

**CITY OF LAKEWOOD  
CUYAHOGA COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2006**



**Mary Taylor, CPA**  
Auditor of State



CITY OF LAKEWOOD  
CUYAHOGA COUNTY

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CITY OF LAKEWOOD  
CUYAHOGA COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2006

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through the Western Reserve Area Agency on Aging:</i>						
Nutrition Program for the Elderly	N/A	10.570	\$0	\$25,201	\$0	\$25,201
Total U.S. Department of Agriculture			<u>0</u>	<u>25,201</u>	<u>0</u>	<u>25,201</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>						
<i>Direct Program:</i>						
Community Development Block Grant - 2005	N/A	14.218	461,369	0	1,656,840	0
Community Development Block Grant - 2006	N/A	14.218	2,332,329	0	1,233,764	0
Total Community Development Block Grant			<u>2,793,698</u>	<u>0</u>	<u>2,890,604</u>	<u>0</u>
<i>Direct Program:</i>						
Emergency Shelter Grant - 2005	N/A	14.231	59,175	0	59,676	0
Emergency Shelter Grant - 2006	N/A	14.231	44,276	0	43,775	0
Total Emergency Shelter Grant			<u>103,451</u>	<u>0</u>	<u>103,451</u>	<u>0</u>
<i>Passed Through Cuyahoga County Housing Consortium:</i>						
HOME Investment Partnerships Program Grant	CE-0400-354-01	14.239	29,500	0	453,634	0
Total U.S. Department of Housing and Urban Development			<u>2,926,649</u>	<u>0</u>	<u>3,447,689</u>	<u>0</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
<i>Passed through the Western Reserve Area Agency on Aging:</i>						
Title III, Part B - Grants for Supportive Services and Senior Centers	N/A	93.044	126,127	0	126,127	0
Title III, Part C - Nutrition Services	N/A	93.045	55,091	113,567	59,319	113,567
Medical Assistance Program	N/A	93.778	134,928	0	134,928	0
Total U.S. Department of Health and Human Services			<u>316,146</u>	<u>113,567</u>	<u>320,374</u>	<u>113,567</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<u><u>\$3,242,795</u></u>	<u><u>\$138,768</u></u>	<u><u>\$3,768,063</u></u>	<u><u>\$138,768</u></u>

*The accompanying notes are an integral part of this schedule.*

**CITY OF LAKEWOOD  
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2006**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - SUBRECIPIENTS**

The City passes-through certain Federal assistance received from the U.S. Department of Housing and Urban Development to other governments or not-for-profit agencies (subrecipients). As described in Note A to the basic financial statements, the City records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the City is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements, and that performance goals are achieved.

**NOTE C – MATCHING REQUIREMENTS**

Certain federal programs require that the City contribute non-federal funds (matching funds) to support federally funded programs. The City has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.

**NOTE D – U.S. Department of Housing and Urban Development and the HOME Program Grants**

The City has established a revolving loan program to provide low-interest loans to persons from low to moderate income households to rehabilitate their homes. The U.S. Department of Housing and Urban Development (HUD) grants money for these loans directly to the City. The initial loan of this money is recorded as a disbursement on the accompanying Schedule. Loans repaid, including interest, are used to make additional loans. Such subsequent loans are subject to certain compliance requirements imposed by HUD, but are not included as disbursements on this Schedule.

These loans are collateralized by mortgages on the property. At December 31, 2006, the gross amount of loans outstanding under this program was \$2,432,704.

**NOTE E – U.S. Department of Health and Human Services**

The U.S. Department of Health and Human Services grants are passed through the Western Reserve Area Agency on Aging.

**Note F – Food Distribution**

Non-monetary assistance, such as congregate meals received from the Western Reserve Area Office on Aging, are reported in the Schedule at the value of \$2.50 per meal served while home delivered meals are reported in the Schedule at the average value of \$2.54 per meal served. Of the value of a congregate meal served, the U.S. Department of Agriculture allocates \$1.00 per meal and the U.S. Department of Health and Human Services allocates \$1.50 per meal. The U.S. Department of Health and Human Services allocates the full \$2.54 per home delivered meal served.

For the year ended December 31, 2006, the City served 25,201 meals through the City's Office on Aging congregate meal program. Therefore, the U.S. Department of Agriculture allocation was \$25,201 and the U.S. Department of Health and Human Services allocation was \$37,802. The City served 29,750 home delivered meals through their home delivered meal program. As a result, the U.S. Department of Health and Human Services allocation was \$75,765.

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 Lakewood  
Cuyahoga County  
12650 Detroit Avenue  
Lakewood, Ohio 44107

To the City Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lakewood, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated July 6, 2007. 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

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.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2006-001 and 2006-003.

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 the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe none of the significant deficiencies described above are material weaknesses.

We also noted certain internal control matters that we reported to the City's management in a separate letter dated July 6, 2007.

### **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 instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items: 2006-001 and 2006-002.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated July 6, 2007.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the City's responses and, accordingly, we express no opinion on them.

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



**Mary Taylor, CPA**  
Auditor of State

July 6, 2007



# Mary Taylor, CPA

## Auditor of State

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

City of Lakewood  
Cuyahoga County  
12650 Detroit Avenue  
Lakewood, Ohio 44107

To the City Council:

#### Compliance

We have audited the compliance of the City of Lakewood, Cuyahoga 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 each of its major federal programs for the year ended December 31, 2006. The summary of auditor's results section of the accompanying schedule of findings identifies the City's major federal programs. The City's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the 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 of Lakewood, Cuyahoga County, Ohio, complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended December 31, 2006. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that OMB Circular A-133 requires us to report, which is described in the accompanying schedule of findings as item 2006-004.

#### 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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 entity's ability to administer a federal program such that there is more than a remote likelihood that the entity's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as finding 2006-004 to be a significant deficiency.

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. We did not consider the deficiency described in the accompanying schedule of findings to be a material weakness.

#### **Federal Awards Receipts and Expenditures Schedule**

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Lakewood, Cuyahoga County, Ohio, as of and for the year ended December 31, 2006, and have issued our report thereon dated July 6, 2007. Our audit was performed to form opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying federal awards receipts and expenditures schedule 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.

The City's response to the finding we identified is described in the accompanying schedule of findings. We did not audit the City's response and, accordingly, we express no opinion on it.

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



**Mary Taylor, CPA**  
Auditor of State

July 6, 2007

**CITY OF LAKEWOOD  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2006**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	Yes
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Community Development Block Grant – CFDA #14.218; and HOME Program – CFDA #14.239
<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

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2006-001**

**Proper Encumbering – Noncompliance and Significant Deficiency**

Ohio Rev. Code § 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

CITY OF LAKEWOOD  
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2006  
(Continued)

FINDING NUMBER 2006-001  
(Continued)

**Proper Encumbering – Noncompliance and Significant Deficiency (Continued)**

**1. “Then and Now” certificate** – If the fiscal officer can certify that both at the time the contract or order was made (“then”), and at the time the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the City can authorize the drawing of a warrant for the payment of the amount due. The City has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the City.

**2. Blanket Certificate** – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

**3. Super Blanket Certificate** – The City may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expenses. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Ten (10) of the sixty-seven (67) non-payroll expenditures (15%) and eighteen (18) of the forty (40) accounts payable expenditures (45%) tested were not certified by the fiscal officer at the time the commitment was incurred and there was no evidence the City followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the City’s funds exceeding budgetary spending limitations, we recommend the Finance Director certify the funds are or will be available prior to obligation by the City. When prior certification is not possible, “then and now” certification should be used.

We recommend the City certify purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The fiscal officer should sign the certification at the time the City incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. The fiscal officer should deny payment requests when prior certification or “then and now” certification are not obtained.

**Officials’ Response**

The City of Lakewood Finance Department acknowledges and appreciates this finding and recommendation from the Auditor of State’s Office. The Department’s leadership has changed during fiscal year 2006, and is currently undergoing a thorough review of policies, procedures and practices to prevent future occurrences.

**CITY OF LAKEWOOD  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2006  
(Continued)**

**FINDING NUMBER 2006-002**

**Timely Depositing – Noncompliance Finding**

Ohio Rev. Code § 9.38 provides, in part, that any public official and/or employee who receives public monies shall deposit said monies with the treasurer of the public office or with a properly designated depository on the next business day following the day of receipt, if the total amount received exceeds one thousand dollars. If the total amount of public money received does not exceed one thousand dollars, the person shall deposit the moneys on the next business day following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy must include provisions and procedures to safeguard the monies until the time of deposit.

During our testing of income tax receipts, we noted seventeen (17) of the sixty (60) receipts (28%) tested were not deposited in accordance with the requirements mentioned above.

Failure to deposit public money in a timely manner increases the City's exposure to theft, loss, or potential loss of interest income.

We recommend the City adopt a policy requiring all monies collected be deposited with the Finance Director or properly designated depository on the next business day following the day of receipt, if the total amount of such monies received exceeds \$1,000. If the amount does not exceed \$1,000, the City's policy should either require the moneys be deposited on the next business day following the receipt or permit a different time period, not to exceed three days following the day of receipt, in accordance with the Revised Code section noted above. Additionally, the policy must include procedures to safeguard the monies until the time of deposit.

**Officials' Response**

The City of Lakewood Division of Income Tax acknowledges and appreciates this finding and recommendation from the Auditor of State's Office. The Division has since instituted a real time remote deposit system with our financial institution allowing the Income Tax Division to deposit for longer periods daily and on weekends if necessary. The Income Tax Division evaluates this situation and changes their policy regularly as their technology advances and their procedures become more streamlined.

**FINDING NUMBER 2006-003**

**Workers Compensation – Significant Deficiency**

During fiscal year 2006, the City became self-insured for workers compensation and contracted with KKSG and Associates (KKSG) for the processing of billings and quarterly trend analysis. However, KKSG does not provide assurances to the City that it is properly processing the billings for the City.

In order to reasonably ensure the completeness and accuracy of workers compensation billings and the associated claims processed by KKSG, a Statement of Auditing Standards No. 70 (SAS 70) Tier II report which prescribes testing and reporting standards for audits of billing processing controls in place at the service organization should be provided. Therefore, the City should obtain a "Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness" from KKSG. Such a report, if unqualified, would provide evidence to the City's management that workers compensation billings are being processed in conformance with the contract between KKSG and the City. Failure to obtain such a report puts the burden on management to provide evidence that billings are accurate and complete under the contract.

**CITY OF LAKEWOOD  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
DECEMBER 31, 2006  
(Continued)**

**FINDING NUMBER 2006-003  
(Continued)**

**Workers Compensation – Significant Deficiency**

**Officials’ Response**

The City of Lakewood Finance Department acknowledges and appreciates this finding and recommendation from the Auditor of State's Office. The Department will discuss this finding with the vendor, and will work to amend the current contract to require a SAS-70 Tier II report.

**3. FINDINGS FOR FEDERAL AWARDS**

**CDBG Subrecipient Monitoring**

<b>Finding Number</b>	2006-004
<b>CFDA Title and Number</b>	Community Development Block Grants - #14.218
<b>Federal Award Number / Year</b>	2006
<b>Federal Agency</b>	U.S. Department of Housing and Urban Development
<b>Pass-Through Agency</b>	Direct Program

**Noncompliance and Significant Deficiency**

Per review of the funding agreements between the City and the subrecipient, the following is stated: “The City shall conduct an annual on-site review with each subrecipient for conforming with the funding agreement. The City shall issue a written monitoring report clearly documenting the areas monitored and conclusions reached... The on-site review shall include testing of financial transactions, a review of source documentation, a review of compliance with OMB Circulars A-110, A-122, A-133 and other applicable federal regulations, general accounting, budgeting, and financial management.” Per review of the funding agreements, the subrecipients are required to comply with the audit requirements set forth in OMB Circulars A-110 and A-133.

During fiscal year 2006, we noted the City had eight CDBG subrecipients. There was no evidence that an annual on-site review was conducted during fiscal year 2006 or that an independent audit report was obtained and reviewed for CDBG deficiencies for four (4) of the eight (8) subrecipients.

We recommend the Division of Community Development perform the required annual on-site reviews of the CDBG subrecipients and issue a written monitoring report which documents the areas monitored and conclusions reached. Also, we recommend the Division of Community Development ensure all subrecipients submit a copy of their independent audit report and management letter for review purposes.

**Officials’ Response**

The onsite inspection of non-City recipients represents a small monetary amount of the City's overall grant. The grants administrator staff position has been filled by a full-time staff person and inspections will occur in 2007.

**CITY OF LAKEWOOD  
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
DECEMBER 31, 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2005-001	Ohio Revised Code Section 5705.41(B) prohibits a subdivision or taxing unit from making an expenditure or encumbrance unless it has been properly appropriated. The City had two funds at year end in violation of this requirement.	No	Reissued as part of the Management Letter.





# City of Lakewood, Ohio

## Comprehensive Annual Financial Report

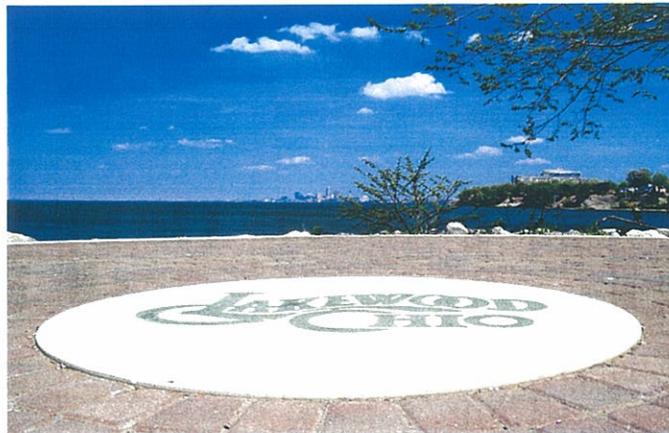
For the Year Ended  
December 31, 2006



*Clarence Avenue in Spring*



*Rockport Square Development*

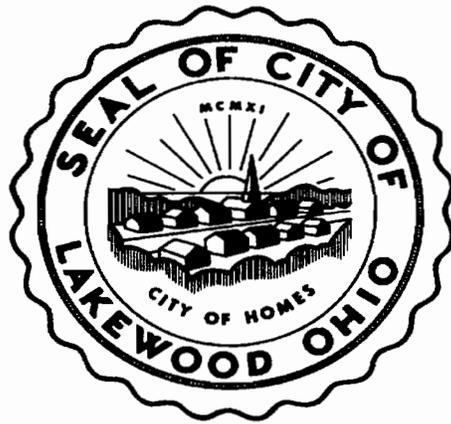


*View from the Lakewood Park Promenade*

Visit Our Website at:  
[www.ci.lakewood.oh.us](http://www.ci.lakewood.oh.us)



# City of Lakewood, Ohio



## Comprehensive Annual Financial Report

For the Year Ended December 31, 2006

Issued by:

City of Lakewood  
Department of Finance

**City of Lakewood, Ohio**  
**Comprehensive Annual Financial Report**  
**For the Year Ended December 31, 2006**

**City of Lakewood, Ohio**  
*Comprehensive Annual Financial Report*  
*For the Year Ended December 31, 2006*  
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12650 DETROIT AVENUE • 44107 • 216/529-6092 • FAX 216/529-6806

Jennifer R. Pae  
Director of Finance

July 6, 2007

Dear Members of Council,  
and the Citizens of the City of Lakewood:

We are pleased to submit the Comprehensive Annual Finance Report (CAFR) of the City of Lakewood for the year ended December 31, 2006.

This report enables the City to comply with Ohio Administrative Code Section 117-2-03(B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38 which requires the cities reporting on a GAAP basis to file an annual report with the Auditor of State within 150 days of fiscal year end.

The City, and more specifically the Department of Finance, assumes responsibility for the accuracy, completeness, and reliability of presentation based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The State of Ohio Office of the Auditor has issued an unqualified ("clean") opinion on the City of Lakewood's financial statements for the year ended December 31, 2006. The independent auditor's report is located at the front of the financial section of this report.

The Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report, and provides a narrative introduction, overview, and analysis of the Basic Financial Statements. The MD&A complements this letter of transmittal, which should be read in conjunction with it.

### **City of Lakewood's Profile**

The City of Lakewood, located in northeast Ohio on the shores of Lake Erie and five miles west of downtown Cleveland, is primarily a residential community covering 5.66 square miles. The City's population according to the 2000 Federal Census was 56,646. Lakewood enjoys close proximity to major cultural, educational and medical facilities in Northeast Ohio, as well as ease of access to many Interstate highways and Cleveland Hopkins International Airport, which makes it a desirable locality for residents and commercial enterprise.

The City was incorporated in 1911. Lakewood operates and is governed by the laws of the State of Ohio, and its own charter that provides for a mayor-council form of government. Lakewood's chief executive and administrative officer is the Mayor, who is elected to a four-year term and serves in a full-time capacity. Legislative authority is vested in a seven member council, which consists of three at-large and four ward representatives. Council members are elected to four-year terms. All members of Council serve in a part-time capacity. The Lakewood Municipal Court provides judicial services for the City of Lakewood.

Established by charter, the municipal government consists of six departments. A director, who is appointed by and reports directly to the Mayor, heads each department. All directors work closely with the Mayor to provide quality services to the citizens of Lakewood.

The **Department of Public Works** is responsible for the administrative control and supervision of eight divisions -- Parks and Public Property, Streets and Forestry, Fleet Management, Water and Wastewater Collection, Wastewater Treatment, Refuse and Recycling, Winterhurst Ice Rink, and Engineering.

The **Department of Public Safety** consists of the Division of Police, the Division of Fire and the Division of Housing and Building. The Mayor serves as the ex-officio Director of Public Safety and appoints the chiefs of the Divisions of Police and Fire, and the Division of Housing and Building project administrator. The chiefs have exclusive control of assignment of duties and stationing of all other officers and employees of their respective divisions.

The **Law Department**, under the direction of the City's Law Director, functions as the attorney for the City of Lakewood and its officials by providing legal advice to the Mayor, City Council and all departments. The Law Department represents the City in all court proceedings and before any administrative body. The Law Department prepares legislation, contracts, and all legal documents to ensure all business of the City is conducted in a proper and legal manner.

The **Finance Department** performs the following administrative functions: financial reporting, general accounting, including accounts receivable and accounts payable, payroll, purchasing, cash management, risk management, income tax collection, and computer information services.

The **Department of Planning and Development** coordinates long-range planning, zoning, and economic development for the City as well as administers the federal Community Development Block Grant Funds awarded to the City of Lakewood by the U.S. Department of Housing and Urban Development. The department works directly with the Lakewood Planning Commission, the Board of Zoning Appeals, the Board of Building Standards/Architectural Board of Review and Sign Review Board, the Lakewood Heritage Advisory Board, and the Citizens Advisory Committee.

The **Department of Human Services** provides a continuum of responsive programs and services that enhance and promote the health and well being of individuals, families, and the community. The department is comprised of the following divisions: Aging, Health, Youth, Early Childhood, as well as Animal Control and Shelter.

### **Local Economy**

The City of Lakewood is witnessing its greatest construction and re-development boom in the past four decades. It is estimated that over \$231.4 million in public and private dollars have been invested in the City since 2005. A significant number of key businesses and institutions have either begun to undergo, or have planned to undergo, major reinvestment projects. The estimated job costs for all building permits issued in 2006 was valued at \$73.4 million, which totaled 2,781 permits and fees resulting in almost \$900,000 in revenue.

In mature first ring suburbs like Lakewood, it is essential that City government plays a major role in development activities and forges important public-private partnerships to encourage and facilitate continued private investment in the community. The City's business philosophy is based upon the concept of "partnership and leveraging" that is: the City should do its best to partner with the business community and all levels of government to leverage the public resources available with the private investment in our community. The City's goal is to maintain a comprehensive and formal program to attract, retain, and expand successful businesses in Lakewood. This can be seen through the following projects:

### Industrial

- Bazetta Group LLC (13001 Athens Avenue)
  - Bazetta Group, LLC will purchase the machinery and equipment within Plant 3 while operating a steel processing business under the name of RadCon Wire Processing
  - ✓ **Total Investment \$1.2 Million**

### Commercial

- Sherwin Williams (14711 Madison)
  - The Sherwin Williams Corporation will construct a new freestanding store on the southeast corner of Warren and Madison.
  - ✓ **Total Investment: \$1.4 Million**
  
- Walgreens (Southwest Corner of Warren and Madison)
  - Located on the southwest corner of Warren and Madison Avenue, Graystone Group will construct a new Walgreen's.
  - ✓ **Total Investment: \$3.2 Million**
  
- Aldi's and Fifth Third Bank (1600 West 117th Street)
  - Recently, Aldi's and Fifth Third Bank began the construction of new building to house their businesses on the Former DeLorean Car Dealership.
  - ✓ **Total Investment: \$5.2 Million**

### Office

- Rockport Square Medical Office Building (Southeast corner Detroit & Newman)
  - Rysar Properties is constructing a new medical office building for Lakewood Hospital. The building will be approximately 5,300 square feet to house primary medical offices for physicians for the hospital.
  - ✓ **Total Investment: \$1.5 million**
  
- SBC (14223 Detroit)
  - SBC renovated several floors of its building located at 14223 Detroit.
  - ✓ **Total Investment: \$350,000**

### Housing

- Rockport Square (1422 Hopkins Avenue)
  - Under the auspices of Rockport Square LLC, Forest City on the former Kopeke and Fairchild Auto Dealership sites finished the construction of seventeen new housing units as part of 1A. The company plans to begin construction on fifteen new townhouses, Phase II, in March and an 80,000 loft building, Phase IB, in May.
  - ✓ **Total Investment: \$40 million**
  
- Rosewood Place (15725 Detroit Avenue)
  - Construction is nearing completion of a building consisting of eleven residential units and seven thousand square feet of retail space. The developer has enlarged the project to include the building located immediately to the east of it and has improved the interior residential and office units while dramatically improving the storefront.
  - ✓ **Total Investment: \$3.5 million**

- The Cliffs (Western portion of Sloane Avenue)
  - The Cliffs is the first new waterfront development in over 40 years in Lakewood. The local development team of The Foran Group LLC, and M. Montlack Development, plan to construct a 46-unit multi-level luxury condominium and boat marina development on a unique 1.6 acre site at the former site of the Krumreig Marina.
  - ✓ **Total Investment: \$19 million**
- Welcome House (1365 Bunts)
  - A multi-unit apartment building is being converted into a home for developmentally disadvantaged adults. The City of Lakewood provided \$70,000 to make two units fully ADA compliant, including ADA Doors and an ADA ramp. The estimated costs included the acquisition and conversion.
  - ✓ **Total Investment \$1.4 Million**
- Westerly (14306 Detroit)
  - The Westerly renovated several apartments to modernize them for senior living.
  - ✓ **Total Investment \$250,000**

#### Private Organizations

- Lakewood Presbyterian Church (Northeast Corner of Marlowe and Detroit)
  - Residing as a congregation in Lakewood for 100 years, Lakewood Presbyterian Church recently embarked on a \$3 million expansion. The project will include replacing a fifteen thousand square foot education and office complex with a new building and renovating much of the remaining building.
  - ✓ **Total Investment: \$3 million**

#### Major Initiatives

- **Community Meetings Held on the Mission of the City.** What are the priorities of Lakewood citizens for their city government? During the summer of 2006, the City of Lakewood began a review of the City's vision in light of current budget constraints. A series of meetings were held with Lakewood City Council members, City officials and a number of community stakeholders to ascertain their perceptions of what challenges and opportunities confronted the City of Lakewood.

A series of community forums were held to learn more from Lakewood citizens regarding their priorities for the City's government. Consultants from the College of Urban Affairs at Cleveland State University held focus groups with citizens to learn more about their priorities in order to provide City Council with more information. Citizens were asked what they value most about their city, their city government and what they see as the priorities and challenges of the city government in light of current budget constraints.

- **Lakewood Joins the National League of Cities *Partnership for Working Toward Inclusive Communities*.** On Monday, July 3, 2006, at the regularly scheduled Council Meeting, Mayor George proposed a resolution, which City Council passed, requesting Lakewood's participation in the National League of Cities *Partnership for Working Toward Inclusive Communities*.

This partnership unites city leaders who are working to support such issues as racial justice and inclusionary zoning as well as those who celebrate the diversity of race, religions and cultures in order to build communities that are accepting and representative of the difference among its

citizens. Increased involvement by a wider representation of citizens in governmental activities will also be a hallmark of these inclusive communities.

The National League of Cities (NLC) is the nation's oldest and largest organization devoted to strengthening and promoting cities as centers of opportunity, leadership and governance. NLC is a resource and advocate for 18,000 U.S. cities, towns and villages, which collectively serve 225 million people.

- **City of Lakewood Forms Housing Advisory Panel.** In a continuing effort to act upon the findings of the 2005 Grow Lakewood Report, the City of Lakewood formed the Lakewood Housing Advisory Panel. The Lakewood Housing Advisory Panel is charged with identifying, assessing, and prioritizing issues to advance a governing agenda regarding housing for the community. Twenty-two citizen leaders with a diverse portfolio of professional and community experiences will generate an action plan to address the ongoing viability of Lakewood's housing stock.

The Grow Lakewood Report, which was submitted to the Mayor and City Council in July 2005, rated housing as a top priority and indicated that the community's housing stock is the economic lynchpin for Lakewood's future. The report stated that the economics of living in Lakewood are favorable as long as housing values increase at a rate greater than housing costs. The report indicated that the City must identify creative solutions to ensure a strong residential housing market. Additionally, LakewoodAlive, a citizens' economic development advocacy group, recently surveyed residents finding that the maintenance of housing stock was an urgent priority.

One of the major products of the panel will be recommendations on how city government and citizenry should organize itself to maintain focus on the key issues it identifies. The group will make suggestions regarding housing standards, residency incentives for public employees, owner occupancy of double houses, filling gaps and redesign of existing housing to address lifestyle shifts, and facilitate private investment in shoreline maintenance.

- **CitiStat Process Continues.** The CitiStat process, which began in the City of Lakewood in August of 2005, is an ongoing procedure to create a performance management culture within Lakewood city government with an emphasis on providing quality city services in an efficient and cost effective manner. The City has identified four initial departments to begin the process, and intends to implement the program citywide by 2008. The four departments are the Department of Human Services-Division of Aging, Division of Housing and Building, Division of Fleet Management and the Division of Wastewater Treatment. The Lakewood CitiStat Team meets on a weekly basis and is responsible for helping to identify what performance measures will be evaluated and work with the City departments to effectively collect and monitor those measures.
- **National League of Cities Recognized Lakewood's Youth Planning Efforts.** The National League of Cities (NLC) has commended the City of Lakewood for its impressive work on behalf of children, youth and families. Lakewood is one of six cities across the nation that is part of the MetLife City-Schools Youth Planning Initiative sponsored by the NLC. City-schools youth planning is a cutting-edge collaborative process in which a broad range of stakeholders come together to establish long-term, community-wide plans and priorities for youth. The City is in the process of creating a comprehensive youth master plan that will support strategic and cost-effective responses to the needs of Lakewood's young people.

The City of Lakewood is also participating in the NLC's Cities Supporting Parents of Young Children Initiative. The Cities Supporting Parents of Young Children Initiative, sponsored by the Institute for Youth, Education and Families, is designed to assist mayors, city council members,

and other municipal officials in creating local systems of support for parents of young children in their communities.

- **City of Lakewood Receives Trash Oscar to Recognize Excellence in Recycling.** The City of Lakewood was honored at the Cuyahoga County Solid Waste District's Trash Oscars Award Luncheon on November 29, 2006. The Trash Oscars is an awards program designed to recognize individuals and communities for their commitment to recycling in a clever and fun way.

The City won the "Lead Community in Box Office Receipts" Oscar. This award was given to the City for taking an entrepreneurial approach to recycling and earning the most money of any city in Cuyahoga County for their paper recycling efforts. In 2005, Lakewood earned over \$85,000 for recycling 2,208 tons of fiber.

Lakewood was one of the founding members of the District's Paper Marketing Cooperative in 1999. Since then, more than 15,000 tons of paper has been recycled earning the City \$337,934.

### **Long-Term Financial Planning**

The City also utilizes long-term planning for the future of capital projects. A five year capital plan is updated annually, which lists all capital projects by year, as well as the expected funding sources. The funding sources are reconciled to estimated balances and revenues to ensure that the proper resources will be available for the project when the contract is signed.

### **Awards and Acknowledgements**

**Awards:** The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Lakewood for its Comprehensive Annual Financial Report (CAFR) for the year ended December 31, 2005. This was the 24<sup>th</sup> consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized CAFR. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of only one year. The Finance Department believes the current CAFR continues to meet the Certificate of Achievement Program's requirements, and is submitting it to the GFOA for determination of eligibility for another certificate.

The Government Finance Officers Association (GFOA) awarded a Distinguished Budget Presentation Award to the City of Lakewood for its 2005 Annual Budget. The GFOA's Distinguished Budget Presentation Award Program is the only national awards program in governmental budgeting. This was the second year the City has received this prestigious award. The award represents a significant achievement by the entity reflecting the commitment of the governing body and staff to meeting the highest principles of governmental budgeting. In order to receive the budget award, the City had to satisfy nationally recognized guidelines for effective budget presentation. These guidelines are designed to assess how well an entity's budget serves as a policy document, a financial plan, an operations guide, and a communications device. Also, the City was presented with its 29<sup>th</sup> consecutive Tree City USA award in 2006. Lakewood has received this award more than any other city in Northeastern Ohio.

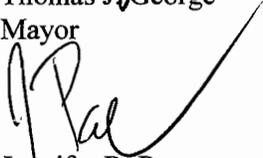
**Acknowledgements:** This Comprehensive Annual Financial Report was prepared by the Finance Department with the dedicated services of its entire staff, as well as with support of numerous departments throughout the City. In addition, we would like to thank the Members of City Council for their continuing support toward the preparation of this report.

On behalf of the City of Lakewood, we want to personally thank our State Auditor, Mary Taylor, and her Local Government Services staff for their involvement and support in putting together the GASB 34 statements. We would also like to thank the State Auditor's Financial Audit staff for their efforts and professional conduct throughout the audit engagement.

Respectfully submitted,



Thomas J. George  
Mayor



Jennifer R. Pae  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Lakewood  
Ohio

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2005

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



President

Executive Director

CITY OF LAKEWOOD, OHIO  
2006 Elected Officials

Mayor .....Thomas J. George  
Municipal Court Judge ..... Patrick Carroll  
City Council At Large ..... Nickie Antonio  
City Council At Large .....Michael Dever  
City Council At Large .....Edward FitzGerald

City Council by Wards:

Ward 1 .....Kevin M. Butler  
Ward 2 ..... Ryan P. Demro  
Ward 3 ..... Robert M. Seelie, Council President  
Ward 4 ..... Mary Louise Madigan

CITY OF LAKEWOOD, OHIO  
2006 Appointed Officials

**Office of Council**

Clerk of Council .....Mary Hagan

**Municipal Court**

Clerk of Courts ..... Thomas Wagner  
Magistrates ..... Thomas O'Malley and Terease Neff

**Department of Law**

Director of Law ..... Brian T. Corrigan

**Department of Finance**

Director of Finance..... Jennifer R. Pae

**Department of Public Works**

Director of Public Works .....Anthony Beno

**Department of Public Safety**

Chief of Fire ..... Lawrence Mroz  
Chief of Police ..... Timothy Malley

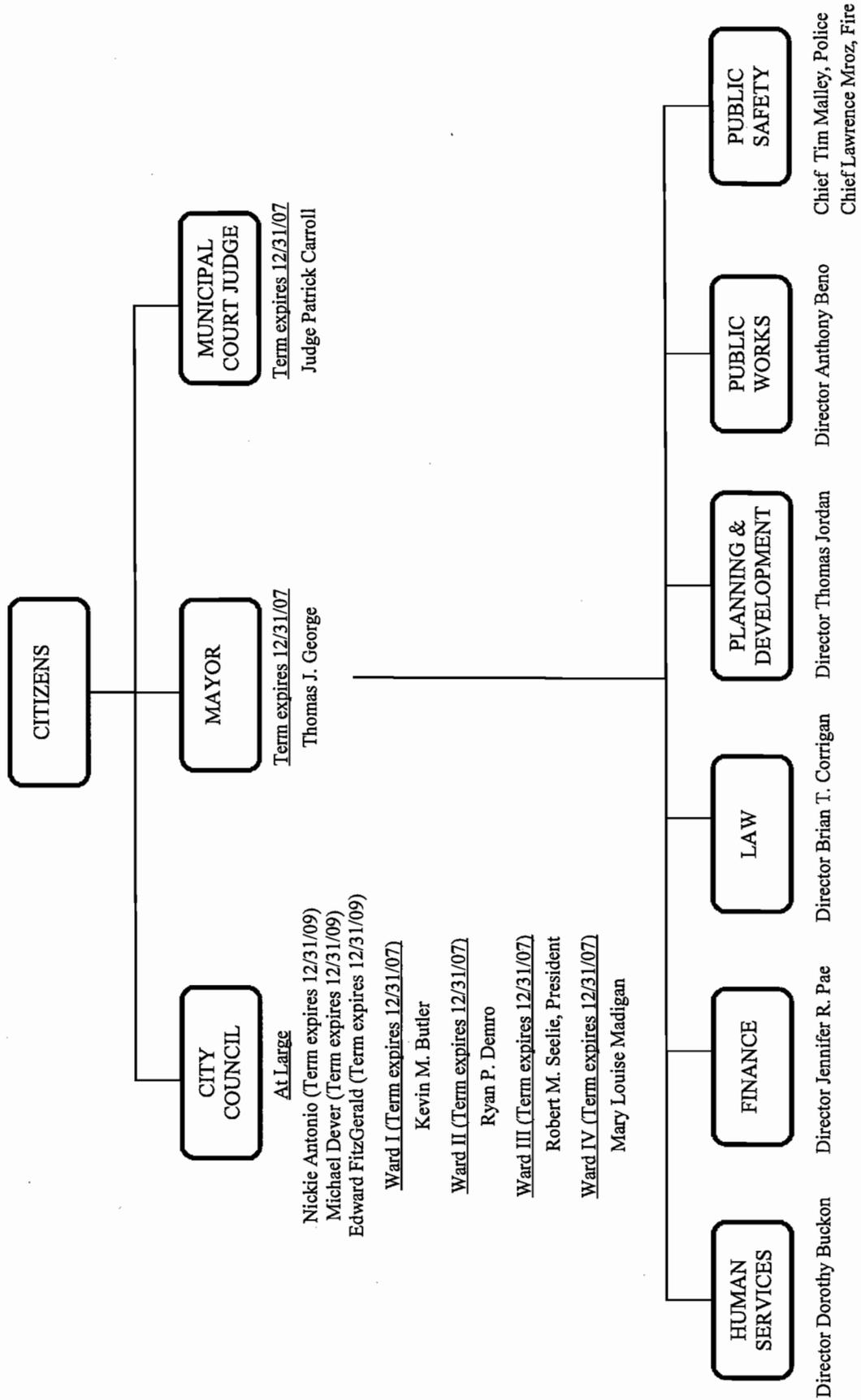
**Department of Human Services**

Director of Human Services .....Dorothy Buckon

**Department of Planning and Community Development**

Director of Planning and Development..... Thomas J. Jordan

CITY OF LAKEWOOD, OHIO  
 Organizational Chart  
 as of December 31, 2006







# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

City of Lakewood  
Cuyahoga County  
12650 Detroit Avenue  
Lakewood, Ohio 44107

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lakewood, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2006, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lakewood, Cuyahoga County, Ohio, as of December 31, 2006, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General, Street and Highway, Police and Fire Pension, Community Development Block Grant, Office on Aging and Lakewood Hospital funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 3B, the City restated their Workers' Compensation Internal Service Fund January 1, 2006 net assets.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 6, 2007, 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.



Mary Taylor, CPA  
Auditor of State

July 6, 2007

**City of Lakewood, Ohio**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2006*  
*Unaudited*

The discussion and analysis of the City of Lakewood's (the City) financial performance provides an overall review of the City's financial activities for the year ended December 31, 2006. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the transmittal letter and the basic financial statements to enhance their understanding of the City's financial performance.

**Financial Highlights**

Key financial highlights for 2006 are as follows:

- The assets of the City exceeded its liabilities at the close of the most recent year by \$75,022,892 (net assets). Of this amount, \$11,428,936 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total Net Assets decreased \$1,010,634, or approximately one percent from 2005.
- Total Assets of the City increased \$12,681,442, which represents a seven percent increase from 2005.
- Total Capital Assets increased \$7,045,396, or six percent over 2005.
- Total outstanding Long-Term liabilities were \$97,325,933. This was a \$14,514,489, increase from the balance at the end of 2005.
- At the close of the current year, the City's governmental funds reported combined ending fund balances of \$14,202,536, a decrease of \$607,486 in comparison to the prior 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 three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**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 private-sector businesses. The statement of net assets and statement of activities provides information about the activities of the whole city, presenting both an aggregate view of the City's finances and a longer-term view of those assets. Major fund financial statements provide the next level of detail.

For governmental funds, these statements tell how services were financed in the short-term as well as what dollars remain for future spending. The fund financial statements also look at the City's most significant funds with all other non-major funds represented in total, in one column.

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 serve as a useful indicators, of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the 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 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 governmental activities of the City include general government, security of persons and property, public health services, transportation, community environment, basic utility services, and leisure time activities. The City's business-type activities include Water, Sewer, Parking Facilities, and Winterhurst Ice Rink. The City also has hospitalization, workers' compensation, and general liability insurance internal service funds.

The government-wide financial statements can be found starting on page 17 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 City funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on 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 is 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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Lakewood maintains thirty-two individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures - and changes in fund balances - for the General Fund, Street and Highway Fund, Police and Fire Pension Fund, Community Development Block Grant Fund, Office on Aging Fund, Lakewood Hospital Fund, Debt Service Fund, Permanent Capital Improvement Fund, and TIF Capital Improvement Fund; all of which are considered to be major funds. Data from the other twenty-three non-major governmental funds are combined into a single fund, 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 City adopts an annual appropriated budget for each of its governmental funds. A budgetary comparison statement (non-GAAP basis) has been provided for each major and non-major fund to demonstrate budgetary compliance.

**Proprietary Funds.** The City maintains seven proprietary funds. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses Enterprise Funds to account for its Water, Sewer (which includes the Wastewater Treatment Plant), Parking Facilities and Winterhurst Ice Rink. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its hospitalization, workers' compensation, and general liability insurance. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer funds, both of which are considered to be major funds of the City. Data from the other two non-major proprietary funds are combined into a single fund, aggregated presentation. Individual fund data for each of these non-major proprietary funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 33-36 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 statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 37 of this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential for 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 38-76 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain other information that the City believes readers will find useful. After the notes to the financial statements, the combining statements referred to earlier in connection with non-major governmental and proprietary funds are presented, as well as individual detailed budgetary comparisons for non-major funds. This information can be found on pages 77-151 of the report.

### **Government-Wide Financial Analysis**

While this document contains information about the funds used by the City to provide services to our citizens, the view of the City as a whole looks at all financial transactions and asks the question "How did we do financially during 2006?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by the private sector. The basis of this accounting takes into account all of the current year's revenues and expenses regardless of when the cash is received or paid.

These two statements report the City's net assets and the changes in those assets. The change in assets is important because it tells the reader whether, for the City as a whole, the financial position of the City has improved or diminished. However, in evaluating the overall position of the City, non-financial information such as changes in the City's tax base and the condition of the City's capital assets will also need to be evaluated.

