



CITY OF MENTOR, OHIO

**General Purpose Financial Statements
for the Year Ended
December 31, 1999
and Independent Auditors' Reports
Required Under *Government Auditing Standards***

CITY OF MENTOR, OHIO

**General Purpose Financial Statements
for the Year Ended
December 31, 1999
and Independent Auditors' Reports
Required Under *Government Auditing Standards***

CITY OF MENTOR, OHIO

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
GENERAL PURPOSE FINANCIAL STATEMENTS:	
Combined Balance Sheet - All Fund Types and Account Groups - December 31, 1999	2-3
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds - For the Year Ended December 31, 1999	4
Combined Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types - For the Year Ended December 31, 1999	5-6
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Balances - All Proprietary Fund Types and Nonexpendable Trust Funds - For the Year Ended December 31, 1999	7
Combined Statement of Cash Flows - All Proprietary Fund Types and Nonexpendable Trust Funds - For the Year Ended December 31, 1999	8
Notes to General Purpose Financial Statements - For the Year Ended December 31, 1999	9-29
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED UPON THE AUDIT PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	30-31
APPENDIX A - COMMENTS REGARDING THE CITY'S INTERNAL CONTROL AND COMPLIANCE WITH LAWS AND REGULATIONS	32
STATUS OF PRIOR YEAR COMMENTS ON INTERNAL CONTROL AND LEGAL COMPLIANCE	33



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490
www.auditor.state.oh.us

City Manager, Council President and
Members of City Council
City of Mentor, Ohio
8500 Civic Center Blvd.
Mentor, OH 44060

We have reviewed the independent auditor's report of the City of Mentor, Ohio, Lake County, prepared by Deloitte & Touche LLP, for the audit period January 1, 1999 through December 31, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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



JIM PETRO
Auditor of State

July 7, 2000

**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying general purpose financial statements of the City of Mentor, Ohio (the "City") as of December 31, 1999, and for the year then ended, listed in the foregoing table of contents. These general purpose financial statements are the responsibility of the management of the City. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, such general purpose financial statements present fairly, in all material respects, the financial position of the City at December 31, 1999, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Notes 1(b) and 1(e), during 1999, the City reclassified its Law Enforcement Trust Fund from the Expendable Trust fund type to the Special Revenue fund type and changed the basis of its presentation of budget and actual expenditures included in the accompanying Combined Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis).

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2000 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Deloitte & Touche LLP

May 25, 2000

CITY OF MENTOR, OHIO

**COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS:				
Cash and investments (Note 2)	\$ 15,775,707	2,813,709	814,006	2,715,422
Receivables, net of allowances for uncollectibles (Note 4)	6,134,511	1,954,258	12,032,321	-
Due from other funds (Note 4)	371,791	1,564	-	-
Due from other governments	239,048	-	-	50,000
Inventory	362,838	-	-	-
Land held for resale (Note 8)	-	-	262,000	-
Fixed assets (Note 8)	-	-	-	-
Amount available in debt service funds	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-
TOTAL ASSETS AND OTHER DEBITS	\$ 22,883,895	4,769,531	13,108,327	2,765,422
LIABILITIES, FUND EQUITY, AND OTHER CREDITS:				
Accounts payable	\$ 1,964,717	320,729	-	447,866
Accrued payroll and employee benefits (Note 7)	2,218,965	-	-	-
Accrued liabilities	87,735	-	-	-
Due to other funds (Note 4)	-	50,600	3,173	299,900
Due to other governments	-	-	22,175	-
Deferred revenues	1,086,002	1,955,822	12,268,973	-
Deposits	-	-	-	-
Special assessment notes payable (Note 6)	-	-	-	4,025,000
General obligation bonds payable (Note 7)	-	-	-	-
Special assessment bonds payable (Note 7)	-	-	-	-
Total liabilities	5,357,419	2,327,151	12,294,321	4,772,766
Fund equity and other credits:				
Investment in general fixed assets	-	-	-	-
Retained earnings	-	-	-	-
Fund balances:				
Reserved for encumbrances	4,434,535	970,091	-	2,231,500
Reserved for debt service	-	-	814,006	-
Reserved for inventory	362,838	-	-	-
Reserved for endowments	-	-	-	-
Unreserved	12,729,103	1,472,289	-	(4,238,844)
Total fund equity and other credits	17,526,476	2,442,380	814,006	(2,007,344)
TOTAL LIABILITIES, FUND EQUITY, AND OTHER CREDITS	\$ 22,883,895	4,769,531	13,108,327	2,765,422

See accompanying notes to general purpose financial statements.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only) 1999
		General Fixed Assets	General Long-Term Debt	
-	1,013,696	-	-	23,132,540
-	-	-	-	20,121,090
-	-	-	-	373,355
-	-	-	-	289,048
-	-	-	-	362,838
-	-	-	-	262,000
-	-	69,602,857	-	69,602,857
-	-	-	814,006	814,006
-	-	-	31,369,538	31,369,538
-	1,013,696	69,602,857	32,183,544	146,327,272
-	220	-	-	2,733,532
-	-	-	2,411,544	4,630,509
-	-	-	-	87,735
-	19,682	-	-	373,355
-	7,613	-	-	29,788
-	-	-	-	15,310,797
-	842,766	-	-	842,766
-	-	-	-	4,025,000
-	-	-	22,563,664	22,563,664
-	-	-	7,208,336	7,208,336
-	870,281	-	32,183,544	57,805,482
-	-	69,602,857	-	69,602,857
-	-	-	-	-
-	1,719	-	-	7,637,845
-	-	-	-	814,006
-	-	-	-	362,838
-	25,642	-	-	25,642
-	116,054	-	-	10,078,602
-	143,415	69,602,857	-	88,521,790
-	1,013,696	69,602,857	32,183,544	146,327,272

