



**Auditor of State
Betty Montgomery**

CITY OF SOUTH EUCLID
CUYAHOGA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	1
Schedule of Prior Audit Findings	3

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**Auditor of State
Betty Montgomery**

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

City of South Euclid
Cuyahoga County
1349 South Green Road
South Euclid, Ohio 44121

To the City Council:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of South Euclid, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 24, 2006. 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 to determine our auditing procedures in order to express our opinions on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the City's management dated May 24, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance that we must report under *Government Auditing Standards*. In a separate letter to the City's management dated May 24, 2006, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of the management and City Council. It is not intended for anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

May 24, 2006

CITY OF SOUTH EUCLID
CUYAHOGA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2004-001	Ohio Revised Code Section 735.05 – Bidding Procedures	Not fully corrected	Re-issued in the management letter.

CITY OF SOUTH EUCLID, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2005

ISSUED BY THE DEPARTMENT OF FINANCE

Joseph Filippo, CPA,

FINANCE DIRECTOR

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City of South Euclid, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2005
Table of Contents

<i>I. Introductory Section</i>	Page
Title Page.....	i
Table of Contents	ii
Transmittal Letter	v
Organization Chart	xii
City of South Euclid Elected and Appointed City Officials.....	xiii
GFOA Certificate of Achievement.....	xiv
 <i>II. Financial Section</i>	
Independent Accountants’ Report	1
Management’s Discussion and Analysis	3
Basic Financial Statements:	
Government Wide Financial Statements:	
Statement of Net Assets	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet - Governmental Funds	14
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	17
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual: General Fund	18
Statement of Fiduciary Assets and Liabilities - Agency Fund	19
Notes to the Basic Financial Statements	20
Combining Statements and Individual Fund Schedules:	
Combining Statements - Nonmajor Governmental Funds:	
Fund Descriptions.....	44
Combining Balance Sheet - Nonmajor Governmental Funds	46
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	47

City of South Euclid, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2005
Table of Contents (continued)

Combining Balance Sheet - Nonmajor Special Revenue Funds	48
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Special Revenue Funds.....	51
Combining Balance Sheet - Nonmajor Capital Projects Funds.....	54
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Capital Projects Funds	56
 Combining Statement - Agency Fund:	
Fund Description	58
Statement of Changes in Assets and Liabilities - Agency Fund.....	59
 Individual Fund Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual:	
Major Funds:	
General Fund	61
General Obligation Bond Retirement Fund.....	66
Flood Control Fund	67
Nonmajor Funds:	
Operation Home Improvement Fund.....	68
COPS Grant Fund.....	69
Street Construction, Maintenance and Repair Fund.....	70
State Highway Fund	71
Parking Lots and Meters Fund	72
Swimming Pools Fund	73
Permissive Motor Vehicle License Fund	74
Law Enforcement Fund.....	75
FEMA Firefighters Grant Fund	76
Street Lighting Fund.....	77
Sewer Rental Fund	78
Police Pension Fund	79
Fire Pension Fund.....	80
Special Assessment Bond Retirement Fund.....	81
General Capital Improvements Fund.....	82
Safety Forces Vehicle Fund	83
Recreation Improvement Fund.....	84
Road Improvement Fund.....	85
Sidewalk Improvement Fund	86
Stanhope Parking Lot Fund.....	87
Issue II Fund.....	88
Land Acquisition Fund.....	89
Sewer Rehabilitation Fund	90

City of South Euclid, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2005
Table of Contents (continued)

III. Statistical Section

Governmental Activities Revenues by Source and Expenses by Program – Last Five Years	S1
General Fund Revenues by Source and Expenditures by Function - Last Ten Years	S2
Property Tax Levies and Collections - Real and Public Utility Taxes - Last Ten Years.....	S4
Property Tax Levies and Collections - Tangible Personal Property Taxes - Last Ten Years.....	S6
Assessed and Estimated Actual Value of Taxable Property - Last Ten Years	S8
Property Tax Rates - Direct and Overlapping Governments - Last Ten Years.....	S10
Computation of Legal Debt Margin.....	S11
Special Assessments Billed and Collected - Last Ten Years.....	S12
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita - Last Ten Years	S14
Ratio of Annual Debt Service Expenditures for General Bonded Debt to Total General Fund Expenditures - Last Ten Years.....	S15
Computation of Direct and Overlapping General Obligation Bonded Debt.....	S16
Demographic Statistics - Last Ten Years.....	S17
Property Value, Construction and Bank Deposits - Last Ten Years.....	S18
Principal Property Taxpayers.....	S20
Miscellaneous Statistics	S21

CITY OF SOUTH EUCLID



May 24, 2006

Citizens of South Euclid and
Honorable Members of City Council
South Euclid, Ohio 44121

I am pleased to present the Comprehensive Annual Financial Report of the City of South Euclid for the year ended December 31, 2005. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of my knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The Comprehensive Annual Financial Report is presented in three sections as follows:

1. The introductory section includes a table of contents, this transmittal letter, the City's organization chart, a list of elected and appointed City officials, and the GFOA Certificate of Achievement.
2. The financial section begins with the Independent Accountants' Report, and includes Management's Discussion and Analysis, the Basic Financial Statements and Notes that provide an overview of the City's financial position and operating results, the Combining Statements for nonmajor funds and other schedules that provide detailed information relative to the basic financial statements.
3. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

Reporting Entity

The City has reviewed its reporting entity definition in order to ensure conformance with the Governmental Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." In evaluating how to define the City for financial reporting purposes, management has considered all agencies, departments and organizations making up the City of South Euclid (the primary government) and its potential component units.

The South Euclid-Lyndhurst City School District, South Euclid-Lyndhurst Regional Branch of the Cuyahoga County Public Library and Northeast Ohio Regional Sewer Council of Governments have not been included in the accompanying financial statements because none have boards appointed by the City and none are fiscally dependent on the City.

The City is a member of the Northern Ohio Risk Management Association, a shared risk pool. In addition, the City participates in the Tri-City Consortium on Aging and the South Euclid-Lyndhurst Recreation Commission which have been determined to be joint ventures and the Northeast Ohio Public Energy Council

and the First Suburbs Consortium of Northeast Ohio Council of Governments which are jointly governed organizations. The shared risk pool, joint ventures and the jointly governed organizations are discussed in Notes 9, 16 and 17 to the basic financial statements.

The City and Form of Government

The City of South Euclid, Ohio, is located in the northeast portion of Cuyahoga County, 10 miles from downtown Cleveland, with the cities of Lyndhurst to the east, Cleveland Heights to the west, University Heights and Beachwood to the south, and Cleveland, Euclid, and Richmond Heights to the north. The City has 23,537 residents, according to the most recent data from the United States Census Bureau.

The City is in the Cleveland Primary Metropolitan Statistical Area, comprised of the four counties of Cuyahoga, Geauga, Lake and Medina, which is the 16th largest of 71 in the United States. The City is also in the Cleveland-Akron-Lorain Consolidated Metropolitan Statistical Area which is the 11th most populous of 20 in the country.