The Statement of Net Assets and the Statement of Activities are divided into the following categories:

- Assets
- Liabilities
- Net Assets (Assets minus Liabilities)
- Program Revenues and Expenses
- General Revenues
- Net Assets Beginning of Year and Year End

## The City of Lakewood as a Whole

Recall that the Statement of Net Assets looks at the City as a whole. The following provides a summary of the City's net assets for 2006 compared to 2005.

*Table 1 Net Assets*

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Assets</b>						
Current and Other Assets	\$39,599,132	\$42,178,612	\$28,988,549	\$20,773,023	\$68,587,681	\$62,951,635
Capital Assets, Net	58,294,580	55,856,228	66,577,150	61,970,106	124,871,730	117,826,334
<i>Total Assets</i>	<u>97,893,712</u>	<u>98,034,840</u>	<u>95,565,699</u>	<u>82,743,129</u>	<u>193,459,411</u>	<u>180,777,969</u>
<b>Liabilities</b>						
Current Liabilities	17,613,225	18,231,911	3,497,361	3,701,088	21,110,586	21,932,999
Long Term Liabilities						
Due within One Year	4,646,180	3,734,754	2,981,571	1,885,849	7,627,751	5,620,603
Due in More than one Year	43,149,894	42,139,669	46,548,288	35,051,172	89,698,182	77,190,841
<i>Total Liabilities</i>	<u>65,409,299</u>	<u>64,106,334</u>	<u>53,027,220</u>	<u>40,638,109</u>	<u>118,436,519</u>	<u>104,744,443</u>
<b>Net Assets</b>						
Invested in Capital Assets, Net of Related Debt	16,735,176	15,964,667	34,117,056	25,918,138	50,852,232	41,882,805
Restricted for:						
Capital Projects	5,935,384	4,895,203	186,270	561,240	6,121,654	5,456,443
Debt Service	587,889	1,128,628	923,400	0	1,511,289	1,128,628
Streets and Highways	1,251,218	905,268	0	0	1,251,218	905,268
Police and Fire Pensions	865,874	896,471	0	0	865,874	896,471
Lakewood Hospital	0	262,343	0	0	0	262,343
Grants	2,741,093	2,571,017	0	0	2,741,093	2,571,017
Other Purposes	250,596	752,916	0	0	250,596	752,916
Unrestricted	4,117,183	6,551,993	7,311,753	15,625,642	11,428,936	22,177,635
<i>Total Net Assets</i>	<u>\$32,484,413</u>	<u>\$33,928,506</u>	<u>\$42,538,479</u>	<u>\$42,105,020</u>	<u>\$75,022,892</u>	<u>\$76,033,526</u>

As noted earlier, net assets serve over time as a useful indicator of a government's financial position. Assets exceeded liabilities by \$75,022,892 at the close of the most recent fiscal year.

The largest portion of the City's net assets (68 percent) reflects investments in capital assets (e.g. land, buildings, infrastructure, machinery and equipment), less any related debt to acquire those assets that is still outstanding. The City uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Total assets increased by \$12,681,442 from 2005 to 2006, while the City's total liabilities also increased by \$13,692,076. This was caused by the additional investment in capital assets and issuing debt to finance those capital assets. Total net assets decreased \$1,010,634 with governmental net assets comprising (\$1,444,093) and business-type activities comprising \$433,459 of that amount.

In order to further understand what makes up the changes in net assets for the current year, the following table gives readers further details regarding the results of activities for 2006 compared to 2005.

*Table 2 Changes in Net Assets*

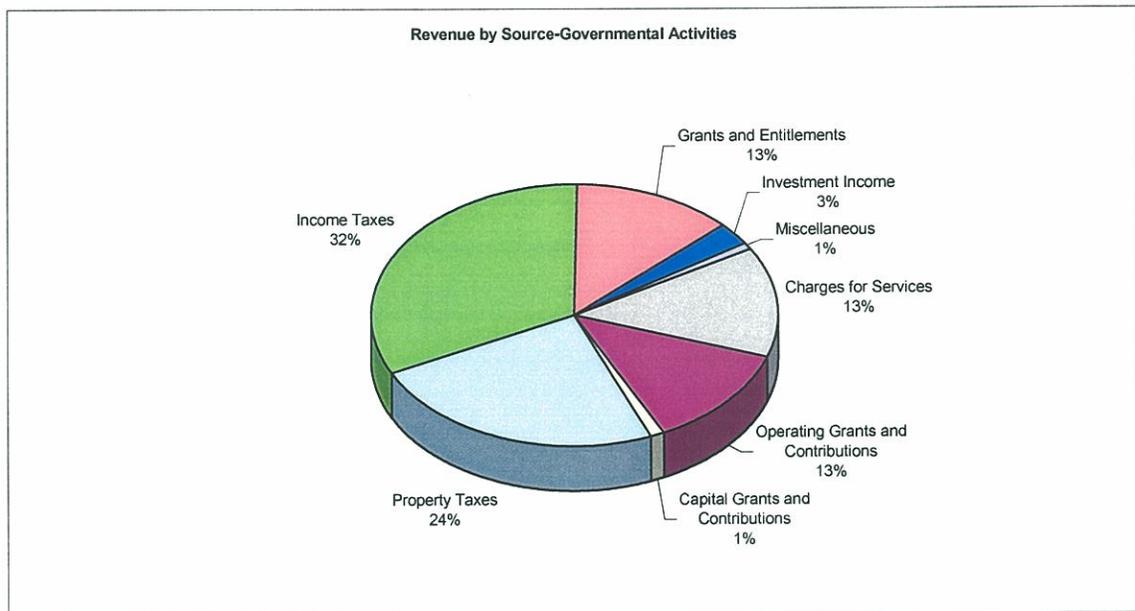
	Governmental	Governmental	Business Type	Business Type	Total	Total
	Activities	Activities	Activities	Activities		
	2006	2005	2006	2005	2006	2005
<b>Revenues</b>						
<b>Program Revenues:</b>						
Charges for Services	\$7,092,873	\$6,155,488	\$13,479,609	\$14,000,202	\$20,572,482	\$20,155,690
Operating Grants and Contributions	6,545,741	6,702,911	0	0	6,545,741	6,702,911
Capital Grants and Contributions	584,601	3,579	0	0	584,601	3,579
<b>Total Program Revenues</b>	<b>14,223,215</b>	<b>12,861,978</b>	<b>13,479,609</b>	<b>14,000,202</b>	<b>27,702,824</b>	<b>26,862,180</b>
<b>General Revenues:</b>						
Property Taxes	12,258,762	12,162,282	1,593,691	1,579,441	13,852,453	13,741,723
Payment in Lieu of Taxes	241,589	241,480	0	0	241,589	241,480
Income Taxes	16,955,457	16,537,268	0	0	16,955,457	16,537,268
Grants and Entitlements	6,729,258	7,713,363	205,895	212,063	6,935,153	7,925,426
Investment Income	1,479,546	830,725	565,729	230,974	2,045,275	1,061,699
Miscellaneous	364,274	246,757	17,543	182,363	381,817	429,120
<b>Total General Revenues</b>	<b>38,028,886</b>	<b>37,731,875</b>	<b>2,382,858</b>	<b>2,204,841</b>	<b>40,411,744</b>	<b>39,936,716</b>
<b>Total Revenues</b>	<b>52,252,101</b>	<b>50,593,853</b>	<b>15,862,467</b>	<b>16,205,043</b>	<b>68,114,568</b>	<b>66,798,896</b>
<b>Expenses</b>						
General Government	8,110,235	7,851,426	0	0	8,110,235	7,851,426
Security of Persons and Property						
Police	11,907,585	10,686,045	0	0	11,907,585	10,686,045
Fire	10,241,053	9,949,694	0	0	10,241,053	9,949,694
Public Health Services	4,784,768	4,310,861	0	0	4,784,768	4,310,861
Transportation	2,655,600	2,880,797	0	0	2,655,600	2,880,797
Community Environment	6,628,671	6,417,757	0	0	6,628,671	6,417,757
Basic Utility Services	5,026,300	4,340,798	0	0	5,026,300	4,340,798
Leisure Time Activities	1,955,303	2,097,492	0	0	1,955,303	2,097,492
Interest and Fiscal Charges	1,936,679	1,781,467	0	0	1,936,679	1,781,467
Water	0	0	8,403,497	8,539,662	8,403,497	8,539,662
Sewer	0	0	5,734,921	5,022,961	5,734,921	5,022,961
Parking Facilities	0	0	482,642	300,901	482,642	300,901
Winterhurst Ice Rink	0	0	1,257,948	969,391	1,257,948	969,391
Congregate Living	0	0	0	64,297	0	64,297
<b>Total Expenses</b>	<b>53,246,194</b>	<b>50,316,337</b>	<b>15,879,008</b>	<b>14,897,212</b>	<b>69,125,202</b>	<b>65,213,549</b>
Increase (Decrease) in Net Assets before Transfers	(994,093)	277,516	(16,541)	1,307,831	(1,010,634)	1,585,347
Transfers	(450,000)	(37,191)	450,000	37,191	0	0
<b>Increase(Decrease) in Net Assets</b>	<b>(1,444,093)</b>	<b>240,325</b>	<b>433,459</b>	<b>1,345,022</b>	<b>(1,010,634)</b>	<b>1,585,347</b>
Net Assets Beginning of Year	33,928,506	33,688,181	42,105,020	40,759,998	76,033,526	74,448,179
<b>Net Assets End of Year</b>	<b>\$32,484,413</b>	<b>\$33,928,506</b>	<b>\$42,538,479</b>	<b>\$42,105,020</b>	<b>\$75,022,892</b>	<b>\$76,033,526</b>

## Governmental Activities

Several types of revenues fund our governmental activities, with the City income tax being the biggest contributor. The income tax rate was 1.5 percent in 2006. Both residents and non-residents who work inside the City are subject to the income tax.

However, residents of the City are granted a .50 percent credit for income taxes paid to other municipalities to a maximum of one-half of one percent of income earned outside the City. The income tax revenue for 2006 was \$16,955,457. Of the \$52,252,101 in total revenues, income tax accounts for 32 percent of that total. Property taxes and payment lieu of taxes of \$12,500,351 account for 24 percent of total revenues, operating grants, capital grants, contributions, and general revenues from grants and entitlements account for 27 percent of total revenues, and charges for services and other revenue make up the remaining 17 percent.

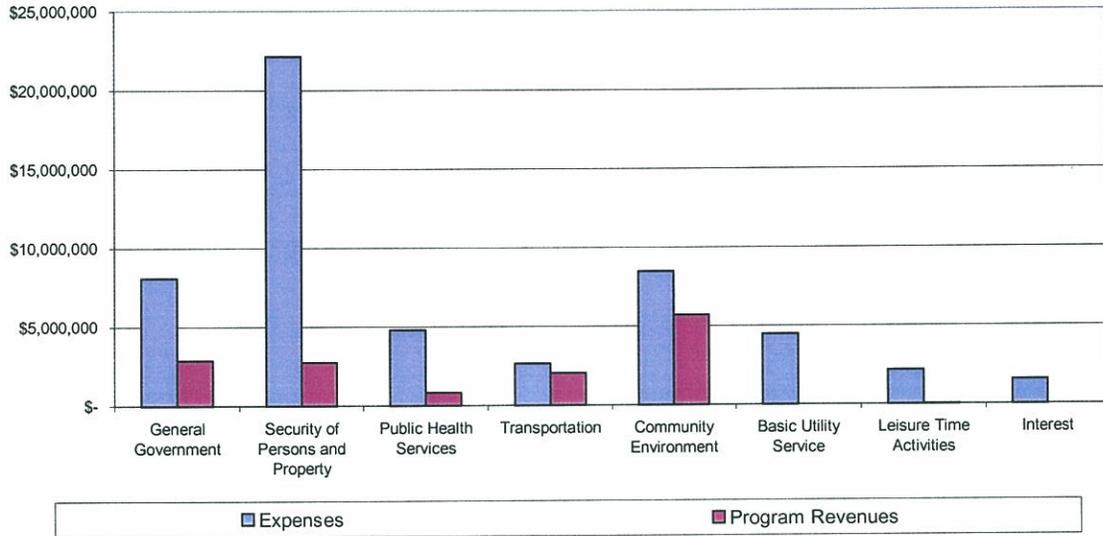
General revenues from grants and entitlements, such as local government funds, are also revenue generators. The City monitors its sources of revenues very closely for fluctuations, especially income tax.



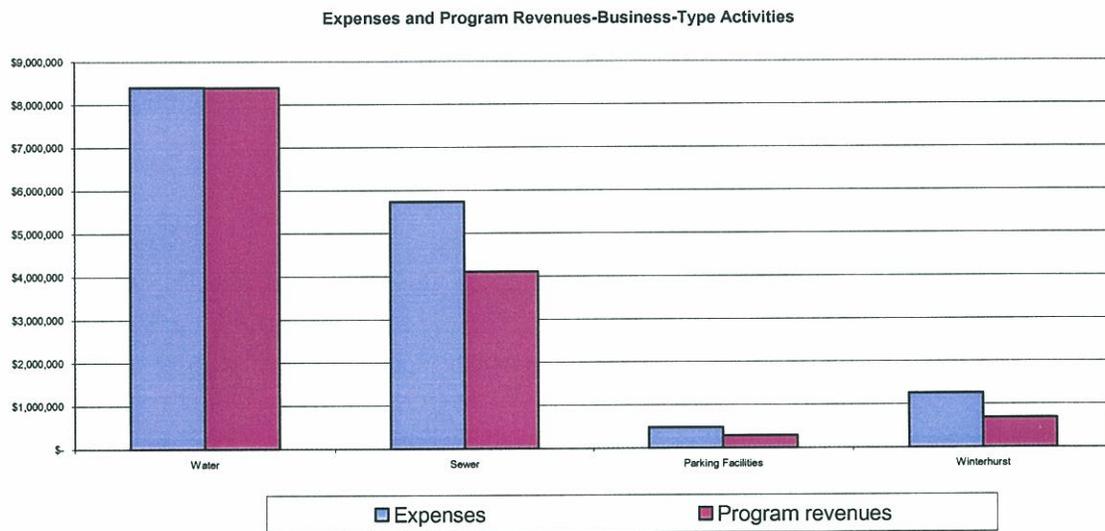
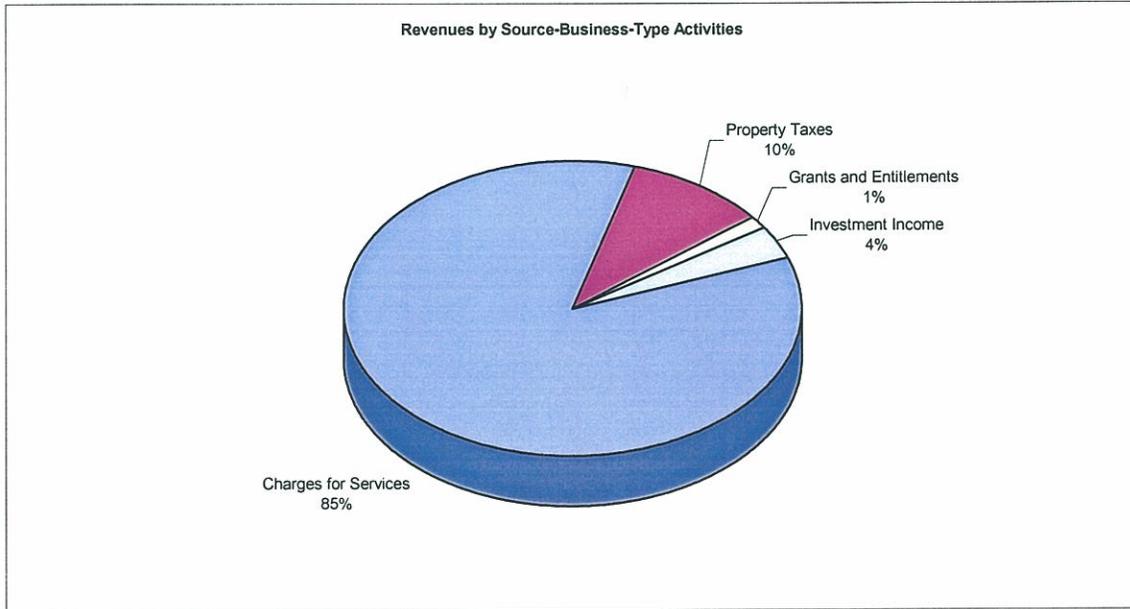
The largest change in revenue was a \$648,821 increase in investment income over 2005. The increase was due to higher interest rates on investments.

Total Expenses of governmental activities for 2006 were \$53,246,194. The largest program function for the City relates to security of persons and property, which includes the police and fire departments. Security of Persons and Property accounted for program expenses of \$22,148,638, which is 42 percent of the program expenses for governmental activities. General Governmental is the next largest program expense at 15 percent, followed by Community Environment expenses of 12 percent.

Expenses and Program Revenues-Governmental Activities



**Business-Type activities.** Business-type activities increased the City's net assets by \$433,459. The increase is due primarily to transfers of \$450,000 for Winterhurst Ice Rink. Total Expenses of business-type activities were \$15,879,008, with the Water Department comprising 53 percent of that amount followed by Sewer Department at 36 percent.



## **Financial Analysis of the Government's Funds**

As noted earlier, the City of Lakewood 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 near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance serves as a useful measure of a government's net resource available for spending at the end of the fiscal year. Information about the City's governmental funds begins on page 20. These funds are accounted for using the modified accrual basis of accounting.

As of December 31, 2006, the City's governmental funds reported combined ending fund balances of \$14,202,536. Of that amount, \$10,870,719 constitutes unreserved fund balances, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to loans and to liquidate contracts and purchases of the prior period.

The General Fund had total revenues of \$36,295,233, and expenditures of \$35,109,735 leaving a change in fund balance after other financing sources/uses of (\$712,745).

The General Fund is the chief operating fund of the City. At the end of the current year, unreserved fund balance of the general fund was \$3,212,313, while the total fund balance reached \$3,307,028. As a measure of the general fund's liquidity, it is useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents approximately nine percent of total general fund expenditures, while total fund balance represents the same percent of that same amount.

The Debt Service Fund had total revenues of \$3,349,927, expenditures of \$4,401,835, and a deficit after other financing sources (uses) of \$559,481. The Debt Service Fund pays for the principal and interest payments on the City's general long-term debt. The unreserved fund balance was \$685,832 to be used for future debt. Unreserved fund balance represents approximately sixteen percent of total expenditures.

Permanent Capital Improvement Fund has total revenues of \$570,799, expenditures of \$3,821,727 and other financing sources (uses) of \$4,279,738, which includes the note issue of \$4,338,000.

### ***Proprietary Funds***

The City's Proprietary Funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the Water and Sewer Funds at the end of the year amounted to \$7,438,035, and those for the

Winterhurst and other funds amounted to (\$126,282). Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

### General Fund Budgetary Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of 2006, the City amended its General Fund budget on various occasions. All recommendations for budget changes come to the Finance Committee of City Council for review before going to the whole Council for Ordinance enactment on the change. The Finance Director has been authorized to allocate appropriations to the department and object level within each fund. The General Fund supports many of our major activities such as the Police, Fire and Refuse Departments, as well as most legislative and executive activities. The General Fund is monitored closely, looking for possible revenue shortfalls or overspending by individual departments.

General Fund, original budgeted revenues were \$37,098,015. The final budgeted revenues were \$37,098,015. Actual revenues were \$37,271,283. The City's ending unencumbered cash balance in the General Fund was \$603,346 above the final budgeted amount.

### Capital Assets and Debt Administration

#### Capital Assets

*Table 3 Capital Assets (net of depreciation)*

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land	\$6,139,702	\$6,137,360	\$78,150	\$78,150	\$6,217,852	\$6,215,510
Land Improvements	1,692,177	1,735,063	1,467,111	721,935	3,159,288	2,456,998
Buildings and Improvements	9,036,601	8,613,637	7,247,005	7,408,861	16,283,606	16,022,498
Vehicles	5,225,605	5,520,811	936,548	881,086	6,162,153	6,401,897
Equipment, Machinery and Furniture	2,182,861	2,055,754	3,077,306	3,263,912	5,260,167	5,319,666
Infrastructure:					0	0
Roadways	22,117,676	22,050,440	0	0	22,117,676	22,050,440
Sidewalks	1,646,491	1,671,979	0	0	1,646,491	1,671,979
Traffic Signals	1,917,534	1,918,262	0	0	1,917,534	1,918,262
Water Mains	0	0	29,522,077	29,467,623	29,522,077	29,467,623
Curbing	990,276	1,004,386	0	0	990,276	1,004,386
Sanitary Sewers	0	0	12,816,809	9,182,019	12,816,809	9,182,019
Construction in Progress	7,345,657	5,148,536	11,432,144	10,966,520	18,777,801	16,115,056
Total Capital Assets	<u>\$58,294,580</u>	<u>\$55,856,228</u>	<u>\$66,577,150</u>	<u>\$61,970,106</u>	<u>\$124,871,730</u>	<u>\$117,826,334</u>

The City of Lakewood's Investment in Capital Assets for its governmental and business type activities as of December 31, 2006, amounts to \$124,871,730 (net of accumulated depreciation). This investment in capital assets includes land, buildings and

improvements, vehicles, furniture and equipment, roads, sidewalks, traffic signals, water lines, curbing, and sewer lines.

The total increase in the City's investment in capital assets for the current fiscal year was \$7,045,396 (a \$2,438,352 increase for governmental activities and a \$4,607,044 increase for business-type activities). The most significant increase in capital assets came in the construction of new water lines and sewer lines in the business-type activities.

See Note 9 of the Basic Financial Statements for additional information on the City's capital assets

## Debt

As of December 31, 2006, the City had \$97,325,933 in bonds, notes, loans, capital leases, and compensated absences outstanding with \$7,627,751 due within one year.

General Obligation Notes represent unvoted general obligation bond anticipation notes payable from ad valorem property taxes.

*Table 4 Long Term Liabilities*

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
General Obligation Notes	\$8,311,000	\$4,228,000	\$1,408,000	\$11,509,000	\$9,719,000	\$15,737,000
General Obligation Bonds	33,481,011	36,035,423	12,849,249	13,701,254	46,330,260	49,736,677
Revenue Bonds	0	0	29,472,065	5,612,903	29,472,065	5,612,903
OPWC Loans	419,437	483,460	5,177,331	5,525,048	5,596,768	6,008,508
OWDA Loans	0	0	187,984	212,563	187,984	212,563
Special Assessment Bonds	0	30,000	0	0	0	30,000
Capital Leases	22,322	47,423	0	0	22,322	47,423
Compensated Absences	5,562,304	5,050,117	435,230	376,253	5,997,534	5,426,370
Total	\$47,796,074	\$45,874,423	\$49,529,859	\$36,937,021	\$97,325,933	\$82,811,444

The General Obligation Bonds outstanding are comprised of unvoted general obligation bonds of the City payable from ad valorem property taxes and special assessment general obligation bonds.

Revenue Bonds outstanding are payable from the revenues derived from the Water and Sewer Funds.

The Ohio Public Works Commission Loans are paid semi-annually from the Water, Sewer and Bond Retirement Funds.

The Ohio Water Development Authority Loan is paid semi-annually from the Wastewater Fund and will be paid in full in the year 2013.

The City's overall legal debt margin was \$53,417,919 at December 31, 2006.

See Note 11 of the Basic Financial Statements for additional information on the City's debt.

### Current Financial Related Activities

Over the past ten years, the City has enjoyed growth in revenues as a result of new industrial, commercial and residential development. The City is ideally located near the shores of Lake Erie, five miles west of downtown Cleveland and enjoys close proximity to major cultural, educational and medical facilities in Northeastern Ohio.

Property Valuation is expected to increase since Lakewood has taken a holistic approach to its economic development efforts leaving no area untouched by new investment. Projects are occurring with its community institutions and schools, along its commercial corridors, in its office buildings, with its industrial heart, and with its reinvestment in its infrastructure. In fact, since 2005 and into the next two years, Lakewood will realize over \$235 million in new investment in these areas as shown by the projects listed in the following table.

#### City of Lakewood Development since 2005

AET	\$ 11,000,000	Rockport Square Medical Office Bldg.	\$ 1,250,000
Brennan's Florist	\$ 300,000	Rosewood Place	\$ 3,000,000
Hinkley Lighting	\$ 2,750,000	SBC	\$ 350,000
Kaiser	\$ 326,000	Sherwin Williams	\$ 900,000
Lakewood City Schools	\$ 56,000,000	The Cliffs	\$ 19,000,000
Lakewood Presbyterian Church	\$ 3,000,000	Thinsoutions	\$ 400,000
Lakewood Hospital Expansion	\$ 8,700,000	Vedda Printing	\$ 1,700,000
Lakewood Public Library	\$ 12,000,000	Virginia Marti	\$ 1,750,000
Martindale Electric	\$ 400,000	Walgreens	\$ 1,500,000
Maxxum Inc.	\$ 1,665,000	Westerly	\$ 250,000
Nature's Bin	\$ 450,000	YMCA	\$ 9,500,000
New York Life	\$ 913,000	RTA	\$ 5,000,000
North Coast Health	\$ 300,000	St. Edwards	\$ 5,000,000
Optimal Health Chiropractic	\$ 1,600,000	Skatepark	\$ 292,260
Pier W	\$ 1,600,000	Lakewood Park	\$ 2,400,000
Richard Hilliard House	\$ 1,000,000	Water, Sewer and Street Improvements	\$ 36,835,801
Regency Construction	\$ 258,500		
Rockport	\$ 40,000,000	<b>Total Investment</b>	<b>\$ 231,390,561</b>

The City of Lakewood has committed itself to financial excellence and is proven with the bond rating Aa3 by Moody's Investor Service. The City also has a history of proving their commitment to financial excellence by receiving the Government Finance Officers Award (GFOA) Certificate of Achievement for Excellence in Financial Reporting for the past 24 years.

### Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, creditors and investors with a general overview of the City's finances and show accountability for all money it receives, spends, or invests. If you have any questions about this report or need financial information contact the Director of Finance, Jennifer R. Pae, 12650 Detroit Ave., Lakewood, Ohio 44107, telephone (216) 529-6092, e-mail [jennifer.pae@lakewoodoh.net](mailto:jennifer.pae@lakewoodoh.net), or visit the City's website at [www.ci.lakewood.oh.us](http://www.ci.lakewood.oh.us).

# **Basic Financial Statements**

**City of Lakewood, Ohio**  
*Statement of Net Assets*  
December 31, 2006

	Governmental Activities	Business - Type Activities	Total
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$11,020,138	\$7,535,074	\$18,555,212
Cash and Cash Equivalents in Segregated Accounts	216,911	0	216,911
Cash and Cash Equivalents with Fiscal Agents	107,319	162,127	269,446
Cash and Cash Equivalents Held with Trustee	0	16,328,571	16,328,571
Accrued Interest Receivable	118,012	23,590	141,602
Accounts Receivable	406,983	1,995,391	2,402,374
Allowance for Doubtful Accounts	0	(78,181)	(78,181)
Intergovernmental Receivable	4,439,214	117,275	4,556,489
Materials and Supplies Inventory	302,773	351,313	654,086
Prepaid Items	342,783	6,518	349,301
Income Taxes Receivable	6,386,891	0	6,386,891
Property Taxes Receivable	13,201,582	1,682,230	14,883,812
Loans Receivable	2,432,703	0	2,432,703
Special Assessments Receivable	72,874	0	72,874
Internal Balances	17,918	(17,918)	0
Deferred Charges	533,031	882,559	1,415,590
Nondepreciable Capital Assets	13,485,359	11,510,294	24,995,653
Depreciable Capital Assets, Net	44,809,221	55,066,856	99,876,077
<i>Total Assets</i>	<u>97,893,712</u>	<u>95,565,699</u>	<u>193,459,411</u>
<b>Liabilities</b>			
Accounts Payable	1,185,192	1,331,969	2,517,161
Retainage Payable	103,572	162,127	265,699
Accrued Wages and Benefits	816,140	65,499	881,639
Intergovernmental Payable	1,717,478	135,051	1,852,529
Deferred Revenue	12,759,856	1,624,863	14,384,719
Accrued Interest Payable	337,284	177,852	515,136
Notes Payable	194,000	0	194,000
Claims Payable	499,703	0	499,703
Long-Term Liabilities:			
Due Within One Year	4,646,180	2,981,571	7,627,751
Due in More than One Year	43,149,894	46,548,288	89,698,182
<i>Total Liabilities</i>	<u>65,409,299</u>	<u>53,027,220</u>	<u>118,436,519</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	16,735,176	34,117,056	50,852,232
Restricted for:			
Capital Projects	5,935,384	186,270	6,121,654
Debt Service	587,889	923,400	1,511,289
Streets and Highways	1,251,218	0	1,251,218
Police and Fire Pensions	865,874	0	865,874
Grants	2,741,093	0	2,741,093
Other Purposes	250,596	0	250,596
Unrestricted	4,117,183	7,311,753	11,428,936
<i>Total Net Assets</i>	<u>\$32,484,413</u>	<u>\$42,538,479</u>	<u>\$75,022,892</u>

See accompanying notes to the basic financial statements

**City of Lakewood, Ohio**  
*Statement of Activities*  
For the Year Ended December 31, 2006

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
General Government	\$8,110,235	\$2,881,832	\$0	\$0
Security of Persons and Property				
Police	11,907,585	177,258	3,575	0
Fire	10,241,053	2,233,708	337,710	0
Public Health Services	4,784,768	3,600	833,675	0
Transportation	2,655,600	0	2,050,027	0
Community Environment	6,628,671	1,796,475	3,320,754	584,601
Basic Utility Services	5,026,300	0	0	0
Leisure Time Activities	1,955,303	0	0	0
Interest and Fiscal Charges	1,936,679	0	0	0
<i>Total Governmental Activities</i>	<u>53,246,194</u>	<u>7,092,873</u>	<u>6,545,741</u>	<u>584,601</u>
<b>Business-Type Activities</b>				
Water	8,403,497	8,395,321	0	0
Sewer	5,734,921	4,107,108	0	0
Parking	482,642	290,561	0	0
Winterhurst	1,257,948	686,619	0	0
<i>Total Business-Type Activities</i>	<u>15,879,008</u>	<u>13,479,609</u>	<u>0</u>	<u>0</u>
<i>Totals</i>	<u>\$69,125,202</u>	<u>\$20,572,482</u>	<u>\$6,545,741</u>	<u>\$584,601</u>

**General Revenues**

Property and Other Local Taxes Levied for:

    General Purposes

    Police and Fire Pension

    Debt Purposes

Payment in Lieu of Taxes

Municipal Income Taxes Levied for

    General Purposes

Grants and Entitlements not Restricted to  
    Specific Programs

Investment Earnings

Miscellaneous

*Total General Revenues*

Transfers

*Total General Revenues and Transfers*

Change in Net Assets

*Net Assets Beginning of Year, Restated (See Note 3)*

*Net Assets End of Year*

See accompanying notes to the basic financial statements

Net (Expense) Revenue and  
Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$5,228,403)	\$0	(\$5,228,403)
(11,726,752)	0	(11,726,752)
(7,669,635)	0	(7,669,635)
(3,947,493)	0	(3,947,493)
(605,573)	0	(605,573)
(926,841)	0	(926,841)
(5,026,300)	0	(5,026,300)
(1,955,303)	0	(1,955,303)
(1,936,679)	0	(1,936,679)
<u>(39,022,979)</u>	<u>0</u>	<u>(39,022,979)</u>
0	(8,176)	(8,176)
0	(1,627,813)	(1,627,813)
0	(192,081)	(192,081)
0	(571,329)	(571,329)
<u>0</u>	<u>(2,399,399)</u>	<u>(2,399,399)</u>
<u>(\$39,022,979)</u>	<u>(\$2,399,399)</u>	<u>(\$41,422,378)</u>
6,880,029	1,593,691	8,473,720
2,613,672	0	2,613,672
2,765,061	0	2,765,061
241,589	0	241,589
16,955,457	0	16,955,457
6,729,258	205,895	6,935,153
1,479,546	565,729	2,045,275
364,274	17,543	381,817
38,028,886	2,382,858	40,411,744
(450,000)	450,000	0
37,578,886	2,832,858	40,411,744
(1,444,093)	433,459	(1,010,634)
33,928,506	42,105,020	76,033,526
<u>\$32,484,413</u>	<u>\$42,538,479</u>	<u>\$75,022,892</u>

**City of Lakewood, Ohio**

*Balance Sheet*

*Governmental Funds*

*December 31, 2006*

	<u>General Fund</u>	<u>Street and Highway Fund</u>	<u>Police and Fire Pension Fund</u>	<u>Community Development Block Grant Fund</u>	<u>Office on Aging Fund</u>
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$993,844	\$540,039	\$1,244,051	\$0	\$202,399
Cash and Cash Equivalents:					
In Segregated Accounts	216,911	0	0	0	0
With Fiscal Agents	0	0	0	18,777	0
Accrued Interest Receivable	100,910	0	0	0	0
Accounts Receivable	306,960	0	0	0	4,390
Intergovernmental Receivable	3,005,261	842,500	192,374	25,236	31,199
Materials and Supplies Inventory	157,249	145,524	0	0	0
Prepaid Items	323,865	0	0	4,005	0
Income Taxes Receivable	6,386,891	0	0	0	0
Property Taxes Receivable	7,275,244	0	2,962,679	0	0
Loans Receivable	0	0	0	2,432,703	0
Special Assessment Receivable	0	0	0	0	0
Interfund Receivable	82,508	0	0	0	0
<i>Total Assets</i>	<u>\$18,849,643</u>	<u>\$1,528,063</u>	<u>\$4,399,104</u>	<u>\$2,480,721</u>	<u>\$237,988</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$585,856	\$57,879	\$0	\$213,876	\$16,231
Retainage Payable	0	0	0	18,777	0
Accrued Wages and Benefits	727,008	18,987	0	6,924	32,258
Intergovernmental Payable	627,451	43,659	664,633	14,610	70,346
Deferred Revenue	13,481,185	565,474	3,155,053	0	0
Accrued Interest Payable	0	0	0	0	0
Notes Payable	0	0	0	0	0
Interfund Payable	121,115	6,305	0	53,339	10,618
<i>Total Liabilities</i>	<u>15,542,615</u>	<u>692,304</u>	<u>3,819,686</u>	<u>307,526</u>	<u>129,453</u>
<b>Fund Balances</b>					
Reserved for Encumbrances	94,715	11,557	0	0	372
Reserved for Loans	0	0	0	2,072,703	0
Undesignated, Reported In:					
General Fund	3,212,313	0	0	0	0
Special Revenue Funds	0	824,202	579,418	100,492	108,163
Debt Service Funds	0	0	0	0	0
Capital Projects Funds	0	0	0	0	0
<i>Total Fund Balances</i>	<u>3,307,028</u>	<u>835,759</u>	<u>579,418</u>	<u>2,173,195</u>	<u>108,535</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$18,849,643</u>	<u>\$1,528,063</u>	<u>\$4,399,104</u>	<u>\$2,480,721</u>	<u>\$237,988</u>

See accompanying notes to the basic financial statements

Lakewood Hospital Fund	Debt Service Fund	Permanent Capital Improvement Fund	TIF Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$86,076	\$873,328	\$4,757,083	\$831,286	\$932,056	\$10,460,162
0	0	0	0	0	216,911
3,747	0	55,010	29,785	0	107,319
0	11,257	0	4,026	0	116,193
81,915	0	0	0	13,718	406,983
0	203,407	0	0	139,237	4,439,214
0	0	0	0	0	302,773
14,913	0	0	0	0	342,783
0	0	0	0	0	6,386,891
0	2,963,659	0	0	0	13,201,582
0	0	0	0	0	2,432,703
0	72,874	0	0	0	72,874
0	0	0	0	0	82,508
<u>\$186,651</u>	<u>\$4,124,525</u>	<u>\$4,812,093</u>	<u>\$865,097</u>	<u>\$1,085,011</u>	<u>\$38,568,896</u>
\$12,032	\$0	\$168,652	\$0	\$42,069	\$1,096,595
0	0	55,010	29,785	0	103,572
30,963	0	0	0	0	816,140
61,103	0	0	0	0	1,481,802
0	3,239,940	0	0	0	20,441,652
0	4,753	0	0	0	4,753
0	194,000	0	0	0	194,000
5,641	0	0	0	30,828	227,846
<u>109,739</u>	<u>3,438,693</u>	<u>223,662</u>	<u>29,785</u>	<u>72,897</u>	<u>24,366,360</u>
3,339	0	704,175	442,175	2,781	1,259,114
0	0	0	0	0	2,072,703
0	0	0	0	0	3,212,313
73,573	0	0	0	829,002	2,514,850
0	685,832	0	0	110	685,942
0	0	3,884,256	393,137	180,221	4,457,614
<u>76,912</u>	<u>685,832</u>	<u>4,588,431</u>	<u>835,312</u>	<u>1,012,114</u>	<u>14,202,536</u>
<u>\$186,651</u>	<u>\$4,124,525</u>	<u>\$4,812,093</u>	<u>\$865,097</u>	<u>\$1,085,011</u>	<u>\$38,568,896</u>

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**City of Lakewood, Ohio**  
*Reconciliation of Total Governmental Fund Balances to  
 Net Assets of Governmental Activities  
 December 31, 2006*

<b>Total Governmental Fund Balances</b>	<b>\$14,202,536</b>
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	58,294,580
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds:	
Property and Other Taxes	441,726
Municipal Income Taxes	4,196,864
Intergovernmental	2,970,332
Special Assessments	72,874
Total	7,681,796
Three internal service funds are used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(98,925)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(332,531)
Bond Issuance costs will be amortized over the life of the bonds on the statement of activities.	533,031
Long-term liabilities, including bonds payable and compensated absences payable, are not due and payable in the current period and therefore not reported in the funds.	
Notes Payable	(8,311,000)
General Obligation Bonds	(33,145,676)
Unamortized Bond Premium	(335,335)
OPWC Loans	(419,437)
Capital Lease Payable	(22,322)
Compensated Absences Payable	(5,562,304)
Total	(47,796,074)
<i>Net Assets of Governmental Activities</i>	<b>\$32,484,413</b>

See accompanying notes to the basic financial statements

**City of Lakewood, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balance*  
*Governmental Funds*  
*For the Year Ended December 31, 2006*

	General Fund	Street and Highway Fund	Police and Fire Pension Fund	Community Development Block Grant Fund	Office on Aging Fund
<b>Revenues</b>					
Property and Other Local Taxes	\$6,912,734	\$0	\$2,626,073	\$0	\$0
Payment in Lieu of Taxes	0	0	0	0	0
Municipal Income Taxes	17,080,608	0	0	0	0
Charges for Services	1,466,733	0	0	0	3,600
Licenses, Permits and Fees	1,822,051	0	0	0	0
Fines and Forfeitures	1,363,370	0	0	0	0
Intergovernmental	6,158,947	1,918,227	312,840	2,378,714	386,346
Contributions and Donations	0	0	0	0	371,859
Special Assessments	0	0	0	0	0
Interest	1,287,395	0	0	0	0
Miscellaneous	203,395	88,311	0	0	699
<i>Total Revenues</i>	<u>36,295,233</u>	<u>2,006,538</u>	<u>2,938,913</u>	<u>2,378,714</u>	<u>762,504</u>
<b>Expenditures</b>					
Current:					
General Government	7,111,313	0	0	0	0
Security of Persons and Property:					
Police	10,164,338	0	1,191,285	0	0
Fire	7,027,603	0	1,361,896	0	0
Public Health Services	1,507,197	0	0	0	2,039,125
Transportation	0	1,770,566	0	0	0
Community Environment	2,801,459	0	0	2,808,732	0
Basic Utility Services	4,661,348	0	0	0	0
Leisure Time Activities	1,809,858	0	0	0	0
Capital Outlay	1,339	0	0	0	0
Debt Service:					
Principal Retirement	25,101	0	0	0	0
Interest and Fiscal Charges	179	0	0	0	0
<i>Total Expenditures</i>	<u>35,109,735</u>	<u>1,770,566</u>	<u>2,553,181</u>	<u>2,808,732</u>	<u>2,039,125</u>
Excess of Revenues Over (Under) Expenditures	<u>1,185,498</u>	<u>235,972</u>	<u>385,732</u>	<u>(430,018)</u>	<u>(1,276,621)</u>
<b>Other Financing Sources (Uses)</b>					
Notes Issued	0	0	0	0	0
Premium	0	0	0	0	0
Current Refunding	0	0	0	0	0
Transfers In	0	0	0	0	1,410,000
Transfers Out	(1,898,243)	0	(428,798)	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>(1,898,243)</u>	<u>0</u>	<u>(428,798)</u>	<u>0</u>	<u>1,410,000</u>
<i>Net Change in Fund Balances</i>	<u>(712,745)</u>	<u>235,972</u>	<u>(43,066)</u>	<u>(430,018)</u>	<u>133,379</u>
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>4,019,773</u>	<u>599,787</u>	<u>622,484</u>	<u>2,603,213</u>	<u>(24,844)</u>
<i>Fund Balance End of Year</i>	<u>\$3,307,028</u>	<u>\$835,759</u>	<u>\$579,418</u>	<u>\$2,173,195</u>	<u>\$108,535</u>

See accompanying notes to the basic financial statements

Lakewood Hospital Fund	Debt Service Fund	Permanent Capital Improvement Fund	TIF Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$0	\$2,778,180	\$0	\$0	\$0	\$12,316,987
0	0	0	0	241,589	241,589
0	0	0	0	0	17,080,608
2,118,546	0	0	0	9,035	3,597,914
108,881	0	0	0	0	1,930,932
0	0	0	0	172,470	1,535,840
75,470	330,962	568,722	0	1,054,707	13,184,935
0	0	0	0	11,371	383,230
6,281	98,949	0	0	0	105,230
0	141,572	0	50,579	0	1,479,546
319	264	2,077	0	74,227	369,292
<u>2,309,497</u>	<u>3,349,927</u>	<u>570,799</u>	<u>50,579</u>	<u>1,563,399</u>	<u>52,226,103</u>
0	67	0	0	150,592	7,261,972
0	0	0	0	128,611	11,484,234
1,690,540	0	0	0	0	10,080,039
936,214	0	0	0	18,884	4,501,420
0	0	0	0	0	1,770,566
0	0	0	0	1,009,327	6,619,518
0	0	0	0	0	4,661,348
0	0	0	0	0	1,809,858
0	0	3,821,727	15,351	0	3,838,417
0	2,864,946	0	0	15,000	2,905,047
0	1,536,822	0	0	257,536	1,794,537
<u>2,626,754</u>	<u>4,401,835</u>	<u>3,821,727</u>	<u>15,351</u>	<u>1,579,950</u>	<u>56,726,956</u>
<u>(317,257)</u>	<u>(1,051,908)</u>	<u>(3,250,928)</u>	<u>35,228</u>	<u>(16,551)</u>	<u>(4,500,853)</u>
0	3,973,000	4,338,000	0	0	8,311,000
0	2,629	2,738	0	0	5,367
0	(3,973,000)	0	0	0	(3,973,000)
0	489,798	0	0	69,300	1,969,098
0	0	(61,000)	(31,057)	0	(2,419,098)
0	492,427	4,279,738	(31,057)	69,300	3,893,367
<u>(317,257)</u>	<u>(559,481)</u>	<u>1,028,810</u>	<u>4,171</u>	<u>52,749</u>	<u>(607,486)</u>
<u>394,169</u>	<u>1,245,313</u>	<u>3,559,621</u>	<u>831,141</u>	<u>959,365</u>	<u>14,810,022</u>
<u>\$76,912</u>	<u>\$685,832</u>	<u>\$4,588,431</u>	<u>\$835,312</u>	<u>1,012,114</u>	<u>\$14,202,536</u>

**City of Lakewood, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Year Ended December 31, 2006*

**Net Change in Fund Balances - Total Government Funds** (\$607,486)

*Amounts reported for governmental activities in the statement of activities are different because*

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

Capital Asset Additions	4,216,050	
Current Year Depreciation	<u>(1,765,987)</u>	
Total		2,450,063

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.

