4,394,516	98.0%	\$ 90,817	\$ 4,444,559	99.1%
1998/1999	4,154,785	4,070,505	98.0%	61,816	4,134,128	99.5%
1999/2000	4,214,185	4,136,392	98.2%	66,378	4,231,557	100.4%
2000/2001	4,634,608	4,522,876	97.6%	111,732	4,601,515	99.3%
2001/2002	4,678,297	4,545,230	97.2%	147,110	4,647,946	99.4%
2002/2003	4,723,775	4,610,929	97.6%	107,612	4,785,800	101.3%
2003/2004	5,347,501	5,234,725	97.9%	78,982	5,333,773	99.7%
2004/2005	5,425,592	5,276,946	97.3%	99,690	5,385,319	99.3%
2005/2006	5,482,289	5,339,406	97.4%	130,219	5,453,739	99.5%
2006/2007	5,877,893	5,671,951	96.5%	140,003	5,803,632	98.7%

SOURCE: Office of the Lake County Auditor

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

<u>Tax Year</u>	<u>Total Tax Collected</u>	<u>Tax from Withholding</u>	<u>Tax from Net Profit</u>	<u>Tax from Individuals</u>	<u>Tax Rate</u>
2007	\$ 32,543,861	\$ 24,292,274	\$ 4,491,647	\$ 3,759,940	2.0%
2006	29,365,084	22,249,149	3,936,038	3,179,897	2.0%
2005	28,106,051	21,728,282	3,278,374	3,099,395	2.0%
2004	26,935,407	20,527,930	3,261,179	3,146,298	2.0%
2003	26,725,365	20,781,998	2,905,964	3,037,403	2.0%
2002	26,476,937	20,067,463	3,303,399	3,106,075	2.0%
2001	27,080,132	20,475,588	3,303,589	3,300,955	2.0%
2000	26,261,410	19,737,206	3,449,985	3,074,219	2.0%
1999	25,086,074	N/A	N/A	N/A	2.0%
1998	23,653,053	N/A	N/A	N/A	2.0%

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

<u>2007</u>		<u>1998</u>	
<u>Rank</u>	<u>Name</u>	<u>Rank</u>	<u>Name</u>
1	Steris Corp	1	Mentor Public Schools
2	Avery Dennison Corp.	2	Lincoln Electric
3	Mentor Public Schools	3	Steris Corp.
4	Lincoln Electric	4	Lake County
5	City of Mentor	5	City of Mentor
6	PCC Airfoils Inc.	6	Jim Brown Chevy
7	Lake County Auditor	7	Avery International Corp.
8	Jim Brown Chevy	8	Tridelta Industries
9	Parker Hannifin Corp	9	Worthington Precision Metals
10	Buyers Products Co., Inc.	10	Wiseco Piston Co.

Source: City of Mentor, Finance Department

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

Year	Governmental Activities					Total Primary Government	Percentage of Personal Income ¹	Per Capita ¹
	General Obligation Bonds	Special Assessment Bonds	Bond Antic & Notes Payable					
1998	\$ 23,555,672	\$ 7,896,328	\$ 2,225,000		\$ 33,677,000	4.25%	711	
1999	22,563,664	7,208,336	4,025,000		33,797,000	4.27%	714	
2000	21,531,765	6,558,235	4,475,000		32,565,000	2.63%	648	
2001	20,455,634	5,904,366	40,000		26,400,000	2.14%	525	
2002	19,335,015	10,184,985	30,000		29,550,000	2.39%	588	
2003	18,160,824	9,439,176	20,000		27,620,000	2.23%	549	
2004	17,147,894	8,657,106	198,111		26,003,111	2.10%	517	
2005	22,103,974	6,996,026	404,572		29,504,572	2.39%	587	
2006	20,684,064	6,235,935	7,246,830		34,166,829	2.76%	680	
2007	19,244,376	5,560,624	8,335,122		33,140,122	2.68%	659	

Notes:

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

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

CITY OF MENTOR, OHIO

*Ratios of Net General Bonded Debt to Assessed Valuation and Net Bonded Debt per Capita
Last Ten Fiscal Years*

<u>Year</u>	<u>Population ¹</u>	<u>Assessed Value ²</u>	<u>Gross General Bond Debt</u>	<u>Less Balance in General Bond Retirement Fund</u>	<u>Total</u>	<u>Percentage of Net General Bonded Debt to Assessed Value</u>	<u>Net General Bonded Debt Per Capita</u>
1998	47,358	\$ 1,169,460,214	\$ 23,555,672	\$ 189,732	\$ 23,365,940	2.00%	\$ 493.39
1999	47,358	1,199,896,699	22,563,664	428,953	22,134,711	1.84%	467.39
2000	50,278	1,230,285,622	21,531,765	516,913	21,014,852	1.71%	417.97
2001	50,278	1,369,687,986	20,455,634	320,040	20,135,594	1.47%	400.49
2002	50,278	1,385,962,455	19,335,015	222,000	19,113,015	1.38%	380.15
2003	50,278	1,395,540,149	18,160,824	173,787	17,987,037	1.29%	357.75
2004	50,278	1,585,518,894	17,147,894	441,048	16,706,846	1.05%	332.29
2005	50,278	1,594,972,600	22,103,974	318,116	21,785,858	1.37%	433.31
2006	50,278	1,580,551,123	20,684,064	390,167	20,293,897	1.28%	403.63
2007	50,278	1,691,037,879	19,244,376	775,925	18,468,451	1.09%	367.33