CITY OF MENTOR, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS YEAR ENDED DECEMBER 31, 1999

	Governmental Fund Types				Fiduciary	Totals
	General	Special Revenue	Debt Service	Capital Projects	Fund Type Expendable Trust	(Memorandum Only) 1999
REVENUES:						
Property taxes	\$ 725,101	2,042,304	2,175,033	-	-	4,942,438
Municipal income taxes	25,482,261	-	-	-	-	25,482,261
Other local taxes	-	591,378	-	-	-	591,378
Intergovernmental	5,426,358	1,870,301	-	825,467	-	8,122,126
Charges for services	2,419,661	-	-	-	-	2,419,661
Fees, licenses, and permits	1,254,640	112,961	-	-	-	1,367,601
Investment income	797,163	81,070	39,561	-	-	917,794
Special assessments	-	914,293	1,335,506	-	-	2,249,799
Fines and forfeitures	1,115,370	13,394	-	-	-	1,128,764
Other	233,226	134,679	-	-	111,087	478,992
Total revenues	<u>37,453,780</u>	<u>5,760,380</u>	<u>3,550,100</u>	<u>825,467</u>	<u>111,087</u>	<u>47,700,814</u>
EXPENDITURES:						
Current:						
Security of persons and property	12,603,249	2,829,291	-	-	1,615	15,434,155
Parks, recreation and public lands	5,228,690	11,659	-	-	108,499	5,348,848
Community development	811,413	78,174	-	-	-	889,587
Engineering and building	1,680,656	-	-	-	10,381	1,691,037
Streets and highways	5,689,159	655,706	-	-	-	6,344,865
General government	5,518,315	90,827	-	-	767	5,609,909
Capital outlay	4,033,695	307,446	-	3,152,457	-	7,493,598
Debt service:						
Principal retirement (Note 7)	-	-	1,680,000	-	-	1,680,000
Interest and other charges	-	-	1,987,622	99,747	-	2,087,369
Total expenditures	<u>35,565,177</u>	<u>3,973,103</u>	<u>3,667,622</u>	<u>3,252,204</u>	<u>121,262</u>	<u>46,579,368</u>
Excess (deficiency) of revenues over expenditures	1,888,603	1,787,277	(117,522)	(2,426,737)	(10,175)	1,121,446
OTHER FINANCING SOURCES (USES):						
Operating transfers in	45,214	-	406,120	1,548,096	-	1,999,430
Operating transfers out	(648,096)	(1,281,553)	-	(69,781)	-	(1,999,430)
Other	17,510	(35,777)	18,305	-	-	38
Total other financing sources (uses)	<u>(585,372)</u>	<u>(1,317,330)</u>	<u>424,425</u>	<u>1,478,315</u>	<u>-</u>	<u>38</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	1,303,231	469,947	306,903	(948,422)	(10,175)	1,121,484
FUND BALANCE, BEGINNING OF YEAR						
[As restated - see Note 1(b)]	15,923,265	2,281,304	507,103	(1,058,922)	127,634	17,780,384
CHANGE IN RESERVE FOR INVENTORY						
	299,980	(308,871)	-	-	-	(8,891)
FUND BALANCE, END OF YEAR						
	<u>\$ 17,526,476</u>	<u>2,442,380</u>	<u>814,006</u>	<u>(2,007,344)</u>	<u>117,459</u>	<u>18,892,977</u>

See accompanying notes to general purpose financial statements.

CITY OF MENTOR, OHIO

COMBINED STATEMENT OF REVENUES AND EXPENDITURES -
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - ALL GOVERNMENTAL FUND TYPES
 YEAR ENDED DECEMBER 31, 1999

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES:						
Property taxes	\$ 699,500	725,101	25,601	1,972,712	2,042,304	69,592
Municipal income taxes	24,836,000	25,086,074	250,074	-	-	-
Other local taxes	-	-	-	611,000	591,378	(19,622)
Intergovernmental	5,041,942	5,539,146	497,204	1,888,296	1,870,301	(17,995)
Charges for services	2,359,330	2,419,661	60,331	-	-	-
Fees, licenses, and permits	1,237,046	1,254,640	17,594	102,000	112,961	10,961
Interest	1,335,000	1,136,142	(198,858)	65,000	81,070	16,070
Special assessments	-	-	-	913,145	914,293	1,148
Fines and forfeitures	1,107,000	1,113,884	6,884	32,000	13,394	(18,606)
Other	169,500	233,226	63,726	94,678	134,679	40,001
Total revenues	<u>36,785,318</u>	<u>37,507,874</u>	<u>722,556</u>	<u>5,678,831</u>	<u>5,760,380</u>	<u>81,549</u>
EXPENDITURES:						
Function:						
Security of persons and property	15,013,077	14,811,521	201,556	3,346,664	3,059,216	287,448
Parks, recreation and public lands	8,404,173	6,992,002	1,412,171	125,458	60,577	64,881
Community development	908,164	886,577	21,587	300,410	247,565	52,845
Engineering and building	4,041,495	3,636,152	405,343	-	-	-
Streets and highways	11,172,163	9,041,412	2,130,751	1,725,802	1,707,074	18,728
General government	7,449,071	6,704,940	744,131	222,614	109,941	112,673
Capital projects	-	-	-	-	-	-
Debt service:						
Principal retirement	-	-	-	-	-	-
Interest and other charges	-	-	-	-	-	-
Total expenditures	<u>46,988,143</u>	<u>42,072,604</u>	<u>4,915,539</u>	<u>5,720,948</u>	<u>5,184,373</u>	<u>536,575</u>
Excess (deficiency) of revenues over expenditures	(10,202,825)	(4,564,730)	5,638,095	(42,117)	576,007	618,124
OTHER FINANCING SOURCES (USES):						
Proceeds of notes	-	-	-	-	-	-
Premium on notes sold	-	-	-	-	-	-
Operating transfers in	-	45,214	45,214	-	-	-
Operating transfers out	(648,096)	(648,096)	-	(1,281,553)	(1,281,553)	-
Advances in	194,000	194,000	-	50,600	50,600	-
Advances out	(359,400)	(350,500)	8,900	(144,000)	(144,000)	-
Refunds and reimbursements	(6,900)	(3,417)	3,483	(35,777)	(35,777)	-
Recovery of claims and losses	40,000	9,026	(30,974)	-	-	-
Total other financing sources (uses)	<u>(780,396)</u>	<u>(753,773)</u>	<u>26,623</u>	<u>(1,410,730)</u>	<u>(1,410,730)</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(10,983,221)	(5,318,503)	5,664,718	(1,452,847)	(834,723)	618,124
Adjustments for prior year encumbrances	6,523,633	6,523,633	-	572,156	572,156	-
FUND BALANCES, BEGINNING OF YEAR [As restated - see Note 1(b)]	<u>8,078,939</u>	<u>8,078,939</u>	<u>-</u>	<u>1,887,248</u>	<u>1,887,248</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 3,619,351</u>	<u>9,284,069</u>	<u>5,664,718</u>	<u>1,006,557</u>	<u>1,624,681</u>	<u>618,124</u>