(11,711)

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

Property Taxes	(58,225)	
Municipal Income Taxes	(125,151)	
Special Assessments	(81,831)	
Intergovernmental	<u>291,205</u>	
Total		25,998

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Bond and Note Principal	6,852,946	
Capital Lease	<u>25,101</u>	
Total		6,878,047

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

Accrued Interest	(134,674)	
Amortization of Bond Premium	28,055	
Amortization of Bond Issuance Costs	(36,324)	
Amortization of Loss on Refunding	(4,566)	
Amortization of Note Premium	<u>5,367</u>	
Total		(142,142)

Some expenses reported in the statement of activities, such as compensated absences do not require the use of current financial resources and therefore are not reported as expenditures.

(512,187)

Other financing sources in governmental funds that increase long-term liabilities in the statement of net assets are not reported as revenues in statement of activities.

Notes Issued	(8,311,000)	
Note Premium	<u>(5,367)</u>	
Total		(8,316,367)

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in entity-wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

(1,208,308)

*Change in Net Assets of Governmental Activities*

(\$1,444,093)

See accompanying notes to the basic financial statements

**City of Lakewood, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property and Other Local Taxes	\$6,885,019	\$6,885,019	\$6,912,617	\$27,598
Municipal Income Taxes	18,456,360	18,456,360	18,191,312	(265,048)
Charges for Services	1,422,269	1,422,269	1,473,501	51,232
Licenses, Permits and Fees	1,824,050	1,824,050	1,822,052	(1,998)
Fines and Forfeitures	1,487,000	1,487,000	1,365,226	(121,774)
Intergovernmental	6,151,817	6,151,817	6,148,435	(3,382)
Interest	750,000	750,000	1,255,501	505,501
Miscellaneous	121,500	121,500	102,639	(18,861)
<i>Total Revenues</i>	<u>37,098,015</u>	<u>37,098,015</u>	<u>37,271,283</u>	<u>173,268</u>
<b>Expenditures</b>				
Current:				
General Government	8,331,518	8,057,867	7,684,269	373,598
Security of Persons and Property	16,506,605	16,528,958	16,722,671	(193,713)
Public Health Services	1,322,382	1,406,833	1,351,748	55,085
Community Environment	2,843,112	2,722,045	2,837,173	(115,128)
Basic Utility Services	4,685,045	4,693,569	4,590,591	102,978
Leisure Time Activities	2,048,401	2,060,338	1,853,080	207,258
<i>Total Expenditures</i>	<u>35,737,063</u>	<u>35,469,610</u>	<u>35,039,532</u>	<u>430,078</u>
Excess of Revenues Over Expenditures	<u>1,360,952</u>	<u>1,628,405</u>	<u>2,231,751</u>	<u>603,346</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	226,500	0	0	0
Transfers Out	(2,128,243)	(1,898,243)	(1,898,243)	0
Advances In	8,374	0	0	0
Advances Out	0	(22,453)	(22,453)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(1,893,369)</u>	<u>(1,920,696)</u>	<u>(1,920,696)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(532,417)	(292,291)	311,055	603,346
<i>Fund Balance Beginning of Year</i>	615,717	615,717	615,717	0
<i>Prior Year Encumbrances Appropriated</i>	44,973	44,973	44,973	0
<i>Fund Balance End of Year</i>	<u>\$128,273</u>	<u>\$368,399</u>	<u>\$971,745</u>	<u>\$603,346</u>

See accompanying notes to the basic financial statements

**City of Lakewood, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Street and Highway Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$2,098,835	\$2,098,835	\$1,960,673	(\$138,162)
Miscellaneous	0	0	88,311	88,311
<i>Total Revenues</i>	<u>2,098,835</u>	<u>2,098,835</u>	<u>2,048,984</u>	<u>(49,851)</u>
<b>Expenditures</b>				
Current:				
Transportation	2,156,025	2,246,025	1,775,422	470,603
Excess of Revenues Under Expenditures	(57,190)	(147,190)	273,562	420,752
<b>Other Financing Uses</b>				
Transfers Out	(100,000)	0	0	0
<i>Net Change in Fund Balance</i>	<u>(157,190)</u>	<u>(147,190)</u>	<u>273,562</u>	<u>420,752</u>
<i>Fund Balance Beginning of Year</i>	228,235	228,235	228,235	0
<i>Prior Year Encumbrances Appropriated</i>	4,366	4,366	4,366	0
<i>Fund Balance End of Year</i>	<u>\$75,411</u>	<u>\$85,411</u>	<u>\$506,163</u>	<u>\$420,752</u>

See accompanying notes to the basic financial statements

**City of Lakewood, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Police and Fire Pension Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property and Other Local Taxes	\$2,610,736	\$2,610,736	\$2,626,073	\$15,337
Intergovernmental	335,005	335,005	312,840	(22,165)
<i>Total Revenues</i>	<u>2,945,741</u>	<u>2,945,741</u>	<u>2,938,913</u>	<u>(6,828)</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property	<u>2,535,000</u>	<u>2,575,000</u>	<u>2,498,194</u>	<u>76,806</u>
Excess of Revenues Over Expenditures	410,741	370,741	440,719	69,978
<b>Other Financing Uses</b>				
Transfers Out	<u>(428,798)</u>	<u>(428,798)</u>	<u>(428,798)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(18,057)</u>	<u>(58,057)</u>	<u>11,921</u>	<u>69,978</u>
<i>Fund Balance Beginning of Year</i>	<u>663,767</u>	<u>663,767</u>	<u>663,767</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$645,710</u></u>	<u><u>\$605,710</u></u>	<u><u>\$675,688</u></u>	<u><u>\$69,978</u></u>

See accompanying notes to the basic financial statements

**City of Lakewood, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Community Development Block Grant Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$4,487,595	\$4,487,595	\$2,793,698	(\$1,693,897)
<b>Expenditures</b>				
Current:				
Community Environment	4,528,752	4,528,752	2,886,587	1,642,165
<i>Net Change in Fund Balance</i>	(41,157)	(41,157)	(92,889)	(51,732)
<i>Fund Balance Beginning of Year</i>	41,157	41,157	41,157	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>(\$51,732)</u>	<u>(\$51,732)</u>

See accompanying notes to the basic financial statements

**City of Lakewood, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Office on Aging Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Charges for Services	\$0	\$0	\$3,600	\$3,600
Intergovernmental	377,512	377,512	383,726	6,214
Contributions and Donations	237,383	359,537	371,859	12,322
<i>Total Revenues</i>	<u>614,895</u>	<u>737,049</u>	<u>759,185</u>	<u>22,136</u>
<b>Expenditures</b>				
Current:				
Public Health Services	2,160,365	2,155,865	2,079,693	76,172
Excess of Revenues				
Under Expenditures	(1,545,470)	(1,418,816)	(1,320,508)	98,308
<b>Other Financing Sources</b>				
Transfers In	1,440,000	1,410,000	1,410,000	0
<i>Net Change in Fund Balance</i>	<u>(105,470)</u>	<u>(8,816)</u>	<u>89,492</u>	<u>98,308</u>
<i>Fund Balance Beginning of Year</i>	112,530	112,530	112,530	0
<i>Prior Year Encumbrances Appropriated</i>	<u>7</u>	<u>7</u>	<u>7</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$7,067</u></u>	<u><u>\$103,721</u></u>	<u><u>\$202,029</u></u>	<u><u>\$98,308</u></u>

See accompanying notes to the basic financial statements

**City of Lakewood, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Lakewood Hospital Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Charges for Services	\$2,153,300	\$2,153,300	\$2,141,491	(\$11,809)
Licenses, Permits and Fees	106,350	106,350	108,881	2,531
Intergovernmental	40,673	40,673	75,470	34,797
Miscellaneous	4,000	4,000	319	(3,681)
<i>Total Revenues</i>	<u>2,304,323</u>	<u>2,304,323</u>	<u>2,326,161</u>	<u>21,838</u>
<b>Expenditures</b>				
Current:				
Security of Persons and Property:				
Fire	1,602,508	1,602,508	1,670,496	(67,988)
Public Health Services	1,050,403	1,050,403	952,825	97,578
<i>Total Expenditures</i>	<u>2,652,911</u>	<u>2,652,911</u>	<u>2,623,321</u>	<u>29,590</u>
<i>Net Change in Fund Balance</i>	(348,588)	(348,588)	(297,160)	51,428
<i>Fund Balance Beginning of Year</i>	378,661	378,661	378,661	0
<i>Prior Year Encumbrances Appropriated</i>	4,995	4,995	4,995	0
<i>Fund Balance End of Year</i>	<u>\$35,068</u>	<u>\$35,068</u>	<u>\$86,496</u>	<u>\$51,428</u>

See accompanying notes to the basic financial statements

**City of Lakewood, Ohio**  
**Statement of Fund Net Assets**  
**Proprietary Funds**  
**December 31, 2006**

	Business Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Non Major Funds	Total	
<b>Assets</b>					
<b>Current Assets</b>					
Equity in Pooled Cash and					
Cash Equivalents	\$2,644,055	\$4,487,398	\$403,621	\$7,535,074	\$559,976
Cash and Cash Equivalents with Fiscal Agents	76,803	85,324	0	162,127	0
Accrued Interest Receivable	23,590	0	0	23,590	1,819
Accounts Receivable	1,287,067	662,428	45,896	1,995,391	0
Less: Allowance for Doubtful Accounts	(50,818)	(27,363)	0	(78,181)	0
Interfund Receivable	0	0	0	0	163,256
Intergovernmental Receivable	0	117,275	0	117,275	0
Materials and Supplies Inventory	61,930	204,431	84,952	351,313	0
Prepaid Items	4,485	2,033	0	6,518	0
Property Tax Receivable	0	1,682,230	0	1,682,230	0
<i>Total Current Assets</i>	<u>4,047,112</u>	<u>7,213,756</u>	<u>534,469</u>	<u>11,795,337</u>	<u>725,051</u>
<b>Long-Term Assets</b>					
Restricted Assets:					
Cash Equivalents Held with Trustee	6,154,148	10,174,423	0	16,328,571	0
Deferred Bond Issuance Costs	342,417	527,249	12,893	882,559	0
Nondepreciable Capital Assets	5,240,900	6,031,663	237,731	11,510,294	0
Depreciable Capital Assets, Net	30,897,508	22,476,775	1,692,573	55,066,856	0
Total Noncurrent Assets	<u>42,634,973</u>	<u>39,210,110</u>	<u>1,943,197</u>	<u>83,788,280</u>	<u>0</u>
<i>Total Assets</i>	<u>46,682,085</u>	<u>46,423,866</u>	<u>2,477,666</u>	<u>95,583,617</u>	<u>725,051</u>
<b>Liabilities</b>					
<b>Current Liabilities</b>					
Accounts Payable	848,974	278,598	204,397	1,331,969	88,597
Retainage Payable	76,803	85,324	0	162,127	0
Accrued Wages and Benefits	18,003	38,336	9,160	65,499	0
Intergovernmental Payable	39,171	76,106	19,774	135,051	235,676
Interfund Payable	5,973	10,618	1,327	17,918	0
Deferred Revenue	0	1,624,863	0	1,624,863	0
Claims Payable	0	0	0	0	499,703
Notes Payable	35,000	214,000	60,000	309,000	0
Accrued Interest Payable	55,035	107,126	15,691	177,852	0
Compensated Absence Payable	17,151	63,733	11,430	92,314	0
Bonds Payable	876,891	1,295,908	34,097	2,206,896	0
OPWC Loans Payable	313,228	34,486	0	347,714	0
OWDA Loans Payable	0	25,647	0	25,647	0
<i>Total Current Liabilities</i>	<u>2,286,229</u>	<u>3,854,745</u>	<u>355,876</u>	<u>6,496,850</u>	<u>823,976</u>
<b>Long-Term Liabilities</b>					
Notes Payable	175,000	574,000	350,000	1,099,000	0
Compensated Absence Payable	105,802	188,316	48,798	342,916	0
Bonds Payable	14,397,230	24,360,834	1,356,354	40,114,418	0
OPWC Loans Payable	4,355,364	474,253	0	4,829,617	0
OWDA Loans Payable	0	162,337	0	162,337	0
Total Long Term Liabilities	<u>19,033,396</u>	<u>25,759,740</u>	<u>1,755,152</u>	<u>46,548,288</u>	<u>0</u>
<i>Total Liabilities</i>	<u>21,319,625</u>	<u>29,614,485</u>	<u>2,111,028</u>	<u>53,045,138</u>	<u>823,976</u>
Invested in Capital Assets, Net of Related Debt	21,707,261	11,916,875	492,920	34,117,056	0
Restricted for Replacement and Improvement	186,270	0	0	186,270	0
Restricted for Debt Service	610,179	313,221	0	923,400	0
Unrestricted	2,858,750	4,579,285	(126,282)	7,311,753	(98,925)
<i>Total Net Assets</i>	<u>\$25,362,460</u>	<u>\$16,809,381</u>	<u>\$366,638</u>	<u>\$42,538,479</u>	<u>(\$98,925)</u>

See accompanying notes to the basic financial statements

**City of Lakewood, Ohio**  
*Statement of Revenues, Expenses and Changes in Fund Net Assets*  
*Proprietary Funds*  
*For the Year Ended December 31, 2006*

	Business Type Activities - Enterprise Funds				Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Non Major Funds	Total	
<b>Operating Revenues</b>					
Charges for Services	\$7,569,907	\$4,103,371	\$977,180	\$12,650,458	\$3,952,759
Water Charges Pledged as Security for Revenue Bonds	800,921	0	0	800,921	0
Miscellaneous	16,778	0	765	17,543	613,245
<i>Total Operating Revenues</i>	<u>8,387,606</u>	<u>4,103,371</u>	<u>977,945</u>	<u>13,468,922</u>	<u>4,566,004</u>
<b>Operating Expenses</b>					
Personal Services	1,247,055	2,386,567	575,428	4,209,050	0
Contractual Services	474,016	1,155,905	536,804	2,166,725	188,463
Materials and Supplies	284,273	421,077	105,627	810,977	0
Utilities	5,359,388	427,371	381,894	6,168,653	0
Depreciation	457,607	517,193	59,833	1,034,633	0
Workers' Compensation Premium	0	0	0	0	565,545
Claims	0	0	0	0	5,023,554
<i>Total Operating Expenses</i>	<u>7,822,339</u>	<u>4,908,113</u>	<u>1,659,586</u>	<u>14,390,038</u>	<u>5,777,562</u>
<i>Operating Income (Loss)</i>	<u>565,267</u>	<u>(804,742)</u>	<u>(681,641)</u>	<u>(921,116)</u>	<u>(1,211,558)</u>
<b>Non Operating Revenue (Expenses)</b>					
Interest	391,004	174,725	0	565,729	3,250
Interest and Fiscal Charges	(581,158)	(826,808)	(81,004)	(1,488,970)	0
Special Assessments	24,493	3,737	0	28,230	0
Property Taxes	0	1,593,691	0	1,593,691	0
Intergovernmental	0	205,895	0	205,895	0
<i>Total Non Operating Revenues (Expenses)</i>	<u>(165,661)</u>	<u>1,151,240</u>	<u>(81,004)</u>	<u>904,575</u>	<u>3,250</u>
<i>Net Income (Loss) before transfers</i>	<u>399,606</u>	<u>346,498</u>	<u>(762,645)</u>	<u>(16,541)</u>	<u>(1,208,308)</u>
Transfers In	0	0	450,000	450,000	0
<i>Change in Net Assets</i>	<u>399,606</u>	<u>346,498</u>	<u>(312,645)</u>	<u>433,459</u>	<u>(1,208,308)</u>
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>	<u>24,962,854</u>	<u>16,462,883</u>	<u>679,283</u>	<u>42,105,020</u>	<u>1,109,383</u>
<i>Net Assets End of Year</i>	<u>\$25,362,460</u>	<u>\$16,809,381</u>	<u>\$366,638</u>	<u>\$42,538,479</u>	<u>(\$98,925)</u>

See accompanying notes to the basic financial statements

**City of Lakewood, Ohio**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2006**

	<u>Business Type Activities - Enterprise Funds</u>			Total	Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Non Major Funds		
<b>Increase (Decrease) in Cash and Cash Equivalents</b>					
<b>Cash Flows from Operating Activities</b>					
Cash Received from Customers	\$8,283,299	\$4,074,673	\$970,582	\$13,328,554	\$0
Cash Received from Transactions with Other Funds	0	0	0	0	4,278,118
Cash Received from Other Operating Sources	16,778	0	765	17,543	613,245
Cash Payments to Suppliers for Goods and Services	(6,040,656)	(2,221,698)	(903,086)	(9,165,440)	(61,058)
Cash Payments for Claims	0	0	0	0	(5,536,592)
Cash Payments for Premium	0	0	0	0	(768,265)
Cash Payments for Employee Services and Benefits	(1,269,417)	(2,367,569)	(528,170)	(4,165,156)	0
<i>Net Cash Provided By (Used for) Operating Activities</i>	<u>990,004</u>	<u>(514,594)</u>	<u>(459,909)</u>	<u>15,501</u>	<u>(1,474,552)</u>
<b>Cash Flows from Noncapital Financing Activities</b>					
Intergovernmental Revenue	0	190,756	0	190,756	0
Property Taxes	0	1,601,253	0	1,601,253	0
Special Assessments	17,553	0	0	17,553	0
Transfer In	0	0	450,000	450,000	0
<i>Net Cash Provided by Non- Capital Financing Activities</i>	<u>17,553</u>	<u>1,792,009</u>	<u>450,000</u>	<u>2,259,562</u>	<u>0</u>
<b>Cash Flows from Capital and Related Financing Activities</b>					
Acquisition of Capital Assets	(3,199,675)	(2,077,911)	(31,976)	(5,309,562)	0
Notes Issued	5,050,000	4,388,000	410,000	9,848,000	0
Bonds Issued	10,285,000	14,320,000	0	24,605,000	0
Bond Premium	25,344	53,896	159	79,399	0
Principal paid on Bonds	(550,998)	(841,079)	(31,999)	(1,424,076)	0
Principal paid on Notes	(9,765,000)	(10,124,000)	(60,000)	(19,949,000)	0
Principal paid on Loans	(313,230)	(59,066)	0	(372,296)	0
Bond Issuance Costs	(350,458)	(498,354)	0	(848,812)	0
Interest paid on Bonds	(249,923)	(527,374)	(69,057)	(846,354)	0
Interest paid on Notes	(243,765)	(281,440)	(2,100)	(527,305)	0
Interest paid on Loans	0	(8,879)	0	(8,879)	0
<i>Net Cash Provided by Capital and Related Financing Activities</i>	<u>687,295</u>	<u>4,343,793</u>	<u>215,027</u>	<u>5,246,115</u>	<u>0</u>
<b>Cash Flows from Investing Activities</b>					
Interest	400,085	174,725	0	574,810	2,042
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	2,094,937	5,795,933	205,118	8,095,988	(1,472,510)
<i>Cash and Cash Equivalents Beginning of Year</i>	6,780,069	8,951,212	198,503	15,929,784	2,032,486
	<u>\$8,875,006</u>	<u>\$14,747,145</u>	<u>\$403,621</u>	<u>\$24,025,772</u>	<u>\$559,976</u>

continued

**City of Lakewood, Ohio**  
**Statement of Cash Flows**  
*Proprietary Funds (continued)*  
For the Year Ended December 31, 2006

	Business Type Activities - Enterprise Funds			Total	Governmental Activities - Internal Service Funds
	Water Fund	Sewer Fund	Non Major Funds		
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>					
<i>Operating Income (Loss)</i>	\$565,267	(\$804,742)	(\$681,641)	(\$921,116)	(\$1,211,558)
Adjustments:					
Depreciation	457,607	517,193	59,833	1,034,633	0
Increase (Decrease) in Allowance for Doubtful Accounts	11,694	12,307	0	24,001	0
(Increase) Decrease in Assets:					
Accounts Receivable	(106,164)	(44,742)	(6,598)	(157,504)	0
Interfund Receivable	0	0	0	0	325,359
Materials and Supplies Inventory	15,891	(50,371)	21,362	(13,118)	0
Prepaid Items	862	1,831	362	3,055	77,984
Increase (Decrease) in Liabilities:					
Accounts Payable	52,044	(150,213)	139,925	41,756	44,421
Accrued Wages	2,289	2,312	(271)	4,330	0
Compensated Absences	9,388	33,851	15,738	58,977	0
Interfund Payable	(10,811)	(15,491)	(2,404)	(28,706)	0
Intergovernmental Payable	(8,063)	(16,529)	(6,215)	(30,807)	(202,720)
Claims Payable	0	0	0	0	(508,038)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>\$990,004</u>	<u>(\$514,594)</u>	<u>(\$459,909)</u>	<u>\$15,501</u>	<u>(\$1,474,552)</u>

See accompanying notes to the basic financial statements

**City of Lakewood, Ohio**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*December 31, 2006*

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**Assets**

Equity in Pooled Cash and Cash

Equivalents

\$1,264,274

**Liabilities**

Deposits Held and Due to Others

\$1,264,274

See accompanying notes to the basic financial statements

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**Note 1 - Description of the City and Reporting Entity**

The City of Lakewood (the "City") was incorporated and chartered in 1911. The City operates under an elected Mayor/Council administrative/legislative form of government and provides the following services as authorized by its charter: public safety (police and fire protection), sanitation, planning and zoning, public improvements, culture and recreation, municipal court and general administration services. In addition the City owns and operates several business-type activities, including a water system, a local sewer system, an ice rink facility and parking facilities.

***Reporting Entity***

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the City.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and 1) the City is able to significantly influence the programs or services performed or provided by the organization; or 2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City authorizes the issuance of debt or levying of taxes, or determining the budget. The City has no component units.

The City is associated with the West Shore Council of Governments, a jointly governed organization. Additional information is included in Note 17.

The following entities are excluded from the accompanying financial statements: Lakewood City School District, Lakewood Public Library and Lakewood Hospital Association.

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, to its governmental and business-type activities and to its proprietary funds provided they do not conflict with or contradict GASB pronouncements. The City has elected not to apply FASB Statements and interpretations issued after November 30, 1989 to its business-type activities and Enterprise Funds. The most significant of the City's accounting policies are described below.

***A. Basis of Presentation***

The City's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Government-wide Financial Statements*** The Statement of Net Assets and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

The Statement of Net Assets presents the financial condition of the governmental and business-type activities of the City at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the City’s governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business activity is self-financing or draws from the general revenues of the City.

***Fund Financial Statements*** During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of the governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

***B. Fund Accounting***

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The City reports three categories of funds: governmental, proprietary and fiduciary.

***Governmental Fund:*** Governmental Funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as a fund balance. The following are the City’s major governmental funds:

***General Fund:*** The General Fund accounts for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the City for any purpose, provided it is expended or transferred according to the Charter of the City of Lakewood and/or general laws of Ohio.

***Street and Highway Special Revenue Fund:*** The Street and Highway Fund accounts for State gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City as required by the Ohio Revised Code.

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Police and Fire Pension Special Revenue Fund:*** The Police and Fire Pension Fund accounts for the revenue from property taxes levied for the partial payments of the current and accrued liability for police and firemen disability and pension.

***Community Development Block Grant Special Revenue Fund:*** The Community Development Block Grant Fund accounts for the revenues received from the federal government and expenditures as prescribed under the Community Development Block Grant program.

***Office on Aging Special Revenue Fund:*** The Office On Aging Fund accounts for the revenues received from the Ohio Department of Aging and expenditures relative to this program.

***Lakewood Hospital Special Revenue Fund:*** The Lakewood Hospital Fund accounts for revenue and expenditures related to providing emergency medical services (paramedic) and lease payments received from Lakewood Hospital Association.

***Debt Service Fund:*** The Debt Service Fund accounts for the accumulation of resources for, and payment of, principal and interest on general long-term obligations.

***Permanent Capital Improvement Fund:*** The Permanent Capital Improvement Fund accounts for financial resources to be used for acquisition of equipment and the construction of general capital assets of the City (other than those financed by proprietary funds).

***Tax Increment Financing (TIF) Capital Improvement Fund:*** The Tax Increment Financing Capital Improvement Fund accounts for the bond proceeds and all payments made to the developers of Rockport Development and Vedda Printing.

The other governmental funds of the City account for grants and other resources whose use is restricted to a particular purpose.

***Proprietary Funds:*** Proprietary Fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. Proprietary Funds are classified as either enterprise or internal service.

***Enterprise Funds:*** Enterprise Funds may be used to account for any activity for which a fee is charged to external users for goods or services. The City has two major Enterprise Funds.

***Water Fund:*** The Water Fund accounts for the provision of water distribution to the residential and commercial users of the City.

***Sewer Fund:*** The Sewer Fund accounts for the sanitary sewer services to the residential and commercial users of the City.

***Internal Service Funds:*** Internal Service Funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost reimbursement basis. The City's three internal service funds account for funds reserved to finance potential losses on property and liability cases, workers' compensation costs, and a self insurance program for employee hospitalization benefits.

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***Fiduciary Funds:*** Fiduciary Fund reporting focuses on net assets and changes in net assets. For the City, the Fiduciary Funds are comprised of only the Agency Fund. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's Agency Fund accounts for deposits.

***C. Measurement Focus***

***Government-wide Financial Statements*** The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Assets. The Statement of Activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

***Fund Financial Statements*** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statement for governmental funds.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the statement of fund net assets. The statement of revenues, expenses and changes in fund net assets presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

***D. Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting, proprietary and fiduciary funds also use the accrual basis of accounting. Government funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements, shared revenues and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied. (See Note 7). Revenue from grants, entitlements and donations is recognized in the year that all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

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, where the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), interest, fines and forfeitures, grants and fees.

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

Property taxes for which there is an enforceable legal claim as of December 31, 2006, but were levied to finance year 2007 operations, have been recorded as deferred revenue. Special assessments not received within the available period, and grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue.

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

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

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

***E. Budgetary Process***

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of budgetary control has been established by City Council at the fund level for all funds. Budgetary modifications may only be made by resolution of the City Council at the legal level of control. The Finance Director has been authorized to allocate appropriations to the department and object level within each fund. Budgetary statements are presented beyond the legal level of control for informational purposes only.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended official certificate of estimated resources in effect at the time final appropriations were adopted.

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts on the budgetary statements reflect the first appropriations ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

***F. Cash and Cash Equivalents***

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. Interest in the pool is presented as "equity in pooled cash and cash equivalents."

The City utilizes a fiscal agent to hold monies set aside for replacement and improvement under the provisions of the bond indenture. The balances in these accounts are presented on the statement of fund net assets as, "restricted assets-cash equivalents held with trustee."

The City also has segregated bank accounts for monies held separate from the City's central bank account. These interest bearing depository accounts are presented as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the City treasury.

Investments are reported at fair value, based on quoted market prices, with the exception of nonparticipating repurchase agreements, which are reported at cost.

During 2006, investments were limited to overnight repurchase agreements, Federal Home Loan Mortgage Bank (FHLMB) Notes, Federal Home Loan Mortgage Corporation (FHLMC) Notes, Federal National Mortgage Association (FNMA) Notes, Federal Farmers Credit Bureau (FFCB) Repurchase Agreements, Mutual Funds, and State Treasury Asset Reserve of Ohio (STAROhio).

STAROhio is an investment pool managed by the State Treasurer's Office, which allow governments within the State to pool their funds for investment purposes. 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. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on December 31, 2006.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue is distributed to the general fund, debt service fund, water fund, and general liabilities self-insurance funds. Interest revenue credited to the general fund during 2006 amounted to \$1,287,395 which includes \$1,072,846 assigned from other City funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the City are presented on the financial statements as cash equivalents.

***G. Restricted Assets***

Amounts held by trustees that are legally restricted for replacement and improvement, debt service and unspent bond proceeds per the applicable bond covenants are reported as restricted assets.

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***H. Inventory***

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies.

***I. Capital Assets***

General capital assets are capital assets that are associated with, and primarily arise from governmental activities, generally resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets, but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net assets and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The City was able to estimate the historical cost for the initial reporting of infrastructure by backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The City maintains a capitalization threshold of five thousand dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's life are not.

All reported capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacements. Depreciation for governmental and business-type capital assets is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land	N/A
Building and Improvements	75 years
Equipment, Machinery and Furniture	10 - 20 years
Vehicles	15 years
Infrastructure	40 - 100 years

The City's infrastructure consists of roads, traffic lights, sidewalks, curbing, storm sewers and water lines, and includes infrastructure acquired prior to December 31, 1980.

***J. Interfund Balances***

On the fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivables/payables". Interfund balance amounts are eliminated in the Statement of Net Assets, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

***K. Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered, and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future (those employees who will be eligible to receive termination payments in the next ten years). The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the City's termination policy.

***L. Accrued Liabilities and Long-Term Obligations***

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims, compensated absences, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and long-term loans are recognized as a liability on the governmental fund financial statements when due.

***M. Fund Balance Reserves***

The City reserves those portions of fund balance which are legally segregated for a specific future use or do not represent expendable resources and, therefore, are not available for appropriation or expenditure. Fund balance reserves have been established for encumbrances and loans receivable.

***N. Operating Revenues and Expenses***

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services such as water, wastewater treatment, parking, ice rink and self insurance programs. Operating expenses are necessary costs incurred to provide the service for the primary activity of the fund. Revenues and expenses not meeting these definitions are reported as nonoperating.

***O. Interfund Activity***

Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated in the Statement of Activities.

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers.

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

***P. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets.

Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation, or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments. The City applies restricted resources when an expense is incurred for purposes of which both restricted and unrestricted net assets are available. Net assets restricted for other purposes include the City's special fees and fines from the court. The government-wide statement of net assets reports \$12,741,724 of restricted net assets of which \$1,828,939 is restricted by enabling legislation.

***Q. Bond Issuance Costs***

On the government-wide financial statements, bond issuance costs are deferred and amortized over the term of the applicable bonds using the effective interest method. Within the governmental fund statements, bond issuance costs are expended when incurred.

***R. Bond Premium***

On the government-wide financial statement, bond premiums are deferred and amortized over the term of the bonds using the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. On the governmental fund statements, bond premiums are receipted in the year the bonds are issued.

***S. Gain/Loss on Refunding***

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt (the gain/loss on refunding) is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method.

***T. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence that cannot be controlled by the City Administration. Special items are transactions or events that are within the control of the City Administration and are either unusual in nature or infrequent in occurrence.

***U. Estimates***

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

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**Note 3 – Changes in Accounting Principles and Restatement of Prior Year Fund Equity**

**A. *Changes in Accounting Principles***

For 2006, the City implemented GASB Statement No. 44, “Economic Condition Reporting: The Statistical Section-an amendment of NCGA Statement 1” and GASB Statement No. 47, “Accounting for Termination Benefits.”

The purpose for GASB Statement No. 44 is to improve the understandability and usefulness of the information that State and local governments present as supplemental information in the statistical section. GASB Statement No. 47 established standards of accounting and financial reporting for termination benefits.

The implementation of GASB Statement No. 47 did not materially affect the presentation of the financial statements of the City.

**B. *Restatement of Net Assets***

During 2006, it was determined that the liability for claims payable in the Workers’ Compensation internal service fund was overstated by \$962,608 at December 31, 2005 based on an evaluation provided by the City’s third party administrator. Accordingly, Internal Service total net assets were increased from \$146,775 to \$1,109,383 and from \$32,965,898 to \$33,928,506 in governmental activities.

**Note 4 - Legal Compliance and Accountability**

**A. *Legal Compliance***

Contrary to Section 5705.41(B) Ohio Revised Code, expenditures plus encumbrances exceeded final appropriations in the Federal Forfeiture and HOME Investment Special Revenue Funds in the amounts of \$807 and \$8,363 respectively.

Contrary to Section 5705.39 Ohio Revised Code, original appropriations exceeded original estimated revenue available for expenditures in the Litter Control Grant and the Family to Family special revenue funds in the amounts of \$5,000 and \$230,000, respectively.

Contrary to Section 5705.39 Ohio Revised Code, final appropriations exceeded final estimated revenue available for expenditures in the Litter Control Grant special revenue fund in the amount of \$5,000.

Contrary to Section 9.38, Ohio Revised Code, the City did not deposit receipts with the treasurer of the public office or with a properly designated depository in a timely manner.

Contrary to Section 5705.41(D)(1), Ohio Revised Code, the City did not certify various transactions at the time the commitment was incurred.

Management has indicated that appropriations will be closely monitored to ensure no future violations occur.

**B. *Accountability***

The fund balances at December 31, 2006 included the following individual fund deficits:

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**Note 4 - Legal Compliance and Accountability (Continued)**

<b>Special Revenue Funds</b>	
Emergency Shelter Grant	\$4,080
HOME Investment Program	39,799
<b>Internal Service Funds</b>	
Workers' Compensation	361,431
General Liability	19,495

The deficits are due to adjustments for accrued liabilities. The general fund is liable for any deficit in other funds and provides operating transfers when cash is required, rather than when accruals occur.

**Note 5 - Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Investments are reported at fair value (GAAP) rather than cost (budget).
5. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

**Note 5 - Budgetary Basis of Accounting (Continued)**

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and for the major special revenue funds.

	<u>General</u>	<u>Streets and Highways</u>	<u>Police and Fire Pensions</u>
GAAP Basis	(\$712,745)	\$235,972	(\$43,066)
Net Adjustment for Revenue Accruals	908,457	42,446	0
Beginning Change in Fair Value of Investments	103,722	0	0
Ending Change in Fair Value of Investments	(36,129)	0	0
Net Adjustment for Expenditure Accruals	188,602	29,021	54,987
Advances Out	(22,453)	0	0
Adjustments for Encumbrances	<u>(118,399)</u>	<u>(33,877)</u>	<u>0</u>
Budget Basis	<u>\$311,055</u>	<u>\$273,562</u>	<u>\$11,921</u>
	<u>Community Development Block Grant</u>	<u>Office on Aging</u>	<u>Lakewood Hospital</u>
GAAP Basis	(\$430,018)	\$133,379	(\$317,257)
Net Adjustment for Revenue Accruals	414,984	(3,319)	16,664
Net Adjustment for Expenditure Accruals	(77,855)	(40,496)	6,772
Adjustments for Encumbrances	0	(72)	(3,339)
Budget Basis	<u>(\$92,889)</u>	<u>\$89,492</u>	<u>(\$297,160)</u>

**Note 6 - Deposits and Investments**

Monies held by the City are classified by State statute into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the City treasury. Active 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 public deposits that City Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**Note 6 - Deposits and Investments (Continued)**

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

Interim monies held by the City 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 payment of 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, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in 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 (1) or (2) of this and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio).

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, to which there is no default of principal, interest, or coupons;
3. Obligations of the City.

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 that 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

**Note 6 - Deposits and Investments (Continued)**

**Deposits**

**Custodial Credit Risk:** Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party. At year end, \$12,480,891 of the City's bank balance of \$13,180,891 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or 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.

**Investments**

Investments are reported at fair value. As of December 31, 2006, the City had the following investments:

	Fair Value	Maturity
Federal Home Loan Mortgage Bank Notes	\$5,973,600	3/28/07 - 12/17/09
Federal Home Loan Mortgage Corporation Notes	1,985,560	1/26/07 - 11/18/09
Federal National Mortgage Association Notes	496,500	4/30/2007
Huntington Treasury Money Market IV	1,009,675	30 Days Average
STAROhio	4,721	30 Days Average
United States Treasury Obligations	15,018,901	30 Days Average
Total	\$24,488,957	

**Interest Rate Risk:** As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and 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. The stated intent of the policy is to avoid the need to sell securities prior to maturity. To date, no investments have been purchased with a life greater than five years.