The City operates under and is governed by its Charter which voters first adopted in 1953 and which has been amended from time to time. The last amendment was made in 2005, effective 2006. The City is also subject to certain general laws applicable to all Ohio cities. Under the Ohio Constitution, the City may exercise all local self-government and police powers to the extent that none are in conflict with applicable general laws. The Charter also establishes certain administrative departments.

The Charter provides for a mayor-council form of government. Legislative authority is vested in a seven-member Council. The Council consists of three council members elected at-large and four elected by wards. Council members are elected for a four year term. Each member has a right to vote. The Council fixes compensation of City officials and employees and enacts ordinances and resolutions relating to the City services, tax levies, appropriations and indebtedness, licensing of regulated businesses and trades and other municipal purposes. The presiding officer is the President who is elected by Council for a two-year term.

The City's chief executive and administrative officer is the Mayor who is elected by the voters specifically to that office for a four-year term. The other elected official is the Municipal Court Judge, elected to a six-year term.

The Mayor appoints all of the directors of the City departments, including the Directors of Finance, Law, Service, Economic Development, Community Relations and Community Center, the Zoning Administrator and the City Engineer. The Mayor also appoints the Chiefs of Police and Fire and Police and Fire personnel after competitive civil service examinations. The Mayor also appoints members to a number of boards and commissions, and in accordance with civil service requirements, may remove all appointed officials and employees, except Council officers and employees. The Mayor may veto any legislation passed by Council, but Council may override a veto by a vote of five Council members.

In 1994, the responsibilities of Safety Director were transferred to the Mayor. This move was made to establish a stronger bond between the Mayor and the safety forces. The Mayor took on the duties of the Safety Director with no additional remuneration.

The City provides basic services to its residents including police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, refuse collection, municipal court and general administrative services. The City of Cleveland provides water and sewer services to the City's residents.

The South Euclid-Lyndhurst Recreation Commission organizes programs for City residents. This Commission is a governmental joint venture among the City of South Euclid, the City of Lyndhurst and the South Euclid-Lyndhurst City School District. Each entity supports the Commission through funds paid to the Commission and each has access to the year-round activities and classes.

Economic Condition and Outlook

The City is primarily a residential community with a preponderance of single family homes. A major medical facility, University Suburban Health Care, provides quality health care to South Euclid residents as well as to our neighboring communities. South Euclid is home to Notre Dame College, a private, four-year institute of higher learning. The following industries are vital to the City's financial condition and contribute to the stable economic condition of the City: Aero Controlex, Division of Transdigm, Inc. is a Fortune 500 company which manufactures custom components for the aerospace industry; Glastic Corporation manufactures thermoset polymers used in appliances; Gent Machine Company manufactures automotive and aircraft components.

Several retail shopping centers in South Euclid are available for the City's residents. These shopping centers are among the major tax contributors within the City. In 2001, the City welcomed a new 14,000 square foot shopping center at the intersection of Mayfield and Green, which is anchored by CVS. This supplements the existing Mayfield Road-Green Road shopping center that houses over fifty-eight retail stores. This shopping area includes Marc's discount store and Blockbuster Video. The second-largest shopping area in the City is located at Cedar Road between Warrensville and Fenwick Roads and features forty-eight retail stores. Another small shopping center is located in the northern section of the City known as Glengate Shopping Center and houses thirteen retail stores. A smaller strip of stores is located on Cedar and Green Roads.

During 2005, the Building Department issued building permits for several commercial projects. One of the largest projects involved the alterations of site and building amenities at Notre Dame College. This project included increased parking facilities, exterior walkways and the addition of dormitory rooms. Construction was completed on a new 1,500 square foot oil change facility and additional interior renovation projects occurred at University Suburban Health Center. Two residential developments went from the planning phase into the construction phase. Novicky Court is a planned unit residential development (PURD) comprised of 2, 3 and 4 dwelling unit structures combined in a cluster development. Novicky Court is located at the end of Ardenale Road behind Saint Gregory the Great. Crestview Court, off Monticello Boulevard, is another planned unit residential development. Crestview will contain eleven detached single family homes. Both developments have completed underground infrastructure and have begun construction of the dwelling units on site. Two duplex structures and two single family homes were completed in 2005.

In residential areas, homeowners carefully maintain their property, which increases property value and enhances the appearance of the City's neighborhoods. To encourage individual upkeep, the City continues to administer its exterior residential property maintenance program. This program establishes minimum standards governing the maintenance of dwelling structures, which allows the City to work to create neighborhoods that are enjoyable to inhabit. Without the support of property owners who have genuine concern for the community, the goals of the program would not be reached. Under the program, each year a specific area of the City is targeted for inspection. The area is selected in a systematic way to achieve the program's goal to inspect the entire City every four years and to eliminate selective enforcement of the City Code. During the past year, residents have improved their homes by alterations and additions valued at \$7,032,396. A total of 983 permits were issued in 2005, which included 39 commercial permits for additions or improvements totaling \$995,007. The City is emphasizing enforcement of maintenance standards on its population of rental housing as well with a program goal of annual exterior inspections with interior inspections performed every three years.

The sidewalk program, instituted by the City and supervised by the Building Department, saw that a section of the City was inspected and that sidewalks were marked for improvement. The program was ended in 2003. In 2004, the program continued as an additional part of our annual residential property maintenance program. The combination of the two programs eliminated the additional administrative costs of running a separate sidewalk program.

Major Initiatives

For the Year In 2005, the City of South Euclid continued its commitment to provide quality services and facilities to the City's residents. Emphasis continued to be placed on the maintenance and improvement of the City's infrastructure, specifically streets and sewers. The City also continued its traditional annual road resurfacing program at a cost of about \$300,000. Unfortunately due to budget constraints, only three streets were able to be reconstructed in 2005.

The major project for 2005 was the commencement of the Bluestone Area Infrastructure Project. The project started in 2005 and is expected to be completed in 2006. The project entails new sanitary sewers, storm sewers and water piping. Also there will be new road surfaces for Argonne, Avondale and Winston Roads. The project also included a new relief sewer and road surface for Elmwood Road. The total cost of the project is expected to be just under \$3,000,000.

Communication continues to be a priority issue. All of City Hall has been wired for the Internet, allowing residents to electronically interface by the use of e-mail at Mayor@seuclid.com, or by visiting the City's web site at WWW.CITYOFSOUTHEUCLID.COM.

For the Future The Administration in cooperation with City Council has reached out to the business community and encourages dialogue with the City's key employers. In a partnership climate the notion of business retention is critical. Listening to the business constituents fosters the ability to prosper and grow. We continually look for avenues and opportunities to assure our residents a high quality of life and a genuine sense of community pride.