See accompanying notes to general purpose financial statements.

Debt Service Funds			Capital Projects Funds		
Budget	Actual	Variance - Favorable (Unfavorable)	Budget	Actual	Variance - Favorable (Unfavorable)
2,097,219	2,175,033	77,814	-	-	-
-	-	-	-	-	-
-	-	-	803,143	791,243	(11,900)
-	-	-	-	-	-
3,400	39,561	36,161	-	-	-
1,311,034	1,335,506	24,472	-	-	-
-	-	-	-	-	-
<u>3,411,653</u>	<u>3,550,100</u>	<u>138,447</u>	<u>803,143</u>	<u>791,243</u>	<u>(11,900)</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	5,450,594	5,446,412	4,182
1,680,001	1,679,999	2	2,225,000	2,225,000	-
1,996,598	1,987,622	8,976	99,748	99,748	-
<u>3,676,599</u>	<u>3,667,621</u>	<u>8,978</u>	<u>7,775,342</u>	<u>7,771,160</u>	<u>4,182</u>
(264,946)	(117,521)	147,425	(6,972,199)	(6,979,917)	(7,718)
-	-	-	4,025,000	4,025,000	-
-	18,304	18,304	-	-	-
381,553	406,120	24,567	1,548,096	1,548,096	-
-	-	-	(69,781)	(69,781)	-
-	-	-	299,900	299,900	-
-	-	-	(50,000)	(50,000)	-
-	-	-	-	-	-
<u>381,553</u>	<u>424,424</u>	<u>42,871</u>	<u>5,753,215</u>	<u>5,753,215</u>	<u>-</u>
116,607	306,903	190,296	(1,218,984)	(1,226,702)	(7,718)
-	-	-	1,236,053	1,236,053	-
507,103	507,103	-	77,946	77,946	-
<u>623,710</u>	<u>814,006</u>	<u>190,296</u>	<u>95,015</u>	<u>87,297</u>	<u>(7,718)</u>

CITY OF MENTOR, OHIO

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS/FUND BALANCES - ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUNDS YEAR ENDED DECEMBER 31, 1999

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only) 1999</u>
	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
OPERATING REVENUES:			
Investment income	\$ -	1,033	1,033
Donations and other	-	154	154
	<u>-</u>	<u>1,187</u>	<u>1,187</u>
OPERATING EXPENSES:			
Operations	15,044	-	15,044
Depreciation and amortization	291	-	291
Parks, recreation and public lands	-	973	973
	<u>15,335</u>	<u>973</u>	<u>16,308</u>
NET INCOME (LOSS)	(15,335)	214	(15,121)
RETAINED EARNINGS/FUND BALANCES, BEGINNING OF YEAR			
	<u>15,335</u>	<u>25,742</u>	<u>41,077</u>
RETAINED EARNINGS/FUND BALANCES, END OF YEAR			
	<u>\$ -</u>	<u>25,956</u>	<u>25,956</u>

See accompanying notes to general purpose financial statements.

CITY OF MENTOR, OHIO

COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUNDS YEAR ENDED DECEMBER 31, 1999

	<u>Proprietary Fund Type</u> Internal Service	<u>Fiduciary Fund Type</u> Nonexpendable Trust	<u>Totals (Memorandum Only) 1999</u>
OPERATING ACTIVITIES:			
Operating income (loss)	\$ (15,335)	214	(15,121)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:			
Depreciation and amortization	291	-	291
Investment income	-	(1,033)	(1,033)
Net cash used in operating activities	<u>(15,044)</u>	<u>(819)</u>	<u>(15,863)</u>
INVESTING ACTIVITIES:			
Investment income	-	1,033	1,033
Net change in pooled investments	<u>13,148</u>	<u>(947)</u>	<u>12,201</u>
Net cash provided by investing activities	<u>13,148</u>	<u>86</u>	<u>13,234</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,896)	(733)	(2,629)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,896</u>	<u>3,243</u>	<u>5,139</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ -</u>	<u>2,510</u>	<u>2,510</u>

A reconciliation of the December 31, 1999 cash and cash equivalent amounts shown in the combined statement of cash flows - all proprietary fund types and similar trust funds to the cash and investment amounts shown in the accompanying combined balance sheet is as follows:

	<u>Internal Service Funds</u>	<u>Non- expendable Trust Funds</u>
CASH AND INVESTMENTS - Combined Balance Sheet	\$ -	\$ 1,013,696 *
Less:		
Agency and expendable trust fund type cash and investments	-	(987,740)
Investment amounts which do not qualify as cash equivalents	-	(23,446)
CASH AND CASH EQUIVALENTS - Combined Statement of Cash Flows	<u>\$ -</u>	<u>\$ 2,510</u>

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

See accompanying notes to general purpose financial statements.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 1999

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Based upon the foregoing criteria, the Mentor Municipal Court (the "Court") is included as part of the City's primary government in the determination of the City's reporting entity. The Court's operations are not legally separate from the City. In addition, the City is responsible for budgeting and appropriating funds for the operation of the Court and is ultimately responsible for any operating deficits sustained by the Court. The City's share of the fines collected by the Court, along with its share of the Court's administrative and operating costs, are recorded in the City's General Fund. Monies held by the Court in a fiduciary capacity are included in an agency fund in the accompanying combined financial statements, as further discussed in Note 5. No other organizations are included as part of the City's reporting entity.

- (b) *Fund Accounting* - The accounts of the City are organized on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures (expenses). Government resources are allocated to and accounted for in individual funds based upon the purposes for which the resources are to be spent. This fund accounting provides the means by which spending activities are controlled. The various funds are summarized by type in the accompanying general purpose financial statements. The following fund types and account groups are used by the City:

Governmental Funds

- The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 1999

- Special Revenue Funds are used to account for receipts derived from specific taxes, grants, or other revenue sources (other than expendable trusts or major capital projects) that are legally restricted or designated to be expended for specified purposes.
- Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general obligation and special assessment long-term debt principal, interest, and related costs.
- Capital Projects Funds are used to account for financial resources used for the acquisition and construction of major capital facilities.

Proprietary Funds

- Internal Service Funds are used to account for the financing, on a cost-reimbursement basis, of goods or services provided by one department or agency to other departments or agencies of the City or to other governments. During 1999, the remaining cash balances of the City's only internal service fund, the Computer Services Fund, were expended and the fund was closed. At December 31, 1999, the City had no internal service funds.

Fiduciary Funds

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

Account Groups

- The General Fixed Assets Account Group is used to present the fixed assets of the City that are utilized in its general operations.
- The General Long-Term Debt Account Group is used to account for all long-term obligations of the City.

During 1999, the City reclassified its Law Enforcement Trust Fund from the Expendable Trust fund type to the Special Revenue fund type to more closely reflect the nature of the fund. The monies in the fund are proceeds from the sale of contraband that are restricted to subsidizing law enforcement efforts and are not held in a legal trust. The effect of this change has been recorded by restating the January 1, 1999 fund balance of the Special Revenue Funds (increase) and Expendable Trust Funds (decrease) by \$68,141.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 1999

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

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

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

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

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

The General Fixed Assets Account Group and the General Long-Term Debt Account Group are not "funds." They are concerned only with the measurement of financial position. They are not involved with the measurement of results of operations. No depreciation is provided on general fixed assets.

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

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

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 1999

Depreciation of all fixed assets used by Internal Service Funds was charged as an expense against the operations of the funds. Depreciation was provided over the estimated useful lives of the assets, determined to be ten years, on the straight-line basis.

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

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

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

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

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

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 1999

(e) *Budgeting Principles*

Budgetary Process - The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance. These budgetary documents are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources as certified. The tax budget and appropriation ordinance are prepared under the direction of the City Manager and submitted to City Council for adoption. Budgeted expenditures represent original appropriations as modified by adjustments during the year. The primary level of budgetary control is at the departmental level. Budget revisions within appropriated amounts are subject to the approval of the City Manager. Changes in a department's total appropriation require action by City Council. For the year ended December 31, 1999, expenditures did not exceed appropriations in any individual department.

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

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

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

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 1999

GAAP/Budget Reconciliation - The City's budgetary process accounts for certain transactions on a basis other than accounting principles generally accepted in the United States of America (GAAP basis). The major difference between the budgetary basis and the GAAP basis is that financial transactions are recorded on a cash and encumbrance basis (budgetary basis) as opposed to when susceptible to accrual (GAAP). Actual results included in the accompanying Combined Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types (the "Budgetary Statement") are presented in accordance with the City's budgetary process (budgetary basis) to provide a meaningful comparison of actual results with the budget. A reconciliation of the results of operations for the year from the GAAP basis to the budgetary basis is as follows:

	Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses			
	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds
GAAP basis	\$ 1,303,231	469,947	306,903	(948,422)
Increase (decrease) due to change in:				
Receivables and other assets not recognized on budgetary basis	(1,033,025)	263,027	1,395,201	(50,000)
Liabilities not recognized on budgetary basis	(1,154,174)	(597,606)	(1,395,201)	2,003,220
Net impact of encumbrances on budget basis expenditures	<u>(4,434,535)</u>	<u>(970,091)</u>	<u>-</u>	<u>(2,231,500)</u>
Budget basis	<u>\$ (5,318,503)</u>	<u>(834,723)</u>	<u>306,903</u>	<u>(1,226,702)</u>

Encumbrances - Encumbrance accounting, under which purchase orders, contracts, and other commitments for the future expenditure of funds are recorded in order to reserve a portion of the applicable appropriation, is utilized during the year for budget control purposes. Encumbrances outstanding at year-end are reported as expenditures under the City's budgetary basis of accounting. The City honors the contracts represented by year-end encumbrances, and the related appropriations are carried forward to the succeeding year. For GAAP reporting purposes, encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

Change in Financial Statement Presentation - The budget and actual expenditures included in the Budgetary Statement include all expenditures made during the year under the City's budgetary basis of accounting, including expenditures made in 1999 that were encumbered and appropriated in 1998. In 1998 and in prior years, the expenditures encumbered and appropriated in a previous year were excluded from the Budgetary Statement. This change in the basis of presentation of the Budgetary Statement had no impact on reported revenues or budgetary fund balances.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 1999