**Custodial Credit Risk:** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Federal Home Loan Mortgage Bank Notes, Federal Home Loan Mortgage Corporation Notes, Federal National Mortgage Corporation Association Notes and Federal Farmers Credit Bureau Repurchase Agreement are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the City's name. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to delivery of the securities representing such investments to the Finance Director or qualified trustee.

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**Note 6 - Deposits and Investments (Continued)**

**Credit Risk:** The Federal Home Loan Bank Notes, the Federal Home Loan Mortgage Corporation Notes and the federal National Mortgage Association Notes carry a rating of AAA by Standard & Poor's. Huntington Treasury Money Market IV and STAROhio also carry a rating of AAAM by Standard & Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The City has no investment policy that would further limit its investment choices.

**Concentration of Credit Risk:** The City places no limit on the amount it may invest in any one issuer. The following is the City's allocation as of December 31, 2006:

	<u>Percentage of Investments</u>	
Federal Home Loan Mortgage Bank Notes	24.40	%
Federal Home Loan Mortgage Corporation Notes	8.10	
Federal National Mortgage Association Notes	2.03	
Huntington Treasury Money Market IV	4.12	
STAROhio	0.01	
United States Treasury Obligations	61.34	

**Note 7 - Receivables**

Receivables at December 31, 2006, consisted primarily of municipal income taxes, property and other taxes, special assessments, intergovernmental receivables arising from grants, entitlements and shared revenues, interest, interfunds, advances, loans (Community Development Block Grant monies loaned to local businesses), and accounts (billings for user charged services).

Allowance for doubtful accounts has been recorded at \$50,818 in the Water Fund and \$27,363 in the Sewer Fund.

Loans expected to be collected in more than one year amount to \$2,072,703 in the Community Development Block Grant Special Revenue Fund.

Special assessments expected to be collected in more than one year amount to \$56,302 in the debt service fund. The amount of delinquent special assessments outstanding at December 31, 2006 was \$30,961.

**A. Property Taxes**

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

2006 real property taxes are levied after October 1, 2006, on the assessed value as of January 1, 2006, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2006 real property taxes are collected in and intended to finance 2007.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates can be established.

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**Note 7 – Receivables (Continued)**

Public utility real and tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2006 public utility property taxes became a lien December 31, 2005, are levied after October 1, 2006, and are collected in 2007 with real property taxes.

2006 tangible personal property taxes are levied after October 1, 2005, on the value as of December 31, 2005. Collections are made in 2006. Tangible personal property assessments are being phased out. The assessment percentages for all property including inventory for 2006 is 18.75 percent. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payments is due April 30, with the remainder payable by September 20.

The full tax rate for all City operations for the year ended December 31, 2006, was \$17.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2006 property tax collections were based, are as follows:

	<u>Assessed Value</u>
Real Estate	\$862,769,680
Public Utility Property	15,069,300
Tangible Personal	<u>21,872,491</u>
Total Assessed Value	<u><u>\$899,711,471</u></u>

The Cuyahoga County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Lakewood. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real and tangible personal property taxes, public utility taxes and outstanding delinquencies, which are measurable as of December 31, 2006, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since current taxes were not levied to finance 2006 operations, and the collection of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on the modified accrual basis the revenue is deferred.

***B. Income Tax***

The City levies a municipal income tax at a rate of 1.50 percent. The City's income tax is levied upon the net income of corporations and other business entities and on wages, salaries, and other personal service compensation earned by residents of the City and non-residents working within the City. Residents of the City are granted a 0.50 percent credit for income taxes paid to other municipalities to a maximum of one-half of one percent of income earned outside the City. Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City at least quarterly. Corporations and other self-employed individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually with the City.

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**Note 7 – Receivables (Continued)**

**C. Intergovernmental Receivables**

A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
<b>Governmental Activities</b>	
Local Government	\$2,186,971
Gasoline Tax	682,641
Permissive Motor Vehicle License Tax	21,768
Grants	195,672
Motor Vehicle License Registration	138,091
Homestead and Rollback	894,945
Estate Tax	<u>319,126</u>
<i>Total Governmental Activities</i>	4,439,214
<b>Business-Type Activities</b>	
Homestead and Rollback	<u>117,275</u>
<i>Total</i>	<u><u>\$4,556,489</u></u>

**Note 8 - Contingencies**

**A. Grants**

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

**B. Litigation**

Several claims and lawsuits are pending against the City. The amount of the liability, if any, cannot be reasonably estimated at this time. However, in the opinion of management, any such claims and lawsuits will not have a material adverse effect on the overall financial position of the City at December 31, 2006.

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

**Note 9 - Capital Assets**

Capital asset activity for the year ended December 31, 2006, was as follows:

	Balance 12/31/05	Additions	Deletions	Balance 12/31/06
<b>Governmental Activities</b>				
<i>Capital Assets, not being Depreciated:</i>				
Land	\$6,137,360	\$2,342	\$0	\$6,139,702
Construction in Progress	5,148,536	3,589,556	(1,392,435)	7,345,657
<i>Total Capital Assets, not being Depreciated</i>	<u>11,285,896</u>	<u>3,591,898</u>	<u>(1,392,435)</u>	<u>13,485,359</u>
<i>Capital Assets, being Depreciated:</i>				
Land Improvements	3,338,731	56,448	0	3,395,179
Buildings and Improvements	12,988,820	599,666	0	13,588,486
Equipment, Machinery and Furniture	3,721,770	354,019	(40,914)	4,034,875
Vehicles	10,734,850	262,837	0	10,997,687
Infrastructure				
Roads	29,260,553	651,902	0	29,912,455
Traffic Lights	3,689,875	91,715	0	3,781,590
Sidewalks	2,582,518	0	0	2,582,518
Curbing	1,425,964	0	0	1,425,964
<i>Total Capital Assets, being Depreciated</i>	<u>67,743,081</u>	<u>2,016,587</u>	<u>(40,914)</u>	<u>69,718,754</u>
Less Accumulated Depreciation:				
Land Improvements	(1,603,668)	(99,334)	0	(1,703,002)
Buildings and Improvements	(4,375,183)	(176,702)	0	(4,551,885)
Equipment, Machinery and Furniture	(1,666,016)	(215,201)	29,203	(1,852,014)
Vehicles	(5,214,039)	(558,043)	0	(5,772,082)
Infrastructure				
Roads	(7,210,113)	(584,666)	0	(7,794,779)
Traffic Lights	(1,771,613)	(92,443)	0	(1,864,056)
Sidewalks	(910,539)	(25,488)	0	(936,027)
Curbing	(421,578)	(14,110)	0	(435,688)
<i>Total Accumulation Depreciation</i>	<u>(23,172,749)</u>	<u>(1,765,987)</u>	<u>29,203</u>	<u>(24,909,533)</u>
Total Capital Assets being Depreciated, Net	<u>44,570,332</u>	<u>250,600</u>	<u>(11,711)</u>	<u>44,809,221</u>
Governmental Activities Capital Assets, Net	<u>\$55,856,228</u>	<u>\$3,842,498</u>	<u>(\$1,404,146)</u>	<u>\$58,294,580</u>

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

**Note 9 - Capital Assets (Continued)**

	Balance 12/31/05	Additions	Deletions	Balance 12/31/06
<b>Business-Type Activities</b>				
<i>Capital Assets, not being Depreciated:</i>				
Land	\$78,150	\$0	\$0	\$78,150
Construction in Progress	10,966,520	5,463,611	(4,997,987)	11,432,144
<i>Total Capital Assets, not being Depreciated</i>	<u>11,044,670</u>	<u>5,463,611</u>	<u>(4,997,987)</u>	<u>11,510,294</u>
<i>Capital Assets, being Depreciated:</i>				
Land Improvements	1,104,630	756,466	0	1,861,096
Building and Improvements	12,101,478	0	0	12,101,478
Furniture and Equipment	7,221,097	20,329	0	7,241,426
Vehicles	1,769,205	161,960	0	1,931,165
Infrastructure:				
Water Lines	40,549,077	456,184	0	41,005,261
Sewer Lines	14,645,303	3,781,114	0	18,426,417
<i>Total Capital Assets, being Depreciated</i>	<u>77,390,790</u>	<u>5,176,053</u>	<u>0</u>	<u>82,566,843</u>
Less Accumulated Depreciation:				
Land Improvements	(382,695)	(11,290)	0	(393,985)
Buildings and Improvements	(4,692,617)	(161,856)	0	(4,854,473)
Furniture and Equipment	(3,957,185)	(206,935)	0	(4,164,120)
Vehicles	(888,119)	(106,498)	0	(994,617)
Infrastructure				
Water Lines	(11,081,454)	(401,730)	0	(11,483,184)
Sewer Lines	(5,463,284)	(146,324)	0	(5,609,608)
Total Accumulation Depreciation	<u>(26,465,354)</u>	<u>(1,034,633)</u>	<u>0</u>	<u>(27,499,987)</u>
Total Capital Assets, being Depreciated, Net	<u>50,925,436</u>	<u>4,141,420</u>	<u>0</u>	<u>55,066,856</u>
Business - Type Activities Assets, Net	<u>\$61,970,106</u>	<u>\$9,605,031</u>	<u>(\$4,997,987)</u>	<u>\$66,577,150</u>

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**Note 9 - Capital Assets (Continued)**

Depreciation expense was charged to governmental functions as follows:

General Government	\$192,196
Security of Persons and Property-Police	119,675
Security of Persons and Property-Fire	176,195
Transportation	821,170
Community Environment	11,428
Basic Utility Services	174,421
Public Health Services	47,482
Leisure Time Activities	<u>223,420</u>
Total Depreciation Expense	<u>\$1,765,987</u>

Depreciation Expense was charged to nonmajor Enterprise Funds as follows:

Parking Facilities Fund	\$11,679
Winterhurst Ice Rink Fund	<u>48,154</u>
Total Depreciation Expense	<u>\$59,833</u>

**Note 10 – Conduit Debt Obligations**

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 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. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

In 1983 and 1989 the City issued Hospital Improvement Revenue Bonds for the purpose of providing funds to pay the cost of Lakewood Hospital Facility improvements. In 1989, the City also issued Hospital Improvement Refunding Bonds to advance refund the Hospital Improvement Bonds, Series 1983. On November 13, 2003, the City issued \$27,570,000 Hospital Revenue Bonds, Series 2003 to advance refund the 1989 Series. As of December 31, 2006, the aggregate principal amount of conduit debt obligation outstanding for Lakewood Hospital was \$23,805,000. On October 23, 2000, the City issued Educational Facilities Revenue Bonds for the purpose of providing funds to pay costs of acquiring and constructing additional facilities for St. Edward High School. The aggregate principal amount of conduit debt obligations for St. Edward High School was \$10,800,000. As of December 31, 2006, the aggregate principal amount of conduit debt obligation outstanding for St. Edward High School was \$10,430,000. These bonds do not constitute a debt or pledge of the full faith and credit of the City and, therefore, are not reported in the financial statements.

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

**Note 11- Long-Term Obligations**

The original issue date, interest rate, original issuance amount and maturity date for each of the City's long-term obligations follows:

	<u>Original Issue Date</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>	<u>Date of Maturity</u>
<i>Governmental Activities</i>				
<i>Notes</i>				
Various Purpose	2005	3.50%	\$ 4,228,000	June 1, 2006
Various Purpose	2006	4.50%	8,505,000	June 14, 2007
<i>General Obligation Bonds</i>				
Various Purpose	1998	3.60-5.125%	3,596,700	December 1, 2017
1992 Various Purpose Refunding	1998	3.60-5.125%	7,625,000	December 1, 2012
Various Purpose	2001	3.45-5.875%	8,085,000	December 1, 2021
Various Purpose	2003	3.55-5.00%	5,219,000	December 1, 2023
1995 Various Purpose Refunding	2005	3.00-5.00%	7,335,000	December 1, 2025
Various Purpose	2005	3.00-5.00%	6,095,364	December 1, 2025
<i>Tax Increments Financing</i>				
Rockport Square Development	2004	4.40-5.95%	4,265,000	July 1, 2024
Vedda Printing	2005	3.00-5.00%	400,000	December 1, 2025
<i>Special Assessment Bonds</i>				
Belle Avenue	2001	3.45-4.05%	40,000	December 1, 2006
Niagra and Narragansett Streets	2001	3.45-4.05%	100,000	December 1, 2006
<i>OPWC Loan</i>				
Forest and Clifton Road	1999	0%	616,000	December 1, 2019
Lakewood Heights Boulevard	2002	0%	232,560	July 1, 2008
<i>Business-Type Activities</i>				
<i>Notes</i>				
<i>Water</i>				
Water main Improvements	2005	3.50%	4,925,000	June 2, 2006
Water main Improvements	2006	4.50%	4,840,000	October 12, 2006
Various Purpose	2006	4.50%	210,000	June 14, 2007
<i>Sewer</i>				
Storm Sewer Replacement	2005	3.00-5.00%	6,524,000	June 1, 2006
Various Purpose	2006	4.50%	3,600,000	October 12, 2006
Various Purpose	2006	4.50%	788,000	June 14, 2007
<i>Parking</i>				
Various Purpose	2006	4.50%	350,000	June 14, 2007
<i>Winterhurst</i>				
Various Purpose	2005	3.50%	60,000	June 1, 2006
Various Purpose	2006	4.50%	60,000	June 14, 2007

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

**Note 11- Long-Term Obligations (Continued)**

	Original Issue Date	Interest Rate	Original Issue Amount	Date of Maturity
<b>Revenue Bonds</b>				
<i>Water</i>				
Water Main Improvements	1995	4.40-6.60%	\$2,850,000	December 1, 2020
Water System Refunding	2002	2.00-3.65%	4,025,000	December 1, 2011
Water Main Improvements	2005	3.00-5.00%	609,829	December 1, 2025
Water Main Improvements	2006	4.00-4.50%	10,285,000	December 1, 2031
<i>Sewer</i>				
Sewer Construction	2006	4.00-4.50%	14,320,000	December 1, 2031
<b>General Obligation Bonds</b>				
<i>Sewer</i>				
Sewer Construction Refunding	1998	3.60-5.125%	4,680,000	December 1, 2011
Sewer Construction	2003	3.55-5.00%	3,481,000	December 1, 2023
Sewer Construction	2005	3.00-5.00%	3,811,430	December 1, 2025
Sewer Construction Refunding	2005	3.00-5.00%	1,945,000	December 1, 2025
<i>Winterhurst</i>				
Recreational Facility	1998	3.60-5.125%	1,292,200	December 1, 2017
Recreational Facility	2005	3.00-5.00%	203,276	December 1, 2025
<b>OPWC Loans</b>				
<i>Water</i>				
Water Main Replacements	1999	0%	1,248,464	December 1, 2019
Water Main Replacements	2001	0%	1,944,012	December 1, 2021
Water Main Replacements	2003	0%	994,614	July 1, 2023
Water Main Replacements	2003	0%	1,592,840	July 1, 2023
Belle Avenue Improvements	2003	0%	484,637	December 1, 2023
<i>Sewer</i>				
West Clifton Storm Sewer Rehab.	2000	0%	115,101	December 1, 2020
Edgewater Drive-Sewer Separation	2002	0%	604,258	December 1, 2022
<b>OWDA Loan</b>				
<i>Sewer</i>				
Lakewood Avenue	2002	4.30%	445,810	July 1, 2013

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
For the Year Ended December 31, 2006

**Note 11 - Long-Term Obligations (Continued)**

	Balance December 31, 2005	Additions	Deletions	Balance December 31, 2006	Amount Due in One Year
<i>Governmental Activities</i>					
<b>Notes Payable</b>					
Various Purpose	\$4,228,000	\$0	\$4,228,000	\$0	\$0
Various Purpose	0	8,311,000	0	8,311,000	0
<i>Total Notes Payable</i>	<u>4,228,000</u>	<u>8,311,000</u>	<u>4,228,000</u>	<u>8,311,000</u>	<u>0</u>
<b>General Obligation Bonds</b>					
Various Purpose	2,611,100	0	215,000	2,396,100	228,200
1992 Various Purpose Refunding	4,710,000	0	625,000	4,085,000	625,000
Various Purpose	6,820,000	0	350,000	6,470,000	355,000
Various Purpose	4,823,293	0	211,154	4,612,139	217,804
1995 Various Purpose Refunding	6,555,000	0	580,000	5,975,000	600,000
Unamortized Premium	158,515	0	16,833	141,682	0
Deferred Amount on Refunding	(607,997)	0	(4,566)	(603,431)	0
Various Purpose	6,095,637	0	534,769	5,560,868	547,100
Unamortized Premium	70,385	0	3,625	66,760	0
<i>Tax Increments Financing</i>					
Rockport Square Development	4,265,000	0	0	4,265,000	0
Unamortized Premium	133,771	0	7,560	126,211	0
Vedda Printing	400,000	0	15,000	385,000	15,000
Unamortized Premium	719	0	37	682	0
<i>Total General Obligation Bonds</i>	<u>36,035,423</u>	<u>0</u>	<u>2,554,412</u>	<u>33,481,011</u>	<u>2,588,104</u>
<b>Special Assessment Bonds with Governmental Commitment</b>					
Belle Avenue	10,000	0	10,000	0	0
Niagra and Narragansett Streets	20,000	0	20,000	0	0
<i>Total Special Assessment Bonds</i>	<u>30,000</u>	<u>0</u>	<u>30,000</u>	<u>0</u>	<u>0</u>
<b>OPWC Loans</b>					
Forest and Clifton Road	400,400	0	30,800	369,600	30,800
Lakewood Heights Boulevard	83,060	0	33,223	49,837	33,223
<i>Total OPWC Loans</i>	<u>483,460</u>	<u>0</u>	<u>64,023</u>	<u>419,437</u>	<u>64,023</u>
Compensated Absences Payable	5,050,117	2,230,083	1,717,896	5,562,304	1,975,528
Capital Leases Payable	47,423	0	25,101	22,322	18,525
<i>Total Governmental Activities</i>	<u>\$45,874,423</u>	<u>\$10,541,083</u>	<u>\$8,619,432</u>	<u>\$47,796,074</u>	<u>\$4,646,180</u>

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

**Note 11 - Long-Term Obligations (Continued)**

	Balance December 31, 2005	Additions	Deletions	Balance December 31, 2006	Amount Due in One Year
<i>Business-Type Activities</i>					
<b>Notes</b>					
<i>Water</i>					
Water Main Improvements	\$0	\$4,840,000	\$4,840,000	\$0	\$0
Water Main Improvements	0	210,000	0	210,000	35,000
Various Purpose	4,925,000	0	4,925,000	0	0
<i>Sewer</i>					
Various Purpose	0	3,600,000	3,600,000	0	0
Various Purpose	0	788,000	0	788,000	214,000
Storm Sewer Replacement	6,524,000	0	6,524,000	0	0
<i>Parking</i>					
Various Purpose	0	350,000	0	350,000	
<i>Winterhurst</i>					
Various Purpose	0	60,000	0	60,000	60,000
Various Purpose	60,000	0	60,000	0	0
<b>Total Notes Payable</b>	<b>11,509,000</b>	<b>9,848,000</b>	<b>19,949,000</b>	<b>1,408,000</b>	<b>309,000</b>
<b>Revenue Bonds</b>					
<i>Water</i>					
Water Main Improvements	0	10,285,000	0	10,285,000	310,000
Unamortized Discount	0	(124,937)	(1,677)	(123,260)	0
Unamortized Premium	0	21,352	427	20,925	0
Water Main Improvements	2,405,000	0	105,000	2,300,000	110,000
Water System Refunding	2,775,000	0	425,000	2,350,000	435,000
Deferred Amount of Refunding	(177,480)	0	(29,580)	(147,900)	0
Water Main Improvements	609,829	0	20,998	588,831	21,891
Unamortized Premium	554	0	29	525	0
<i>Sewer</i>					
Sewer Construction	0	14,320,000	0	14,320,000	430,000
Unamortized Discount	0	(174,240)	(2,342)	(171,898)	0
Unamortized Premium	0	50,527	685	49,842	0
<b>Total Revenue Bonds</b>	<b>5,612,903</b>	<b>24,377,702</b>	<b>518,540</b>	<b>29,472,065</b>	<b>1,306,891</b>
<b>General Obligation Bonds</b>					
<i>Sewer</i>					
Sewer Construction Refunding	1,945,000	0	165,000	1,780,000	170,000
Deferred Amount of Refunding	(112,628)	0	(1,460)	(111,168)	0
Unamortized Premium	48,556	0	5,156	43,400	0
Sewer Construction Refunding	2,820,000	0	420,000	2,400,000	430,000
Deferred Amount of Refunding	(202,451)	0	(28,922)	(173,529)	0
Sewer Construction	3,286,707	0	103,846	3,182,861	107,196
Unamortized Premium	68,336	0	3,936	64,400	0
Sewer Construction	4,421,258	0	152,233	4,269,025	158,712
Unamortized Premium	4,016	0	207	3,809	0
<i>Winterhurst</i>					
Recreational Facility	1,219,000	0	25,000	1,194,000	26,800
Recreational Facility	203,276	0	6,999	196,277	7,297
Unamortized Premium	184	0	10	174	0
<b>Total General Obligation Bonds</b>	<b>\$13,701,254</b>	<b>\$0</b>	<b>\$852,005</b>	<b>\$12,849,249</b>	<b>\$900,005</b>

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

**Note 11 - Long-Term Obligations (Continued)**

	Balance December 31, 2005	Additions	Deletions	Balance December 31, 2006	Amount Due in One Year
<b>OPWC Loans</b>					
<i>Water Fund</i>					
Water Main Replacements	\$811,498	\$0	\$62,424	749,074	\$62,423
Water Main Replacements	1,458,010	0	97,201	1,360,809	97,201
Water Main Replacements	870,288	0	49,731	820,557	49,730
Water Main Replacements	1,393,736	0	79,642	1,314,094	79,642
Belle Avenue Improvements	448,290	0	24,232	424,058	24,232
<i>Sewer</i>					
West Clifton Storm Sewer Rehabilitation	59,819	0	4,274	55,545	4,273
Edgewater Drive-Sewer Separation	483,407	0	30,213	453,194	30,213
<b>Total OPWC Loans</b>	<b>5,525,048</b>	<b>0</b>	<b>347,717</b>	<b>5,177,331</b>	<b>347,714</b>
<b>OWDA Loan</b>					
<i>Sewer</i>					
Lakewood Avenue	212,563	0	24,579	187,984	25,647
Compensated Absences Payable	376,253	233,447	174,470	435,230	92,314
<b>Total Business-Type Activities</b>	<b>\$36,937,021</b>	<b>\$34,459,149</b>	<b>\$21,866,311</b>	<b>\$49,529,859</b>	<b>\$2,981,571</b>

For governmental activities, general obligation bonds will be retired from the General Obligation and TIF Bond Retirement Debt Service Funds using general property tax and payments in lieu of taxes revenue. The special assessment bonds will be paid from the proceeds of special assessments levied against benefited property owners. In the event that a property owner would fail to pay the assessment, payment would be made by the City. The OPWC loans will be paid from general property tax revenue. Compensated absences will be paid from the General Fund, Streets and Highway, Community Development Block Grant, Office on Aging, and Lakewood Hospital Special Revenue Funds, and the Water, Sewer, Parking Facilities, and Winterhurst Ice Rink Enterprise Funds. The revenue bonds, general obligation bonds, OPWC loans and the OWDA loans reported in the Enterprise Funds will be paid from revenues derived by the City from water, sewer and ice rink user charges.

On March 1, 1998, the City issued \$9,060,000 in general obligation bonds to advance refund \$8,170,000 of outstanding 1992 various purpose general obligation bonds. The net proceeds of \$8,960,000 (after payment of issuance costs) were used to purchase direct obligations of the U.S. government. Those securities were deposited in an irrevocable trust with an escrow agent. The securities and fixed earnings from the securities are sufficient to provide for all future debt service payments on the 1992 bonds. As a result, the 1992 bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. As of December 31, 2006, \$4,085,000 of the defeased debt remained outstanding.

On August 1, 2004 the City issued \$4,265,000 in general obligation bonds for the Rockport Square development project. These bonds will be paid through tax increment financing where the payments in lieu of taxes (PILOTS) generated will pay the debt service payments.

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**Note 11- Long-Term Obligations (Continued)**

On March 1, 1998, the City issued \$5,695,000 in general obligation bonds to advance refund \$5,195,000 of outstanding 1992 Sanitary Sewer System general obligation bonds. The net proceeds of \$5,631,000 (after payment of issuance costs) were used to purchase direct obligations of the U.S. government. Those securities were deposited in an irrevocable trust with an escrow agent. The securities and fixed earning from the securities are sufficient to provide for all future debt service payment on the 1992 bonds. As a result these bonds are considered to be defeased, and the liability for those bonds has been removed from the Sewer and Wastewater Fund. As of December 31, 2006, \$2,400,000 of the defeased debt remained outstanding.

The 1998 advance refunding of the 1992 Sanitary Sewer System general obligation bonds resulted in a difference between the reacquisition price and the net carrying amount of the old debt. The refunded debt was called on December 1, 2001 and has been paid off. The unamortized balance of the deferral totaled \$173,529 at December 31, 2006. This difference, reported in the accompanying financial statements as a deduction from bonds payable, is being charged to operations through the year 2011 using the straight-line method.

In 1995, the City issued \$2,850,000 in Water Main Improvement Revenue Bonds with interest rates varying from 4.40 percent to 6.60 percent. Proceeds were used to improve the City's water mains. The revenue bonds included serial bonds. Restricted assets for debt service relating to the water main improvement revenue bonds held with trustee at December 31, 2006 were \$385,916.

On December 12, 2002 the City issued \$4,025,000 in water revenue refunding bonds to advance refund and defease the series 1991 water revenue bonds of \$2,845,000 and pay a portion (\$880,000) of the series 2002 bond anticipation notes. The net proceeds were used to purchase direct obligations of the U.S. government. Those securities were deposited in an irrevocable trust with an escrow agent.

The securities and fixed earnings from the securities are sufficient to provide for all future debt service payments on the series 1991 water revenue bonds and respective portion of the series 2002 bond anticipation notes. As a result, the 1991 water revenue bonds and the respective portion of the series 2002 bond anticipation notes are considered to be defeased. As of December 31, 2006, \$2,350,000 of the defeased debt remained outstanding. The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt. This difference, reported in the accompanying financial statement as a deduction from due in more than one year, is being charged to operations through the year 2011, using the straight-line method. The unamortized balance of the deferral totaled \$147,900 at December 31, 2006. The bonds maturing on or after July 1, 2001 are subject to redemption, at the sole option of the City, either in whole on any date, or in part on any interest payment date, on or after July 1, 2001, in multiples of \$5,000, at 100 percent of the redemption price plus accrued interest as of July 1, 2004 and thereafter. Restricted assets relating to the refunding water revenue bonds held with trustee for replacement and improvement at December 31, 2006 were \$186,270.

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**Note 11 - Long-Term Obligations (Continued)**

On May 26 2005, the City issued \$11,330,000 in general obligation bonds at interest rates varying from 3.00 percent to 5.00 percent for various purposes.

On May 26, 2005, the City issued \$9,480,000 in general obligation refunding bonds at interest rates varying from 3.00 percent to 5.00 percent. Proceeds were used to refund \$8,775,000 of the outstanding 1995 various purpose general obligation bonds.

The bonds were sold at a premium of \$219,898. Proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded 1993 and 1994 water and sewer construction bonds. As a result, \$8,775,000 of these bonds were considered defeased and the liability for the refunded bonds has been removed from the basic financial statements.

The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$765,265. This difference, being reported as a deferral in the accompanying financial statements, is being charged to operations through the year 2015 using the straight-line method.

On May 26, 2005 the City issued \$400,000 in General Obligation Bonds for the Vedda Printing Development project. These bonds will be paid through tax increment financing where the payments in lieu of taxes (PILOTS) generated will pay the debt service payments.

In 2006, the City issued \$10,285,000 in Water Main Improvement Revenue Bonds with interest rates varying from 4.00 percent to 4.50 percent to improve the City's water mains. The revenue bonds included serial bonds. Issuance included a premium of \$21,352 and discount of \$124,937. Restricted assets relating to the water main improvement revenue bonds held with trustee at December 31, 2006, were \$5,581,962, \$5,357,699 of unspent bond proceeds and \$224,263 restricted for debt service.

In 2006, the City issued \$14,320,000 in Sewer and Wastewater Improvement Revenue Bonds with interest rates varying from 4.00 percent to 4.50 percent to improve the City's sewer mains. The revenue bonds included serial bonds. Issuance included a premium of \$50,527 and discount of \$174,240. Restricted assets relating to the Sewer main improvement revenue bonds held with trustee at December 31, 2006, were \$10,174,423, \$9,861,202 of unspent bond proceeds and \$313,221 restricted for debt service.

A portion of the various purpose bond anticipation notes outstanding at December 31, 2006 was not refinanced with the issuance of the various purpose bond anticipation notes or the various purpose general obligation bonds described in Note 21 – Subsequent Events.

The City's overall legal debt margin was \$53,417,919 at December 31, 2006.

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

**Note 11 - Long-Term Obligations (Continued)**

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2006, are as follows:

	<b>Governmental Activities</b>			
	<u>General Obligation Bonds</u>		<u>OPWC Loans</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2007	\$2,603,103	\$1,546,936	\$64,023	\$0
2008	2,624,805	1,445,039	47,414	0
2009	2,928,271	1,332,517	30,800	0
2010	3,021,738	1,211,694	30,800	0
2011	2,725,211	1,083,113	30,800	0
2012-2016	10,930,688	3,702,222	154,000	0
2017-2021	6,618,639	1,544,757	61,600	0
2022-2031	2,296,652	202,830	0	0
	<u>\$33,749,107</u>	<u>\$12,069,108</u>	<u>\$419,437</u>	<u>\$0</u>
			<u>Total</u>	
		<u>Principal</u>	<u>Interest</u>	
2007		\$2,667,126	\$1,546,936	
2008		2,672,219	1,445,039	
2009		2,959,071	1,332,517	
2010		3,052,538	1,211,694	
2011		2,756,011	1,083,113	
2012-2016		11,084,688	3,702,222	
2017-2021		6,680,239	1,544,757	
2022-2031		2,296,652	202,830	
		<u>\$34,168,544</u>	<u>\$12,069,108</u>	

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

**Note 11 - Long-Term Obligations (Continued)**

	<b>Business Type Activities</b>			
	Revenue Bonds		GO Bonds	
	Principal	Interest	Principal	Interest
2007	\$1,306,891	\$1,110,428	\$900,005	\$562,972
2008	1,187,338	1,209,600	1,002,857	525,764
2009	1,228,232	1,189,289	1,048,497	481,912
2010	1,294,125	1,128,013	1,099,137	438,018
2011	1,344,572	1,090,422	1,145,218	391,393
2012-2016	4,783,496	4,769,663	3,355,816	1,431,011
2017-2021	5,700,216	3,624,700	2,636,246	750,609
2022-2031	12,998,961	3,375,003	1,834,387	178,222
	<u>\$29,843,831</u>	<u>\$17,497,118</u>	<u>\$13,022,163</u>	<u>\$4,759,901</u>
	OPWC Loans		OWDA Loans	
	Principal	Interest	Principal	Interest
	2007	\$347,714	\$0	\$25,647
2008	347,714	0	26,761	7,811
2009	347,714	0	27,925	6,696
2010	347,714	0	29,138	5,533
2011	347,714	0	30,405	4,319
2012-2016	1,738,571	0	48,108	5,130
2017-2021	1,445,555	0	0	0
2022-2031	254,635	0	0	0
	<u>\$5,177,331</u>	<u>\$0</u>	<u>\$187,984</u>	<u>\$38,368</u>
	Total			
	Principal	Interest		
	2007	\$2,580,257	\$1,682,279	
2008	2,564,670	1,743,175		
2009	2,652,368	1,677,897		
2010	2,770,114	1,571,564		
2011	2,867,909	1,486,134		
2012-2016	9,925,991	6,205,804		
2017-2021	9,782,017	4,375,309		
2022-2031	15,087,983	3,553,225		
	<u>\$48,231,309</u>	<u>\$22,295,387</u>		

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**Note 12 – Leases**

**A. Capital Leases**

In 2006, the City leased police vehicles and copier equipment through capital leasing arrangements. The assets of such agreements are recorded in the Government-Wide Statement of Net Assets. The lease contracts contain annual one-year renewal options that can be exercised by the City if sufficient funds are appropriated by City Council. The equipment has been capitalized in the amounts of \$65,459. The book value is \$36,764 as of December 31, 2006. The following is a schedule of the future minimum lease payments for capital leases and the present value of net minimum lease payments as of December 31, 2006:

	<u>Totals</u>
2007	\$18,524
2008	<u>3,864</u>
Total minimum lease payments	22,388
Less: amount representing interest	<u>(66)</u>
Total	<u><u>\$22,322</u></u>

**B. Operating Leases**

In 1997, the City renegotiated its lease agreement with the Lakewood Hospital Association (LHA) for its use of real and personal property owned by the City for the purpose of operating a hospital. Under the terms of the lease, the City will receive amounts ranging from \$1 million to \$1.225 million commencing in 1997 and continuing through 2026. Upon expiration of the lease term or the termination of this lease, LHA will surrender the leased property to the City.

**Note 13 - Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. The City has insurance coverage with Federal Insurance Company who provides the boiler coverage. The City's coverage for general liability, bodily injury and property damage to others, with Arch Insurance Company, is limited to \$1,000,000 per occurrence and has a \$3,000,000 aggregate limit per year with no deductible. In addition, there is an excess umbrella coverage of \$10,000,000 per occurrence for all liability coverage with no deductible.

Errors and omissions for public officials and police professional liability are \$1,000,000 per occurrence, and no aggregate with a \$5,000 deductible. Vehicles are covered for \$1,000,000 per each occurrence, no aggregate, with a \$250 deductible for comprehensive, \$1,000 deductible for collision.

The boiler and machinery is covered at \$50,000,000 with a \$10,000 deductible for deep well pumps and \$5,000 deductible for all other property.

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

**Note 13 - Risk Management (Continued)**

Coverage for the City's buildings, furniture, fixtures, and contents has a limit of \$103,266,909 with a \$1,000 deductible. Inland marine coverage for all City property that moves has a coverage of \$3,723,521 with a \$1,000 deductible and EDP equipment is covered at \$1,272,800 with a \$1,000 deductible.

Medical Professional coverage is \$1,000,000 per occurrence and \$3,000,000 aggregate with \$2,500 deductible per occurrence.

Pollution (lead abatement policy) coverage limits are \$1,000,000 per occurrence with a \$2,500 deductible. Earthquake and flood are \$5,000,000 per occurrence with a \$50,000 deductible.

Canine Coverage is \$20,000 per occurrence.

Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

The City of Lakewood maintains the Hospitalization Internal Service Fund to finance the cost of employee hospitalization and medical claims on a cost reimbursement basis. The City offers two plans to its employees that are funded through minimum premium agreements with different third party administrators. Under these plans the third party administrators pay claims on behalf of the employee and bill the City for the amount of actual claim paid plus administrative costs. The City is liable for claims up to a maximum premium.

At December 31, 2006, \$163,256 has been accrued for hospitalization claims representing an estimate of the amount to be paid for claims that have been incurred but not reported based on the requirements of GASB Statement No. 30 which requires a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to the issuance of the financial statements and the amount of the loss can be reasonably estimated. The estimate was not affected by incremental claims adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the balances of claims liabilities during the past two fiscal years are as follows:

	2006	2005
Estimated claims payable January 1	\$488,615	\$386,687
Plus: Current year claims	4,529,499	4,460,997
Less: Claim payments	(4,854,858)	(4,359,069)
Estimated claims payable December 31	\$163,256	\$488,615

Historically, under the Ohio Workers' Compensation System for public employer taxing districts, there have been two types of rating plans: base rating and experience rating. Ohio laws were subsequently amended to include an additional plan called retrospective rating, which is offered to Ohio employers who meet the eligibility standards. Under the terms of the State of Ohio's retrospective rating plan, an employer initially pays a fraction of the premium (the minimum premium) it would pay as an experience-rated risk. As costs for the employer's injured workers' claims are incurred, the employer must reimburse the State for those costs, subject to the plans individual claim cost limitation and the employer's premium limitation.

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

**Note 13 - Risk Management (Continued)**

During 1991, the City applied for and was accepted into the State of Ohio's Retrospective Rating Plan. The City has established a Workers Compensation Self-Insurance Fund (an Internal Service Fund) to account for and pay workers' compensation claims from accumulated assets of the fund. The City's retrospective rating plan provides for an aggregate stop loss limit on premiums of 200% of the employer's normal premium in the year the claim occurred and a \$300,000 limit per individual claim.

As of March 1, 2006 the City went "self insured" as an alternate method of funding workers' compensation. The City contracts with a third party administrator, who in turn, processes all the claims.

At December 31, 2006, \$313,447 has been accrued for workers' compensation claims representing estimates of amounts to be paid for reported claims and incurred but not reported claims calculated using trends in actual claims experience based on the requirements of GASB Statement No. 30, which requires a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported if information prior to the issuance of the financial statements and the amount of the loss can be reasonably estimated. The estimate was not affected by incremental claims adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	2006	2005
Estimated claims payable January 1	\$496,126	\$433,754
Plus: Current year claims	388,688	367,097
Less: Claim payments	(571,367)	(304,725)
Estimated claims payable December 31	\$313,447	\$496,126

In accordance with GASB Statement No. 10, claims liabilities, arising from uninsured risks, are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities included an amount for claims incurred but not reported. Changes to the estimated claims payable recorded in the General Liability Fund and during the years ended December 31, 2006 and 2005 were as follows:

	2006	2005
Estimated claims payable January 1	\$23,000	\$23,000
Plus: Current year claims	110,367	10,647
Less: Claim payments	(110,367)	(10,647)
Estimated claims payable December 31	\$23,000	\$23,000

## **Note 14 - Defined Benefit Pension Plans**

### ***A. Ohio Public Employees Retirement System***

The City of Lakewood 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, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The City's contribution rate for pension benefits for 2006 was 9.20 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 12.43 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$1,586,789, \$1,726,585 and \$1,724,956 respectively; 74 percent has been contributed for 2006 and 100 percent for 2005 and 2004. Contributions to the member-directed plan for 2006 were \$18,402 made by the City and \$12,089 made by the plan members.

### ***B. 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. 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. 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, OH 43215-5164.

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**Note 14 - Defined Benefit Pension Plans (Continued)**

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City is required to contribute 19.50 percent for police officers and 24 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for the years ended December 31, 2006, 2005 and 2004 were \$1,046,943, \$1,075,761 and \$1,078,504, respectively for police. The City's contributions to the fund years ended December 31, 2006, 2005 and 2004 were \$1,220,397, \$1,265,704 and \$1,185,560, respectively for fire. The full amount has been contributed for 2005 and 2004. 75 percent has been contributed for 2006.

**Note 15 – Postemployment Benefits**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plan is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll (16.93 percent for public safety and law enforcement); 4.5 percent of covered payroll was the portion that was used to fund health care.

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, 2005, 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 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market. 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 a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005 actuarial valuation was 358,804. Actual employer contributions for 2006, which were used to fund postemployment benefits, were \$776,147. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 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 separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

**Note 15 – Postemployment Benefits (Continued)**

***B. Ohio Police and Fire Pension Fund***

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement 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 2/3 basis.