The redevelopment of the Cedar Center area is progressing. Current plans call for anchor retail space of 130,000 square feet, other retail space of 100,000 square feet, four restaurant locations, office space of 10,000 square feet and 112 residential units. The development also includes parking for 1,500 cars including two parking structures with 1,100 spaces. This intersection of Warrensville Road and Cedar Road will again become a shopping mecca.

The City is analyzing the four quadrants at Mayfield and Green Roads. Brews Brothers Coffee, Dunkin Donuts, Fifth Third Bank are all new projects along the Mayfield Road corridor. Green and Monticello has seen a beautifully landscaped E-Z Storage facility built there. The City's ability to attract genuine interest in all these commercial areas demonstrates our recent success at winning over the development community.

With the overwhelming success of the Monticello Place planned unit residential development (PURD) consisting of thirty-eight single family detached units, we have spurred interest from several other parties wanting to develop new housing projects. We now have an eleven unit cluster development called Crestview Court on Monticello, a fourteen attached unit development called Novicky Court off Ardentale Road behind Saint Gregory the Great Church and Stoneridge Place off Trebisky Road is a sixteen unit detached single family cluster. Also in the planning stages is Cutter's Creek, a forty-eight attached unit development at Anderson and Green Roads and a sixteen unit townhouse development called Francis Court Gables. This represents over one hundred new units available to the market place.

The City continues to explore other avenues to encourage economic development. The City also recognizes that South Euclid's place in the regional market place has positioned itself as a good place to build a successful project.

Internal Accounting and Budgetary Controls

In developing the City's accounting system, much consideration was given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance regarding (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of the financial records for preparing financial statements and maintaining accountability over assets. The concept of reasonable assurance is based on the assumption that the cost of internal accounting controls should not exceed the benefits expected to be derived from their implementation.

Budgetary Controls Detailed provisions for the City's budget, tax levies, and appropriations are set forth in the Ohio Revised Code and the City Charter. With the assistance of the Finance Director, the Mayor is required to submit to Council a tax budget of estimated revenues and expenditures for all funds, except agency funds, of the City for the next succeeding year. The legislative body is required to adopt the budget by July 15 and to submit it to the County Budget Commission by July 20 of each year. Based on the tax budget, the Finance Director submits to Council an appropriation ordinance for the next succeeding year.

Within ninety days of the beginning of the year covered by such ordinance, Council is required to adopt the appropriation ordinance (the budget) in its original form, or with those revisions as it may find proper. The City maintains budgetary control on a non-GAAP basis by fund and within each fund by department at major object levels, which include personal services, contractual services, supplies and materials, other expenditures, capital outlay, debt service, and operating transfers. For management purposes, the major object level is further defined with budgeted amounts not to exceed the aggregate appropriated by Council.

Budgetary control is maintained by an encumbrance of purchase commitment amounts prior to the release of purchase orders to vendors. Requisitions for the expenditure of monies are submitted to the Mayor for approval and submitted to the finance office for the preparation of a purchase order and certification. The purchase order is reviewed for certification of the availability of funds and the estimated expenditure is encumbered against the available appropriation. Encumbrances which would exceed the available appropriation are not approved or recorded until City Council authorizes additional appropriations. Unencumbered appropriations lapse at the end of each year. The accounting system used by the City provides interim financial reports which detail year-to-date expenditures plus encumbrances versus the original appropriations plus any additional appropriations made to date. The reports permit the Finance Director and other City officials to ascertain the status of a department's appropriations at any time during the year.

The basis of accounting and the various funds utilized by the City of South Euclid are fully described in Note 2 of the basic financial statements. Additional information on the City's budgetary accounting can also be found in Note 2.

Financial Condition The City has prepared its financial statements following GASB Statement 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments." GASB 34 creates basic financial statements for reporting on the City's financial activities as follows:

Government-wide financial statements These statements are prepared on an accrual basis of accounting which is similar to the basis of accounting followed by many businesses. The government-wide statements distinguish between those activities of the City that are governmental and those that are considered business-type activities. The City has no business-type activities.

Fund financial statements These statements present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. Governmental funds use the modified accrual basis of accounting and include a reconciliation to the governmental activities accrual information presented in the government-wide financial statements. Proprietary and fiduciary funds use the accrual basis of accounting. The City has no proprietary funds.

Statements of budgetary comparisons These statements present comparisons of actual information to the legally adopted budget. The budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

As part of this reporting model, management is responsible for preparing a Management Discussion and Analysis of the City. The discussion follows the independent accountants' report in the financial section of this report and provides an assessment of the City's finances for 2005.

Cash Management

Cash management is a vital component of the City's overall financial strategy. The Finance Director maintains an aggressive cash management program. Major considerations are available interest rates and cash flows necessary to pay City liabilities. As City funds become available, they are invested in short-term certificates of deposit or other securities authorized by State statute. Interest earnings are allocated to funds based on the requirements of the Ohio Constitution and State statute.

Interest earnings for 2005 totaled \$459,995 for governmental funds. This represents an increase of \$296,579 or 181 percent from 2004. All deposits are covered by pooled collateral with a market value equal to at least 105 percent of deposits.

Risk Management

The City maintains risk management through a self-insurance pool with nine other cities. The Northern Ohio Risk Management Agency (NORMA) provides for general liability, property, and vehicle insurance. As part of the comprehensive plan, resources are being accumulated in the pool to meet potential losses. In addition, various risk control techniques have been implemented to minimize potential losses. The goal of the pool is to minimize loss potential in all areas of the City's operations while delivering services in the most efficient manner possible. For the year ended December 31, 2005, the City paid to NORMA premiums of \$92,423.

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Other Information

Independent Audit Included in this report is an unqualified audit opinion rendered on the City's financial statements for the year ended December 31, 2005 by the Office of Betty Montgomery, Auditor of State. City management plans to continue to subject the financial statements to an annual independent audit as part of the preparation of a Comprehensive Annual Financial Report. An annual audit serves to maintain and strengthen the City's accounting and budgetary controls.

Certificate of Achievement The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South Euclid for the year ended December 31, 2004. This was the sixteenth year that the City of South Euclid received this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish an easily readable and efficiently organized CAFR. The report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is the highest form of recognition in the area of governmental financial reporting, and its attainment is a significant accomplishment by a governmental unit.