- (f) *Cash and Investments* - For purposes of the Combined Statement of Cash Flows - All Proprietary Fund Types and Similar Trust Funds, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The City's investments are stated at fair value (based on quoted market prices) in the accompanying Combined Balance Sheet - All Fund Types and Account Groups and the change in the fair value of the investments during the year is recorded as investment income along with the interest earned on the investments.
- (g) *Inventory* - Inventory is valued at cost using the first-in, first-out (FIFO) method and consists of expendable supplies held for consumption and items held for resale. The City uses the purchase method of inventory valuation for its governmental funds whereby the cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net assets. No inventory is maintained by any proprietary funds.
- (h) *Accumulated, Unpaid Vacation and Sick Pay* - City employees earn vacation leave at graduated rates based on length of service. Normally, vacation leave is taken in the year available unless approval for carryover is obtained. City employees also earn sick leave which, if not taken, accumulates until retirement. Upon retirement, an employee with ten or more years of service is paid one-third of accumulated sick leave, subject to certain limitations, calculated at current wage rates.

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

- (i) *Claims* - As described in Note 10, the City is self-insured for certain employee benefits as well as City vehicle collision claims. The City recognizes a liability for such claims if information prior to the issuance of the general purpose financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.
- (j) *"Total" Columns on General Purpose Financial Statements* - The "Total" columns on the accompanying general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with GAAP. No consolidating entries or other eliminations were made in arriving at the totals; thus, they do not represent consolidated information.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 1999

- (k) *Changes in Classification of Revenues and Expenditures* - Effective January 1, 1999, the City made the following changes in the classification of its revenues and expenditures for purposes of the *Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds*:
- Approximately \$991,000 of charges for services and \$1,488,000 of related expenditures resulting from the operation of the City's various community facilities are recorded in the General Fund in 1999. Previously, such revenues and expenditures were recorded in the City's Community Recreation Facilities Special Revenue Fund.
 - Approximately \$1,000,000 of street construction and maintenance expenditures were recorded in the General Fund in 1999. Previously such expenditures were recorded in the City's Street Special Revenue Fund.
 - General Fund capital outlay expenditures are shown separately in 1999. Previously, such expenditures were included within the other functional expenditure categories.
 - General government and other expenditures are combined in 1999. Previously, such expenditures were shown separately. Other expenditures relate to amounts paid under a property tax sharing agreement with a local school district along with certain miscellaneous items.
 - General Fund public health and welfare expenditures are classified as parks, recreation and public lands (formerly "leisure time activities") expenditures in 1999. Previously, such expenditures were shown separately.

2. CASH AND INVESTMENTS

The City's cash and investment policy is governed by the provisions of the Charter and Codified Ordinances of the City and the Ohio Revised Code. These statutes permit the City to invest its monies in certificates of deposit, savings accounts, certain money market funds, bankers acceptances, obligations of the U.S. government, U.S. government agencies and government sponsored enterprises, and repurchase agreements backed by securities of the U.S. government or certain agencies or sponsored enterprises thereof. The City also may invest up to \$100,000 monthly, but no more than \$4 million in the aggregate on a cost basis, in shares of the Vanguard Index Trust 500 Portfolio, which is a mutual fund invested proportionately in the common stocks of the companies comprising the Standard & Poor's 500 Index.

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

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 1999

Cash and investments consisted of the following at December 31, 1999:

Cash	<u>\$ 497,243</u>
Investments:	
U.S. government securities	5,293,160
Federal Home Loan Bank securities	4,939,674
Federal Home Loan Mortgage Corporation securities	4,430,858
Fannie Mae securities	3,735,333
STAROhio	1,739,463
Federal Farm Credit Bank securities	1,489,769
SLM Holding (Sallie Mae) securities	1,007,040
Total investments	<u>22,635,297</u>
Total cash and investments	<u>\$ 23,132,540</u>

Under the provisions of Statement No. 3 of the GASB, deposits are categorized as either (1) insured or collateralized with securities held by the entity or by its agent in the entity's name, (2) collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name, or (3) uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the entity's name. At December 31, 1999, the carrying amount of the City's deposits was \$497,243 and the bank balance was \$669,557, \$159,733 of which was covered by Federal depository insurance and \$509,824 was uninsured and uncollateralized as defined by the GASB. The uncollateralized deposits were, however, covered by a pledged collateral pool not held in the City's name, as permitted under Ohio law.

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

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 1999

	Category			Total Fair Value/ Carrying Value
	1	2	3	
U.S. government securities	\$5,293,160	-	-	5,293,160
Federal Home Loan Bank securities	-	-	4,939,674	4,939,674
Federal Home Loan Mortgage Corporation securities	-	-	4,430,858	4,430,858
Fannie Mae securities	-	-	3,735,333	3,735,333
Federal Farm Credit Bank securities	-	-	1,489,769	1,489,769
SLM Holding (Sallie Mae) securities	-	-	1,007,040	1,007,040
	<u>\$5,293,160</u>	<u>-</u>	<u>15,602,674</u>	20,895,834
STAROhio	N/A	N/A	N/A	<u>1,739,463</u>
Total investments				<u>\$22,635,297</u>

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

The City pools cash from all funds for the purpose of investment activities. All interest income is credited to the General Fund except in cases where state law or City ordinances require that the income be allocated to the funds whose principal generated the income.