The Ohio Revised Code provides the authority allowing 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 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. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2006 and 2005. In addition, since July 1, 1992, most retirees and survivors 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 2006 that were used to fund postemployment benefits were \$416,093 for police and \$394,087 for firefighters. The OP&F's total health care expense for the year ended December 31, 2005, (the latest information available) was \$108,039,449, which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 13,922 for police and 10,537 for firefighters.

**Note 16 - Other Employee Benefits**

***A. Compensated Absences***

City employees generally earn vacation and sick leave ranging from two to five weeks and 14 to 30 days per year, respectively, based on length of service or hours worked for sick time. Vacation and sick leave accumulate on an hourly basis and are fully vested when earned. Accumulated vacation leave and accumulated sick days cannot exceed 50 or 120 days, respectively, at the end of any year. However, employees convert to cash, on a three-to-one basis, sick days accumulated in excess of 120 days. Twenty-five percent of unused sick leave plus any accumulated vacation leave is paid at termination, retirement or death.

In addition, employees of the City accumulate deferred compensation for a portion of overtime hours worked based upon time and a half for police and fire department employees, and straight time for other employees. Employees are entitled to receive payments for their accumulated hours upon retirement or other termination from the City's payroll. Police and fire department employees can receive, on a police quarterly and fire semi-annual basis, payments for portions of overtime accumulated, upon written request to the respective department Chief.

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**Note 16 - Other Employee Benefits (Continued)**

Fire Department personnel required to work a holiday are granted, at a later time, an eight or twenty-four hour off-duty period. Members hired before January 1, 1989 may accumulate up to fourteen 24-hour holidays which would be paid at their hourly rate at the time of retirement or termination. Members have the option of receiving a payment of up to 144 holiday hours in lieu of time off. Payment for these hours is received in January of the following year. Police Department personnel who are required to work a holiday are granted a day off at a later time. Members have the option of receiving a payment of up to 120 holiday hours in lieu of time off. Payment for these hours is received in January of the following year.

***B. Health and Life Insurance***

Medical Mutual and Kaiser Permanente served as third party administrators for the self-insured medical and health coverage to City employees. The insurance premiums are paid by the City and partly by the employees. Kansas City Life provides life insurance and accidental death and dismemberment insurance to the City's employees.

**Note 17 - Jointly Governed Organization**

The West Shore Council of Governments helps foster cooperation between municipalities in areas affecting health, safety, welfare, education, economic conditions and regional development. The board is comprised of one member from each of the six participating municipalities. The board exercises total control over the operation of the Council including budgeting, appropriating, contracting and designating management. Budgets are adopted by the board. Each City's degree of control is limited to its representation on the board. In 2006, the City contributed \$88,222.

**Note 18 - Contractual Commitments**

The following were contractual commitments outstanding at December 31, 2006.

<u>Project</u>	<u>Amount Remaining</u>
Detroit Avenue Sewer Improvement	\$4,227,540
Marlowe Avenue Street Reconstruction	390,649
Warren Road Avenue Watermain Improvement	366,044
Arthur Avenue Street Reconstruction	<u>80,032</u>
Total	<u><u>\$5,064,265</u></u>

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

**Note 19 - Interfund Transfers and Balances**

**A. Transfers**

The General Fund transfers to the major and nonmajor Governmental Funds, and Winterhurst Ice Rink Enterprise Fund were made to provide additional resources for current operations. The transfers from Police and Fire Pension Special Revenue Fund, and the TIF Capital Fund were to cover debt payments.

Transfer To	Transfers From				Total Governmental Activities
	General	Police and Fire Pension	Permanent Capital Improvement	TIF Capital Improvement	
<b>Governmental Activities</b>					
Office on Aging	\$1,410,000	\$0	\$0	\$0	\$1,410,000
Debt Service	0	428,798	61,000	0	489,798
Nonmajor Funds	38,243	0	0	31,057	69,300
<i>Total Governmental Activities</i>	1,448,243	428,798	61,000	31,057	1,969,098
<b>Business-Type Activities</b>					
Winterhurst Ice Rink	450,000	0	0	0	450,000
<i>Total</i>	<u>\$1,898,243</u>	<u>\$428,798</u>	<u>\$61,000</u>	<u>\$31,057</u>	<u>\$2,419,098</u>

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

**Note 19 - Interfund Transfers and Balances (Continued)**

**B. Balances**

Interfund receivables and payables are due to the timing of the receipt of grant monies by the major and nonmajor funds. It is also to cover those funds that owe the Hospitalization Fund for claims incurred. All interfund balances will be repaid within one year. Interfund balances at December 31, 2006, consist of the following:

Interfund Payable	Interfund Receivable		
	General	Hospitalization	Total
<b>Governmental Activities</b>			
<b>Major Funds:</b>			
General	\$0	\$121,115	\$121,115
<i>Special Revenue Funds:</i>			
Streets and Highways	0	6,305	6,305
Community Development Block Grant	51,680	1,659	53,339
Office on Aging	0	10,618	10,618
Lakewood Hospital	0	5,641	5,641
<b>Nonmajor Funds</b>			
<i>Special Revenue Funds</i>			
HOME Investment Program	20,042	0	20,042
Lead Base Paint	10,786	0	10,786
<i>Total Governmental Activities</i>	82,508	145,338	227,846
<b>Business-Type Activities</b>			
<b>Major Funds:</b>			
<i>Enterprise Funds:</i>			
Water	0	5,973	5,973
Sewer	0	10,618	10,618
<b>Nonmajor Funds</b>			
Parking Facilities	0	995	995
Winterhurst	0	332	332
<i>Total Business Type Activities</i>	0	17,918	17,918
<b>Total</b>	\$82,508	\$163,256	\$245,764

**City of Lakewood, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2006*

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**Note 20 – Notes Payable**

A portion of the various purpose bond anticipation notes outstanding at December 31, 2006 was not refinanced with the issuance of the various purpose bond anticipation notes or the various purpose general obligation bonds described in Note 21 – Subsequent Events. Accordingly \$194,000 of the \$8,505,000 governmental activities portion of the \$9,913,000 various purpose bond anticipation notes is reflected as a fund liability in the Debt Service Fund which received the portion of the proceeds of the new debt issued to retire the existing debt and repaid this debt in 2007.

A summary of the note transaction for the year ended December 31, 2006 follows:

	Outstanding 12/31/05	Issued	Retired	Outstanding 12/31/06
<b>Governmental Activities:</b>				
5.00% Various Purpose - Debt Service	\$0	\$194,000	\$0	\$194,000

**Note 21 - Subsequent Events**

On April 07, 2007, the City issued \$6,123,000 in various purpose bond anticipation notes. \$3,500,000 of the note was issued to pay off the outstanding 2006 notes and \$2,623,000 was issued for 2007 capital improvements. \$2,751,000 of the \$3,500,000 was related to governmental activities and the remaining \$749,000 was related to enterprise funds and business-type activities. These notes were issued at an interest rate of 4.0% and mature on June 17, 2008.

On May 30, 2007, the City issued \$10,875,000 in various purpose general obligation bonds. \$5,915,000 of the note was issued to pay off the outstanding 2006 notes and \$4,960,000 was issued to refund the 2001 various purpose general obligation bonds. \$5,560,000 of the \$5,915,000 was related to governmental activities and the remaining \$355,000 was related to enterprise funds and business-type activities. These bonds were issued at an interest rate of 4.0-4.25%.

## Combining Statements-Nonmajor Governmental Funds

### *Fund Descriptions*

#### *Nonmajor Special Revenue Funds*

Special Revenue Funds are established to account for the proceeds of specific revenue sources (other than amounts relating to major capital projects) that are legally restricted to expenditures for specific purposes.

Litter Control Grant Fund	To account for the revenues received from Ohio Department of Natural Resources and expenditures relative to this litter control program.
Community Festival Fund	To account for the revenues and expenditures relating to various community activities held during the year.
Law and Drug Enforcement Trust Fund	To account for confiscated property and forfeited bonds. Monies are designated for specific law enforcement purposes and activities.
Federal Forfeiture Fund	To account for profits forfeited by illegal enterprises. These are the result of joint investigations between the Lakewood Police Department and Federal Agencies. The revenues in this fund may only be used per specific requirements of the federal code to support law enforcement investigations, and to provide necessary technology, equipment and training.
Indigent Drivers Alcohol Treatment Fund	To account for fines from persons convicted of "Driving while under the influence of alcohol (D.U.I.)".
Enforcement and Education Fund	To account for fines imposed by the Courts which are used for programs aimed at further education and enforcement of D.U.I. laws.
Political Subdivision Fund	To account for fines imposed by the Courts which are distributed to the political subdivision responsible for housing the D.U.I. offender to offset related costs.
Computer Research and Maintenance Fund	To account for fines imposed by the Courts which are used to provide computerized research services and maintenance of the Court's computer system.

(continued)

*Fund Descriptions(continued)*

*Nonmajor Special Revenue Funds*

Court Special Projects Fund	To account for fines imposed by the Courts which are used for special projects of the Lake Municipal Court.
Court Probation Services Fund	To account for fines imposed by the Courts which are used for the operations of the Probation Department of the Lakewood Municipal Court.
Emergency Shelter Grant Fund	To account for grants issued to the City by the United States Department of Housing and Urban Development (HUD) to fund the renovation, rehabilitation or conversion of buildings for use as emergency shelters for the homeless.
HOME Investment Program Fund	To account for the revenues used to help first-time homebuyers with low and moderate income to purchase a new home.
Lead-Based Paint Hazard Control Fund	To account for grant funds used to assist families with low to moderate income and who have children under the age of six who are at risk for lead paint poisoning.
Little Links Fund	To account for the operation and maintenance of the City's miniature golf course.
Help-to-Others Fund	To account for camp registrations and donations used to fund a youth program that promotes volunteerism.
Juvenile Diversion Fund	To account for monies received from Cuyahoga County used to establish or expand community policing programs.
Family Day Care Home Project Fund	To account for grant proceeds received from the State of Ohio USDA to provide reimbursements to home daycare providers for food and snacks served to eligible children in their care.
Family to Family Fund	To account for grant proceeds received from Cuyahoga County used to fund wrap around services targeting identified at-risk youth and families.
Federal Emergency Management Fund	To account for Federal and State monies used for the restoration of areas hit by natural disasters.

(continued)

*Fund Descriptions(continued)*

*NonMajor Debt Service Fund*

Debt Service funds are established to account for the accumulation of resources for, and the payment of general long-term principal, interest and related costs.

Tax Increment Financing (TIF)

Bond Retirement Fund

To account for the principal and interest payments on tax increment financing general obligation bonds.

*NonMajor Capital Projects Funds*

Capital projects funds are established to account for financial resources to be used for the construction or acquisition of major capital facilities (other than those financed by proprietary funds).

Lakehouse Breakwall Fund

To account for the construction of a permanent breakwall to protect the property of the citizens of the City.

Land Acquisition Fund

To account for the acquisition of properties to be developed for recreation, economic or other purposes as deemed appropriate by City Council and the Mayor.

City Park Improvement Fund

To account for resources for the improvement of the City Park.

**City of Lakewood, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Governmental Funds*  
*December 31, 2006*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash				
Equivalents	\$751,725	\$110	\$180,221	\$932,056
Accounts Receivable	13,718	0	0	13,718
Intergovernmental Receivable	139,237	0	0	139,237
<i>Total Assets</i>	<u>\$904,680</u>	<u>\$110</u>	<u>\$180,221</u>	<u>\$1,085,011</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$42,069	\$0	\$0	\$42,069
Interfund Payable	30,828	0	0	30,828
<i>Total Liabilities</i>	<u>72,897</u>	<u>0</u>	<u>0</u>	<u>72,897</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	2,781	0	0	2,781
Unreserved, Undesignated Reported In:				
Special Revenue Funds	829,002	0	0	829,002
Debt Service Fund	0	110	0	110
Capital Projects Funds	0	0	180,221	180,221
<i>Total Fund Balances</i>	<u>831,783</u>	<u>110</u>	<u>180,221</u>	<u>1,012,114</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$904,680</u>	<u>\$110</u>	<u>\$180,221</u>	<u>\$1,085,011</u>

**City of Lakewood, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Governmental Funds*  
*For the Year Ended December 31, 2006*

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
<b>Revenues</b>				
Payment in Lieu of Taxes	\$0	\$241,589	\$0	\$241,589
Charges for Services	9,035	0	0	9,035
Fines and Forfeitures	172,470	0	0	172,470
Intergovernmental	1,054,707	0	0	1,054,707
Contributions and Donations	0	0	11,371	11,371
Miscellaneous	74,227	0	0	74,227
<i>Total Revenues</i>	<u>1,310,439</u>	<u>241,589</u>	<u>11,371</u>	<u>1,563,399</u>
<b>Expenditures</b>				
Current:				
General Government	150,592	0	0	150,592
Security of Persons and Property				
Police	128,611	0	0	128,611
Public Health Services	18,884	0	0	18,884
Community Environment	1,009,327	0	0	1,009,327
Debt Service:				
Principal Retirement	0	15,000	0	15,000
Interest and Fiscal Charges	0	257,536	0	257,536
<i>Total Expenditures</i>	<u>1,307,414</u>	<u>272,536</u>	<u>0</u>	<u>1,579,950</u>
Excess of Revenues Over (Under) Expenditures	3,025	(30,947)	11,371	(16,551)
<b>Other Financing Sources</b>				
Transfers In	38,243	31,057	0	69,300
<i>Net Change in Fund Balances</i>	41,268	110	11,371	52,749
<i>Fund Balances Beginning of Year</i>	<u>790,515</u>	<u>0</u>	<u>168,850</u>	<u>959,365</u>
<i>Fund Balances End of Year</i>	<u>\$831,783</u>	<u>\$110</u>	<u>\$180,221</u>	<u>\$1,012,114</u>

**City of Lakewood, Ohio**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**December 31, 2006**

	Litter Control Grant Fund	Community Festival Fund	Law and Drug Enforcement Trust Fund	Federal Forfeiture Fund	Indigent Drivers Alcohol Treatment Fund
<b>Assets</b>					
Equity in Pooled Cash and Cash					
Equivalents	\$17,490	\$8,101	\$276,283	\$3,981	\$139,182
Receivables:					
Accounts	0	0	1,274	0	537
Intergovernmental	0	0	0	0	0
<b>Total Assets</b>	<b>\$17,490</b>	<b>\$8,101</b>	<b>\$277,557</b>	<b>\$3,981</b>	<b>\$139,719</b>
<b>Liabilities and Fund Balance</b>					
<b>Liabilities</b>					
Accounts Payable	\$204	\$0	\$0	\$0	\$0
Interfund Payable	0	0	0	0	0
<b>Total Liabilities</b>	<b>204</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balances</b>					
Reserved for Encumbrances	45	0	1,656	0	0
Unreserved, Undesignated (Deficit)	17,241	8,101	275,901	3,981	139,719
<b>Total Fund Balances (Deficit)</b>	<b>17,286</b>	<b>8,101</b>	<b>277,557</b>	<b>3,981</b>	<b>139,719</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$17,490</b>	<b>\$8,101</b>	<b>\$277,557</b>	<b>\$3,981</b>	<b>\$139,719</b>

<u>Enforcement and Education Fund</u>	<u>Political Subdivision Fund</u>	<u>Computer Research and Maintenance Fund</u>	<u>Court Special Projects Fund</u>	<u>Court Probation Services Fund</u>	<u>Emergency Shelter Grant Fund</u>
\$112,179	\$5,201	\$0	\$81,254	\$25,796	\$3,963
913	159	2,253	6,075	2,507	0
0	0	0	0	0	0
<u>\$113,092</u>	<u>\$5,360</u>	<u>\$2,253</u>	<u>\$87,329</u>	<u>\$28,303</u>	<u>\$3,963</u>
\$0	\$0	\$0	\$0	\$0	\$8,043
0	0	0	0	0	0
0	0	0	0	0	8,043
1,080	0	0	0	0	0
112,012	5,360	2,253	87,329	28,303	(4,080)
113,092	5,360	2,253	87,329	28,303	(4,080)
<u>\$113,092</u>	<u>\$5,360</u>	<u>\$2,253</u>	<u>\$87,329</u>	<u>\$28,303</u>	<u>\$3,963</u>

(continued)

**City of Lakewood, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Special Revenue Funds (continued)*  
*December 31, 2006*

	HOME Investment Program Fund	Lead-Based Paint Hazard Control Fund	Little Links Fund	Help-to-Others Fund
<b>Assets</b>				
Equity in Pooled Cash and Cash				
Equivalents	\$12,909	\$0	\$6,158	\$2,007
Receivables:				
Accounts	0	0	0	0
Intergovernmental	0	19,160	0	0
<i>Total Assets</i>	<u>\$12,909</u>	<u>\$19,160</u>	<u>\$6,158</u>	<u>\$2,007</u>
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
Accounts Payable	\$32,666	\$0	\$0	\$0
Interfund Payable	20,042	10,786	0	0
<i>Total Liabilities</i>	<u>52,708</u>	<u>10,786</u>	<u>0</u>	<u>0</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	0	0	0	0
Unreserved, Undesignated (Deficit)	(39,799)	8,374	6,158	2,007
<i>Total Fund Balances (Deficit)</i>	<u>(39,799)</u>	<u>8,374</u>	<u>6,158</u>	<u>2,007</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$12,909</u>	<u>\$19,160</u>	<u>\$6,158</u>	<u>\$2,007</u>

Juvenile Diversion Fund	Family Day Care Home Project Fund	Family to Family Fund	Federal Emergency Management Fund	Total Nonmajor Special Revenue Funds
\$4,444	\$1,538	\$50,430	\$809	\$751,725
0	0	0	0	13,718
0	29,042	91,035	0	139,237
<u>\$4,444</u>	<u>\$30,580</u>	<u>\$141,465</u>	<u>\$809</u>	<u>\$904,680</u>
\$0	\$0	\$1,156	\$0	\$42,069
0	0	0	0	30,828
0	0	1,156	0	72,897
0	0	0	0	2,781
4,444	30,580	140,309	809	829,002
4,444	30,580	140,309	809	831,783
<u>\$4,444</u>	<u>\$30,580</u>	<u>\$141,465</u>	<u>\$809</u>	<u>\$904,680</u>

**City of Lakewood, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds*  
*For the Year Ended December 31, 2006*

	Litter Control Grant Fund	Community Festival Fund	Law and Drug Enforcement Trust Fund	Federal Forfeiture Fund
<b>Revenues</b>				
Charges for Services	\$0	\$0	\$0	\$0
Fines and Forfeitures	0	0	12,076	0
Intergovernmental	0	0	13,779	4,788
Miscellaneous	0	3,850	62,359	0
<i>Total Revenues</i>	<u>0</u>	<u>3,850</u>	<u>88,214</u>	<u>4,788</u>
<b>Expenditures</b>				
Current:				
General Government	0	8,652	0	0
Security of Persons and Property				
Police	0	0	70,147	22,203
Public Health Services	0	0	0	0
Community Environment	28,045	0	0	0
<i>Total Expenditures</i>	<u>28,045</u>	<u>8,652</u>	<u>70,147</u>	<u>22,203</u>
Excess of Revenues Over (Under) Expenditures	(28,045)	(4,802)	18,067	(17,415)
<b>Other Financing Sources</b>				
Transfers In	33,243	5,000	0	0
<i>Net Change in Fund Balances</i>	5,198	198	18,067	(17,415)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>12,088</u>	<u>7,903</u>	<u>259,490</u>	<u>21,396</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$17,286</u>	<u>\$8,101</u>	<u>\$277,557</u>	<u>\$3,981</u>

Indigent Drivers Alcohol Treatment Fund	Enforcement and Education Fund	Political Subdivision Fund	Computer Research and Maintenance Fund	Court Special Projects Fund
\$0	\$0	\$0	\$0	\$0
6,439	7,169	3,100	31,918	80,267
3,575	0	0	0	0
0	3,000	0	0	0
<u>10,014</u>	<u>10,169</u>	<u>3,100</u>	<u>31,918</u>	<u>80,267</u>
0	0	0	38,369	98,785
0	36,261	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>0</u>	<u>36,261</u>	<u>0</u>	<u>38,369</u>	<u>98,785</u>
10,014	(26,092)	3,100	(6,451)	(18,518)
0	0	0	0	0
10,014	(26,092)	3,100	(6,451)	(18,518)
129,705	139,184	2,260	8,704	105,847
<u>\$139,719</u>	<u>\$113,092</u>	<u>\$5,360</u>	<u>\$2,253</u>	<u>\$87,329</u>

(continued)

**City of Lakewood, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Special Revenue Funds (continued)*  
*For the Year Ended December 31, 2006*

	Court Probation Services Fund	Emergency Shelter Grant Fund	HOME Investment Program Fund	Lead-Based Paint Hazard Control Fund
<b>Revenues</b>				
Charges for Services	\$0	\$0	\$0	\$0
Fines and Forfeitures	31,501	0	0	0
Intergovernmental	0	103,451	390,950	48,893
Miscellaneous	0	0	0	0
<i>Total Revenues</i>	<u>31,501</u>	<u>103,451</u>	<u>390,950</u>	<u>48,893</u>
<b>Expenditures</b>				
Current:				
General Government	4,786	0	0	0
Security of Persons and Property				
Police	0	0	0	0
Public Health Services	0	0	0	0
Community Environment	0	100,369	499,749	40,519
<i>Total Expenditures</i>	<u>4,786</u>	<u>100,369</u>	<u>499,749</u>	<u>40,519</u>
Excess of Revenues Over (Under) Expenditures	26,715	3,082	(108,799)	8,374
<b>Other Financing Sources</b>				
Transfers In	0	0	0	0
<i>Net Change in Fund Balances</i>	26,715	3,082	(108,799)	8,374
<i>Fund Balances (Deficit) Beginning of Year</i>	1,588	(7,162)	69,000	0
<i>Fund Balances (Deficit) End of Year</i>	<u>\$28,303</u>	<u>(\$4,080)</u>	<u>(\$39,799)</u>	<u>\$8,374</u>

Little Links Fund	Help-to-Others Fund	Juvenile Diversion Fund	Family Day Care Home Project Fund	Family to Family Fund	Federal Emergency Management Fund	Total Nonmajor Special Revenue Funds
\$0	\$9,035	\$0	\$0	\$0	\$0	\$9,035
0	0	0	0	0	0	172,470
0	21,017	18,000	193,949	256,305	0	1,054,707
0	510	4,508	0	0	0	74,227
0	30,562	22,508	193,949	256,305	0	1,310,439
0	0	0	0	0	0	150,592
0	0	0	0	0	0	128,611
0	0	18,884	0	0	0	18,884
165	30,071	0	194,413	115,996	0	1,009,327
165	30,071	18,884	194,413	115,996	0	1,307,414
(165)	491	3,624	(464)	140,309	0	3,025
0	0	0	0	0	0	38,243
(165)	491	3,624	(464)	140,309	0	41,268
6,323	1,516	820	31,044	0	809	790,515
\$6,158	\$2,007	\$4,444	\$30,580	\$140,309	\$809	\$831,783

**City of Lakewood, Ohio**  
*Combining Balance Sheet*  
*Nonmajor Capital Projects Funds*  
*December 31, 2006*

	<u>Lakehouse Breakwall Fund</u>	<u>Land Acquisition Fund</u>	<u>City Park Improvement Fund</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$15,261	\$150,000	\$14,960	\$180,221
<b>Liabilities and Fund Balance</b>				
<b>Liabilities</b>				
<i>Total Liabilities</i>	\$0	\$0	\$0	\$0
<b>Fund Balances</b>				
Reserved for Encumbrances				
Unreserved, Undesignated	15,261	150,000	14,960	180,221
<i>Total Liabilities and Fund Balances</i>	\$15,261	\$150,000	\$14,960	\$180,221

**City of Lakewood, Ohio**  
*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Nonmajor Capital Projects Funds*  
*For the Year Ended December 31, 2006*

	Lakehouse Breakwall Fund	Land Acquisition Fund	City Park Improvement Fund	Total Nonmajor Capital Projects Funds
<b>Revenues</b>				
Contributions and Donations	\$0	\$0	\$11,371	\$11,371
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	0	0	11,371	11,371
<i>Fund Balances Beginning of Year</i>	<u>15,261</u>	<u>150,000</u>	<u>3,589</u>	<u>168,850</u>
<i>Fund Balances End of Year</i>	<u><u>\$15,261</u></u>	<u><u>\$150,000</u></u>	<u><u>\$14,960</u></u>	<u><u>\$180,221</u></u>

## Combining Statements-Nonmajor Proprietary Funds

### *Fund Descriptions*

#### *Nonmajor Enterprise Funds*

Enterprise Funds are established to account for operations that are financed by user charges for goods or services provided primarily to the general public.

Parking Facilities Fund	To account for the off-street parking services provided by the City.
Winterhurst Ice Rink Fund	To account for the revenues and costs of operating the municipal ice rink facility.

#### *Internal Service Funds*

Internal Service Funds are established to account for the financing of significant goods or services provided by one department or agency to other departments or agencies of the City, or other governments on a cost reimbursement basis.

Hospitalization Fund	To account for the premiums charged to City funds and the payments incurred for claims.
Workers' Compensation Fund	To account for workers' compensation costs incurred under the State's retrospectively rated workers' compensation program.
General Liability Fund	To account for the funds reserved to finance potential losses on property and liability cases.

**City of Lakewood, Ohio**  
*Combining Statement of Fund Net Assets*  
*Nonmajor Enterprise Funds*  
*December 31, 2006*

	Parking Facilities Fund	Winterhurst Ice Rink Fund	Total Nonmajor Enterprise Funds
<b>Assets</b>			
<b>Current Assets</b>			
Equity in Pooled Cash and Cash			
Equivalents	\$383,897	\$19,724	\$403,621
Accounts Receivable	0	45,896	45,896
Materials and Supplies Inventory	39,527	45,425	84,952
Total Current Assets	<u>423,424</u>	<u>111,045</u>	<u>534,469</u>
<b>Long-Term Assets</b>			
Deferred Bond Issuance Costs	0	12,893	12,893
Nondepreciable Assets	77,130	160,601	237,731
Depreciable Assets, Net	125,186	1,567,387	1,692,573
Total Noncurrent Assets	<u>202,316</u>	<u>1,740,881</u>	<u>1,943,197</u>
<i>Total Assets</i>	<u>625,740</u>	<u>1,851,926</u>	<u>2,477,666</u>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	164,784	39,613	204,397
Accrued Wages and Benefits	2,544	6,616	9,160
Intergovernmental Payable	6,268	13,506	19,774
Interfund Payable	995	332	1,327
Accrued Interest Payable	8,575	7,116	15,691
Notes Payable	0	60,000	60,000
Compensated Absences Payable	10,064	1,366	11,430
Bonds Payable	0	34,097	34,097
Total Current Liabilities	<u>193,230</u>	<u>162,646</u>	<u>355,876</u>
<b>Long-Term Liabilities</b>			
Notes Payable	350,000	0	350,000
Compensated Absence Payable	11,073	37,725	48,798
Bonds Payable	0	1,356,354	1,356,354
Total Long Term Liabilities	<u>361,073</u>	<u>1,394,079</u>	<u>1,755,152</u>
<i>Total Liabilities</i>	<u>554,303</u>	<u>1,556,725</u>	<u>2,111,028</u>
<b>Net Assets</b>			
Invested in Capital Assets, Net of Related Debt	202,316	290,604	492,920
Unrestricted (Deficit)	(130,879)	4,597	(126,282)
<i>Total Net Assets</i>	<u>\$71,437</u>	<u>\$295,201</u>	<u>\$366,638</u>

**City of Lakewood, Ohio**  
*Combining Statement of Revenues, Expenses and Changes in Net Assets*  
*Nonmajor Enterprise Funds*  
*For the Year Ended December 31, 2006*

	Parking Facilities Fund	Winterhurst Ice Rink Fund	Total Nonmajor Enterprise Funds
<b>Operating Revenues</b>			
Charges for Services	\$290,561	\$686,619	\$977,180
Miscellaneous	722	43	765
<i>Total Operating Revenues</i>	<u>291,283</u>	<u>686,662</u>	<u>977,945</u>
<b>Operating Expenses</b>			
Personal Services	193,573	381,855	575,428
Contractual Services	222,138	314,666	536,804
Materials and Supplies	23,215	82,412	105,627
Utilities	23,462	358,432	381,894
Depreciation	11,679	48,154	59,833
<i>Total Operating Expenses</i>	<u>474,067</u>	<u>1,185,519</u>	<u>1,659,586</u>
Operating Loss	(182,784)	(498,857)	(681,641)
<b>Non Operating Expenses</b>			
Interest and Fiscal Charges	(8,575)	(72,429)	(81,004)
Net Loss Before Transfers	(191,359)	(571,286)	(762,645)
Transfers In	0	450,000	450,000
<i>Change in Net Assets</i>	(191,359)	(121,286)	(312,645)
<i>Net Assets Beginning of Year</i>	<u>262,796</u>	<u>416,487</u>	<u>679,283</u>
<i>Net Assets End of Year</i>	<u>\$71,437</u>	<u>\$295,201</u>	<u>\$366,638</u>

**City of Lakewood, Ohio**  
*Combining Statement of Cash Flows*  
*Nonmajor Enterprise Funds*  
*For the Year Ended December 31, 2006*

	Parking Facilities Fund	Winterhurst Ice Rink Fund	Total Nonmajor Enterprise Funds
<b>Increase (Decrease) in Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$290,561	\$680,021	\$970,582
Cash Received from Other Operating Sources	722	43	765
Cash Payments to Suppliers for Goods and Services	(193,639)	(709,447)	(903,086)
Cash Payments for Employee Services and Benefits	(153,229)	(374,941)	(528,170)
<i>Net Cash Used for Operating Activities</i>	<u>(55,585)</u>	<u>(404,324)</u>	<u>(459,909)</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Transfer In	0	450,000	450,000
<b>Cash Flows from Capital and Related Financing Activities</b>			
Acquisition of Capital Assets	0	(31,976)	(31,976)
Notes Issued	350,000	60,000	410,000
Premium	0	159	159
Principal Paid on Bonds	0	(31,999)	(31,999)
Principal Paid on Notes	0	(60,000)	(60,000)
Interest Paid on Bonds	0	(69,057)	(69,057)
Interest Paid on Notes	0	(2,100)	(2,100)
<i>Net Cash Provided by (Used for) Capital and Related Financing Activities</i>	<u>350,000</u>	<u>(134,973)</u>	<u>215,027</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	294,415	(89,297)	205,118
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>89,482</u>	<u>109,021</u>	<u>198,503</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$383,897</u></u>	<u><u>\$19,724</u></u>	<u><u>\$403,621</u></u>

(continued)

**City of Lakewood, Ohio**  
198753  
*Nonmajor Enterprise Funds (continued)*  
For the Year Ended December 31, 2006

	Parking Facilities Fund	Winterhurst Ice Rink Fund	Total Nonmajor Enterprise Funds
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>			
<i>Operating Loss</i>	(\$182,784)	(\$498,857)	(\$681,641)
Adjustments:			
Depreciation	11,679	48,154	59,833
(Increase) Decrease in Assets:			
Accounts Receivable	0	(6,598)	(6,598)
Materials and Supplies Inventory	14,912	6,450	21,362
Prepaid Items	362	0	362
Increase (Decrease) in Liabilities:			
Accounts Payable	100,312	39,613	139,925
Accrued Wages	(122)	(149)	(271)
Compensated Absences	3,523	12,215	15,738
Interfund Payable	(1,802)	(602)	(2,404)
Intergovernmental Payable	(1,665)	(4,550)	(6,215)
<i>Net Cash Used for Operating Activities</i>	<u>(\$55,585)</u>	<u>(\$404,324)</u>	<u>(\$459,909)</u>

**City of Lakewood, Ohio**  
*Combining Statement of Fund Net Assets*  
*Internal Service Funds*  
*December 31, 2006*

	Hospitalization Fund	Workers' Compensation Fund	General Liability Fund	Total Internal Service Funds
<b>Assets</b>				
<b>Current Assets</b>				
Equity in Pooled Cash and Cash				
Equivalents	\$368,098	\$190,192	\$1,686	\$559,976
Accrued Interest Receivable	0	0	1,819	1,819
Interfund Receivable	163,256	0	0	163,256
<i>Total Assets</i>	<u>531,354</u>	<u>190,192</u>	<u>3,505</u>	<u>725,051</u>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts Payable	86,097	2,500	0	88,597
Intergovernmental Payable	0	235,676	0	235,676
Claims Payable	163,256	313,447	23,000	499,703
<i>Total Liabilities</i>	<u>249,353</u>	<u>551,623</u>	<u>23,000</u>	<u>823,976</u>
<b>Net Assets</b>				
Unrestricted (Deficit)	<u>\$282,001</u>	<u>(\$361,431)</u>	<u>(\$19,495)</u>	<u>(\$98,925)</u>

**City of Lakewood, Ohio**  
*Combining Statement of Revenues, Expenses and Changes in Fund Net Assets*  
*Internal Service Funds*  
For the Year Ended December 31, 2006

	Hospitalization Fund	Workers' Compensation Fund	General Liability Fund	Total Internal Service Funds
<b>Operating Revenues</b>				
Charges for Services	\$3,602,789	\$349,970	\$0	\$3,952,759
Miscellaneous	613,245	0	0	613,245
<i>Total Operating Revenues</i>	<u>4,216,034</u>	<u>349,970</u>	<u>0</u>	<u>4,566,004</u>
<b>Operating Expenses</b>				
Contractual Services	162,937	25,526	0	188,463
Workers' Compensation Premium	0	565,545	0	565,545
Claims	4,529,499	388,688	105,367	5,023,554
<i>Total Operating Expenses</i>	<u>4,692,436</u>	<u>979,759</u>	<u>105,367</u>	<u>5,777,562</u>
<i>Operating Loss</i>	(476,402)	(629,789)	(105,367)	(1,211,558)
<b>Non Operating Revenue</b>				
Interest	0	0	3,250	3,250
<i>Change in Net Assets</i>	(476,402)	(629,789)	(102,117)	(1,208,308)
<i>Net Assets Beginning of Year</i>	<u>758,403</u>	<u>268,358</u>	<u>82,622</u>	<u>1,109,383</u>
<i>Net Assets (Deficit) at End of Year</i>	<u>\$282,001</u>	<u>(\$361,431)</u>	<u>(\$19,495)</u>	<u>(\$98,925)</u>

**City of Lakewood, Ohio**  
*Combining Statement of Cash Flows*  
*Internal Service Funds*  
For the Year Ended December 31, 2006

	Hospitalization Fund	Workers' Compensation Fund	General Liability Fund	Total Internal Service Funds
<b>Increase (Decrease) in Cash and Cash Equivalents</b>				
<b>Cash Flows from Operating Activities</b>				
Cash Received from Transactions with Other Funds	\$3,928,148	\$349,970	\$0	\$4,278,118
Cash Received from Other Operating Sources	613,245	0	0	613,245
Cash Payments to Suppliers for Goods and Services	(38,032)	(23,026)	0	(61,058)
Cash Payments for Claims	(4,854,858)	(571,367)	(110,367)	(5,536,592)
Cash Payments for Workers' Compensation Premium	0	(768,265)	0	(768,265)
<i>Net Cash Used for Operating Activities</i>	<u>(351,497)</u>	<u>(1,012,688)</u>	<u>(110,367)</u>	<u>(1,474,552)</u>
<b>Cash Flows from Investing Activities</b>				
Interest	0	0	2,042	2,042
<i>Net Decrease in Cash and Cash Equivalents</i>	(351,497)	(1,012,688)	(108,325)	(1,472,510)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>719,595</u>	<u>1,202,880</u>	<u>110,011</u>	<u>2,032,486</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$368,098</u>	<u>\$190,192</u>	<u>\$1,686</u>	<u>\$559,976</u>

(continued)

**City of Lakewood, Ohio**  
*Combining Statement of Cash Flows*  
*Internal Service Funds (continued)*  
For the Year Ended December 31, 2006

	Hospitalization Fund	Workers' Compensation Fund	General Liability Fund	Total Internal Service Funds
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>				
<i>Operating Loss</i>	(\$476,402)	(\$629,789)	(\$105,367)	(\$1,211,558)
Adjustments:				
(Increase) Decrease in Assets:				
Interfund Receivable	325,359	0	0	325,359
Prepaid Items	77,984	0	0	77,984
Increase (Decrease) in Liabilities:				
Accounts Payable	46,921	2,500	(5,000)	44,421
Intergovernmental Payable	0	(202,720)	0	(202,720)
Claims Payable	(325,359)	(182,679)	0	(508,038)
<i>Net Cash Used for Operating Activities</i>	<u>(\$351,497)</u>	<u>(\$1,012,688)</u>	<u>(\$110,367)</u>	<u>(\$1,474,552)</u>

## **Fiduciary Fund Statement**

### *Fund Description*

#### *Agency Fund*

Agency Funds are established to account for assets received and disbursed by the City acting in the capacity of an agent or custodian.

#### Deposits

To hold funds received from a contractor, developer, or individual to ensure compliance with the ordinances of the City of Lakewood.