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

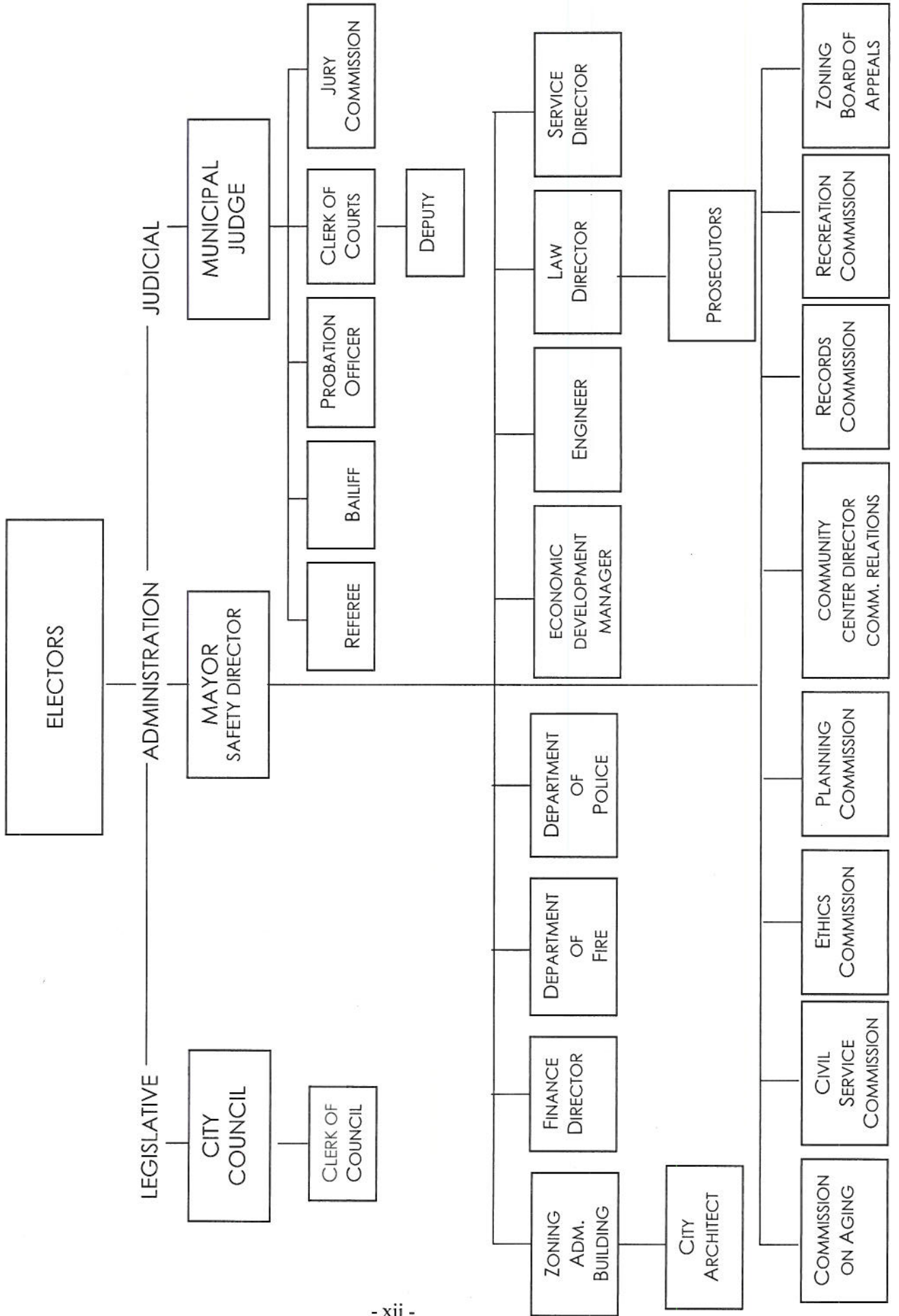
Acknowledgments This Comprehensive Annual Financial Report was prepared by the Finance Department with the efficient and dedicated services of its entire staff. Sincere gratitude goes to Council and to Mayor Georgine Welo for their enthusiastic support and their granting of funds for this project. Appreciation is also expressed to all City Hall Department Heads and Superintendents for their cooperation and assistance. Special acknowledgment is extended to Local Government Services of the Office of the Auditor of State for their continued guidance in the preparation of this report.

Respectfully submitted,

A handwritten signature in cursive script that reads "Joseph G. Filippo".

Joseph G. Filippo, CPA
Finance Director

**CITY OF SOUTH EUCLID
ORGANIZATION CHART**



CITY OF SOUTH EUCLID

ELECTED AND APPOINTED CITY OFFICIALS

HONORABLE MAYOR GEORGINE WELO

CITY COUNCIL

Sunny Simon, President, At Large

Katherine Tufts, Ward 1

David B. Miller, At Large

Diane Fistek, At Large

Modestino Romeo, Ward 2

Edward A. Icove, Ward 3

Ronald L. Rosenfield, Ward 4

MUNICIPAL JUDGE

Patricia A. Kleri

APPOINTED OFFICIALS

Joseph G. Filippo, Director of Finance

Michael Lograsso, Director of Law

Edward J. Gallagher, Director of Service

Paul Kowalczyk, Building Commissioner

Matthew Capadona, Chief of Police

Thomas Cannell, Chief of Fire

Andrew K. Blackley, City Engineer

A. Calisto Caminati, Jr., Director of Economic Development

Cheryl L. McNulty, Director of Community Center

Keith A. Benjamin, Director of Community Services

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of South Euclid,
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2004

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.



Carla E. Fudge

President

Jeffrey R. Emmer

Executive Director



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

City of South Euclid
Cuyahoga County
1349 South Green Road
South Euclid, Ohio 44121

To the City Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of South Euclid, Cuyahoga County, Ohio, (the City) as of and for the year ended December 31, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of South Euclid, Cuyahoga County, Ohio, as of December 31, 2005, and the respective changes in financial position, thereof and the respective budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2006, 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 and individual nonmajor fund statements and schedules, statistical tables, and supplemental information provide additional information and are not a required part of the basic financial statements. We subjected the combining and individual nonmajor fund statements and schedules to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We did not subject the introductory section and statistical tables to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

Betty Montgomery
Auditor of State

May 24, 2006

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

The discussion and analysis of the City of South Euclid's financial performance provides an overall review of the City's financial activities for the year ended December 31, 2005. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers are encouraged to consider information presented here in conjunction with the additional information contained in the transmittal letter, as well as the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

- The assets of the City of South Euclid exceeded its liabilities at December 31, 2005 by \$41,815,706. Of this amount, \$5,772,223 may be used to meet the City's ongoing obligations to citizens and vendors.
- Total assets decreased by \$220,166 which represents a decrease of .35 percent from 2004 to 2005. This was primarily due to an increase of \$1,227,100 in capital assets, which was offset by a decrease in cash and cash equivalents in the amount of \$1,407,907.
- Total liabilities decreased by \$1,002,481 which represents a decrease of 4.6 percent from 2004 to 2005. This decrease was due mostly to the City making another year of payments on its outstanding debt obligations.
- In total, net assets in governmental activities increased \$782,315 during 2005. This represents a 1.9 percent increase from 2004.

Using this Annual Financial Report

This discussion and analysis is intended to serve as an introduction to the City of South Euclid's basic financial statements. These statements are organized so that the reader can understand the City as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial conditions.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole City. They provide both an aggregate view of the City's finances in addition to 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 nonmajor funds presented in total in one column.