SOURCES: ¹ U.S. Bureau of Census 1990 and 2000

² Office of the Lake County Auditor

CITY OF MENTOR, OHIO
Direct and Overlapping Debt
December 31, 2007

	General Obligation Bonded Debt Outstanding	Percentage Applicable to City of Mentor	Amount Applicable to Taxpayers of City of Mentor
Direct:			
City of Mentor	\$ 19,244,376	100.00%	\$ 19,244,376
Overlapping:			
Mentor Exempted Village School District and Mentor Public Library	10,866,655	82.89%	9,007,370
Lake County	<u>23,999,000</u>	24.53%	<u>5,886,955</u>
Total Overlapping	<u>34,865,655</u>		<u>14,894,325</u>
TOTAL	<u>\$ 54,110,031</u>		<u>\$ 34,138,701</u>

SOURCES

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

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

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	\$ 177,558,977	\$ 165,957,868	\$ 167,472,123	\$ 166,479,484	\$ 146,531,716	\$ 145,526,058	\$ 143,817,239	\$ 129,179,990	\$ 125,989,153	\$ 122,793,322
Net Debt Within 10.5% Limitations	19,244,376	20,684,065	22,190,430	16,904,957	18,007,037	19,143,015	20,175,594	21,064,852	22,134,711	25,590,940
Legal Debt Margin Within 10.5% Limitation	<u>\$ 158,314,601</u>	<u>\$ 145,273,803</u>	<u>\$ 145,281,693</u>	<u>\$ 149,574,527</u>	<u>\$ 128,524,679</u>	<u>\$ 126,383,043</u>	<u>\$ 123,641,645</u>	<u>\$ 108,115,138</u>	<u>\$ 103,854,442</u>	<u>\$ 97,202,382</u>
Total Net Debt Applicable to the 10.5% Limit as a Percentage of the Debt Limit	12.16%	14.24%	15.27%	11.30%	14.01%	15.15%	16.32%	19.48%	21.31%	26.33%
Unvoted Debt Limitation - 5.5% of Assessed Valuation	93,007,083	86,930,312	\$ 87,723,493	87,203,539	76,754,708	76,227,935	75,332,839	67,665,709	65,994,318	64,320,312
Debt Within 5.5% Limitations	19,244,376	20,684,065	22,190,430	16,904,957	18,007,037	19,143,015	20,495,634	21,581,765	22,134,711	25,780,672
Legal Debt Margin Within 5.5% Limitations	<u>\$ 73,762,707</u>	<u>\$ 66,246,247</u>	<u>\$ 65,533,063</u>	<u>\$ 70,298,582</u>	<u>\$ 58,747,671</u>	<u>\$ 57,084,920</u>	<u>\$ 54,837,205</u>	<u>\$ 46,083,944</u>	<u>\$ 43,859,607</u>	<u>\$ 38,539,640</u>
Total Debt Applicable to the 5.5% Limit as a Percentage of the Debt Limit	20.69%	23.79%	25.30%	19.39%	23.46%	25.11%	27.21%	31.89%	33.54%	40.08%

LEGAL DEBT MARGIN CALCULATION FOR 2007

Assessed Valuation	\$ 1,691,037,879
Overall Debt Limitation - 10.5% of Assessed Valuation	177,558,977
Gross Indebtedness	33,141,124
Less: OWDA/OPWC	401,610
Special Assessment Bonds & Notes	13,495,138
Net Debt Within 10.5% Limitations-General Obligation Bonds	19,244,376
Legal Debt Margin Within 10.5% Limitation	<u>\$ 158,314,601</u>
Unvoted Debt Limitation - 5.5% of Assessed Valuation	\$ 93,007,083
Gross Indebtedness Authorized by Council	19,244,376
Less Debt Outside Limitations-Voted	-
Debt Within 5.5% Limitations	19,244,376
Legal Debt Margin Within 5.5% Limitation	<u>\$ 73,762,707</u>