**City of Lakewood, Ohio**  
*Statement of Changes in Assets and Liabilities*  
*Agency Fund*  
*For the Year Ended December 31, 2006*

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	Balance 12/31/2005	Additions	Reductions	Balance 12/31/2006
<b>Deposits</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,188,219	\$283,816	\$207,761	\$1,264,274
<b>Liabilities</b>				
Deposits Held and Due to Others	\$1,188,219	\$283,816	\$207,761	\$1,264,274

**INDIVIDUAL FUND SCHEDULES OF REVENUES,  
EXPENDITURES/EXPENSES AND CHANGES IN  
FUND BALANCE/EQUITY – BUDGET (NON-GAAP  
BASIS) AND ACTUAL**

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Property and Other Local Taxes	\$6,885,019	\$6,885,019	\$6,912,617	\$27,598
Municipal Income Taxes	18,456,360	18,456,360	18,191,312	(265,048)
Charges for Services	1,422,269	1,422,269	1,473,501	51,232
Licenses, Permits and Fees	1,824,050	1,824,050	1,822,052	(1,998)
Fines and Forfeitures	1,487,000	1,487,000	1,365,226	(121,774)
Intergovernmental	6,151,817	6,151,817	6,148,435	(3,382)
Interest	750,000	750,000	1,255,501	505,501
Miscellaneous	121,500	121,500	102,639	(18,861)
<i>Total Revenues</i>	<u>37,098,015</u>	<u>37,098,015</u>	<u>37,271,283</u>	<u>173,268</u>
<b>Expenditures</b>				
<b>Current:</b>				
General Government:				
Council				
Salaries	125,154	125,154	113,500	11,654
Fringe Benefits	52,989	54,736	52,968	1,768
Travel and Transportation	1,400	1,400	0	1,400
Professional Services	14,591	14,591	8,999	5,592
Communications	3,220	3,220	1,093	2,127
Materials and Supplies	3,080	3,080	1,351	1,729
Other	11,396	11,396	6,298	5,098
Total Council	<u>211,830</u>	<u>213,577</u>	<u>184,209</u>	<u>29,368</u>
Municipal Court				
Salaries	955,938	955,938	892,178	63,760
Fringe Benefits	284,265	284,265	279,034	5,231
Travel and Transportation	5,650	5,650	2,205	3,445
Professional Services	42,600	42,600	33,624	8,976
Communications	55,950	55,950	42,152	13,798
Materials and Supplies	30,400	30,000	19,969	10,031
Capital Outlay	0	1,500	1,078	422
Other	27,450	26,350	11,294	15,056
Total Municipal Court	<u>1,402,253</u>	<u>1,402,253</u>	<u>1,281,534</u>	<u>120,719</u>
Civil Service				
Salaries	54,016	54,516	55,275	(759)
Fringe Benefits	17,792	18,955	19,070	(115)
Professional Services	56,041	55,916	38,396	17,520
Communications	950	825	817	8
Materials and Supplies	1,210	485	273	212
Capital Outlay	0	875	1,117	(242)
Other	1,170	770	949	(179)
Total Civil Service	<u>\$131,179</u>	<u>\$132,342</u>	<u>115,897</u>	<u>\$16,445</u>

*continued*

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Mayor's Office</b>				
Salaries	\$122,673	\$123,439	\$125,579	(\$2,140)
Fringe Benefits	33,945	35,110	34,748	362
Travel and Transportation	4,925	1,975	1,253	722
Professional Services	8,914	6,864	6,798	66
Communications	3,325	1,825	1,654	171
Materials and Supplies	3,329	6,319	5,804	515
Other	2,496	5,239	4,821	418
<b>Total Mayor's Office</b>	<b>179,607</b>	<b>180,771</b>	<b>180,657</b>	<b>114</b>
<b>Human Resources</b>				
Salaries	224,086	224,086	231,633	(7,547)
Fringe Benefits	52,740	53,904	54,808	(904)
Travel and Transportation	985	785	40	745
Professional Services	25,787	23,187	19,078	4,109
Communications	3,452	3,452	1,811	1,641
Materials and Supplies	8,899	9,284	6,892	2,392
Capital Outlay	0	0	1,209	(1,209)
Other	23,650	26,065	21,727	4,338
<b>Total Human Resources</b>	<b>339,599</b>	<b>340,763</b>	<b>337,198</b>	<b>3,565</b>
<b>Community Relations</b>				
Salaries	74,298	74,298	81,971	(7,673)
Fringe Benefits	15,822	16,986	18,152	(1,166)
Professional Services	7,924	6,349	4,309	2,040
Communications	10,145	7,145	1,128	6,017
Contractual Services	4,925	5,000	5,000	0
Materials and Supplies	3,644	5,394	4,731	663
Capital Outlay	0	3,500	4,041	(541)
Other	23,107	21,007	14,374	6,633
<b>Total Community Relations</b>	<b>139,865</b>	<b>139,679</b>	<b>133,706</b>	<b>5,973</b>
<b>Public Works Administration</b>				
Salaries	168,792	168,792	163,328	5,464
Fringe Benefits	64,429	63,008	61,926	1,082
Professional Services	59	59	40	19
Communications	3,093	3,093	1,658	1,435
Contractual Services	0	0	64	(64)
Materials and Supplies	1,842	1,842	1,264	578
Capital Outlay	0	0	967	(967)
Other	2,661	2,661	1,391	1,270
<b>Total Public Works Administration</b>	<b>\$240,876</b>	<b>\$239,455</b>	<b>230,638</b>	<b>\$8,817</b>

*continued*

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Buildings and Facilities</b>				
Salaries	\$256,442	\$256,442	\$256,398	\$44
Fringe Benefits	82,593	93,654	98,425	(4,771)
Professional Services	655	655	57	598
Communications	7,462	7,462	9,324	(1,862)
Contractual Services	13,790	12,790	9,924	2,866
Materials and Supplies	23,738	24,938	20,637	4,301
Capital Outlay	0	0	484	(484)
Other	273,864	273,864	235,831	38,033
<b>Total Buildings and Facilities</b>	<b>658,544</b>	<b>669,805</b>	<b>631,080</b>	<b>38,725</b>
<b>Fleet Management</b>				
Salaries	574,192	542,356	533,010	9,346
Fringe Benefits	186,431	181,252	174,370	6,882
Professional Services	2,575	2,875	2,847	28
Communications	3,724	3,724	3,204	520
Contractual Services	3,547	3,847	2,783	1,064
Materials and Supplies	35,447	34,798	21,289	13,509
Capital Outlay	0	22,079	20,887	1,192
Other	53,150	32,456	25,665	6,791
<b>Total Fleet Management</b>	<b>859,066</b>	<b>823,387</b>	<b>784,055</b>	<b>39,332</b>
<b>Engineering</b>				
Salaries	337,418	337,418	330,077	7,341
Fringe Benefits	86,284	89,195	87,935	1,260
Travel and Transportation	296	2,498	2,069	429
Professional Services	2,166	4,666	4,504	162
Communications	5,024	5,254	3,695	1,559
Contractual Services	99	99	0	99
Materials and Supplies	3,842	5,784	5,379	405
Capital Outlay	0	0	1,934	(1,934)
Other	16,275	9,401	5,907	3,494
<b>Total Engineering</b>	<b>451,404</b>	<b>454,315</b>	<b>441,500</b>	<b>12,815</b>
<b>Finance</b>				
Salaries	400,644	353,309	346,300	7,009
Fringe Benefits	109,722	105,133	103,294	1,839
Travel and Transportation	1,184	1,525	895	630
Professional Services	83,562	82,240	81,175	1,065
Communications	13,298	13,585	8,370	5,215
Contractual Services	0	3,335	3,335	0
Materials and Supplies	4,431	8,253	6,044	2,209
Capital Outlay	0	0	4,836	(4,836)
Other	17,534	14,406	10,965	3,441
<b>Total Finance</b>	<b>\$630,375</b>	<b>\$581,786</b>	<b>565,214</b>	<b>\$16,572</b>

*continued*

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Income Tax				
Salaries	\$354,684	\$329,684	\$328,048	\$1,636
Fringe Benefits	84,871	88,946	88,181	765
Travel and Transportation	2,068	1,998	842	1,156
Professional Services	161,590	59,590	57,381	2,209
Communications	47,684	47,684	43,913	3,771
Contractual Services	1,478	5,588	4,258	1,330
Materials and Supplies	9,850	13,770	13,220	550
Capital Outlay	1,000	1,000	0	1,000
Other	466,720	429,260	415,127	14,133
<b>Total Income Tax</b>	<b>1,129,945</b>	<b>977,520</b>	<b>950,970</b>	<b>26,550</b>
Information Systems				
Salaries	352,392	352,392	375,497	(23,105)
Fringe Benefits	91,557	95,050	98,101	(3,051)
Travel and Transportation	1,980	1,980	227	1,753
Professional Services	12,608	12,329	9,953	2,376
Communications	2,522	3,014	2,706	308
Contractual Services	0	0	2,824	(2,824)
Materials and Supplies	7,363	5,189	3,089	2,100
Capital Outlay	0	1,682	5,066	(3,384)
Other	247,145	247,424	215,952	31,472
<b>Total Information Systems</b>	<b>715,567</b>	<b>719,060</b>	<b>713,415</b>	<b>5,645</b>
General Administration				
Salaries	0	0	5,650	(5,650)
Fringe Benefits	0	0	837	(837)
Professional Services	51,042	51,042	46,571	4,471
Materials and Supplies	11,821	11,821	6,276	5,545
Capital Outlay	0	0	4,739	(4,739)
Other	571,426	561,426	533,666	27,760
<b>Total General Administration</b>	<b>634,289</b>	<b>624,289</b>	<b>597,739</b>	<b>26,550</b>
Law				
Salaries	367,203	347,203	338,486	8,717
Fringe Benefits	93,266	95,012	89,562	5,450
Travel and Transportation	345	345	128	217
Professional Services	126,188	94,988	90,243	4,745
Communications	5,935	5,935	3,501	2,434
Contractual Services	246	246	0	246
Materials and Supplies	11,298	12,398	11,009	1,389
Capital Outlay	0	500	2,289	(1,789)
Other	2,638	2,238	1,239	999
<b>Total Law</b>	<b>607,119</b>	<b>558,865</b>	<b>536,457</b>	<b>22,408</b>
<b>Total General Government</b>	<b>\$8,331,518</b>	<b>\$8,057,867</b>	<b>7,684,269</b>	<b>\$373,598</b>

*continued*

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Security of Persons and Property:</b>				
<b>Police</b>				
Salaries	\$6,663,808	\$6,663,808	\$6,642,123	\$21,685
Fringe Benefits	878,919	927,818	919,200	8,618
Travel and Transportation	3,841	165	207	(42)
Professional Services	31,323	12,350	13,243	(893)
Communications	44,276	42,076	46,360	(4,284)
Contractual Services	95,280	88,685	88,278	407
Materials and Supplies	143,071	151,603	164,858	(13,255)
Capital Outlay	0	700	6,591	(5,891)
Other	226,081	203,961	209,933	(5,972)
<b>Total Police</b>	<b>8,086,599</b>	<b>8,091,166</b>	<b>8,090,793</b>	<b>373</b>
<b>Police Communications</b>				
Salaries	473,634	473,634	501,217	(27,583)
Fringe Benefits	123,571	128,228	136,962	(8,734)
Travel and Transportation	0	150	150	0
Professional Services	1,477	250	430	(180)
Materials and Supplies	1,502	1,032	736	296
Other	67,821	36,508	33,324	3,184
<b>Total Police Communications</b>	<b>668,005</b>	<b>639,802</b>	<b>672,819</b>	<b>(33,017)</b>
<b>School Guards</b>				
Salaries	231,600	231,600	228,259	3,341
Fringe Benefits	35,087	35,087	34,385	702
Other	3,400	3,400	3,178	222
<b>Total School Guards</b>	<b>\$270,087</b>	<b>\$270,087</b>	<b>265,822</b>	<b>\$4,265</b>

*continued*

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Fire</b>				
Salaries	\$5,669,047	\$5,669,047	\$5,860,783	(\$191,736)
Fringe Benefits	777,959	821,619	825,422	(3,803)
Travel and Transportation	6,107	570	455	115
Professional Services	5,614	6,641	4,146	2,495
Communications	11,870	11,870	16,913	(5,043)
Contractual Services	17,533	17,784	12,716	5,068
Materials and Supplies	55,160	60,224	51,881	8,343
Capital Outlay	0	0	5,682	(5,682)
Other	232,053	231,248	215,419	15,829
<b>Total Fire</b>	<b>6,775,343</b>	<b>6,819,003</b>	<b>6,993,417</b>	<b>(174,414)</b>
<b>Fire Communications</b>				
Materials and Supplies	5,910	5,910	8,489	(2,579)
Capital Outlay	7,803	7,803	327	7,476
<b>Total Fire Communications</b>	<b>13,713</b>	<b>13,713</b>	<b>8,816</b>	<b>4,897</b>
<b>Street Lighting</b>				
Other	490,000	490,000	489,119	881
<b>Animal Control</b>				
Salaries	131,573	130,678	130,007	671
Fringe Benefits	44,963	47,292	46,962	330
Professional Services	1,980	2,150	1,930	220
Communications	2,265	2,020	1,645	375
Contractual Services	542	742	704	38
Materials and Supplies	4,038	4,765	4,619	146
Capital Outlay	0	0	484	(484)
Other	17,497	17,540	15,534	2,006
<b>Total Animal Control</b>	<b>202,858</b>	<b>205,187</b>	<b>201,885</b>	<b>3,302</b>
<b>Total Security of Persons and Property</b>	<b>16,506,605</b>	<b>16,528,958</b>	<b>16,722,671</b>	<b>(193,713)</b>
<b>Public Health Services:</b>				
<b>Support of Prisoners</b>				
Salaries	179,765	179,765	171,674	8,091
Fringe Benefits	51,864	52,446	55,240	(2,794)
Professional Services	79,292	96,758	92,557	4,201
Contractual Services	256,100	305,326	304,752	574
Materials and Supplies	62,350	75,150	71,707	3,443
Capital Outlay	2,000	500	0	500
Other	4,709	3,909	4,061	(152)
<b>Total Support of Prisoners</b>	<b>\$636,080</b>	<b>\$713,854</b>	<b>699,991</b>	<b>\$13,863</b>

*continued*

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
<b>Traffic Signs and Signals</b>				
Salaries	\$201,619	\$201,619	\$201,635	(\$16)
Fringe Benefits	64,438	66,767	62,706	4,061
Travel and Transportation	98	98	0	98
Professional Services	1,749	1,749	238	1,511
Communications	2,877	2,877	1,048	1,829
Contractual Services	297	297	174	123
Materials and Supplies	25,916	25,359	18,966	6,393
Capital Outlay	0	0	1,451	(1,451)
Other	13,233	13,790	9,593	4,197
<b>Total Traffic Signs and Signals</b>	<u>310,227</u>	<u>312,556</u>	<u>295,811</u>	<u>16,745</u>
<b>Human Services Administration</b>				
Salaries	134,349	134,349	128,237	6,112
Fringe Benefits	38,572	39,736	38,749	987
Travel and Transportation	1,723	1,723	229	1,494
Professional Services	1,004	704	18	686
Communications	1,675	1,775	966	809
Contractual Services	40,000	40,000	16,350	23,650
Materials and Supplies	1,282	1,602	1,331	271
Capital Outlay	0	0	605	(605)
Other	2,310	2,190	1,258	932
<b>Total Human Services Administration</b>	<u>220,915</u>	<u>222,079</u>	<u>187,743</u>	<u>34,336</u>
<b>Communications</b>				
Salaries	113,859	113,859	123,632	(9,773)
Fringe Benefits	36,795	37,959	39,334	(1,375)
Professional Services	517	517	144	373
Communications	822	822	476	346
Materials and Supplies	1,602	1,445	334	1,111
Capital Outlay	0	1,857	3,066	(1,209)
Other	1,565	1,885	1,217	668
<b>Total Communications</b>	<u>155,160</u>	<u>158,344</u>	<u>168,203</u>	<u>(9,859)</u>
<b>Total Public Health Services</b>	<u>1,322,382</u>	<u>1,406,833</u>	<u>1,351,748</u>	<u>55,085</u>
<b>Community Environment:</b>				
<b>Housing and Building</b>				
Salaries	974,720	862,720	857,407	5,313
Fringe Benefits	317,843	307,007	300,054	6,953
Travel and Transportation	1,059	1,059	7	1,052
Professional Services	29,779	14,779	12,419	2,360
Communications	14,179	11,379	9,941	1,438
Materials and Supplies	9,554	12,154	9,748	2,406
Capital Outlay	0	6,850	12,647	(5,797)
Other	31,472	29,822	24,651	5,171
<b>Total Housing and Building</b>	<u>\$1,378,606</u>	<u>\$1,245,770</u>	<u>1,226,874</u>	<u>\$18,896</u>

*continued*

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Forestry</b>				
Salaries	\$303,516	\$301,313	\$293,839	\$7,474
Fringe Benefits	104,035	107,528	105,003	2,525
Professional Services	936	936	986	(50)
Communications	620	620	271	349
Contractual Services	6,747	7,147	6,960	187
Materials and Supplies	20,700	20,185	15,260	4,925
Capital Outlay	0	0	121	(121)
Other	16,394	16,509	13,281	3,228
<b>Total Forestry</b>	<b>452,948</b>	<b>454,238</b>	<b>435,721</b>	<b>18,517</b>
<b>Child Care</b>				
Salaries	73,080	73,080	73,004	76
Fringe Benefits	21,061	21,643	21,434	209
Travel and Transportation	246	246	0	246
Professional Services	18	18	18	0
Communications	2,265	2,265	1,404	861
Materials and Supplies	788	788	452	336
Capital Outlay	0	0	725	(725)
Other	2,068	2,068	2,022	46
<b>Total Child Care</b>	<b>99,526</b>	<b>100,108</b>	<b>99,059</b>	<b>1,049</b>
<b>Youth</b>				
Salaries	398,320	398,372	385,347	13,025
Fringe Benefits	109,613	116,599	118,416	(1,817)
Travel and Transportation	295	6	6	0
Professional Services	321	625	218	407
Communications	7,206	5,551	4,274	1,277
Materials and Supplies	2,487	3,033	2,572	461
Capital Outlay	0	446	3,589	(3,143)
Other	33,493	34,089	31,324	2,765
<b>Total Youth</b>	<b>551,735</b>	<b>558,721</b>	<b>545,746</b>	<b>12,975</b>
<b>Planning and Development</b>				
Salaries	152,827	157,827	164,407	(6,580)
Fringe Benefits	41,851	44,762	46,278	(1,516)
Travel and Transportation	2,268	2,625	1,192	1,433
Professional Services	83,586	77,062	26,335	50,727
Communications	5,340	6,290	4,399	1,891
Contractual Services	44,325	43,616	0	43,616
Materials and Supplies	15,612	15,120	7,095	8,025
Capital Outlay	0	661	4,167	(3,506)
Other	14,488	15,245	275,900	(260,655)
<b>Total Planning and Development</b>	<b>360,297</b>	<b>363,208</b>	<b>529,773</b>	<b>(166,565)</b>
<b>Total Community Environment</b>	<b>\$2,843,112</b>	<b>\$2,722,045</b>	<b>2,837,173</b>	<b>(\$115,128)</b>

*continued*

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Basic Utility Services:</b>				
Refuse and Recycling				
Salaries	\$2,396,792	\$2,270,160	\$2,271,078	(\$918)
Fringe Benefits	789,558	818,082	791,684	26,398
Professional Services	847	1,167	344	823
Communications	16,075	7,075	5,581	1,494
Contractual Services	1,057,852	1,048,587	1,027,104	21,483
Materials and Supplies	177,743	195,876	178,950	16,926
Capital Outlay	0	23,375	23,884	(509)
Other	246,178	329,247	291,966	37,281
<b>Total Basic Utility Services</b>	<b>4,685,045</b>	<b>4,693,569</b>	<b>4,590,591</b>	<b>102,978</b>
<b>Leisure Time Activities:</b>				
Security				
Salaries	62,830	62,830	58,901	3,929
Fringe Benefits	9,519	9,519	8,924	595
<b>Total Security</b>	<b>72,349</b>	<b>72,349</b>	<b>67,825</b>	<b>4,524</b>
<b>Parks</b>				
Salaries	749,683	749,683	757,483	(7,800)
Fringe Benefits	252,057	264,864	259,771	5,093
Travel and Transportation	8	8	0	8
Professional Services	1,174	1,614	680	934
Communications	6,501	6,501	4,507	1,994
Contractual Services	17,484	18,634	16,251	2,383
Materials and Supplies	70,650	67,970	60,248	7,722
Capital Outlay	500	3,120	4,398	(1,278)
Other	157,189	158,864	122,114	36,750
<b>Total Parks</b>	<b>1,255,246</b>	<b>1,271,258</b>	<b>1,225,452</b>	<b>45,806</b>
<b>Construction</b>				
Salaries	293,166	293,166	267,646	25,520
Fringe Benefits	98,335	98,335	89,023	9,312
<b>Total Construction</b>	<b>391,501</b>	<b>391,501</b>	<b>356,669</b>	<b>34,832</b>
<b>Swimming Pools</b>				
Materials and Supplies	32,505	29,005	23,208	5,797
Capital Outlay	0	1,800	1,818	(18)
Other	156,942	153,217	52,106	101,111
<b>Total Swimming Pools</b>	<b>\$189,447</b>	<b>\$184,022</b>	<b>77,132</b>	<b>\$106,890</b>

*continued*

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*General Fund (continued)*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Band Concerts</b>				
Salaries	\$13,000	\$9,750	\$8,230	\$1,520
Fringe Benefits	1,970	1,970	1,224	746
Professional Services	15,243	16,593	16,507	86
Materials and Supplies	3,841	3,841	3,603	238
Capital Outlay	0	3,250	3,079	171
Other	4,500	4,500	4,536	(36)
<b>Total Band Concerts</b>	<b>38,554</b>	<b>39,904</b>	<b>37,179</b>	<b>2,725</b>
<b>Museums</b>				
Contractual Services	4,925	5,595	5,593	2
Materials and Supplies	2,955	2,285	0	2,285
Other	9,000	9,000	5,914	3,086
<b>Total Museums</b>	<b>16,880</b>	<b>16,880</b>	<b>11,507</b>	<b>5,373</b>
<b>July 4th Festival</b>				
Salaries	12,500	12,500	16,285	(3,785)
Fringe Benefits	1,894	1,894	2,346	(452)
Contractual Services	34,150	34,150	34,125	25
Materials and Supplies	2,153	2,153	1,610	543
Other	305	305	155	150
<b>Total July 4th Festival</b>	<b>51,002</b>	<b>51,002</b>	<b>54,521</b>	<b>(3,519)</b>
<b>Tennis Courts</b>				
Contractual Services	985	1,655	0	1,655
Materials and Supplies	3,694	3,024	2,272	752
Other	28,743	28,743	20,523	8,220
<b>Total Tennis Courts</b>	<b>33,422</b>	<b>33,422</b>	<b>22,795</b>	<b>10,627</b>
<i>Total Leisure Time Activities</i>	<i>2,048,401</i>	<i>2,060,338</i>	<i>1,853,080</i>	<i>207,258</i>
<i>Total Expenditures</i>	<i>35,737,063</i>	<i>35,469,610</i>	<i>35,039,532</i>	<i>430,078</i>
<i>Excess of Revenues Over Expenditures</i>	<i>1,360,952</i>	<i>1,628,405</i>	<i>2,231,751</i>	<i>603,346</i>
<b>Other Financing Sources (Uses)</b>				
Transfers In	226,500	0	0	0
Transfers Out	(2,128,243)	(1,898,243)	(1,898,243)	0
Advances In	8,374	0	0	0
Advances Out	0	(22,453)	(22,453)	0
<i>Total Other Sources (Uses)</i>	<i>(1,893,369)</i>	<i>(1,920,696)</i>	<i>(1,920,696)</i>	<i>0</i>
<i>Net Change in Fund Balance</i>	<i>(532,417)</i>	<i>(292,291)</i>	<i>311,055</i>	<i>603,346</i>
<i>Fund Balance Beginning of Year</i>	<i>615,717</i>	<i>615,717</i>	<i>615,717</i>	<i>0</i>
<i>Prior Year Encumbrances Appropriated</i>	<i>44,973</i>	<i>44,973</i>	<i>44,973</i>	<i>0</i>
<i>Fund Balance End of Year</i>	<i>\$128,273</i>	<i>\$368,399</i>	<i>\$971,745</i>	<i>\$603,346</i>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Street and Highway Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Intergovernmental	\$2,098,835	\$2,098,835	\$1,960,673	(\$138,162)
Miscellaneous	0	0	88,311	88,311
<i>Total Revenues</i>	<u>2,098,835</u>	<u>2,098,835</u>	<u>2,048,984</u>	<u>(49,851)</u>
<b>Expenditures</b>				
<b>Current:</b>				
Transportation:				
Salaries	1,046,988	1,046,988	953,520	93,468
Fringe Benefits	344,827	344,827	318,199	26,628
Professional Services	1,100	2,845	2,515	330
Communications	6,110	5,310	2,786	2,524
Contractual Services	76,400	76,750	76,405	345
Materials and Supplies	360,185	451,025	176,387	274,638
Capital Outlay	0	6,390	7,786	(1,396)
Other	320,415	311,890	237,824	74,066
<i>Total Expenditures</i>	<u>2,156,025</u>	<u>2,246,025</u>	<u>1,775,422</u>	<u>470,603</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(57,190)	(147,190)	273,562	420,752
<b>Other Financing Uses</b>				
Transfers Out	(100,000)	0	0	0
<i>Net Change in Fund Balance</i>	(157,190)	(147,190)	273,562	420,752
<i>Fund Balance Beginning of Year</i>	228,235	228,235	228,235	0
<i>Prior Year Encumbrances Appropriated</i>	4,366	4,366	4,366	0
<i>Fund Balance End of Year</i>	<u>\$75,411</u>	<u>\$85,411</u>	<u>506,163</u>	<u>420,752</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Police and Fire Pension Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property and Other Local Taxes	\$2,610,736	\$2,610,736	\$2,626,073	\$15,337
Intergovernmental	335,005	335,005	312,840	(22,165)
<i>Total Revenues</i>	<u>2,945,741</u>	<u>2,945,741</u>	<u>2,938,913</u>	<u>(6,828)</u>
<b>Expenditures</b>				
<b>Current</b>				
Security of Persons and Property:				
Fringe Benefits	2,535,000	2,575,000	2,498,194	76,806
<i>Excess of Revenues Over Expenditures</i>	410,741	370,741	440,719	69,978
<b>Other Financing Uses</b>				
Transfers Out	(428,798)	(428,798)	(428,798)	0
<i>Net Change in Fund Balance</i>	(18,057)	(58,057)	11,921	69,978
<i>Fund Balance Beginning of Year</i>	<u>663,767</u>	<u>663,767</u>	<u>663,767</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$645,710</u>	<u>\$605,710</u>	<u>\$675,688</u>	<u>\$69,978</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Community Development Block Grant Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$4,487,595	\$4,487,595	\$2,793,698	(\$1,693,897)
<b>Expenditures</b>				
<b>Current</b>				
Community Environment:				
Salaries	642,005	648,529	577,539	70,990
Fringe Benefits	153,463	156,163	144,822	11,341
Travel and Transportation	4,750	4,750	2,148	2,602
Professional Services	86,308	84,042	30,510	53,532
Communications	6,725	7,325	4,670	2,655
Contractual Services	1,970,978	1,961,008	908,841	1,052,167
Materials and Supplies	13,850	13,965	6,202	7,763
Capital Outlay	1,542,274	1,542,935	1,111,054	431,881
Other	108,399	110,035	100,802	9,233
<i>Total Expenditures</i>	<u>4,528,752</u>	<u>4,528,752</u>	<u>2,886,587</u>	<u>1,642,165</u>
<i>Net Change in Fund Balance</i>	(41,157)	(41,157)	(92,889)	(51,732)
<i>Fund Balance Beginning of Year</i>	<u>41,157</u>	<u>41,157</u>	<u>41,157</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>(\$51,732)</u>	<u>(51,732)</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Office on Aging Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Charges for Services	\$0	\$0	\$3,600	\$3,600
Intergovernmental	377,512	377,512	383,726	6,214
Contributions and Donations	237,383	359,537	371,859	12,322
<i>Total Revenues</i>	<u>614,895</u>	<u>737,049</u>	<u>759,185</u>	<u>22,136</u>
<b>Expenditures</b>				
<b>Current</b>				
Public Health Services:				
Salaries	1,481,987	1,481,987	1,419,626	62,361
Fringe Benefits	474,724	470,224	454,904	15,320
Travel and Transportation	100	306	360	(54)
Professional Services	6,446	3,240	2,245	995
Communications	18,746	17,396	14,967	2,429
Contractual Services	3,520	3,520	1,774	1,746
Materials and Supplies	72,650	80,192	84,355	(4,163)
Capital Outlay	0	0	7,133	(7,133)
Other	102,192	99,000	94,329	4,671
<i>Total Expenditures</i>	<u>2,160,365</u>	<u>2,155,865</u>	<u>2,079,693</u>	<u>76,172</u>
<i>Excess of Revenues Under Expenditures</i>	(1,545,470)	(1,418,816)	(1,320,508)	98,308
<b>Other Financing Sources</b>				
Transfers In	1,440,000	1,410,000	1,410,000	0
<i>Net Change in Fund Balance</i>	(105,470)	(8,816)	89,492	98,308
<i>Fund Balance Beginning of Year</i>	112,530	112,530	112,530	0
<i>Prior Year Encumbrances Appropriated</i>	7	7	7	0
<i>Fund Balance End of Year</i>	<u>\$7,067</u>	<u>\$103,721</u>	<u>\$202,029</u>	<u>98,308</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Lakewood Hospital Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Charges for Services	\$2,153,300	\$2,153,300	\$2,141,491	(\$11,809)
Licenses, Permits and Fees	106,350	106,350	108,881	2,531
Intergovernmental	40,673	40,673	75,470	34,797
Miscellaneous	4,000	4,000	319	(3,681)
<i>Total Revenues</i>	<u>2,304,323</u>	<u>2,304,323</u>	<u>2,326,161</u>	<u>21,838</u>
<b>Expenditures</b>				
<b>Current</b>				
Security of Persons and Property:				
Fire				
Salaries	1,177,647	1,177,647	1,272,944	(95,297)
Fringe Benefits	235,736	235,736	260,554	(24,818)
Travel and Transportation	4,500	1,137	15	1,122
Professional Services	88,900	88,900	52,525	36,375
Communications	2,200	2,450	2,039	411
Materials and Supplies	48,025	49,168	44,467	4,701
Capital Outlay	2,000	2,500	2,485	16
Other	43,500	44,970	35,468	9,502
<i>Total Security of Persons and Property</i>	<u>1,602,508</u>	<u>1,602,508</u>	<u>1,670,496</u>	<u>(67,988)</u>
Public Health Services:				
Health				
Salaries	688,998	688,998	619,502	69,496
Fringe Benefits	169,178	169,178	159,009	10,169
Travel and Transportation	1,940	3,425	3,061	364
Professional Services	4,152	4,342	3,690	652
Communications	8,995	10,025	8,947	1,078
Contractual Services	38,000	13,570	9,536	4,034
Materials and Supplies	39,704	53,252	45,227	8,025
Capital Outlay	0	8,770	12,316	(3,546)
Other	99,436	98,843	91,536	7,307
<i>Total Public Health Services</i>	<u>1,050,403</u>	<u>1,050,403</u>	<u>952,825</u>	<u>97,578</u>
<i>Total Expenditures</i>	<u>2,652,911</u>	<u>2,652,911</u>	<u>2,623,321</u>	<u>(29,590)</u>
<i>Net Change in Fund Balance</i>	(348,588)	(348,588)	(297,160)	51,428
<i>Fund Balance Beginning of Year</i>	378,661	378,661	378,661	0
<i>Prior Year Encumbrances Appropriated</i>	4,995	4,995	4,995	0
<i>Fund Balance End of Year</i>	<u>\$35,068</u>	<u>\$35,068</u>	<u>86,496</u>	<u>51,428</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Debt Service Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property and Other Local Taxes	\$2,761,967	\$2,761,967	\$2,778,180	\$16,213
Intergovernmental	354,412	354,412	330,962	(23,450)
Special Assessments	74,490	74,490	98,949	24,459
Interest	25,000	25,000	138,599	113,599
Miscellaneous	0	0	264	264
<i>Total Revenues</i>	<u>3,215,869</u>	<u>3,215,869</u>	<u>3,346,954</u>	<u>131,085</u>
<b>Expenditures</b>				
<b>Current</b>				
General Government				
Professional Services	100,200	100,200	67	100,133
Debt Service				
Principal Retirement	6,837,946	6,837,946	6,837,946	0
Interest and Fiscal Charges	1,532,071	1,532,071	1,532,069	2
<i>Total Debt Service</i>	<u>8,370,017</u>	<u>8,370,017</u>	<u>8,370,015</u>	<u>2</u>
<i>Total Expenditures</i>	<u>8,470,217</u>	<u>8,470,217</u>	<u>8,370,082</u>	<u>100,135</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(5,254,348)</u>	<u>(5,254,348)</u>	<u>(5,023,129)</u>	<u>231,219</u>
<b>Other Financing Sources (Uses)</b>				
Notes Issued	4,228,000	4,228,000	4,167,000	(61,000)
Premium on Notes	0	0	2,629	2,629
Transfers In	428,797	428,797	489,798	61,001
<i>Total Other Financing Sources</i>	<u>4,656,797</u>	<u>4,656,797</u>	<u>4,659,427</u>	<u>2,630</u>
<i>Net Change in Fund Balance</i>	<u>(597,551)</u>	<u>(597,551)</u>	<u>(363,702)</u>	<u>233,849</u>
<i>Fund Balance Beginning of Year</i>	<u>1,241,083</u>	<u>1,241,083</u>	<u>1,241,083</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$643,532</u>	<u>\$643,532</u>	<u>\$877,381</u>	<u>\$233,849</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Permanent Capital Improvement Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$5,020	\$5,020	\$568,722	\$563,702
Interest	0	0	2,077	2,077
<i>Total Revenues</i>	<u>5,020</u>	<u>5,020</u>	<u>570,799</u>	<u>565,779</u>
<b>Expenditures</b>				
<b>Current</b>				
General Government				
Capital Outlay	1,342,760	1,342,760	597,113	745,647
Security of Persons and Property				
Capital Outlay	615,164	615,164	530,904	84,260
Public Health				
Capital Outlay	195,080	195,080	114,266	80,814
Transportation				
Capital Outlay	2,981,909	2,981,909	1,863,535	1,118,374
Community Environment				
Capital Outlay	106,882	106,882	76,292	30,590
Basic Utility Services				
Capital Outlay	353,372	353,372	330,138	23,234
Leisure Time Activities				
Capital Outlay	1,134,015	1,134,015	260,375	873,640
<i>Total Expenditures</i>	<u>6,729,182</u>	<u>6,729,182</u>	<u>3,772,623</u>	<u>2,956,559</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(6,724,162)</u>	<u>(6,724,162)</u>	<u>(3,201,824)</u>	<u>3,522,338</u>
<b>Other Financing Sources (Uses)</b>				
Notes Issued	4,337,766	4,337,766	4,338,000	234
Premium on Sale of Notes	0	0	2,737	2,737
Transfers Out	0	0	(61,000)	(61,000)
<i>Total Other Financing Sources (Uses)</i>	<u>4,337,766</u>	<u>4,337,766</u>	<u>4,279,737</u>	<u>(58,029)</u>
<i>Net Change in Fund Balance</i>	<u>(2,386,396)</u>	<u>(2,386,396)</u>	<u>1,077,913</u>	<u>3,464,309</u>
<i>Fund Balance Beginning of Year</i>	<u>2,725,922</u>	<u>2,725,922</u>	<u>2,725,922</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>120,005</u>	<u>120,005</u>	<u>120,005</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$459,531</u>	<u>\$459,531</u>	<u>\$3,923,840</u>	<u>\$3,464,309</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*TIF Capital Improvement Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Interest	\$0	\$0	\$49,571	\$49,571
<b>Expenditures</b>				
<b>Current</b>				
General Government:				
General Administration				
Professional Services	0	0	15,351	(15,351)
Capital Outlay	227,000	227,000	0	227,000
<i>Total Expenditures</i>	<u>227,000</u>	<u>227,000</u>	<u>15,351</u>	<u>211,649</u>
<i>Excess of Revenues Over (Under)</i> <i>Expenditures</i>	(227,000)	(227,000)	34,220	261,220
<b>Other Financing Uses</b>				
Transfers Out	(31,057)	(31,057)	(31,057)	0
<i>Net Change in Fund Balance</i>	(258,057)	(258,057)	3,163	261,220
<i>Fund Balance Beginning of Year</i>	<u>387,398</u>	<u>387,398</u>	<u>387,398</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$129,341</u>	<u>\$129,341</u>	<u>\$390,561</u>	<u>\$261,220</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenses and Changes in Fund Equity*  
*Budget (Non-GAAP Basis) and Actual*  
*Water Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Charges for Services	\$8,900,676	\$8,900,676	\$8,283,299	(\$617,377)
Interest	55,500	55,500	383,844	328,344
Special Assessments	2,500	2,500	17,553	15,053
Bonds Issued	0	10,285,000	10,285,000	0
Notes Issued	12,858,538	5,050,000	5,050,000	0
Premium on Notes	0	24,263	25,344	1,081
Miscellaneous	4,000	4,000	16,778	12,778
<i>Total Revenues</i>	<u>21,821,214</u>	<u>24,321,939</u>	<u>24,061,818</u>	<u>(260,121)</u>
<b>Expenses</b>				
Salaries	925,678	935,228	967,902	(32,674)
Fringe Benefits	298,111	298,111	297,831	280
Travel and Transportation	2,638	2,908	821	2,087
Professional Services	91,175	107,700	95,315	12,385
Communications	62,995	64,048	59,660	4,388
Contractual Services	129,651	114,460	61,437	53,023
Materials and Supplies	60,152	67,398	48,586	18,812
Capital Outlay	10,883,916	10,888,416	3,875,569	7,012,847
Other	6,627,320	6,603,342	5,723,913	879,429
Debt Service:				
Principal Retirement	5,789,226	5,789,226	10,629,228	(4,840,002)
Interest and Fiscal Charges	422,298	422,298	493,688	(71,390)
Bond Issuance Costs	0	0	350,458	(350,458)
<i>Total Expenses</i>	<u>25,293,160</u>	<u>25,293,135</u>	<u>22,604,408</u>	<u>2,688,727</u>
<i>Net Change in Fund Equity</i>	(3,471,946)	(971,196)	1,457,410	2,428,606
<i>Fund Equity Beginning of Year</i>	6,353,487	6,353,487	6,353,487	0
<i>Prior Year Encumbrances Appropriated</i>	14,344	14,344	14,344	0
<i>Fund Equity End of Year</i>	<u>\$2,895,885</u>	<u>\$5,396,635</u>	<u>\$7,825,241</u>	<u>\$2,428,606</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenses and Changes in Fund Equity*  
*Budget (Non-GAAP Basis) and Actual*  
*Sewer Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Property and Other Local Taxes	\$1,591,912	\$1,591,912	\$1,601,253	\$9,341
Intergovernmental	204,271	204,271	190,756	(13,515)
Charges for Services	4,320,000	4,320,000	4,074,673	(245,327)
Special Assessments	725	725	0	(725)
Bonds Issued	0	14,320,000	14,320,000	0
Notes Issued	19,868,871	4,388,000	4,388,000	0
Premium on Bonds	0	52,956	53,896	940
Interest	0	0	174,725	174,725
<i>Total Revenues</i>	<u>25,985,779</u>	<u>24,877,864</u>	<u>24,803,303</u>	<u>(74,561)</u>
<b>Expenses</b>				
Salaries	1,950,151	1,950,151	1,768,454	181,697
Fringe Benefits	628,934	628,934	585,456	43,478
Travel and Transportation	5,440	6,440	3,476	2,964
Professional Services	65,990	61,140	45,024	16,116
Communications	7,335	7,785	5,649	2,136
Contractual Services	319,300	310,800	212,319	98,481
Materials and Supplies	263,300	277,780	237,500	40,280
Capital Outlay	16,659,116	16,654,916	7,882,826	8,772,090
Other	972,549	974,169	873,222	100,947
Debt Service:				
Principal Retirement	7,433,023	7,424,143	11,024,145	(3,600,002)
Interest and Fiscal Charges	755,716	764,596	817,693	(53,097)
Bond Issuance Costs	0	0	498,354	(498,354)
<i>Total Expenses</i>	<u>29,060,854</u>	<u>29,060,854</u>	<u>23,954,118</u>	<u>5,106,736</u>
<i>Net Change in Fund Equity</i>	(3,075,075)	(4,182,990)	849,185	5,032,175
<i>Fund Equity Beginning of Year</i>	7,950,917	7,950,917	7,950,917	0
<i>Prior Year Encumbrances Appropriated</i>	147,092	147,092	147,092	0
<i>Fund Equity End of Year</i>	<u>\$5,022,934</u>	<u>\$3,915,019</u>	<u>\$8,947,194</u>	<u>\$5,032,175</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Litter Control Grant Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$0	\$0	\$332	\$332
<b>Expenditures</b>				
<b>Current</b>				
Community Environment:				
Refuse				
Salaries	24,500	24,000	10,842	13,158
Fringe Benefits	3,030	3,030	1,643	1,387
Travel and Transportation	1,400	1,650	1,202	448
Professional Services	2,400	2,200	1,216	984
Communications	500	1,000	53	948
Materials and Supplies	3,470	3,845	3,195	650
Other	14,700	14,275	9,736	4,539
<i>Total Expenditures</i>	<u>50,000</u>	<u>50,000</u>	<u>27,886</u>	<u>22,114</u>
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(50,000)	(50,000)	(27,554)	22,446
<b>Other Financing Sources</b>				
Transfers In	33,243	33,243	33,243	0
<i>Net Change in Fund Balance</i>	(16,757)	(16,757)	5,689	22,446
<i>Fund Balance Beginning of Year</i>	11,757	11,757	11,757	0
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$5,000)</u>	<u>(\$5,000)</u>	<u>\$17,446</u>	<u>\$22,446</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Community Festival Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Miscellaneous	\$3,000	\$3,000	\$3,850	\$850
<b>Expenditures</b>				
<b>Current</b>				
General Government:				
Mayor's Office				
Salaries	7,500	7,750	7,546	204
Fringe Benefits	1,136	1,300	1,106	194
<i>Total Expenditures</i>	<u>8,636</u>	<u>9,050</u>	<u>8,652</u>	<u>398</u>
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(5,636)	(6,050)	(4,802)	1,248
<b>Other Financing Sources</b>				
Transfers In	5,000	5,000	5,000	0
<i>Net Change in Fund Balance</i>	(636)	(1,050)	198	1,248
<i>Fund Balance Beginning of Year</i>	7,903	7,903	7,903	0
<i>Fund Balance End of Year</i>	<u>\$7,267</u>	<u>\$6,853</u>	<u>\$8,101</u>	<u>\$1,248</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Law and Drug Enforcement Trust Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Fines and Forfeitures	\$9,500	\$9,500	\$12,231	\$2,731
Intergovernmental	0	0	13,779	13,779
Miscellaneous	32,000	32,000	61,852	29,852
<i>Total Revenues</i>	<u>41,500</u>	<u>41,500</u>	<u>87,862</u>	<u>46,362</u>
<b>Expenditures</b>				
<b>Current</b>				
Security of Persons and Property:				
Police				
Salaries	10,000	10,000	0	10,000
Travel and Transportation	16,000	16,000	7,018	8,982
Professional Services	38,000	38,000	26,359	11,641
Communications	4,000	4,000	408	3,592
Materials and Supplies	38,170	38,170	5,244	32,926
Capital Outlay	98,286	98,286	0	98,286
Other	25,000	25,000	6,062	18,938
<i>Total Expenditures</i>	<u>229,456</u>	<u>229,456</u>	<u>45,091</u>	<u>184,365</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(187,956)	(187,956)	42,771	230,727
<b>Other Financing Sources</b>				
Sale of Assets	1,250	1,250	507	(743)
<i>Net Change in Fund Balance</i>	(186,706)	(186,706)	43,278	229,984
<i>Fund Balance Beginning of Year</i>	229,457	229,457	229,457	0
<i>Unexpended Prior Year Encumbrances</i>	1,892	1,892	1,892	0
<i>Fund Balance End of Year</i>	<u>\$44,643</u>	<u>\$44,643</u>	<u>\$274,627</u>	<u>229,984</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Federal Forfeiture Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Fines and Forfeitures	\$6,500	\$6,500	\$0	(\$6,500)
Intergovernmental	0	0	4,788	4,788
Miscellaneous	1,000	1,000	0	(1,000)
<i>Total Revenues</i>	<u>7,500</u>	<u>7,500</u>	<u>4,788</u>	<u>(2,712)</u>
<b>Expenditures</b>				
<b>Current</b>				
Security of Persons and Property:				
Police				
Materials and Supplies	7,500	3,400	3,048	352
Capital Outlay	13,896	17,996	19,155	(1,159)
<i>Total Expenditures</i>	<u>21,396</u>	<u>21,396</u>	<u>22,203</u>	<u>(807)</u>
<i>Net Change in Fund Balance</i>	(13,896)	(13,896)	(17,415)	(3,519)
<i>Fund Balance Beginning of Year</i>	<u>21,395</u>	<u>21,395</u>	<u>21,395</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$7,499</u>	<u>\$7,499</u>	<u>\$3,980</u>	<u>(3,519)</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Indigent Drivers Alcohol Treatment Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Fines and Forfeitures	\$4,500	\$4,500	\$6,148	\$1,648
Intergovernmental	8,600	8,600	7,520	(1,080)
<i>Total Revenues</i>	13,100	13,100	13,668	568
<b>Expenditures</b>				
<b>Current</b>				
General Government:				
Municipal Court:				
Contractual Services	138,613	138,613	0	138,613
<i>Net Change in Fund Balance</i>	(125,513)	(125,513)	13,668	139,181
<i>Fund Balance Beginning of Year</i>	125,513	125,513	125,513	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$139,181</u>	<u>\$139,181</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Enforcement and Education Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Fines and Forfeitures	\$5,000	\$5,000	\$6,551	\$1,551
Miscellaneous	2,300	2,300	3,000	700
<i>Total Revenues</i>	<u>7,300</u>	<u>7,300</u>	<u>9,551</u>	<u>2,251</u>
<b>Expenditures</b>				
<b>Current</b>				
Security of Persons and Property:				
Police:				
Contractual Services	1,000	1,000	200	800
Materials and Supplies	49,000	49,000	11,004	37,996
Capital Outlay	77,207	77,207	7,155	70,052
<i>Total Expenditures</i>	<u>127,207</u>	<u>127,207</u>	<u>18,359</u>	<u>108,848</u>
<i>Net Change in Fund Balance</i>	<u>(119,907)</u>	<u>(119,907)</u>	<u>(8,808)</u>	<u>111,099</u>
<i>Fund Balance Beginning of Year</i>	<u>119,907</u>	<u>119,907</u>	<u>119,907</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$111,099</u>	<u>\$111,099</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Political Subdivision Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Fines and Forfeitures	\$1,500	\$1,500	\$3,086	\$1,586
<i>Total Expenditures</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues Over Expenditures	1,500	1,500	3,086	1,586
<b>Other Financing Uses</b>				
Transfers Out	<u>(1,500)</u>	<u>(1,500)</u>	<u>0</u>	<u>(1,500)</u>
<i>Net Change in Fund Balance</i>	0	0	3,086	3,086
<i>Fund Balance Beginning of Year</i>	<u>2,115</u>	<u>2,115</u>	<u>2,115</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$2,115</u></u>	<u><u>\$2,115</u></u>	<u><u>\$5,201</u></u>	<u><u>3,086</u></u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Computer Research and Maintenance Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Fines and Forfeitures	\$17,500	\$31,918	\$31,918	\$0
<b>Expenditures</b>				
<b>Current</b>				
General Government:				
Municipal Court				
Contractual Services	35,870	49,934	49,934	0
Capital Outlay	0	354	354	0
<i>Total Expenditures</i>	<u>35,870</u>	<u>50,288</u>	<u>50,288</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(18,370)	(18,370)	(18,370)	0
<i>Fund Balance Beginning of Year</i>	<u>18,370</u>	<u>18,370</u>	<u>18,370</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>0</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Court Special Projects Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Fines and Forfeitures	\$35,000	\$35,000	\$80,156	\$45,156
<b>Expenditures</b>				
<b>Current</b>				
General Government:				
Municipal Court				
Contractual Services	38,120	38,120	1,845	36,275
Capital Outlay	96,762	96,762	93,105	3,657
Other	0	0	3,835	(3,835)
<i>Total Expenditures</i>	<u>134,882</u>	<u>134,882</u>	<u>98,785</u>	<u>36,097</u>
<i>Net Change in Fund Balance</i>	(99,882)	(99,882)	(18,629)	81,253
<i>Fund Balance Beginning of Year</i>	99,882	99,882	99,882	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$81,253</u>	<u>\$81,253</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Court Probation Services Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Fines and Forfeitures	\$30,000	\$30,000	\$30,582	\$582
<b>Expenditures</b>				
<b>Current</b>				
General Government:				
Municipal Court				
Salaries	24,500	24,500	1,170	23,330
Fringe Benefits	3,787	3,787	177	3,610
Travel and Transportation	200	200	0	200
Professional Services	800	800	2,558	(1,758)
Materials and Supplies	713	713	881	(168)
<i>Total Expenditures</i>	<u>30,000</u>	<u>30,000</u>	<u>4,786</u>	<u>25,214</u>
<i>Net Change in Fund Balance</i>	0	0	25,796	25,796
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$25,796</u>	<u>\$25,796</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Emergency Shelter Grant Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$95,000	\$155,080	\$103,451	(\$51,629)
<b>Expenditures</b>				
<b>Current</b>				
Community Environment:				
Planning and Development				
Salaries	24,865	26,315	25,245	1,070
Fringe Benefits	3,770	3,770	3,713	57
Contractual Services	66,816	124,995	72,962	52,033
<i>Total Expenditures</i>	<u>95,451</u>	<u>155,080</u>	<u>101,920</u>	<u>53,160</u>
<i>Net Change in Fund Balance</i>	(451)	0	1,531	1,531
<i>Fund Balance Beginning of Year</i>	<u>2,485</u>	<u>2,485</u>	<u>2,485</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,034</u>	<u>\$2,485</u>	<u>\$4,016</u>	<u>\$1,531</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
**HOME Investment Program Fund**  
*For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$970,362	\$970,362	\$426,092	(\$544,270)
<b>Expenditures</b>				
<b>Current</b>				
Community Environment:				
Planning and Development				
Salaries	11,000	11,000	10,692	308
Fringe Benefits	1,667	1,667	1,665	2
Travel and Transportation	0	1,350	1,092	258
Professional Services	0	50	0	50
Other	991,553	444,653	453,634	(8,981)
<i>Total Expenditures</i>	1,004,220	458,720	467,083	(8,363)
<i>Excess of Revenues Over (Under) Expenditures</i>	(33,858)	511,642	(40,991)	(535,907)
<b>Other Financing Sources</b>				
Advances In	0	20,042	20,042	0
<i>Net Change in Fund Balance</i>	(33,858)	531,684	(20,949)	(535,907)
<i>Fund Balance Beginning of Year</i>	33,858	33,858	33,858	0
<i>Fund Balance End of Year</i>	\$0	\$565,542	\$12,909	(\$535,907)