Government-wide financial statements – Reporting the City of South Euclid as a Whole

Statement of Net Assets and the Statement of Activities

The Statement of Net Assets presents information, excluding fiduciary funds, on all the City of South Euclid's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, in evaluating the overall position of the City, non-financial factors such as the City's tax base, change in tax laws and the condition of capital assets should also be considered. Both the Statement of Net Assets and the Statement of Activities use the accrual basis of accounting similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

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

- Assets
- Liabilities
- Net Assets
- Program Revenues and Expenses
- General Revenues
- Net Assets Beginning of Year and Year's End

Reporting the City of South Euclid's Most Significant Funds

Fund Financial Statements

The analysis of the City's major funds begins on page 7. Fund financial reports provide detailed information about the City's major funds. The City of South Euclid has established many funds that account for the multitude of services, facilities and infrastructure provided to our residents. However, these fund financial statements focus on the City's most significant funds. The City's major funds are the General Fund, General Obligation Bond Retirement Fund and the Flood Control Capital Projects Fund.

Governmental Funds

All of the City's activities are reported in the governmental funds which focus on how money flows into and out of those funds and the balances left at year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general operations and the basic services it provides. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate a comparison between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds.

Government-wide Financial Analysis – City of South Euclid as a Whole

As noted earlier, the Statement of Net Assets looks at the City as a whole and can be used as an indicator of the City's financial position. Table 1 provides a summary of the City's net assets for 2005 compared to 2004.

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Table 1
Net Assets

	<u>Governmental Activities</u>		
	<u>2005</u>	<u>2004</u>	<u>Change</u>
Assets			
Current and Other Assets	\$28,976,779	\$30,424,045	(\$1,447,266)
Capital Assets, Net	33,429,659	32,202,559	1,227,100
Total Assets	<u>62,406,438</u>	<u>62,626,604</u>	<u>(220,166)</u>
Liabilities			
Current Liabilities	6,163,033	6,207,852	(44,819)
Long-Term Liabilities:			
Due Within One Year	1,195,185	1,134,745	60,440
Due in More Than One Year	13,232,514	14,250,616	(1,018,102)
Total Liabilities	<u>20,590,732</u>	<u>21,593,213</u>	<u>(1,002,481)</u>
Net Assets			
Invested in Capital Assets, Net of Related Debt	20,698,778	18,406,512	2,292,266
Restricted for:			
Capital Projects	12,072,013	13,586,656	(1,514,643)
Debt Service	1,230,674	1,209,362	21,312
Street Maintenance	767,151	745,178	21,973
Street Lighting	581,334	616,735	(35,401)
Sewer Rental	398,185	374,740	23,445
Other Purposes	295,348	404,799	(109,451)
Unrestricted	5,772,223	5,689,409	82,814
Total Net Assets	<u>\$41,815,706</u>	<u>\$41,033,391</u>	<u>\$782,315</u>

Total assets decreased by \$220,166 from 2004 to 2005. Capital assets increased by \$1,227,100 net of depreciation expense. This was due to the ongoing construction of major infrastructure improvements within the City as well as the purchase of new vehicles and equipment.

Total liabilities decreased by \$1,002,481 due mostly to the City paying down another year of principal on its outstanding debt. Net assets increased by \$782,315 in 2005, due mainly to the decrease in liabilities as well as the increase in capital assets.

Table 2 shows the changes in net assets for the years ended December 31, 2004 and 2005 and corresponds to the Statement of Activities on page 13.

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Table 2
Changes in Net Assets

	Governmental Activities 2005	Governmental Activities 2004
Revenues		
Program Revenues		
Charges for Services and Operating Assessments	\$4,360,837	\$4,521,773
Operating Grants, Contributions and Interest	928,712	968,392
Capital Grants, Contributions and Capital Assessments	24,468	262,868
Total Program Revenues	5,314,017	5,753,033
General Revenues		
Property Taxes	5,224,350	5,249,357
Income Taxes	5,889,209	5,258,353
Grants and Entitlements	2,132,798	2,032,457
Interest	459,995	163,416
Miscellaneous	79,832	31,795
Total General Revenues	13,786,184	12,735,378
<i>Total Revenues</i>	<i>19,100,201</i>	<i>18,488,411</i>
Program Expenses		
General Government:		
Legislative and Executive	2,149,780	2,142,448
Judicial System	439,808	453,624
Security of Persons and Property:		
Police	4,600,120	4,501,705
Fire	3,552,050	3,314,684
Public Health Services	127,609	136,516
Leisure Time Activities	385,161	525,902
Community Development	219,507	182,993
Building Department	587,553	619,424
Transportation	2,732,270	2,587,269
Basic Utility Services	2,590,425	2,656,146
Swimming Pools	442,493	702,414
Interest and Fiscal Charges	491,110	495,871
Total Program Expenses	18,317,886	18,318,996
<i>Increase in Net Assets</i>	<i>782,315</i>	<i>169,415</i>
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>	<i>41,033,391</i>	<i>40,863,976</i>
<i>Net Assets End of Year</i>	<i>\$41,815,706</i>	<i>\$41,033,391</i>

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Program revenues, most notably capital grants, decreased from 2004 to 2005, however; general revenues increased over a million dollars from 2004 for an overall increase in revenues of \$611,790. General revenue increases were most notable in income tax collections, due to a subpoena program that was in place for the first time in 2005 and a significant increase in interest income due to interest rate increases on investments.

Governmental Activities

Several revenue sources fund our governmental activities with the City income tax being the largest contributor. The City's income tax rate was 1.5 percent from 1984 through 2005. In August 2005 the voters of South Euclid passed an income tax rate increase to 2.00 percent. The new rate of 2.00 percent became effective January 1, 2006. Residents of the City who work in another community receive a 0.75 percent credit of their City tax for South Euclid. In prior years, the City has experienced a decline in income tax collections. The City remains committed to collecting all taxes due to it and during 2005 worked in conjunction with the Regional Income Tax Agency to identify and assess individuals who were delinquent in filing their income tax returns. This effort will account for about \$100,000 in additional collections in 2006. Property tax revenues remained consistent in 2005 and are the City's second largest source of revenues. Revenues from grants and entitlements represented 11.2 percent of total governmental revenues. These funds are received from the State of Ohio in the form of Local Government Assistance and Estate Taxes.

The City of South Euclid has committed to devote major resources in its quest to renovate the City's aging infrastructure system, in particular the sewer system. As a part of this commitment, beginning in 2001, each property in the City is annually assessed \$231 per sewer connection. This assessment generates approximately \$330,000 devoted to ongoing sewer maintenance and \$2,000,000 designated for Flood Control projects. A portion of this assessment will be used to repay Issue II loans and note borrowings.

The City continued its commitment to providing quality roads and sidewalks to our residents. The expiring 3-mill property tax levy was renewed by the voters in November 2005. Using the proceeds from that 3-mill property tax levy, the City was able to reconstruct/resurface three roads in 2005.

In order to maintain the safety and environment the residents deserve and expect, the City had to replace some of the antiquated equipment in the Service Department.