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

SPECIAL ASSESSMENT BONDS

<u>Year</u>	<u>Special Assessment Collections</u>	<u>Debt Service</u>		<u>Coverage</u>
		<u>Principal</u>	<u>Interest</u>	
1998	\$ 1,488,972	\$ 732,223	\$ 654,268	1.07
1999	1,335,506	687,992	637,698	1.01
2000	1,251,624	650,101	568,259	1.03
2001	1,076,875	653,869	518,238	0.92
2002	933,375	569,381	461,534	0.91
2003	1,283,958	745,809	635,123	0.93
2004	1,270,784	781,320	587,907	0.93
2005	1,886,609	1,661,080	414,421	0.91
2006	1,117,069	760,091	412,086	0.95
2007	1,032,323	680,772	357,849	0.99

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

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

Year	Population¹	Total Personal Income²	Per Capita Personal Income¹	Median Household Income¹	Unemployment Rate³
1998	47,358	\$ 791,683,686	\$ 16,717	\$ 46,589	2.9%
1999	47,358	791,683,686	16,717	46,589	3.1%
2000	50,278	1,236,436,576	24,592	65,322	2.7%
2001	50,278	1,236,436,576	24,592	65,322	3.2%
2002	50,278	1,236,436,576	24,592	65,322	4.0%
2003	50,278	1,236,436,576	24,592	65,322	4.9%
2004	50,278	1,236,436,576	24,592	65,322	4.7%
2005	50,278	1,236,436,576	24,592	65,322	4.5%
2006	50,278	1,236,436,576	24,592	65,322	4.2%
2007	50,278	1,236,436,576	24,592	65,322	4.6%

SOURCES:

¹ U.S. Bureau of Census 1990 and 2000

² Computation of per capita personal income multiplied by population

³ Local Area Employment Statistics

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

Employer	2007			1998		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Mentor Public Schools	1,004	1	2.98%	1,160	1	3.69%
Steris Corp.	954	2	2.83%	502	5	1.60%
City of Mentor ¹	937	3	2.78%	665	2	2.11%
Lincoln Electric	455	4	1.35%	529	4	1.68%
PCC Airfoil	430	5	1.28%	-	-	-
Avery Dennison	400	6	1.19%	-	-	-
Deepwood/Lake County MRDD	340	7	1.01%	500	6	1.59%
Macy's	250	8	0.74%	-	-	-
Wiseco Piston	235	9	0.70%	-	-	-
Royal Plastics, Inc.	230	10	0.68%	-	-	-
Hospice of Western Reserve	-	-	-	300	9	0.95%
Tridelta	-	-	-	555	3	1.76%
Super K-Mart	-	-	-	450	7	1.43%
Sear's Roebuck & Co.	-	-	-	375	8	1.19%
Royal Appliance Mfg. Co.	-	-	-	300	10	0.95%
Total Employees within the City:			33,696			31,460

¹Includes Part-time and Seasonal Employees

SOURCE:

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

CITY OF MENTOR, OHIO

Full-Time City Government Employees by Function/Program

Last Ten Fiscal Years

Function/Program	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Government										
Council	2	2	2	2	2	2	2	2	2	2
Finance	12	13	12	14	14	14	14	14	14	12
City Manager/Personnel	14	16	16	15	15	14	14	13	11	11
Law	2	2	2	2	2	2	2	2	2	2
Engineering/Building*	21	17	17	18	19	21	21	18	20	21
Court	22	21	20	21	21	18	16	16	15	15
Security of Persons and Property										
Police	111	112	109	112	108	108	106	106	105	103
Fire	79	79	79	78	71	73	76	79	74	67
Public Health Services										
Cemetery	5	4	5	5	5	5	5	5	5	5
Parks, Recreation & Public Facilities	35	37	37	34	36	38	39	37	36	37
Economic & Community Development										
Economic Development/Planning*	9	12	12	11	12	12	12	12	12	11
Streets & Highways	62	64	62	65	63	65	62	60	60	57
Totals:	374	379	373	377	368	372	369	364	356	343

Note: Planning moved to the Engineering & Building Department in 2007.