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Lead-Based Paint Hazard Control Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$123,744	\$123,744	\$38,108	(\$85,636)
<b>Expenditures</b>				
<b>Current</b>				
Community Environment:				
Planning and Development:				
Other	123,744	40,519	40,519	0
<i>Excess of Revenues Over (Under) Expenditures</i>	0	83,225	(2,411)	(85,636)
<b>Other Financing Sources</b>				
Advances In	0	2,411	2,411	0
<i>Net Change in Fund Balance</i>	0	85,636	0	(85,636)
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$85,636</u>	<u>\$0</u>	<u>(\$85,636)</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Little Links Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Charges for Services	\$14,750	\$14,750	\$0	(\$14,750)
Miscellaneous	300	300	0	(300)
<i>Total Revenues</i>	<u>15,050</u>	<u>15,050</u>	<u>0</u>	<u>(15,050)</u>
<b>Expenditures</b>				
<b>Current</b>				
Community Environment:				
Youth				
Salaries	11,700	0	0	0
Fringe Benefits	1,773	0	0	0
Materials and Supplies	1,345	1,015	0	1,015
Other	3,700	5,304	165	5,139
<i>Total Expenditures</i>	<u>18,518</u>	<u>6,319</u>	<u>165</u>	<u>6,154</u>
<i>Net Change in Fund Balance</i>	(3,468)	8,731	(165)	(8,896)
<i>Fund Balance Beginning of Year</i>	<u>6,321</u>	<u>6,321</u>	<u>6,321</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,853</u>	<u>\$15,052</u>	<u>\$6,156</u>	<u>(\$8,896)</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Help-to-Others Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Charges for Services	\$7,750	\$7,750	\$9,035	\$1,285
Intergovernmental	0	0	21,017	21,017
Miscellaneous	25,000	25,000	510	(24,490)
<i>Total Revenues</i>	<u>32,750</u>	<u>32,750</u>	<u>30,562</u>	<u>(2,188)</u>
<b>Expenditures</b>				
<b>Current</b>				
Community Environment:				
Youth				
Salaries	23,300	22,887	22,887	0
Fringe Benefits	3,530	3,474	3,467	7
Professional Services	1,000	8	0	8
Communications	520	266	232	34
Materials and Supplies	3,850	4,372	2,730	1,642
Other	1,200	1,070	755	315
<i>Total Expenditures</i>	<u>33,400</u>	<u>32,077</u>	<u>30,071</u>	<u>2,006</u>
<i>Net Change in Fund Balance</i>	(650)	673	491	(182)
<i>Fund Balance Beginning of Year</i>	<u>1,516</u>	<u>1,516</u>	<u>1,516</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$866</u>	<u>\$2,189</u>	<u>\$2,007</u>	<u>(\$182)</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Juvenile Diversion Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$22,000	\$22,000	\$18,000	(\$4,000)
Miscellaneous	0	0	4,508	4,508
<i>Total Revenues</i>	<u>22,000</u>	<u>22,000</u>	<u>22,508</u>	<u>508</u>
<b>Expenditures</b>				
<b>Current</b>				
Public Health Services:				
Youth				
Salaries	15,631	18,921	16,401	2,520
Fringe Benefits	2,369	2,509	2,483	26
Travel and Transportation	150	0	0	0
Communications	200	0	0	0
Materials and Supplies	3,250	0	0	0
Other	400	0	0	0
<i>Total Expenditures</i>	<u>22,000</u>	<u>21,430</u>	<u>18,884</u>	<u>2,546</u>
<i>Net Change in Fund Balance</i>	0	570	3,624	(2,038)
<i>Fund Balance Beginning of Year</i>	<u>820</u>	<u>820</u>	<u>820</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$820</u>	<u>\$1,390</u>	<u>\$4,444</u>	<u>(\$2,038)</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Family Day Care Home Project Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental	\$196,129	\$196,129	\$195,343	(\$786)
<b>Expenditures</b>				
<b>Current</b>				
Community Environment:				
Child Care				
Salaries	36,826	21,826	25,074	(3,248)
Fringe Benefits	5,579	5,579	3,810	1,769
Travel and Transportation	1,188	888	78	810
Professional Services	350	375	370	5
Communications	420	420	413	8
Contractual Services	150,439	164,653	163,654	999
Materials and Supplies	1,304	1,279	122	1,157
Capital Outlay	0	0	0	0
Other	630	930	893	37
<i>Total Expenditures</i>	<u>196,736</u>	<u>195,950</u>	<u>194,413</u>	<u>1,537</u>
<i>Net Change in Fund Balance</i>	(607)	179	930	751
<i>Fund Balance Beginning of Year</i>	<u>607</u>	<u>607</u>	<u>607</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$786</u>	<u>\$1,537</u>	<u>\$751</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Family to Family Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Intergovernmental	\$0	\$171,783	\$165,270	(\$6,513)
<b>Expenditures</b>				
<b>Current</b>				
Community Environment:				
Child Care				
Salaries	115,000	89,317	85,599	3,718
Fringe Benefits	23,000	14,500	13,034	1,466
Travel and Transportation	350	350	134	216
Professional Services	15,740	7,418	0	7,418
Communications	2,450	2,450	872	1,578
Contractual Services	11,674	11,674	0	11,674
Materials and Supplies	10,018	10,018	2,103	7,915
Capital Outlay	32,588	16,876	9,852	7,024
Other	19,180	19,180	3,246	15,934
<i>Total Expenditures</i>	<u>230,000</u>	<u>171,783</u>	<u>114,840</u>	<u>56,943</u>
<i>Net Change in Fund Balance</i>	(230,000)	0	50,430	50,430
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$230,000)</u>	<u>\$0</u>	<u>\$50,430</u>	<u>\$50,430</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Federal Emergency Management Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	810	810	810	0
<i>Fund Balance End of Year</i>	<u>\$810</u>	<u>\$810</u>	<u>\$810</u>	<u>\$0</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*TIF Bond Retirement Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Payment in Lieu of Taxes	\$241,480	\$241,480	\$241,589	\$109
<b>Expenditures</b>				
Debt Service:				
Principal Retirement	15,000	15,000	15,000	0
Interest and Fiscal Charges	257,536	257,536	257,536	0
<i>Total Expenditures</i>	<u>272,536</u>	<u>272,536</u>	<u>272,536</u>	<u>0</u>
<i>Excess of Revenues</i>				
<i>Under Expenditures</i>	(31,056)	(31,056)	(30,947)	109
<b>Other Financing Sources</b>				
Transfers In	31,057	31,057	31,057	0
<i>Net Change in Fund Balance</i>	1	1	110	109
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$1</u>	<u>\$1</u>	<u>\$110</u>	<u>\$109</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Lakehouse Breakwall Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Special Assessments	\$0	\$0	\$0	\$0
<b>Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	<u>15,262</u>	<u>15,262</u>	<u>15,262</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$15,262</u>	<u>\$15,262</u>	<u>\$15,262</u>	<u>\$0</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*Land Acquisition Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>	\$0	\$0	\$0	\$0
<b>Expenditures</b>	0	0	0	0
<i>Excess of Revenues Over Expenditures</i>	0	0	0	0
<b>Other Financing Uses</b>				
Transfers Out	(125,000)	(125,000)	0	125,000
<i>Net Change in Fund Balance</i>	(125,000)	(125,000)	0	125,000
<i>Fund Balance Beginning of Year</i>	150,000	150,000	150,000	0
<i>Fund Balance End of Year</i>	<u>\$25,000</u>	<u>\$25,000</u>	<u>\$150,000</u>	<u>\$125,000</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenditures and Changes in Fund Balance*  
*Budget (Non-GAAP Basis) and Actual*  
*City Park Improvement Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Miscellaneous	\$0	\$0	\$11,371	\$11,371
<b>Expenditures</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	0	11,371	11,371
<i>Fund Balance Beginning of Year</i>	<u>3,589</u>	<u>3,589</u>	<u>3,589</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$3,589</u>	<u>\$3,589</u>	<u>\$14,960</u>	<u>\$11,371</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenses and Changes in Fund Equity*  
*Budget (Non-GAAP Basis) and Actual*  
*Parking Facilities Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Charges for Services	\$291,500	\$291,500	\$290,561	(\$939)
Note Proceeds	350,000	350,000	350,000	0
Premium on Sale of Debt	0	0	100	100
Miscellaneous	0	0	622	622
<i>Total Revenues</i>	<u>641,500</u>	<u>641,500</u>	<u>641,283</u>	<u>(217)</u>
<b>Expenses</b>				
Salaries	140,100	140,100	140,909	(809)
Fringe Benefits	53,174	53,174	52,664	510
Professional Services	200	200	66	134
Communications	660	660	371	289
Contractual Services	200	200	0	200
Materials and Supplies	6,150	6,150	3,454	2,696
Capital	350,000	358,200	357,720	480
Other	133,746	150,546	146,208	4,338
<i>Total Expenses</i>	<u>684,230</u>	<u>709,230</u>	<u>701,392</u>	<u>7,838</u>
<i>Net Change in Fund Equity</i>	(42,730)	(67,730)	(60,109)	7,621
<i>Fund Equity Beginning of Year</i>	86,252	86,252	86,252	0
<i>Prior Year Encumbrances Appropriated</i>	29	29	29	0
<i>Fund Equity End of Year</i>	<u>\$43,551</u>	<u>\$18,551</u>	<u>\$26,172</u>	<u>\$7,621</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenses and Changes in Fund Equity*  
*Budget (Non-GAAP Basis) and Actual*  
*Winterhurst Ice Rink Fund*  
*For the Year Ended December 31, 2006*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Charges for Services	\$731,050	\$731,050	\$680,021	(\$51,029)
Notes Issued	60,000	60,000	60,000	0
Premium on Bonds	0	0	159	159
Miscellaneous	50,000	50,000	43	(49,957)
<i>Total Revenues</i>	<u>841,050</u>	<u>841,050</u>	<u>740,223</u>	<u>(100,827)</u>
<b>Expenses</b>				
Salaries	318,744	318,744	308,034	10,710
Fringe Benefits	67,697	67,697	66,481	1,216
Travel and Transportation	457	457	426	31
Professional Services	7,975	7,975	8,766	(791)
Communications	4,053	3,453	2,638	815
Contractual Services	4,244	4,489	4,668	(179)
Materials and Supplies	11,650	11,695	11,385	310
Capital Outlay	129,752	74,752	32,744	42,008
Other	620,544	620,854	667,025	(46,171)
Debt Service:				
Principal Retirement	91,999	91,999	91,999	0
Interest and Fiscal Charges	71,157	71,157	71,157	0
<i>Total Expenses</i>	<u>1,328,272</u>	<u>1,273,272</u>	<u>1,265,323</u>	<u>7,949</u>
<i>Excess of Revenues</i>				
<i>Under Expenses</i>	(487,222)	(432,222)	(525,100)	(92,878)
Transfers In	400,000	450,000	450,000	0
<i>Net Change in Fund Equity</i>	(87,222)	17,778	(75,100)	(92,878)
<i>Fund Equity Beginning of Year</i>	93,068	93,068	93,068	0
<i>Prior Year Encumbrances Appropriated</i>	1,260	1,260	1,260	0
<i>Fund Equity End of Year</i>	<u>\$7,106</u>	<u>\$112,106</u>	<u>\$19,228</u>	<u>(\$92,878)</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenses and Changes in Fund Equity*  
*Budget (Non-GAAP Basis) and Actual*  
*Hospitalization Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Charges for Services	\$3,725,000	\$3,927,000	\$3,928,148	\$1,148
Miscellaneous	481,152	613,000	613,245	245
<i>Total Revenues</i>	<u>4,206,152</u>	<u>4,540,000</u>	<u>4,541,393</u>	<u>1,393</u>
<b>Expenses</b>				
Contractual Services	50,000	50,000	36,000	14,000
Claims	4,700,000	5,111,000	4,907,255	203,745
<i>Total Expenses</i>	<u>4,750,000</u>	<u>5,161,000</u>	<u>4,943,255</u>	<u>217,745</u>
<i>Net Change in Fund Equity</i>	(543,848)	(621,000)	(401,862)	(216,352)
<i>Fund Equity Beginning of Year</i>	621,948	621,948	621,948	0
<i>Prior Year Encumbrances Appropriated</i>	65,838	65,838	65,838	0
<i>Fund Equity End of Year</i>	<u>\$143,938</u>	<u>\$66,786</u>	<u>\$285,924</u>	<u>(\$216,352)</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenses and Changes in Fund Equity*  
*Budget (Non-GAAP Basis) and Actual*  
*Workers' Compensation Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Charges for Services	\$350,000	\$350,000	\$349,970	(\$30)
<b>Expenses</b>				
Professional Services	55,000	55,000	23,026	31,974
Workers' Compensation Premiums	897,454	897,454	768,265	129,189
Workers' Compensation Claims	572,400	572,400	571,367	1,033
<i>Total Expenses</i>	<u>1,524,854</u>	<u>1,524,854</u>	<u>1,362,658</u>	<u>162,196</u>
<i>Net Change in Fund Equity</i>	(1,174,854)	(1,174,854)	(1,012,688)	(162,226)
<i>Fund Equity Beginning of Year</i>	<u>1,202,880</u>	<u>1,202,880</u>	<u>1,202,880</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u>\$28,026</u>	<u>\$28,026</u>	<u>\$190,192</u>	<u>(\$162,226)</u>

**City of Lakewood, Ohio**  
*Schedule of Revenues, Expenses and Changes in Fund Equity*  
*Budget (Non-GAAP Basis) and Actual*  
*General Liability Fund*  
*For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Interest	<u>\$0</u>	<u>\$0</u>	<u>\$2,234</u>	<u>\$2,234</u>
<b>Expenses</b>				
Claim Payments	<u>110,474</u>	<u>110,474</u>	<u>110,367</u>	<u>108</u>
<i>Net Change in Fund Equity</i>	<u>(110,474)</u>	<u>(110,474)</u>	<u>(108,133)</u>	<u>2,342</u>
<i>Fund Equity Beginning of Year</i>	<u>110,474</u>	<u>110,474</u>	<u>110,474</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$2,342</u></u>	<u><u>\$2,342</u></u>

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# City of Lakewood, Ohio

## Statistical Section

This part of the City of Lakewood's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplemental information says about the City's overall health.

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	S2-S9
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property and income taxes.	S10-S16
<b>Debt Capacity</b> 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.	S17-S21
<b>Demographic and Economic Information</b> 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.	S22-S24
<b>Operating Information</b> These 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.	S25-S31
<b>Sources:</b> 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 Lakewood, Ohio**  
*Net Assets By Component*  
*Last Four Years*  
*(Accrual Basis of Accounting)*

	2006	2005	2004	2003
<b>Governmental Activities</b>				
Invested in Capital Assets, Net of Related Debt	\$16,735,176	\$15,964,667	\$17,763,254	\$17,327,755
Restricted:				
Capital Projects	5,935,384	4,895,203	165,163	2,912,382
Debt Service	587,899	1,128,628	1,621,445	1,630,679
Streets and Highways	1,251,218	905,268	931,279	950,671
Police and Fire Pensions	865,874	896,471	715,709	446,933
Emergency Medical Services	0	262,343	548,059	919,106
Grants	2,741,093	2,571,017	2,389,784	3,062,146
Other Purposes	250,586	752,916	737,872	358,427
Unrestricted	4,117,183	6,551,993	7,853,008	9,193,124
<i>Total Governmental Activities Net Assets</i>	<u>32,484,413</u>	<u>33,928,506</u>	<u>32,725,573</u>	<u>36,801,223</u>
<b>Business Type - Activities</b>				
Invested in Capital Assets, Net of Related Debt	34,117,056	25,918,138	29,906,268	31,156,117
Restricted for Capital Projects	186,270	561,240	551,039	503,933
Restricted for Debt Service	923,400	0	0	0
Unrestricted	7,311,753	15,625,642	10,302,691	7,598,500
<i>Total Business-Type Activities Net Assets</i>	<u>42,538,479</u>	<u>42,105,020</u>	<u>40,759,998</u>	<u>39,258,550</u>
<b>Primary Government</b>				
Invested in Capital Assets, Net of Related Debt	50,852,232	41,882,805	47,669,522	48,483,872
Restricted	12,741,724	11,973,086	7,660,350	10,784,277
Unrestricted	11,428,936	22,177,635	18,155,699	16,791,624
<i>Total Primary Government Net Assets</i>	<u>\$75,022,892</u>	<u>\$76,033,526</u>	<u>\$73,485,571</u>	<u>\$76,059,773</u>

**City of Lakewood, Ohio**  
*Changes in Net Assets*  
*Last Four Years*  
*(Accrual Basis of Accounting)*

	2006	2005	2004	2003
<b>Program Revenues</b>				
<b>Governmental Activities:</b>				
Charges for Services:				
General Government	\$2,881,832	\$2,785,961	\$2,778,441	\$3,024,746
Security of Persons and Property				
Police	177,258	126,981	60,864	297,746
Fire	2,233,708	2,170,604	2,181,841	2,162,227
Public Health Services	3,600	3,600	2,003	55,906
Community Environment	1,796,475	1,068,342	860,495	646,650
Basic Utility Services	0	0	13,181	20,127
Leisure Time Activities	0	0	20,470	6,663
Subtotal - Charges for Services	<u>7,092,873</u>	<u>6,155,488</u>	<u>5,917,295</u>	<u>6,214,065</u>
Operating Grants and Contributions:				
General Government	0	0	0	4,228,805
Security of Persons and Property				
Police	3,575	12,542	15,169	17,478
Fire	337,710	357,124	133,687	0
Public Health Services	833,675	685,267	68,250	470,837
Transportation	2,050,027	1,899,723	1,802,541	1,526,475
Community Environment	3,320,754	3,748,255	2,977,498	3,150,615
Subtotal - Operating Grants and Contributions	<u>6,545,741</u>	<u>6,702,911</u>	<u>4,997,145</u>	<u>9,394,210</u>
Capital Grants and Contributions:				
Community Environment	584,601	3,579	0	243,000
<i>Total Governmental Activities Program Revenues</i>	<u>14,223,215</u>	<u>12,861,978</u>	<u>10,914,440</u>	<u>15,851,275</u>
<b>Business-Type Activities:</b>				
Charges for Services:				
Water	8,395,321	8,661,772	8,494,114	8,470,922
Sewer	4,107,108	4,318,539	3,779,202	3,301,936
Parking	290,561	294,385	290,229	278,749
Winterhurst Ice Rink	686,619	725,506	714,895	703,880
Congregate Living	0	0	5,594	8,681
Subtotal - Charges for Services	<u>13,479,609</u>	<u>14,000,202</u>	<u>13,284,034</u>	<u>12,764,168</u>
Operating Grants and Contributions				
Sewer	0	0	0	294,659
<i>Total Business-Type Activities Program Revenues</i>	<u>13,479,609</u>	<u>14,000,202</u>	<u>13,284,034</u>	<u>13,058,827</u>
<i>Total Primary Government Program Revenues</i>	<u>\$27,702,824</u>	<u>\$26,862,180</u>	<u>\$24,198,474</u>	<u>\$28,910,102</u>

(continued)

**City of Lakewood, Ohio**  
*Changes in Net Assets (continued)*  
*Last Four Years*  
*(Accrual Basis of Accounting)*

	2006	2005	2004	2003
<b>Expenses</b>				
<b>Governmental Activities:</b>				
General Government	\$8,110,235	\$7,851,426	\$7,759,070	\$8,348,643
Security of Persons and Property				
Police	11,907,585	10,686,045	10,811,935	10,663,939
Fire	10,241,053	9,949,694	9,374,854	8,353,682
Public Health Services	4,784,768	4,310,861	4,361,672	3,455,966
Transportation	2,655,600	2,880,797	2,971,847	2,698,191
Community Environment	6,628,671	6,417,757	8,478,583	5,736,330
Basic Utility Services	5,026,300	4,340,798	4,470,994	4,428,339
Leisure Time Activities	1,955,303	2,097,492	2,158,300	2,049,816
Interest and Fiscal Charges	1,936,679	1,781,467	1,565,095	1,573,622
<i>Total Governmental Activities Expenses</i>	<u>53,246,194</u>	<u>50,316,337</u>	<u>51,952,350</u>	<u>47,308,528</u>
<b>Business-Type Activities</b>				
Water	8,403,497	8,539,662	8,252,561	7,658,226
Sewer	5,734,921	5,022,961	4,669,597	4,812,015
Parking	482,642	300,901	325,724	308,401
Winterhurst Ice Rink	1,257,948	969,391	969,745	1,080,250
Congregate Living	0	64,297	4,853	9,346
<i>Total Business-Type Activities Expenses</i>	<u>15,879,008</u>	<u>14,897,212</u>	<u>14,222,480</u>	<u>13,868,238</u>
<i>Total Primary Government Expenses</i>	<u>69,125,202</u>	<u>65,213,549</u>	<u>66,174,830</u>	<u>61,176,766</u>
<b>Net (Expense)/Revenue</b>				
Governmental Activities	(39,022,979)	(37,454,359)	(41,037,910)	(31,457,253)
Business-Type Activities	(2,399,399)	(897,010)	(938,446)	(809,411)
<i>Total Primary Government Net (Expense) Revenue</i>	<u>(\$41,422,378)</u>	<u>(\$38,351,369)</u>	<u>(\$41,976,356)</u>	<u>(\$32,266,664)</u>

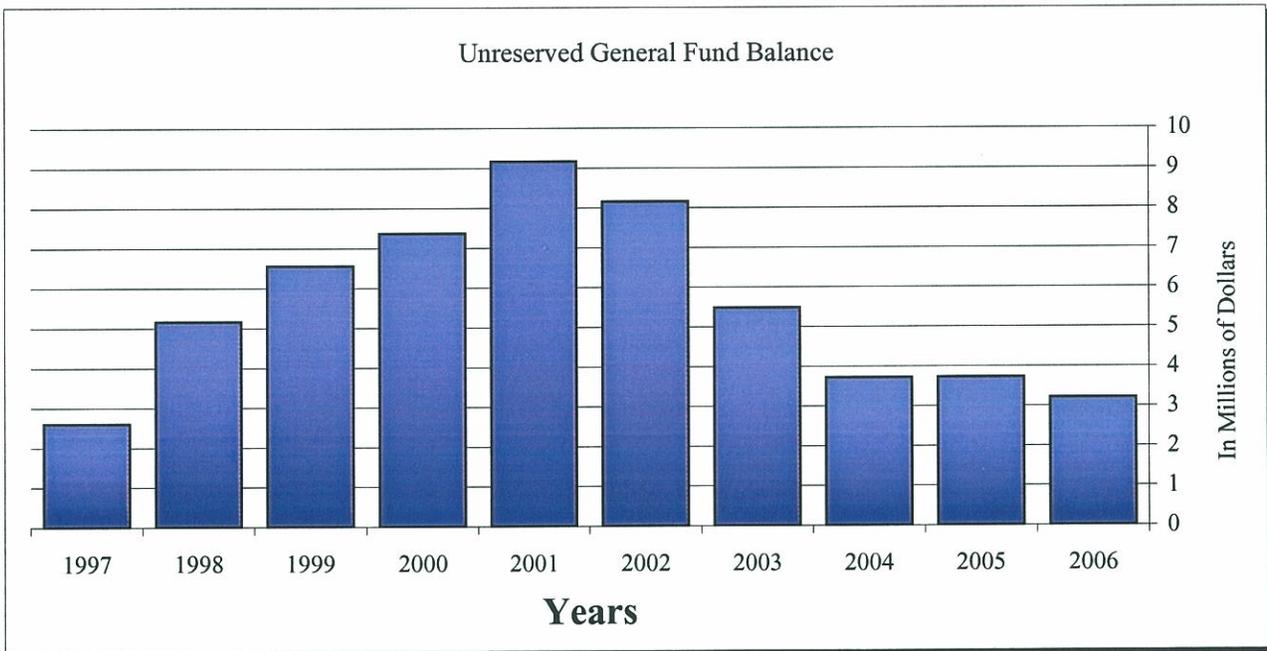
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**City of Lakewood, Ohio**  
*Changes in Net Assets (continued)*  
*Last Four Years*  
*(Accrual Basis of Accounting)*

	2006	2005	2004	2003
<b>General Revenues and Other Changes in Net Assets</b>				
<b>Governmental Activities</b>				
Taxes:				
Property and Other Local Taxes Levied For:				
General Purposes	\$6,880,029	\$6,982,259	\$6,984,616	\$5,863,577
Police and Fire Pension	2,613,672	2,589,687	2,644,603	2,247,896
Debt Service	2,765,061	2,590,336	2,788,706	2,379,067
Payments in Lieu of Taxes	241,589	241,480	100,617	0
Municipal Income Taxes levied for:				
General Purposes	16,955,457	16,537,268	17,064,294	15,412,865
Grants and Entitlements not Restricted to				
Specific Programs	6,729,258	7,713,363	7,085,654	2,540,663
Investment Income	1,479,546	830,725	396,491	483,266
Miscellaneous	364,274	246,757	402,279	408,462
<i>Total Governmental Activities</i>	<u>38,028,886</u>	<u>37,731,875</u>	<u>37,467,260</u>	<u>29,335,796</u>
<b>Business-Type Activities</b>				
Property and Other Local Taxes Levied For:				
General Purposes	1,593,691	1,579,441	1,612,757	1,441,091
Grants and Entitlements not Restricted to				
Specific Programs	205,895	212,063	203,039	0
Gain on Sale of Capital Assets	0	180,250	0	0
Investment Income	565,729	230,974	92,690	47,433
Miscellaneous	17,543	2,113	26,408	3,802
<i>Total Business-Type Activities</i>	<u>2,382,858</u>	<u>2,204,841</u>	<u>1,934,894</u>	<u>1,492,326</u>
<i>Total Primary Government General Revenues and Other Changes in Net Assets</i>	<u>40,411,744</u>	<u>39,936,716</u>	<u>39,402,154</u>	<u>30,828,122</u>
<b>Transfers</b>				
Governmental Activities	(450,000)	(37,191)	(505,000)	(200,000)
Business-Type Activities	450,000	37,191	505,000	200,000
<b>Restatements</b>				
Governmental Activities	0	962,608	0	(1,894,358)
Business-Type Activities	0	0	0	(118,139)
<b>Change in Net Assets</b>				
Governmental Activities	(1,444,093)	1,202,933	(4,075,650)	(4,215,815)
Business-Type Activities	433,459	1,345,022	1,501,448	764,776
<i>Total Primary Government Change in Net Assets</i>	<u>(\$1,010,634)</u>	<u>\$2,547,955</u>	<u>(\$2,574,202)</u>	<u>(\$3,451,039)</u>

**City of Lakewood, Ohio**  
*Fund Balances, Governmental Funds*  
*Last Ten Years*  
*(Modified Accrual Basis of Accounting)*

	2006	2005	2004	2003
<b>General Fund</b>				
Reserved	\$94,715	\$294,921	\$124,134	\$102,195
Unreserved	3,212,313	3,724,852	3,713,592	5,479,860
<b>Total General Fund</b>	<b>3,307,028</b>	<b>4,019,773</b>	<b>3,837,726</b>	<b>5,582,055</b>
<b>All Other Governmental Funds</b>				
Reserved	3,237,102	3,771,588	6,034,201	3,832,595
Unreserved, Undesignated (Deficit), Reported in:				
Special Revenue Funds	2,514,850	2,489,614	1,371,018	2,159,101
Debt Service Funds	685,942	1,245,313	1,519,878	1,162,940
Capital Projects Funds	4,457,614	3,283,734	2,806,361	2,196,372
<b>Total All Other Governmental Funds</b>	<b>10,895,508</b>	<b>10,790,249</b>	<b>11,731,458</b>	<b>9,351,008</b>
<b>Total Governmental Funds</b>	<b>\$14,202,536</b>	<b>\$14,810,022</b>	<b>\$15,569,184</b>	<b>\$14,933,063</b>



2002	2001	2000	1999	1998	1997
\$348,721	\$787,171	\$586,170	\$670,945	\$677,000	\$483,904
8,157,458	9,168,341	7,370,180	6,559,127	5,163,843	2,601,516
8,506,179	9,955,512	7,956,350	7,230,072	5,840,843	3,085,420
4,680,406	5,532,769	5,908,464	4,871,298	4,938,665	1,456,602
3,682,507	2,270,464	1,669,091	1,179,124	257,993	2,736,851
868,636	784,864	1,353,785	1,978,231	1,099,474	1,465,329
(4,218,676)	(1,031,261)	(7,995)	(3,209,549)	(790,525)	(1,770,559)
5,012,873	7,556,836	8,923,345	4,819,104	5,505,607	3,888,223
\$13,519,052	\$17,512,348	\$16,879,695	\$12,049,176	\$11,346,450	\$6,973,643

**City of Lakewood, Ohio**  
*Changes in Fund Balances, Governmental Funds*  
*Last Ten Years*  
*(Modified Accrual Basis of Accounting)*