The City's Funds

Information about the City's major funds starts on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$19,065,236, and expenditures of \$20,503,370. The General Fund had a fund balance at year-end of \$3,947,541 compared to annual expenditures of \$13,277,611. During 2005, \$482,000 was transferred from the general fund, enabling the City to fund capital improvements and acquisitions and providing operating funds for the swimming pools, parking lots and matching grant funds. Overall, the fund balances in the nonmajor funds decreased by \$522,775. The change in the nonmajor capital projects funds accounts for 83.6 percent of this change which is due to the closing of the sidewalk improvement fund and a decrease in grant monies to the general capital improvements fund.

During 2005, the Flood Control capital projects fund balance decreased from \$7,800,558 to \$6,842,598. This decrease is the result of the City completing Phase I of the Bluestone Area Infrastructure project, which includes new sanitary sewers, storm sewers and water lines within the City. Expenditures in the fund increased approximately \$1.7 million on a modified accrual basis due to the capital outlay expenditures for the project, while revenues remained consistent with the prior year.

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund. An annual appropriation budget is legally required to be prepared for all funds of the City other than agency funds. Council is provided with a detailed line item budget for all departments and after a discussion at a Finance Committee meeting, which is open to the public, the budget is adopted at an object level by City Council at a regularly held council meeting. Council must approve any revisions in the budget that alter the object level or the total appropriations for any department or fund.

Both the original revenue and expenditure budget is designed to be very conservative requiring additional spending requests to be approved by Council throughout the year. During the course of 2005, the City amended its general fund budget numerous times. The final actual revenue amount was more than the original budget by \$797,125. The majority of this variance was due to municipal income tax collections being greater than expected because of the subpoena program, unexpected inheritance taxes, a conservative investment program along with higher interest rates resulted in higher than anticipated earnings, an increase in building department fees collected and a slight increase in real property tax received. Original appropriations exceeded actual expenditures by \$523,454. This variance was due primarily to the conservative budgeting techniques of the City and a concerted effort to reduce spending at the end of the year.

The City's ending unobligated budgetary fund balance was \$1,622,135 higher than the final budget amount.

Capital Assets and Debt Administration

Capital Assets

At the end of 2005, the City of South Euclid had \$33,429,659 invested in land, buildings, equipment, vehicles and infrastructure. Table 3 shows 2005 balances of capital assets as compared to 2004.

Table 3
Capital Assets at December 31
(Net of Depreciation)

	Governmental Activities	
	2005	2004
Land	\$1,292,897	\$1,292,897
Buildings and Improvements	4,075,686	4,307,614
Equipment	1,003,143	1,055,597
Vehicles	1,234,577	1,348,659
Infrastructure		
Streets	13,516,109	13,842,441
Sewers and Culverts	10,324,208	8,284,502
Waterlines	1,983,039	2,070,849
	\$33,429,659	\$32,202,559

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

Capital assets increased by \$1,227,100 in 2005. This was primarily due to the replacement or renovation of various infrastructure assets within the City. The Bluestone Area Infrastructure Project, consisting of sewers, bridges and culverts, commenced during 2005 at a cost of a little over \$2,000,000. Nearly \$300,000 was spent on three roads being reconstructed along with miscellaneous street repairs. The City also updated an outdated City Hall with a new generator, fire alarm system and some new carpeting. The fire alarm and generator were partially funded by a grant.

In 2001, the City Council approved the implementation of fees for Emergency Medical Services (EMS) transports beginning in 2002. The first \$200,000 collected annually is designated for the replacement of safety forces vehicles. This will allow the Fire and Police Departments to follow their scheduled replacement timetable without relying on traditional revenue sources.

Vehicles acquired in 2005 included three police cars and one fire department vehicle. A number of fire department vehicles were repaired or refurbished. The City was also able to obtain 2 five-ton combination dump/conveyor trucks and 1 one-ton dump truck. The City's garage staff works to maintain the fleet of vehicles at a high level of repair to extend their longevity. When replacement is required, City vehicles continue to be purchased or leased from the General Capital Improvement and Repair Fund, which receives funding from the General Fund.

The City Engineer maintains a comprehensive listing of all the streets, sewer and waterlines and bridges and culverts within the City. Each spring, this inventory is updated with current conditions and recommendations made for repair or replacement. As mentioned before, the City has been very aggressive in pursuing funding to assist in the financing of infrastructure projects. For more information about the City's capital assets, see Note 11 to the basic financial statements.

Long-Term Obligations

At December 31, 2005, the City of South Euclid had \$14,427,699 in outstanding long-term obligations, of which \$10,586,506 was in General Obligation Bonds. Table 4 summarizes the long-term obligations outstanding.

Table 4
Outstanding Long-Term Obligations at Year End

	Governmental Activities	
	2005	2004
General Obligation Bonds	\$10,586,506	\$11,454,703
Special Assessment Bonds	375,000	405,000
OPWC Loans	2,115,887	2,216,053
Police and Fire Pension Liability	326,720	332,209
Compensated Absences	1,023,586	977,396
Total	\$14,427,699	\$15,385,361

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited

A portion of the general obligation bonds was issued for the purpose of improving the City's recreational areas, including all three of the City's swimming pools. Approved by the voters in 1990 payments are made from property taxes collected by the County Auditor. These bonds were refinanced in 1998 to take advantage of lower interest rates.

The general obligation various purpose improvement bonds in the amount of \$9,400,000 will be paid with revenues from the road improvement and flood control capital projects funds.

The Special Assessment Bonds were issued to reconstruct the Stanhope Parking Lot in 1994. Principal and interest for these bonds are paid from the collection of special assessments by the County Auditor.

The OPWC loans represent three, twenty-year zero-interest loans. The OPWC loan's repayment source is service assessments being collected in the Flood Control Fund.

The City of South Euclid's overall legal debt margin is \$35,307,336 with an unvoted debt margin of \$23,550,808 on December 31, 2005. For more information about the City's long-term obligations, see Note 12 to the basic financial statements.

Current Financial Related Activities

The Administration provided strong fiscal management, holding general operating expenses in check while maintaining City services at a high level in 2005. But with decreasing revenues from Federal and State sources and increasing expenses, the City is going to see some tougher times in the coming years. In 2006, hospitalization has again increased and the City's portion of the Public Employee's Retirement System contribution has increased and will increase each year for the next three years. The City will see an increase of income tax collections due to the passage of the new rate effective January 1, 2006. But due to the timing of collections the full effect of the increase will not be realized until 2007. Expenses can only be cut back so much without jeopardizing the safety, health and welfare of the residents. The Administration will continue to monitor the revenues and expenses and make appropriate adjustments as needed. The Administration continues toward its goal of keeping all residents and other interested parties fully informed as to the financial status of the City of South Euclid.

Contacting the City of South Euclid's Financial Management

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Joseph G. Filippo, Finance Director, at the City of South Euclid, 1349 South Green Road, South Euclid, Ohio 44121-3985, (216) 381-0400, or e-mail to Financedir@seuclid.com.