Source: City of Mentor Finance Department

CITY OF MENTOR, OHIO

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Governmental										
General Government										
Council - Ordinances & Resolutions	160	174	139	140	203	144	145	147	158	203
Personnel - Civil Service Exams (taken)	312	38	415	19	576	-	415	213	105	439
Court - Number of Cases	10,364	10,410	11,427	11,821	11,168	11,283	10,734	9,851	10,153	13,694
Finance										
Number of A/P Checks Processed	9,918	11,963	12,119	12,103	12,236	11,887	12,070	11,949	10,703	N/A
Number of Purchase Orders Issued	4,394	4,322	4,764	4,704	5,005	5,605	5,501	5,224	5,654	N/A
Security of Persons and Property										
Police										
Criminal Arrests	2,516	2,890	2,366	2,400	2,175	2,275	2,098	1,921	N/A	2,364
Traffic Citations	7,161	7,557	8,659	8,960	8,851	9,120	8,544	7,743	8,084	11,813
Parking Citations	1,082	1,425	998	1,276	1,452	1,748	1,562	1,196	981	1,100
Fire - Total Number of Calls	6,423	6,063	6,190	5,827	5,925	6,036	5,825	5,633	5,838	5,622
Building & Engineering										
Building Permits Issued	2,613	2,966	2,845	3,013	3,072	2,946	2,936	2,773	2,180	2,232
Inspections - Residential	5,688	6,299	6,577	6,575	7,358	7,474	6,885	7,328	8,961	8,771
Inspections - Industrial	4,478	4,960	4,259	4,512	3,545	3,281	3,024	4,060	2,571	6,397
Parks, Recreation & Public Facilities										
Pools - Attendance	92,588	101,653	112,449	100,017	109,995	125,293	133,250	109,781	134,060	138,900
Senior Center - Program Participants	4,808	4,210	3,876	3,528	3,598	3,532	3,730	3,743	N/A	N/A
Golf Course - Rounds of Golf	41,284	41,361	35,562	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Marina - Dock Rentals	521	503	510	494	484	470	442	423	393	342
Arena - Tournaments/Special Events	9	10	6	6	6	4	4	3	3	N/A
Arena - Number of Admissions	20,099	25,010	20,400	20,600	20,660	20,565	21,331	20,891	17,599	21,810
Cemetery - Number of Internments	227	238	238	233	244	250	271	230	277	207
Streets and Highways										
Streets Resurfaced (miles)	8.0	4.3	5.8	7.0	8.0	6.7	7.0	6.0	5.0	7.0
Concrete Pavement Replacements (cu yd)	400	410	400	300	700	200	116	330	330	330
Hazardous Ditch Enclosures (ln ft)	2,580	9,200	10,200	8,000	10,000	12,000	10,200	13,000	8,000	5,000
Drainage Assistance Projects (ln ft)	7,948	4,753	10,300	7,800	4,500	2,500	10,000	10,000	5,500	2,000

SOURCE: Various Mentor Departments

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

Function/Program	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
General Government										
Square Footage of Municipal Center	45,313	45,313	45,313	45,313	45,313	45,313	45,313	45,313	45,313	45,313
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Square Footage of Buildings	35,997	35,997	35,997	35,997	35,997	35,997	35,997	35,997	35,997	35,997
Vehicles	47	45	45	44	44	46	45	43	N/A	N/A
Fire										
Stations	5	5	5	5	5	5	5	5	5	5
Square Footage of Buildings	56,308	56,308	56,308	56,308	56,308	54,308	54,308	47,669	47,669	47,669
Vehicles	39	38	39	39	38	35	36	34	N/A	N/A
Recreation										
Number of Parks	11	11	11	11	11	11	11	11	11	11
Number of Dog Parks	1	1	1	1	1	1	-	-	-	-
Number of Spray Parks	2	2	2	2	2	1	-	-	-	-
Number of Pools	3	3	3	3	3	3	3	3	3	3
Number of Ice Rinks	2	2	2	2	2	2	2	2	2	2
Number of Community Centers	6	6	6	7	7	7	7	7	7	7
Number of Tennis Courts	17	17	17	17	17	17	17	17	17	17
Number of Skateboarding Areas	2	2	2	2	2	2	2	1	1	1
Number of Baseball Diamonds	19	19	19	19	19	19	18	17	17	16
Number of Soccer Fields	12	12	12	12	10	10	9	9	8	7
Number of Basketball Courts	5	5	5	5	5	5	5	5	5	5
Number of Golf Courses	1	1	1	-	-	-	-	-	-	-
Number of Marinas	1	1	1	1	1	1	1	1	1	1
Vehicles	49	48	45	43	46	46	N/A	N/A	N/A	N/A
Square Footage of PRPF Facilities	261,502	261,502	269,032	259,370	258,046	258,046	258,046	258,046	256,048	254,412
Streets & Highways										
Streets (miles)	241.0	240.0	228.3	227.6	227.0	226.3	226.3	225.0	215.3	214.4
Number of Streetlights (per light bill)	5,254	5,247	5,209	5,209	5,209	5,179	5,035	4,346	4,807	5,359
Number of Traffic Signals	707	860	851	846	832	823	823	823	823	823
Number of Pedestrian Signals	470	366	362	360	356	350	350	350	350	350
Number of Signalized Intersections	85	83	81	80	79	78	78	78	78	78
Service Vehicles	70	67	64	66	68	67	N/A	N/A	N/A	N/A
Square Footage Buildings	72,053	72,053	72,053	72,053	72,053	99,840	99,840	99,840	99,840	99,840

SOURCE: Various Mentor Departments





Mary Taylor, CPA
Auditor of State

CITY OF MENTOR

LAKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 8, 2008**