	2006	2005	2004	2003
<b>Revenues</b>				
Property and Other Taxes	\$12,316,987	\$12,388,236	\$12,388,112	\$10,332,736
Payments in Lieu of Taxes	241,589	241,480	100,617	0
Municipal Income Taxes	17,080,608	17,785,152	16,842,902	16,626,831
Charges for Services	3,597,914	3,479,982	3,432,921	3,776,654
Licenses, Permits and Fees	1,930,932	1,159,966	939,434	718,147
Fines and Forfeitures	1,535,840	1,385,746	1,478,391	1,594,776
Intergovernmental	13,184,935	13,989,782	12,359,013	12,180,349
Special Assessments	105,230	91,836	84,302	196,560
Interest	1,479,546	830,725	396,491	483,266
Contributions and Other	752,522	510,219	402,279	408,462
<i>Total Revenues</i>	<u>52,226,103</u>	<u>51,863,124</u>	<u>48,424,462</u>	<u>46,317,781</u>
<b>Expenditures</b>				
<b>Current:</b>				
General Government	7,261,972	7,215,127	7,601,675	8,335,408
Security of Persons and Property				
Police	11,484,234	10,598,682	10,662,735	10,118,491
Fire	10,080,039	9,573,450	9,304,473	9,394,378
Public Health Services	4,501,420	4,258,873	4,286,363	3,532,193
Transportation	1,770,566	2,057,427	2,175,057	2,337,498
Community Environment	6,619,518	6,359,746	5,656,644	6,060,535
Basic Utilities Services	4,661,348	4,094,876	4,328,373	4,340,840
Leisure Time Activities	1,809,858	1,912,849	1,962,346	1,930,211
Capital Outlay	3,838,417	6,132,047	5,422,606	2,848,800
Debt Service:				
Principal Retirement	2,905,047	9,353,547	5,652,579	2,007,312
Interest and Fiscal Charges	1,794,537	1,738,257	1,505,688	1,597,061
Bond Issuance Costs	0	225,403	306,388	110,619
<i>Total Expenditures</i>	<u>56,726,956</u>	<u>63,520,284</u>	<u>58,864,927</u>	<u>52,613,346</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(4,500,853)</u>	<u>(11,657,160)</u>	<u>(10,440,465)</u>	<u>(6,295,565)</u>
<b>Other Financing Sources (Uses)</b>				
Bonds Issued	0	6,495,637	4,265,000	5,219,000
Refunding Bonds Issued	0	7,335,000	0	0
Notes Issued	8,311,000	4,228,000	7,064,800	3,555,500
Loans Received	0	0	0	0
Premium	5,367	241,575	30,823	120,589
Sale of Assets	0	5,500	7,592	0
Inception of Capital Lease	0	10,137	0	173,991
Current Refunding	(3,973,000)	0	0	0
Payment to Refunded Bond Escrow Agent	0	(7,380,660)	0	0
Reimbursements Received	0	0	0	0
Transfers In	1,969,098	3,970,791	2,620,130	2,127,437
Transfers Out	(2,419,098)	(4,007,982)	(3,125,130)	(2,327,437)
<i>Total Other Financing Sources (Uses)</i>	<u>3,893,367</u>	<u>10,897,998</u>	<u>10,863,215</u>	<u>8,869,080</u>
<i>Restatements</i>	<u>0</u>	<u>0</u>	<u>213,371</u>	<u>(1,159,504)</u>
<i>Net Change in Fund Balances</i>	<u>(\$607,486)</u>	<u>(\$759,162)</u>	<u>\$636,121</u>	<u>\$1,414,011</u>
Debt Service as a Percentage of Noncapital Expenditures	8.9%	19.7%	13.2%	7.6%

2002	2001	2000	1999	1998	1997
\$11,320,813	\$12,210,830	\$10,839,678	\$10,664,427	\$10,521,200	\$9,408,043
0	0	0	0	0	0
16,615,806	16,989,915	15,563,053	15,369,805	14,969,269	14,494,179
2,684,835	2,584,971	2,415,852	1,648,298	1,507,362	1,586,422
698,661	765,485	632,935	631,768	676,407	630,359
1,235,195	1,163,004	1,180,221	1,237,830	1,366,319	1,335,419
12,821,281	11,344,560	10,538,724	11,658,560	11,115,956	8,893,521
167,359	115,561	96,663	100,171	75,125	97,745
839,181	1,166,804	1,808,779	1,096,232	1,130,587	784,784
1,137,725	325,033	1,228,711	1,315,096	1,380,476	1,441,451
<u>47,520,856</u>	<u>46,666,163</u>	<u>44,304,616</u>	<u>43,722,187</u>	<u>42,742,701</u>	<u>38,671,923</u>
7,132,996	6,137,933	6,231,767	6,133,239	5,674,800	5,678,394
17,408,734	21,757,271	16,041,238	14,915,340	14,065,155	13,766,277
3,137,717	3,074,905	3,667,836	3,475,385	3,515,540	3,363,386
1,912,861	2,252,170	2,018,050	1,892,215	1,783,005	1,887,794
6,420,753	5,519,228	4,356,872	5,663,246	5,535,532	4,745,928
4,172,822	3,840,908	4,000,709	4,004,465	3,478,201	3,478,512
1,904,606	1,869,277	1,801,349	1,628,933	1,599,116	1,676,056
3,510,525	3,810,178	3,087,475	3,021,957	2,783,019	755,171
1,737,223	4,230,000	1,312,600	1,228,000	4,970,390	4,127,700
1,633,780	1,494,977	1,386,699	1,223,751	1,268,227	1,343,469
0	0	0	0	0	0
<u>48,972,017</u>	<u>53,986,847</u>	<u>43,904,595</u>	<u>43,186,531</u>	<u>44,672,985</u>	<u>40,822,687</u>
(1,451,161)	(7,320,684)	400,021	535,656	(1,930,284)	(2,150,764)
0	8,225,000	0	0	4,281,323	0
0	0	0	0	9,060,000	0
0	0	2,921,000	0	1,286,800	4,340,700
0	232,560	0	0	616,000	0
0	0	0	0	0	0
0	70,447	0	0	0	0
474,393	353,690	132,516	167,070	118,968	0
0	0	0	0	0	0
0	0	0	0	(9,060,000)	0
0	1,020,332	0	0	0	0
2,464,843	3,527,402	7,530,330	3,303,856	2,759,709	1,583,309
(5,479,086)	(6,189,198)	(7,530,330)	(3,303,856)	(2,759,709)	(1,583,309)
<u>(2,539,850)</u>	<u>7,240,233</u>	<u>3,053,516</u>	<u>167,070</u>	<u>6,303,091</u>	<u>4,340,700</u>
(2,285)	713,104	1,376,982	0	0	0
<u>(\$3,993,296)</u>	<u>\$632,653</u>	<u>\$4,830,519</u>	<u>\$702,726</u>	<u>\$4,372,807</u>	<u>\$2,189,936</u>
7.4%	11.4%	6.4%	6.0%	14.5%	13.8%

**City of Lakewood, Ohio**  
*Assessed Valuation and Estimated Actual Values of Taxable Property*  
*Last Ten Years*

Collection Year	Real Property			Tangible Personal Property	
	Assessed Value		Estimated Actual Value	Public Utility	
	Residential/ Agricultural	Commercial Industrial/PU		Assessed Value	Estimated Actual Value
2006	\$706,658,210	\$156,111,470	\$2,465,056,229	\$15,069,300	\$17,124,205
2005	707,459,690	154,201,870	2,461,890,171	16,590,000	18,852,273
2004	707,280,760	154,003,840	2,460,813,143	16,857,265	19,155,983
2003	615,802,740	144,493,370	2,172,274,600	16,001,560	18,183,591
2002	616,316,410	145,831,730	2,177,566,114	16,758,370	19,043,602
2001	616,008,110	146,210,580	2,177,767,686	21,740,390	24,704,989
2000	541,724,140	130,514,820	1,920,682,743	22,218,700	25,248,523
1999	541,774,800	132,533,220	1,926,594,343	24,235,630	27,540,489
1998	541,793,210	132,857,860	1,927,574,486	24,653,550	28,015,398
1997	493,879,230	127,645,270	1,775,784,286	25,565,370	29,051,557

Real Property is reappraised every six years with a State mandated update of the current market value in the third year following each reappraisal.

The assessed value of real property (including public utility real property) is 35 percent of estimated true value. The assessed value of public utility personal property ranges from 25 percent of true value for railroad property to 88 percent for electric transmission and distribution property. General business tangible personal property was assessed in previous years at 25 percent for machinery and equipment and 23 percent for inventories. General business tangible personal property is being phased out beginning in 2006. For collection year 2006 both types of general business tangible personal property were assessed at 18.75 percent. The percentage will be 12.5 percent for 2007, 6.25 percent for 2008, and zero for 2009.

The tangible personal property values associated with each year are the values that, when multiplied by the applicable rates, generated the property tax revenue billed in that year. For real property, the amounts generated by multiplying the assessed values by the applicable rates would be reduced by the 10 percent, 2 1/2 percent and homestead exemptions before being billed. Beginning in the 2006 collection year the 10 percent rollback for commercial/industrial property has been eliminated.

Source: Cuyahoga County, Ohio; County Auditor

Tangible Personal Property		Total		Ratio	Tax Rate per \$1,000 of Assessed Value
General Business		Assessed Value	Estimated Actual Value		
Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value		
\$21,872,491	\$116,653,285	899,711,471	\$2,598,833,719	34.62 %	\$17.40
23,673,865	102,929,848	901,925,425	2,583,672,292	34.91	17.40
26,670,819	111,128,413	904,812,684	2,591,097,539	34.92	17.40
28,345,579	118,106,579	804,643,249	2,308,564,770	34.85	17.40
31,518,033	126,072,132	810,424,543	2,322,681,848	34.89	17.30
30,919,012	123,676,048	814,878,092	2,326,148,723	35.03	17.30
29,495,988	117,983,952	723,953,648	2,063,915,218	35.08	17.30
30,270,945	121,083,780	728,814,595	2,075,218,612	35.12	17.30
28,969,777	115,879,108	728,274,397	2,071,468,992	35.16	17.30
26,693,104	106,772,416	673,782,974	1,911,608,259	35.25	17.30

**City of Lakewood, Ohio**  
*Property Tax Rates - Direct and Overlapping Governments*  
*(Per \$1,000 of Assessed Valuation)*  
*Last Ten Years*

	2006	2005	2004	2003
<b>Charter Millage</b>				
Sinking Fund	\$3.4700	\$3.4700	\$3.4700	\$3.4700
1976 Charter/Current Expenses	8.6500	8.6500	8.6500	8.6500
1976 Charter/Fire	1.6800	1.6800	1.6800	1.6800
1976 Charter/Police	1.6000	1.6000	1.6000	1.6000
1976 Charter/Sewer	2.0000	2.0000	2.0000	2.0000
<b>Total Charter Millage</b>	<b>\$17.4000</b>	<b>\$17.4000</b>	<b>\$17.4000</b>	<b>\$17.4000</b>
<b>Overlapping Rates by Taxing District</b>				
Lakewood City School District				
Residential/Agricultural Real	\$49.5692	\$49.5065	\$43.6947	\$47.5575
Commercial/Industrial and Public Utility Real	65.9849	65.6697	59.6364	61.6842
General Business and Public Utility Personal	107.4000	107.4000	101.6000	100.2500
Cuyahoga County Commissioners (1)				
Residential/Agricultural Real	14.1728	13.4245	13.4429	12.4609
Commercial/Industrial and Public Utility Real	15.2977	14.6624	14.7364	12.8764
General Business and Public Utility Personal	16.4500	16.4500	16.4500	14.6500
Special Taxing Districts (2)				
Residential/Agricultural Real	4.2827	4.2776	3.5972	2.8190
Commercial/Industrial and Public Utility Real	4.7054	4.6776	4.1416	3.1081
General Business and Public Utility Personal	5.3500	5.3500	5.0500	3.8000

Source: Cuyahoga County, Ohio; County Auditor

**Note:**

The rates presented for a particular calendar year are the rates that, when applied to the assessed values presented in the Assessed Value Table, generated the property tax revenue billed in that year. The City's basic property tax rate may be increased only by a majority vote of the City's residents.

Charter millage is consistently applied to all types of property as opposed to the voted levies of the overlapping taxing districts.

Overlapping rates are those of local and county governments that apply to property owners within the City.

Voted levies of overlapping governments are adjusted so that inflationary increases in value do not generate additional real property taxes.

(1) Includes Cuyahoga Community College and Cleveland-Cuyahoga County Port Authority

(2) Includes Lakewood Public Library and Cleveland Metropolitan Park District

2002	2001	2000	1999	1998	1997
\$3.4700	\$3.4700	\$3.4700	\$3.4700	\$3.4700	\$3.4700
8.6500	8.6500	8.6500	8.6500	8.6500	8.6500
1.6100	1.6100	1.6100	1.6100	1.6100	1.6100
1.5700	1.5700	1.5700	1.5700	1.5700	1.5700
2.0000	2.0000	2.0000	2.0000	2.0000	2.0000
<u>\$17.3000</u>	<u>\$17.3000</u>	<u>\$17.3000</u>	<u>\$17.3000</u>	<u>\$17.3000</u>	<u>\$17.3000</u>

\$40.7340	\$40.8205	\$45.7827	\$40.9541	\$40.9319	\$44.3205
54.3405	54.4686	60.0498	54.8753	54.8293	57.4222
93.4500	93.5500	93.9500	89.1500	89.1500	89.3500

11.3814	11.3966	11.4113	11.4230	9.6597	10.0197
12.0023	11.9297	12.3735	12.4065	11.7001	11.7723
14.6500	14.6500	13.7500	13.7500	15.0500	15.0500

2.8193	2.8227	3.1795	3.1808	3.1819	3.4665
3.0767	3.0190	3.4678	3.4299	3.4287	3.5655
3.8000	3.8000	3.8000	3.8000	3.8000	3.8000

**City of Lakewood, Ohio**  
*Property Tax Levies And Collections (1)*  
*Last Ten Years*

<u>Collection Year</u>	<u>Current Tax Levy (2)</u>	<u>Current Tax Collections (2)</u>	<u>Percent of Current Tax Collections to Current Tax Levy</u>	<u>Accumulated Outstanding Delinquent Taxes (3)</u>	<u>Percentage of Delinquent Taxes to Total Tax Levy</u>
2006	\$16,052,661	\$15,078,364	93.93%	\$937,196	5.84%
2005	16,053,584	15,305,464	95.34	564,880	3.52
2004	16,101,736	15,281,644	94.91	820,139	5.09
2003	14,158,214	13,011,236	91.90	786,456	5.55
2002	14,093,147	12,965,025	92.00	608,167	4.32
2001	14,025,782	13,088,922	93.32	585,260	4.17
2000	12,007,848	11,715,488	97.57	420,589	3.50
1999	12,587,879	11,630,669	92.40	436,824	3.47
1998	12,473,945	11,784,898	94.48	457,346	3.67
1997	11,594,830	10,903,108	94.03	378,054	3.26

Source: Cuyahoga County, Ohio; County Auditor

(1) Information for Real and Public Utility Only

(2) State Reimbursements of Rollback and Homestead Exemptions are included.  
 Current Tax Levy and Current Tax Collections include delinquent amounts.

(3) Penalties and Interest are included, since by Ohio law they become part of tax obligation as assessment occurs.

**City of Lakewood, Ohio**  
*Principal Real Property Taxpayers*  
*Current Year and Nine Years Ago*

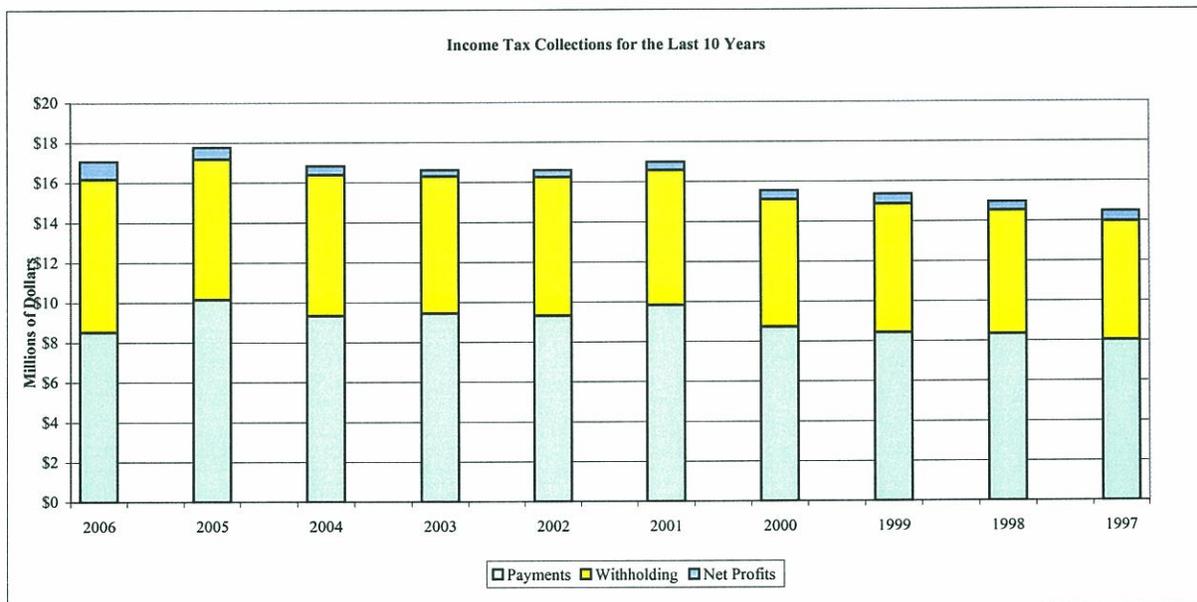
<i>2006</i>		
Taxpayer	Real Property Assessed Valuation	Percentage of Total Assessed Valuation
Cleveland Electric Illuminating Company	\$7,352,500	0.85 %
Ohio Bell Telephone Company	3,893,880	0.45
Castlewood Association	1,976,660	0.23
Lakewood Senior Citizens Inc.	1,394,300	0.16
Marine Towers West	1,394,300	0.16
Fame-Midamco Co.	1,523,620	0.18
Lakewood Association Limited Partnership	1,331,120	0.15
Lake Shore Association	1,417,010	0.16
Lakewood Health Care	1,540,180	0.18
Shoreham Apartments	1,387,020	0.16
Total	\$23,210,590	2.69 %
Total Assessed Valuation	\$862,769,680	
<i>1997</i>		
Taxpayer	Real Property Assessed Valuation	Percentage of Total Assessed Valuation
Cleveland Electric Illuminating Company	\$11,964,730	1.93 %
Ohio Bell Telephone Company	7,983,590	1.28
Lakewood Operating Associates	4,245,570	0.68
East Ohio Gas Company	3,945,950	0.63
Castlewood Association	1,883,840	0.30
Lakewood Association Limited Partnership	1,866,240	0.30
Marine Towers West	1,697,500	0.27
Lakewood Senior Citizens Inc.	1,490,970	0.24
Harbour View Associates	1,470,000	0.24
Fame-Midamco Co.	1,456,000	0.23
Total	\$38,004,390	6.11 %
Total Assessed Valuation	\$621,524,500	

Source: Cuyahoga County, Ohio; County Auditor

**City of Lakewood, Ohio**  
*Income Tax Revenue Base and Collections (1)*  
 Last Ten Years

Tax Year	Tax Rate (2)	Total Tax Collected (1)	Taxes from Individual Payments	Percentage of Taxes from Individual Payments	Taxes From Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits
2006	1.50%	\$17,080,608	\$8,529,917	49.94%	\$7,650,455	44.79%	\$900,236	5.27%
2005	1.50	17,785,152	10,153,562	57.09	7,038,931	39.58	592,659	3.33
2004	1.50	16,842,902	9,351,723	55.52	7,037,400	41.78	453,779	2.69
2003	1.50	16,626,831	9,463,555	56.92	6,844,650	41.17	318,626	1.92
2002	1.50	16,615,806	9,331,022	56.16	6,925,585	41.68	359,199	2.16
2001	1.50	16,989,915	9,833,112	57.88	6,745,730	39.70	411,073	2.42
2000	1.50	15,563,053	8,740,976	56.16	6,366,305	40.91	455,772	2.93
1999	1.50	15,369,805	8,441,801	54.92	6,423,210	41.79	504,794	3.28
1998	1.50	14,969,269	8,347,802	55.77	6,184,203	41.31	437,264	2.92
1997	1.50	14,494,179	8,030,488	55.40	5,945,156	41.02	518,535	3.58

(1) Modified Accrual Basis



**City of Lakewood, Ohio**  
*Ratios of Outstanding Debt by Type*  
*Last Ten Years*

Year	Governmental Activities		Other Governmental Activities Debt				
	General Obligation Bonds	Percentage of Actual Taxable Value of Property (1)	Per Capita (2)	Special Assessment Bonds	OPWC Loans	Capital Leases	Bond Anticipation Notes
2006	\$33,481,011	1.31 %	\$591.06	\$0	\$419,437	\$22,322	\$8,505,000
2005	36,035,423	1.39	636.15	30,000	483,460	47,423	4,228,000
2004	31,443,942	1.21	555.10	60,000	547,482	113,793	7,064,800
2003	28,975,273	1.25	511.51	90,000	611,504	295,761	3,555,500
2002	25,186,400	1.08	444.63	155,000	707,537	453,260	5,961,000
2001	26,763,600	1.15	472.47	251,000	771,560	254,677	2,025,000
2000	19,886,600	0.96	333.01	181,200	569,800	166,209	3,750,000
1999	21,119,400	1.02	353.65	245,600	585,200	164,439	3,445,000
1998	22,372,200	1.08	374.63	190,000	616,000	77,297	1,286,800
1997	18,312,000	0.96	306.64	225,000	0	0	4,340,700

Business-Type Activities							
Year	General Obligation Bonds	Revenue Bonds	Bond Anticipation Notes	OPWC/OWDA Loans	Total Debt (3)	Percentage of Personal Income (2)	Per Capita (2)
2006	\$12,849,249	\$29,472,065	\$1,408,000	\$5,365,315	\$91,522,399	6.74 %	\$1,615.69
2005	13,701,254	5,612,903	11,509,000	5,737,611	77,385,074	5.70	1,366.12
2004	9,728,388	5,482,940	6,148,500	6,108,983	66,698,828	4.91	1,177.47
2003	10,337,311	5,943,360	1,155,000	6,418,862	57,382,571	4.23	1,013.00
2002	7,558,600	6,710,000	3,945,000	6,161,367	56,838,164	4.19	1,003.39
2001	8,030,400	5,835,000	4,050,000	5,677,025	53,658,262	3.95	947.26
2000	8,492,200	6,120,000	0	4,035,402	43,201,411	4.18	723.42
1999	9,055,000	6,390,000	0	2,901,773	43,906,412	4.25	735.23
1998	9,597,800	6,645,000	0	2,222,029	43,007,126	4.16	720.17
1997	8,703,000	6,880,000	0	0	38,460,700	3.72	644.04

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

(1) See S10-11 for taxable property value data.

(2) See S22 for population and personal income data.

(3) Includes general bonded debt, other governmental debt and business-type activities debt, presented net.

**City of Lakewood, Ohio**

*Legal Debt Margin*

*Last Ten Years*

	2006	2005	2004	2003
Overall Legal Debt Limit (10.5% of Assessed Valuation)	\$94,469,704	\$94,702,170	\$95,005,332	\$84,487,541
Net Debt Applicable to Debt Limit	41,051,785	48,932,958	41,781,567	38,818,600
Overall Legal Debt Margin (10.5% of Assessed Valuation)	<u>\$53,417,919</u>	<u>\$45,769,212</u>	<u>\$53,223,765</u>	<u>\$45,668,941</u>
Legal Debt Margin as a Percentage of Debt Limit	56.55%	48.33%	56.02%	54.05%
Unvoted Legal Debt Limit (5.5% of Assessed Valuation)	\$49,484,131	\$49,605,898	\$49,764,698	\$44,255,379
Net Debt Applicable to Debt Limit	41,051,785	48,932,958	41,781,567	38,818,600
Unvoted Legal Debt Margin (5.5% of Assessed Valuation)	<u>\$8,432,346</u>	<u>\$672,940</u>	<u>\$7,983,131</u>	<u>\$5,436,779</u>
Legal Debt Margin as a Percentage of Debt Limit	17.04%	1.36%	16.04%	12.29%

**Legal Debt Margin Calculation for the Year Ended December 31, 2006**

	Overall Margin Within 10.5%	Unvoted Margin Within 5.5%
Assessed property value	<u>\$899,711,471</u>	<u>\$899,711,471</u>
Debt Limitation (percentage of assessed property value)	\$94,469,704	\$49,484,131
Gross Indebtedness:	92,312,852	92,312,852
Less: General Obligation Bonds	(9,267,565)	(9,267,565)
General Obligation Bonds - Enterprise Funds	(5,606,213)	(5,606,213)
Revenue Bonds	(29,843,831)	(29,843,831)
OPWC Loans	(5,596,768)	(5,596,768)
OWDA Loans	(187,984)	(187,984)
Debt Service Fund	<u>(758,706)</u>	<u>(758,706)</u>
Net Debt Applicable to Debt Limit	41,051,785	41,051,785
Legal Debt Margin Within Limitations	<u>\$53,417,919</u>	<u>\$8,432,346</u>

Note: Under State of Ohio finance law, the City of Lakewood's outstanding general obligation debt that is supported through real estate value should not exceed 10.5 percent of total assessed property value. In addition, the outstanding general obligation debt net of voted debt should not exceed 5.5 percent of total assessed property value. By law, the general obligation debt subject to the limitation is offset by amounts set aside for repaying general obligation bonds.

<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>
\$85,094,577	\$85,562,200	\$76,015,133	\$76,525,532	\$76,468,812	\$70,747,212
<u>37,203,200</u>	<u>24,323,464</u>	<u>23,636,600</u>	<u>24,423,400</u>	<u>23,659,000</u>	<u>22,837,700</u>
<u>\$47,891,377</u>	<u>\$61,238,736</u>	<u>\$52,378,533</u>	<u>\$52,102,132</u>	<u>\$52,809,812</u>	<u>\$47,909,512</u>
56.28%	71.57%	68.91%	68.08%	69.06%	67.72%
\$44,573,350	\$44,818,295	\$39,817,451	\$40,084,803	\$40,055,092	\$37,058,064
<u>37,203,200</u>	<u>24,323,464</u>	<u>23,636,600</u>	<u>24,423,400</u>	<u>23,659,000</u>	<u>22,837,700</u>
<u>\$7,370,150</u>	<u>\$20,494,831</u>	<u>\$16,180,851</u>	<u>\$15,661,403</u>	<u>\$16,396,092</u>	<u>\$14,220,364</u>
16.53%	45.73%	40.64%	39.07%	40.93%	38.37%

**City of Lakewood, Ohio**

*Computation of Direct and Overlapping Debt Attributable to Governmental Activities*

December 31, 2006

	Debt Attributable to Governmental Activities	Overlapping Percentage Applicable to Lakewood (1)	Amount of Direct and Overlapping Debt
<u>Direct:</u>			
City of Lakewood			
General Obligation Bonds	\$33,481,011	100.00 %	\$33,481,011
Notes Payable	8,505,000	100.00	8,505,000
Loans Payable	419,437	100.00	419,437
Capital Leases	22,322	100.00	22,322
<b>Total Direct Debt</b>	<u>42,427,770</u>		<u>42,427,770</u>
<u>Overlapping Debt:</u>			
Lakewood City School District			
Payable from Property Taxes			
Cuyahoga County Bonds	224,406,000	2.97	6,664,859
Regional Transit Authority Bonds	140,345,037	2.97	4,168,248
Lakewood City School District Bonds	97,284,622	100.00	97,284,622
Payable from Other Sources			
Cuyahoga County Capital Lease	8,035,000	2.97	238,640
Cuyahoga County Loans	2,776,000	2.97	82,447
Regional Transit Authority Loan	5,051,815	2.97	150,039
Lakewood City School District			
Capital Leases	123,797	100.00	123,797
<b>Total Overlapping Debt</b>	<u>478,022,271</u>		<u>108,712,651</u>
<b>Total</b>	<u><u>\$520,450,041</u></u>		<u><u>\$151,140,421</u></u>

Source: Cuyahoga County, Ohio; County Auditor

(1) Overlapping percentages were calculated by dividing each overlapping subdivision's assessed valuation within the City by the subdivision's total assessed valuation.

**City of Lakewood**  
*Pledged Revenue Coverage*  
*Mortgage Revenue Bonds - Water*  
*Last Ten Years*

Year	Gross Revenues (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Annual Debt Service Requirements (3)	Coverage
2006	\$8,803,103	\$7,364,732	\$1,438,371	\$800,921	1.80
2005	8,857,697	7,770,689	1,087,008	761,585	1.43
2004	8,584,588	7,481,671	1,102,917	741,785	1.49
2003	8,520,217	7,085,228	1,434,989	776,383	1.85
2002	8,803,266	8,156,070	647,196	244,957	2.64
2001	8,651,628	7,084,088	1,567,540	645,442	2.43
2000	8,563,531	6,523,005	2,040,526	645,893	3.16
1999	8,780,617	6,994,242	1,786,375	650,788	2.74
1998	8,466,107	6,966,612	1,499,495	649,175	2.31
1997	7,857,587	6,250,920	1,606,667	635,645	2.53

(1) Gross revenues include operating revenues, intergovernmental revenues, interest income and special assessments.

(2) Direct operating expenses do not include depreciation and amortization expense.

(3) Annual debt service requirements include principal and interest on revenue bonds issued in 1995, 2002, 2005 and 2006.

**City of Lakewood, Ohio**  
*Demographic and Economic Statistics*  
*Last Ten Years*

<u>Year</u>	<u>Population (1)</u>	<u>Total Personal Income (5)</u>	<u>Personal Income Per Capita</u>	<u>Median Household Income (1)</u>	<u>Median Age (1)</u>
2006	56,646	\$1,357,351,452	\$23,962	\$40,527	34.2
2005	56,646	1,357,351,452	23,962	40,527	34.2
2004	56,646	1,357,351,452	23,962	40,527	34.2
2003	56,646	1,357,351,452	23,962	40,527	34.2
2002	56,646	1,357,351,452	23,962	40,527	34.2
2001	56,646	1,357,351,452	23,962	40,527	34.2
1999	59,718	1,034,196,324	17,318	38,100	32.7
1998	59,718	1,034,196,324	17,318	38,100	32.7
1997	59,718	1,034,196,324	17,318	38,100	32.7
1996	59,718	1,034,196,324	17,318	38,100	32.7

(1) Source: U. S. Census

(a) Years 2001 through 2006 - 2000 Federal Census

(b) Years 1995 through 1999 - 1990 Federal Census

(2) Source: Lakewood City School District

(3) Ohio Department of Job and Family Services

(4) Source: Cuyahoga County Auditor

(5) Computation of per capita personal income multiplied by population

Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	Cuyahoga County Unemployment Rate (3)	Total Assessed Property Value (4)
35.9%	6,090	5.3%	\$899,711,471
35.9	6,229	5.4	901,925,425
35.9	6,416	5.9	904,812,684
35.9	6,708	5.7	804,643,249
35.9	6,604	5.5	810,424,543
35.9	6,730	5.0	814,878,092
N/A	N/A	5.0	723,953,648
N/A	N/A	N/A	728,814,595
N/A	N/A	N/A	728,274,397
N/A	N/A	N/A	673,782,974

**City of Lakewood, Ohio**  
*Principal Employers*  
 2006 and 1997

<b>2006</b>		
Employer	Employees	Percentage of Total City Employment
Lakewood Hospital	1,378	11.58%
Lakewood Board of Education	881	7.40
City of Lakewood	665	5.59
New York Life Insurance Company	232	1.95
American Telephone and Telegraph	166	1.39
Aristocrat Lakewood	142	1.19
First Federal Saving and Loan Association of Lakewood	141	1.18
Advanced Energy Tech, Incorporated	123	1.03
Galaxy Balloons	111	0.93
United States Post Office	106	0.89
<b>Total</b>	<b>3,945</b>	<b>33.15%</b>
<b>Total Employment within the City</b>	<b>11,900</b>	

<b>1997</b>	
Employer	Employees
Lakewood Hospital	1,319
Lakewood Board of Education	927
City of Lakewood	670
Lake Erie Screw Corporation	300
Ameritech	200
United Transportation Union	175
Hinckley Lighting, Incorporated	165
Advanced Ceramic Corporation	155
United Readers Service, Incorporated	150
New York Life Insurance, Incorporated	144
<b>Total</b>	<b>4,205</b>
<b>Total Employment within the City</b>	<b>n/a</b>

Source: City of Lakewood; Community Development Department

n/a - not available

**City of Lakewood, Ohio**  
*Full-Time City Government Employees by Function/Program (1)*  
*Last Four Years*

Function/Program	2006	2005	2004	2003
<b>General Government</b>				
Council	1.00	2.00	2.00	2.00
Court	19.00	19.00	23.00	20.00
Civil Service	1.00	1.00	1.00	1.00
Mayor's Office	2.00	2.00	3.00	3.00
Human Resources	4.00	4.00	3.00	4.00
Community Relations	2.00	1.00	1.00	2.00
Finance	7.00	6.00	8.00	8.00
Income Tax	7.00	5.00	2.00	3.00
Information System	6.00	6.00	6.00	5.00
Law	3.00	3.00	3.00	4.00
Planning & Development	3.00	3.00	2.00	2.00
Community Development	6.00	8.00	9.00	9.00
<b>Security of Persons and Property</b>				
Police	94.00	94.00	94.00	95.00
Police - Communications	11.00	10.00	11.00	12.00
Support of Prisoners	3.00	3.00	3.00	3.00
Fire	77.00	76.00	76.00	75.00
Emergency Medical Services	18.00	18.00	18.00	18.00
Housing & Building	22.00	21.00	19.00	21.00
<b>Public Works</b>				
Public Works Administration	3.00	3.00	3.00	3.00
Parking	3.00	3.00	3.00	3.00
Parks	16.00	16.00	15.00	18.00
Buildings & Facilities	5.00	5.00	5.00	5.00
Construction	4.00	5.00	8.00	6.00
Streets	17.00	19.00	21.00	21.00
Forestry	6.00	6.00	6.00	6.00
Traffic Signs	3.00	4.00	5.00	6.00
Refuse	52.00	51.00	53.00	55.00
Fleet	11.00	10.00	12.00	12.00
Communications	2.00	2.00	2.00	2.00
Water Administration	5.00	5.00	5.00	5.00
Water Distributions	8.00	6.00	8.00	7.00
Water Metering	6.00	6.00	7.00	6.00
Wastewater Collections	16.00	15.00	17.00	16.00
Wastewater Treatment	23.00	22.00	23.00	24.00
Engineering	6.00	5.00	5.00	7.00
Winterhurst	3.00	3.00	3.00	3.00
<b>Human Services</b>				
Human Services Administration	2.00	2.00	2.00	2.00
Office on Aging IIIB	25.00	26.00	27.00	27.00
Office on Aging IIIC	7.00	7.00	7.00	7.00
Health	11.00	10.00	13.00	11.00
Animal Control	3.00	3.00	3.00	3.00
Early Childhood	2.00	2.00	2.00	2.00
Youth	11.00	9.00	9.00	11.00
<b>Totals:</b>	<u>536.00</u>	<u>527.00</u>	<u>548.00</u>	<u>555.00</u>

Source: City of Lakewood, Finance Department

(1) This table includes full-time employees and excludes part-time and seasonal employees.

**City of Lakewood, Ohio**  
*Operating Indicators by Function/Program*  
*Last Ten Years (1)*

Function/Program	2006	2005	2004
<b>General Government</b>			
<i>Clerk of Council</i>			
Number of ordinances passed	98	126	120
Number of resolutions passed	102	103	124
<i>Civil Service</i>			
Number of police and fire entry application processed	340	n/a	n/a
<i>Finance Department</i>			
Number of checks/ vouchers issued	7,083	6,846	7,039
Interest earnings for fiscal year (cash basis)	\$2,004,475	\$908,127	\$322,705
<i>Income Tax</i>			
Number of Annual withholding forms processed	9,727	8,931	7,546
Number of Business net profit forms processed	1,405	1,072	741
<b>Public Works</b>			
<i>Engineering</i>			
Dollar amount of Construction overseen by Engineer	\$13,859,602	\$9,173,108	\$2,874,226
<i>Forestry</i>			
Number of trees planted	296	n/a	n/a
<i>Parking Enforcement</i>			
Number of parking tickets	5,062	5,251	8,455
<i>Refuse</i>			
Collection resident and business garbage in tons	22,137	21,868	23,971
<i>Water</i>			
Average (MCF) of water billed monthly (in thousands)	216,729	221,803	225,509
<i>Wastewater Collection</i>			
Average (MCF) of sewer billed monthly (in thousands)	216,729	221,803	225,509
<i>Wastewater Treatment</i>			
Influent flow millions of gallons per year	3,228	2,947	3,441
Bio-solids wet tons per year	5,643	5,209	5,311

(1) Information for some years is not available

2003	2002	2001	2000	1999	1998	1997
90	159	75	87	54	75	69
117	100	81	78	83	85	66
n/a	n/a	n/a	n/a	n/a	n/a	n/a
7,013	7,142	7,616	7,259	7,210	n/a	n/a
\$420,188	\$876,738	\$1,462,784	\$1,455,183	\$1,164,683	n/a	n/a
6,871	6,490	n/a	n/a	n/a	n/a	n/a
845	901	n/a	n/a	n/a	n/a	n/a
\$4,386,804	\$6,509,178	\$4,502,448	\$1,365,975	\$2,604,815	\$2,019,233	n/a
n/a	n/a	n/a	n/a	n/a	n/a	n/a
7,983	10,731	9,448	10,000	9,866	11,000	11,000
25,506	25,208	25,987	24,130	23,498	23,578	23,177
236,812	238,768	240,703	255,860	264,367	260,069	265,247
236,812	238,768	240,703	255,860	264,367	260,069	265,247
3,064	2,929	3,010	2,851	2,779	2,884	3,103
4,638	4,972	4,871	5,277	5,364	5,200	5,900

(continued)

**City of Lakewood, Ohio**  
*Operating Indicators by Function/Program (continued)*  
*Last Ten Years (1)*

Function/Program	2006	2005	2004
<b>Security of Persons and Property</b>			
<i>Police</i>			
Total calls for services	49,733	52,053	48,376
Number of citations issued	15,007	14,872	16,744
<i>Fire</i>			
Total calls for services-Fire	2,067	2,245	1,903
Total calls for services-EMS	5,111	5,028	4,722
<b>Community Environment</b>			
<i>Building Department</i>			
Estimated value of construction	\$73,425,066	\$44,324,510	\$21,658,746
Number of permits issued (all types)	2,781	3,011	2,948
<b>Leisure Time Activities</b>			
<i>Parks</i>			
Recreation Men's and Women's Leagues receipts	\$3,619	\$8,341	\$3,200
Recreation Youth Activities receipts	\$89,347	\$68,881	\$22,830

- (1) Information for some years is not available  
(2) Lakewood Hospital paramedics join the City of Lakewood in October of 1999

2003	2002	2001	2000	1999	1998	1997
53,633	53,725	53,585	51,370	44,116	46,330	47,765
18,596	16,287	14,572	17,198	16,478	17,889	17,415
1,848	1,918	2,018	2,384	1,963	1,733	1,764
4,540	4,432	4,494	4,248	(2)	(2)	(2)
\$19,708,966	\$19,146,896	\$24,495,279	\$18,536,173	\$17,017,253	\$18,734,237	\$12,507,996
3,305	3,401	3,449	3,333	3,266	3,807	3,622
n/a						
n/a						

**City of Lakewood, Ohio**  
*Capital Assets Statistics by Function/Program*  
*Last Ten Years (1)*

Function/Program	2006	2005	2004
<b>Security of Persons and Property</b>			
<b>Police</b>			
Stations	1	1	1
Vehicles	55	52	50
<b>Fire</b>			
Stations	3	3	3
Vehicles	18	18	18
<b>Leisure Time Activities</b>			
<b>Parks</b>			
Number of Parks	15	15	14
Number of Ice Rinks	2	2	2
Number of Skateboarding Areas	1	1	0
Number of Baseball Diamonds	5	5	5
Number of Soccer Fields	1	1	1
<b>Transportation</b>			
<b>Service</b>			
Streets (miles)	93	93	93
Street Lights	1,488	1,488	1,488
<b>Water and Sewer</b>			
Water Lines (miles)	112	112	111
Sanitary Sewers (miles)	75	75	75
Storm Sewers (miles)	66	66	66
Combined Sewers (miles)	25	25	25

(1) Information for some years is not available

2003	2002	2001	2000	1999	1998	1997
1 49	1 n/a	1 n/a	1 n/a	1 n/a	1 n/a	1 n/a
3 17	3 n/a	3 n/a	3 n/a	3 n/a	3 n/a	3 n/a
14 2 0 5 1						
93 1,488						
111 75 66 25	111 75 66 25	111 75 66 25	111 75 66 25	111 75 66 25	111 75 66 25	119 75 66 25





**Mary Taylor, CPA**  
Auditor of State

**CITY OF LAKEWOOD**

**CUYAHOGA 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  
SEPTEMBER 25, 2007**