Basic Financial Statements

City of South Euclid, Ohio

Statement of Net Assets

December 31, 2005

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$15,490,138
Cash and Cash Equivalents In Segregated Accounts	57,593
Accounts Receivable	43,879
Intergovernmental Receivable	1,602,512
Prepaid Items	82,256
Materials and Supplies Inventory	101,489
Income Taxes Receivable	2,589,238
Property Taxes Receivable	5,346,139
Special Assessments Receivable	3,510,406
Investment in Joint Venture	153,129
Nondepreciable Capital Assets	1,292,897
Depreciable Capital Assets	32,136,762
<i>Total Assets</i>	<u>62,406,438</u>
Liabilities	
Accounts Payable	158,858
Accrued Wages	301,291
Contracts Payable	7,441
Intergovernmental Payable	619,658
Accrued Interest Payable	34,886
Deferred Revenue	5,040,899
Long-Term Liabilities:	
Due Within One Year	1,195,185
Due In More Than One Year	13,232,514
<i>Total Liabilities</i>	<u>20,590,732</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	20,698,778
Restricted for:	
Capital Projects	12,072,013
Debt Service	1,230,674
Street Maintenance	767,151
Street Lighting	581,334
Sewer Rental	398,185
Other Purposes	295,348
Unrestricted	5,772,223
<i>Total Net Assets</i>	<u><u>\$41,815,706</u></u>

See accompanying notes to the basic financial statements

City of South Euclid, Ohio
Statement of Activities
For the Year Ended December 31, 2005

	Program Revenues			Capital Grants, Contributions and Capital Assessments	Net (Expense) Revenue and Changes in Net Assets
	Charges for Services and Operating Assessments	Operating Grants, Contributions and Interest	Expenses		
Governmental Activities:					
General Government:					
Legislative and Executive	\$2,149,780	\$214,236	\$0	\$0	(\$1,935,544)
Judicial System	439,808	42,818	0	0	(396,990)
Security of Persons and Property:					
Police	4,600,120	444,970	22,179	0	(4,132,971)
Fire	3,552,050	326,040	0	0	(3,226,010)
Public Health Services	127,609	12,796	0	0	(114,813)
Leisure Time Activities	385,161	74,440	0	0	(310,721)
Community Development	219,507	22,012	0	24,468	(173,027)
Building Department	587,553	57,307	0	0	(530,246)
Transportation	2,732,270	89,006	891,533	0	(1,751,731)
Basic Utility Services	2,590,425	2,934,578	15,000	0	359,153
Swimming Pools	442,493	142,634	0	0	(299,859)
Interest and Fiscal Charges	491,110	0	0	0	(491,110)
<i>Total Governmental Activities</i>	<u>\$18,317,886</u>	<u>\$4,360,837</u>	<u>\$928,712</u>	<u>\$24,468</u>	<u>(13,003,869)</u>
General Revenues					
Property Taxes Levied for:					
General Purposes					3,945,778
Debt Service					491,236
Capital Projects					558,422
Other Purposes					228,914
Income Taxes Levied for General Purposes					5,889,209
Grants and Entitlements not Restricted to Specific Programs					2,132,798
Investment Earnings					459,995
Miscellaneous					79,832
<i>Total General Revenues</i>					<u>13,786,184</u>
Change in Net Assets					782,315
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>					<u>41,033,391</u>
<i>Net Assets End of Year</i>					<u>\$41,815,706</u>

See accompanying notes to the basic financial statements

City of South Euclid, Ohio

Balance Sheet

Governmental Funds

December 31, 2005

	General	General Obligation Bond Retirement	Flood Control	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$4,049,528	\$586,697	\$6,850,039	\$4,003,874	\$15,490,138
Cash and Cash Equivalents In Segregated Accounts	57,593	0	0	0	57,593
Materials and Supplies Inventory	25,592	0	0	75,897	101,489
Accounts Receivable	42,151	0	0	1,728	43,879
Interfund Receivable	9,256	0	0	0	9,256
Intergovernmental Receivable	1,042,696	34,166	0	525,650	1,602,512
Prepaid Items	82,256	0	0	0	82,256
Income Taxes Receivable	2,589,238	0	0	0	2,589,238
Property Taxes Receivable	4,007,504	520,976	0	817,659	5,346,139
Investment in Joint Venture	153,129	0	0	0	153,129
Special Assessments Receivable	61,158	0	2,202,184	1,247,064	3,510,406
<i>Total Assets</i>	<u>\$12,120,101</u>	<u>\$1,141,839</u>	<u>\$9,052,223</u>	<u>\$6,671,872</u>	<u>\$28,986,035</u>
Liabilities					
Accounts Payable	\$102,850	\$0	\$0	\$56,008	\$158,858
Accrued Wages	281,900	0	0	19,391	301,291
Contracts Payable	0	0	7,441	0	7,441
Intergovernmental Payable	532,023	0	0	87,635	619,658
Interfund Payable	0	0	0	9,256	9,256
Deferred Revenue	7,255,787	555,142	2,202,184	2,510,416	12,523,529
<i>Total Liabilities</i>	<u>8,172,560</u>	<u>555,142</u>	<u>2,209,625</u>	<u>2,682,706</u>	<u>13,620,033</u>
Fund Balances					
Reserved for Encumbrances	99,302	0	1,277,527	591,218	1,968,047
Unreserved					
Designated for					
Compensated Absences	5,045	0	0	0	5,045
Undesignated, Reported in:					
General Fund	3,843,194	0	0	0	3,843,194
Special Revenue Funds	0	0	0	851,780	851,780
Debt Service Funds	0	586,697	0	148,774	735,471
Capital Projects Funds	0	0	5,565,071	2,397,394	7,962,465
<i>Total Fund Balances</i>	<u>3,947,541</u>	<u>586,697</u>	<u>6,842,598</u>	<u>3,989,166</u>	<u>15,366,002</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$12,120,101</u>	<u>\$1,141,839</u>	<u>\$9,052,223</u>	<u>\$6,671,872</u>	<u>\$28,986,035</u>

See accompanying notes to the basic financial statements

City of South Euclid, Ohio
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 December 31, 2005*

Total Governmental Fund Balances	\$15,366,002
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*Amounts reported for governmental activities in the
 statement of net assets are different because*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	33,429,659
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Property Taxes	305,240
Income Taxes	2,174,799
Special Assessments	3,510,406
Intergovernmental	1,339,056
Investment in Joint Venture	153,129
	7,482,630

Total	7,482,630
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In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(34,886)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Compensated Absences	(1,023,586)
General Obligation Bonds	(10,586,506)
Special Assessment Bonds	(375,000)
OPWC Loans Payable	(2,115,887)
Police and Fire Pension Loan	(326,720)
	(14,427,699)

Total	(14,427,699)
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<i>Net Assets of Governmental Activities</i>	<u><u>\$41,815,706</u></u>
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See accompanying notes to the basic financial statements