3. TAXES

Income Taxes - A two percent City income tax is levied on substantially all income earned within the City. On May 6, 1997, the two percent income tax was renewed by the voters for a five year period through December 31, 2002. In addition, the residents of the City are required to pay City income tax on income they earn outside the City; however, full credit is allowed for all income taxes these residents pay to other municipalities. Employers within the City are required to withhold income tax on employee compensation and remit the tax to an intermediary collection agency (Central Collection Agency) at least quarterly. Corporations and self-employed individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually with the collection agency. The collection agency remits taxes collected for the City each month, net of a charge for the cost of services and a credit for interest earned on collected amounts between remittances.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 1999

Property Taxes - Property taxes include amounts levied against all real, public utility, and tangible personal property located in the City. Taxes collected from real property (other than public utility) in one calendar year are levied in October of the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued by appraisal every six years and three years after each revaluation all property values are reviewed and revised, as necessary, as part of a triannual update based on the reported sales of properties. The last revaluation was completed in 1994 and the last triannual update occurred in 1997. Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20, with the remainder payable June 20. In certain instances, State statute permits earlier or later payment dates to be established.

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in October of the preceding calendar year on assessed values determined as of January 1 of that preceding year, the lien date.

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

The assessed value upon which the 1998 levy (collected in 1999) was based was approximately \$1.2 billion. Ohio law limits unvoted property taxation, combined for all overlapping taxing authorities, to 10 mills. The City's current share of unvoted property tax is 3 mills of assessed value, and the City's total property tax levy, including all voted levies, is 4.50 mills of assessed value.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 1999

4. RECEIVABLES

Due from Outside Parties - The City's receivables at December 31, 1999, by fund type, consist of the following:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>
City income taxes	\$ 4,971,564	-	-
Property taxes	1,084,393	1,941,380	1,909,403
Special assessments	-	12,878	10,122,918
Other	<u>78,554</u>	<u>-</u>	<u>-</u>
	<u>\$ 6,134,511</u>	<u>1,954,258</u>	<u>12,032,321</u>

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

Due to/from Other Funds - Interfund receivables and payables are composed of the following at December 31, 1999:

Fund	<u>Interfund</u>	
	<u>Receivables</u>	<u>Payables</u>
General Fund	\$ 371,791	-
Special Revenue Funds:		
Street Lighting	545	-
Fire Levy	1,019	-
CDBG 97-98	-	400
CDBG 98-99	-	50,200
Debt Service Fund:		
Special Assessment Bond Retirement	-	3,173
Capital Projects Fund:		
State Route 615 Reconstruction	-	299,900
Agency Fund:		
Municipal Court (Note 5)	<u>-</u>	<u>19,682</u>
	<u>\$ 373,355</u>	<u>373,355</u>

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 1999

5. MUNICIPAL COURT

The Mentor Municipal Court was created by Section 1901.02 of the Ohio Revised Code and has territorial jurisdiction over the City of Mentor and the City of Mentor-on-the-Lake. The Mentor Municipal Court has preliminary hearing jurisdiction in felony cases, original jurisdiction in civil cases when the amount in dispute does not exceed \$10,000, original jurisdiction in traffic and non-traffic misdemeanor cases, and exclusive original jurisdiction in small claims cases.

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

6. NOTES PAYABLE

The following is a summary of bond anticipation note transactions of the City for the year ended December 31, 1999:

Notes payable at January 1, 1999	\$ 2,225,000
New notes issued	4,025,000
Notes retired	<u>(2,225,000)</u>
Notes payable at December 31, 1999	<u>\$ 4,025,000</u>

The notes mature on July 22, 2000 and are recorded as a liability of the Capital Projects Funds. All notes are backed by the full faith and credit of the City. The interest rate on the notes outstanding at December 31, 1999 was 4.00 percent.

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

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 1999

7. LONG-TERM DEBT

(a) *City Obligated Debt and Other Liabilities*

The following is a summary of the long-term portion of accumulated, unpaid vacation and sick pay obligations of the City for the year ended December 31, 1999:

Accrued liability at January 1, 1999	\$ 1,958,654
Benefits earned during 1999, net	<u>452,890</u>
Accrued liability at December 31, 1999	<u>\$ 2,411,544</u>

During 1999, the City repaid, in advance, its \$44,874 past service liability payable to the Ohio Police and Fire Pension Fund. This liability was included in the General Long-Term Debt Account Group at January 1, 1999 because it was scheduled to be repaid in semiannual installments, including interest through May 2035.

The following is a summary of the bond transactions of the City for the year ended December 31, 1999:

	<u>General Obligation</u>	<u>Special Assessment</u>	<u>Total</u>
Bonds payable at January 1, 1999	\$23,555,672	7,896,328	31,452,000
Bonds retired	<u>(992,008)</u>	<u>(687,992)</u>	<u>(1,680,000)</u>
Bonds payable at December 31, 1999	<u>\$22,563,664</u>	<u>7,208,336</u>	<u>29,772,000</u>

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 1999

Bonds payable at December 31, 1999 are comprised of the following issues:

	<u>Amount of Original Issuance</u>	<u>Bonds Outstanding December 31, 1999</u>
General unvoted obligations:		
1985 Police Facilities Bonds due in annual installments of \$170,000 through 2005, plus interest at 9.125%	\$ 3,200,000	1,020,000
1985 Community Center Bonds due in annual installments of \$125,000 through 2006, plus interest at 9.125%	2,500,000	875,000
1991 Street Improvement Bonds due in annual installments ranging from \$8,995 to \$26,728 through 2011, plus interest at rates varying from 6.0% to 9.5%	302,489	226,663
1993 Various Purpose Improvement Bonds due in annual installments ranging from \$112,864 to \$308,205 through 2013, plus interest at rates varying from 5.0% to 5.65%	3,820,000	3,077,705
1996 Various Purpose Improvement Bonds due in annual installments ranging from \$127,123 to \$400,926 through 2016, plus interest at rates varying between 5.4% to 5.6%	4,860,000	4,449,296
1997 Various Purpose Acquisition and Improvement Bonds due in annual installments ranging from \$370,000 to \$1,125,000 through 2017, plus interest at rates varying between 4.80% to 5.25%	<u>13,680,000</u>	<u>12,915,000</u>
Total general obligation bonds	<u>28,362,489</u>	<u>22,563,664</u>
Special assessment obligations:		
1980 Pineneedle II Street Improvement Bonds due in annual installments of \$17,000 through 2000, plus interest at 10.25%	335,000	17,000
1981 Heisley-East Ave.-Pinecone Street Improvement Bonds due in annual installments of \$120,000 through 2001, plus interest at 10.75%	2,456,740	240,000
1985 Great Lakes-East Ave.-Heisley-Commerce Street Improvement Bonds due in annual installments of \$125,000 through 2001 and \$130,000 through 2006, plus interest at 9.625%	2,525,000	900,000
1987 Tyler Blvd.-White Oak Drive Improvement Bonds due in annual installments of \$85,000 to \$210,000 through 2007, plus interest at rates varying between 7.75% and 7.90%	2,240,000	1,300,000

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 1999

	Amount of Original Issuance	Bonds Outstanding December 31, 1999
1991 Street Improvement Bonds due in annual installments ranging from \$166,005 to \$493,272 through 2011, plus interest at rates varying from 6.0% to 9.5%	5,582,511	4,183,336
1993 Various Purpose Improvement Bonds due in annual installments ranging from \$17,136 to \$46,795 through 2013, plus interest at rates varying from 5.0% to 5.65%	580,000	467,295
1996 Various Purpose Improvement Bonds due in annual installments ranging from \$2,877 to \$9,074 through 2016, plus interest at rates varying from 5.4% to 5.6%	110,000	100,705
Total special assessment bonds	<u>13,829,251</u>	<u>7,208,336</u>
Total bonds	<u>\$42,191,740</u>	<u>29,772,000</u>

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

The annual requirements to amortize all bonded debt outstanding as of December 31, 1999 are as follows:

Year Ending December 31,	General Obligation Bonds		Special Assessment Bonds		Total
	Principal	Interest	Principal	Interest	
2000	\$ 1,031,900	1,265,185	650,100	537,251	3,484,436
2001	1,076,131	1,201,313	653,869	485,863	3,417,176
2002	1,120,620	1,135,205	569,380	433,311	3,258,516
2003	1,174,192	1,067,108	600,808	390,628	3,232,736
2004	1,218,680	996,746	631,320	344,245	3,190,991
2005-2009	5,967,068	3,922,690	2,922,932	992,503	13,805,193
2010-2014	7,007,777	2,194,330	1,162,222	139,756	10,504,085
2015 and thereafter	<u>3,967,296</u>	<u>407,249</u>	<u>17,705</u>	<u>-</u>	<u>4,392,250</u>
	<u>\$ 22,563,664</u>	<u>12,189,826</u>	<u>7,208,336</u>	<u>3,323,557</u>	<u>45,285,383</u>

Under the Ohio Revised Code, at December 31, 1999, the City legally could issue approximately \$43.9 million of additional, unvoted, general obligation debt.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 1999

(b) Conduit Debt

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

As of December 31, 1999, there were eleven series of industrial revenue bonds outstanding. The aggregate principal amount payable at December 31, 1999 for the two series issued since July 1, 1995, was \$8.3 million. The aggregate principal amount payable for the nine series issued prior to July 1, 1995, could not be determined; however, their original issue amounts totaled \$14.7 million.

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

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

	Balance January 1, 1999	Additions	Retirements	Transfers	Balance December 31, 1999
Land	\$ 13,283,150	45,758	-	-	13,328,908
Buildings	34,745,061	1,586,559	-	361,827	36,693,447
Improvements	5,762,105	160,332	-	-	5,922,437
Furniture, fixtures, and equipment	12,510,673	1,987,865	840,473	-	13,658,065
Construction in progress	361,827	-	-	(361,827)	-
Totals	\$ 66,662,816	3,780,514	840,473	-	69,602,857

Land Held for Resale - In an effort to collect certain delinquent special assessments, the City took ownership of certain parcels of land upon which assessments and taxes were delinquent. The land was recorded at its estimated fair value on the date of acquisition and will be sold to pay the assessments and taxes due on the property. Accordingly, the land is shown in the Debt Service Funds as "Land Held for Resale" in the accompanying Combined Balance Sheet - All Fund Types and Account Groups. Because certain other governmental units have a claim against the proceeds to be received from the sale of the property, liabilities have been recorded in the Debt Service Funds to reflect this fact. The net proceeds expected to be received by the City (difference between the fair value of the land and the claims of other governmental units) have been recorded as deferred revenue because the proceeds will not be available to pay the City's liabilities at December 31, 1999.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 1999

9. RETIREMENT PLANS

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

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees other than law enforcement personnel are required to contribute 8.5 percent of their covered payroll to PERS. The current employer contribution rate for local government employer units is 13.55 percent of covered payroll including 4.2 percent that is used to fund postretirement health care benefits. The City's total contributions to PERS for pension benefits (excluding the amount relating to postretirement benefits) for the years ended December 31, 1999, 1998 and 1997 were \$997,517, \$950,821 and \$803,593, respectively, which were equal to the required contributions for each year.

Ohio Police and Fire Pension Fund (OP&F) - OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

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

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 1999

Plan members are required to contribute 10.0 percent of their annual covered salary while employers are required to contribute 19.5 percent and 24.0 percent for police officers and firefighters, respectively. The City's contributions to OP&F (excluding the amount relating to postretirement benefits) for the years ended December 31, 1999, 1998 and 1997 were \$1,035,486, \$1,038,628 and \$974,641, respectively, which was equal to the required contributions for each year.

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

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

A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. The portion of the employer contribution rate used to fund health care for 2000 and 1999 was 4.2 percent of covered payroll in each year. During 1999 and 1998, \$448,160 and \$427,180, respectively, of the City's total contribution to PERS was used for postretirement benefits. At December 31, 1999, the City was not responsible for paying premiums, contributions, or claims for OPEB under PERS for any retirees, terminated employees, or other beneficiaries.

OPEBs are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

Total PERS expenditures for OPEB during 1999 were \$524 million. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9.8 billion. The number of PERS benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

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

Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by OP&F is used to pay retiree health care expenses. This percentage was 6.5% and 7.0% of covered payroll in 1998 and 1999, respectively. The percentage is 7.25% in 2000. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 1999

Total state-wide participants eligible to receive health care benefits as of December 31, 1998 (latest information available) were 11,424 police and 9,186 firefighters. The City's 1999 contributions for postretirement health care benefits were \$255,482 and \$238,926 for police and firefighters, respectively. OP&F's total health care costs for the year ended December 31, 1998 were \$78.6 million (net of member contributions of \$5.3 million). Expenditures for postretirement health care benefits cannot reasonably be estimated.

10. RISK MANAGEMENT

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

The City is self-insured for the following risks:

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

The City's financial activity relating to its self-insured risks is accounted for in the General Fund. The changes in the liabilities for self-insured risks for the years ended December 31, 1998 and 1999 are as follows:

	Health Benefits	Vehicle Collision Claims	Workers' Compensation Benefits
Balance January 1, 1998	\$ 25,000	-	27,173
Incurred claims, net of changes in estimates	141,770	621	-
Payments	<u>(138,742)</u>	<u>(621)</u>	<u>(871)</u>
Balance December 31, 1998	28,028	-	26,302
Incurred claims, net of changes in estimates	145,888	87,567	-
Payments	<u>(150,000)</u>	<u>(902)</u>	<u>(5,613)</u>
Balance December 31, 1999	<u>\$ 23,916</u>	<u>86,665</u>	<u>20,689</u>

CITY OF MENTOR, OHIO

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS (Continued) YEAR ENDED DECEMBER 31, 1999

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

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

11. CONTINGENT LIABILITIES

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

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

12. FUND DEFICITS

At December 31, 1999, the Tyler Boulevard Extension Capital Projects Fund had a deficit fund balance of \$3,615,666, which will be eliminated through the issuance of long-term financing in the future. The CDBG 98-99 Special Revenue Fund also had a deficit fund balance of \$4,661. This deficit will be eliminated through the receipt of grant proceeds during 2000. No other funds had deficit balances at December 31, 1999.

13. NEW ACCOUNTING STANDARDS

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

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

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

We have audited the financial statements of the City of Mentor, Ohio (the "City") as of and for the year ended December 31, 1999, and have issued our report thereon dated May 25, 2000, which included an explanatory paragraph that discussed the City's reclassification of its Law Enforcement Trust Fund from the Expendable Trust fund type to the Special Revenue fund type and the change in the basis of its presentation of budget and actual expenditures included in the Combined Statement of Revenues and Expenditures - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operations of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in Appendix A.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described in Appendix A is a material weakness.

We also noted other matters involving the internal control over financial reporting that we have reported to the management of the City in a separate letter dated May 25, 2000.

This report is intended solely for the information of the management of the City and the Auditor of the State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

Deloitte & Touche LLP

May 25, 2000

**COMMENTS REGARDING THE CITY'S INTERNAL CONTROL
AND COMPLIANCE WITH LAWS AND REGULATIONS**

**Finding
No.**

1. CONCENTRATION OF DUTIES - CASH RECEIPTS

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

Criteria - At the City's cemetery, marina, and pool facilities, the individuals who collect the cash also are responsible for controlling access to the facilities and/or determining the amounts owed by the third parties. Controls are not sufficient in these areas to ensure that proper receipts are issued in all instances in which cash is remitted.

Effect - The concentration of duties described above could permit the individuals involved to divert cash received without timely detection.

Recommendation - Consideration should be given to the development and implementation of procedures that would improve the segregation of duties in the areas described above. We recognize that cost/benefit concerns must be addressed with respect to any changes in existing procedures. We also recognize that there are generally several potential options available for strengthening internal controls, and we would be pleased to discuss with you the possibilities for improving the internal controls in the areas listed above.

2. MUNICIPAL COURT - CASH RECEIPTS AND DISBURSEMENTS

Condition - A concentration of duties appears to exist regarding the cash receipts and disbursements processed by the Municipal Court.

Criteria - The individuals who handle the Municipal Court's cash receipts also are involved in maintaining the cash receipts and unpaid fines records. In addition, an individual who is independent of the disbursement process does not adequately review cash disbursements of the Municipal Court for propriety.

Effect - The concentration of duties described above could enable certain individuals involved in the processing of the Court's cash receipts and disbursements to commit a defalcation without timely detection.

Recommendation - Consideration should be given to the development and implementation of procedures that would improve the segregation of duties over cash receipts and cash disbursements. We recognize that cost/benefit concerns must be addressed with respect to any changes in existing procedures. We also recognize that there are generally several potential options available for strengthening internal controls, and we would be pleased to discuss with you the possibilities for improving the internal controls in the areas listed above.

STATUS OF PRIOR YEAR COMMENTS ON INTERNAL CONTROL AND LEGAL COMPLIANCE

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

Status - The concentration of duties described above remains at the cemetery, marina, and pool facilities. A similar comment is included in the current year report (see Appendix A).

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

Status - The concentration of duties at the Municipal Court has not been resolved during the current year. A similar comment is included in the current year report (see Appendix A).



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

CITY OF MENTOR, OHIO

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.

By: Susan Babbitt

Date: JUL 25 2000