City of South Euclid, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	General Obligation Bond Retirement	Flood Control	Other Governmental Funds	Total Governmental Funds
Revenues					
Property and Other Taxes	\$3,987,235	\$496,625	\$0	\$796,018	\$5,279,878
Income Taxes	5,594,529	0	0	0	5,594,529
Special Assessments	33,145	0	2,024,941	833,803	2,891,889
Intergovernmental	1,968,058	68,330	0	1,169,225	3,205,613
Interest	459,995	0	0	0	459,995
Fees, Licenses and Permits	638,644	0	0	0	638,644
Fines and Forfeitures	460,597	0	0	12,389	472,986
Rentals	184,116	0	0	0	184,116
Charges for Services	91,310	0	0	166,444	257,754
Other	75,187	0	0	4,645	79,832
<i>Total Revenues</i>	<u>13,492,816</u>	<u>564,955</u>	<u>2,024,941</u>	<u>2,982,524</u>	<u>19,065,236</u>
Expenditures					
Current:					
General Government:					
Legislative and Executive	2,140,190	0	0	0	2,140,190
Judicial System	426,959	0	0	0	426,959
Security of Persons and Property:					
Police	4,347,466	0	0	174,992	4,522,458
Fire	3,179,240	0	0	221,409	3,400,649
Public Health Services	127,609	0	0	0	127,609
Leisure Time Activities	341,400	0	0	0	341,400
Community Development	219,507	0	0	0	219,507
Building Department	569,766	0	0	0	569,766
Transportation	1,019,743	0	0	920,796	1,940,539
Basic Utility Services	886,181	0	0	954,745	1,840,926
Swimming Pools	0	0	0	266,658	266,658
Capital Outlay	0	0	2,416,891	791,866	3,208,757
Debt Service:					
Principal Retirement	5,489	410,000	400,166	255,000	1,070,655
Interest and Fiscal Charges	14,061	96,476	165,844	150,916	427,297
<i>Total Expenditures</i>	<u>13,277,611</u>	<u>506,476</u>	<u>2,982,901</u>	<u>3,736,382</u>	<u>20,503,370</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>215,205</u>	<u>58,479</u>	<u>(957,960)</u>	<u>(753,858)</u>	<u>(1,438,134)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	10,412	0	0	0	10,412
Transfers In	250,917	0	0	482,000	732,917
Transfers Out	(482,000)	0	0	(250,917)	(732,917)
<i>Total Other Financing Sources (Uses)</i>	<u>(220,671)</u>	<u>0</u>	<u>0</u>	<u>231,083</u>	<u>10,412</u>
<i>Net Change in Fund Balances</i>	<u>(5,466)</u>	<u>58,479</u>	<u>(957,960)</u>	<u>(522,775)</u>	<u>(1,427,722)</u>
<i>Fund Balances Beginning of Year</i>	<u>3,953,007</u>	<u>528,218</u>	<u>7,800,558</u>	<u>4,511,941</u>	<u>16,793,724</u>
<i>Fund Balances End of Year</i>	<u>\$3,947,541</u>	<u>\$586,697</u>	<u>\$6,842,598</u>	<u>\$3,989,166</u>	<u>\$15,366,002</u>

See accompanying notes to the basic financial statements

City of South Euclid, 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, 2005*

Net Change in Fund Balances - Total Governmental Funds (\$1,427,722)

*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 outlay exceeded depreciation in the current period.

Capital Outlay	2,918,106
Depreciation	(1,666,898)

Total	1,251,208
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Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities of activities, a gain or loss is reported for each disposal. (24,108)

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

Property Taxes	(55,528)
Income Taxes	294,680
Intergovernmental	(144,103)
Charges for Services	(12,680)
Special Assessments	(60,084)

Total	22,285
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Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,070,655

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued Interest on Bonds	2,990
Amortization of Premium	1,296
Bond Accretion	(68,099)

Total	(63,813)
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Some expenses, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. (46,190)

Change in Net Assets of Governmental Activities \$782,315

See accompanying notes to the basic financial statements

City of South Euclid, Ohio
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Taxes	\$3,801,206	\$3,801,206	\$3,987,235	\$186,029
Income Taxes	5,500,000	5,500,000	5,673,842	173,842
Special Assessments	50,000	50,000	33,145	(16,855)
Intergovernmental	1,725,470	1,725,470	1,904,654	179,184
Interest	200,000	200,000	465,787	265,787
Fees, Licenses and Permits	589,500	589,500	651,804	62,304
Fines and Forfeitures	504,500	504,500	458,551	(45,949)
Rentals	163,500	163,500	187,031	23,531
Charges for Services	116,500	116,500	106,281	(10,219)
Other	92,458	94,131	71,929	(22,202)
<i>Total Revenues</i>	<u>12,743,134</u>	<u>12,744,807</u>	<u>13,540,259</u>	<u>795,452</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	2,315,946	2,462,446	2,199,287	263,159
Judicial System	468,946	468,946	422,248	46,698
Security of Persons and Property:				
Police	4,371,472	4,411,472	4,335,049	76,423
Fire	3,162,083	3,171,083	3,137,164	33,919
Public Health Services	152,513	143,513	126,517	16,996
Leisure Time Activities	401,875	406,875	345,541	61,334
Community Development	236,500	283,900	242,988	40,912
Building Department	691,789	691,789	569,952	121,837
Transportation	965,482	970,482	905,526	64,956
Basic Utility Services	1,092,349	1,092,349	1,051,229	41,120
<i>Total Expenditures</i>	<u>13,858,955</u>	<u>14,102,855</u>	<u>13,335,501</u>	<u>767,354</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,115,821)</u>	<u>(1,358,048)</u>	<u>204,758</u>	<u>1,562,806</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	5,000	5,000	10,412	5,412
Transfers In	258,000	258,000	250,917	(7,083)
Transfers Out	(543,000)	(543,000)	(482,000)	61,000
<i>Total Other Financing Sources (Uses)</i>	<u>(280,000)</u>	<u>(280,000)</u>	<u>(220,671)</u>	<u>59,329</u>
<i>Net Change in Fund Balance</i>	(1,395,821)	(1,638,048)	(15,913)	1,622,135
<i>Fund Balance Beginning of Year</i>	3,812,925	3,812,925	3,812,925	0
Prior Year Encumbrances Appropriated	191,838	191,838	191,838	0
<i>Fund Balance End of Year</i>	<u>\$2,608,942</u>	<u>\$2,366,715</u>	<u>\$3,988,850</u>	<u>\$1,622,135</u>

See accompanying notes to the basic financial statements

City of South Euclid, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2005

Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$954,446</u></u>
Liabilities	
Deposits Held and Due to Others	<u><u>\$954,446</u></u>

See accompanying notes to the basic financial statements

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

Note 1 – Description of the City and Reporting Entity

The City of South Euclid (the “City”) is a home rule municipal corporation established under the laws of the State of Ohio which operates under its own Charter. The current Charter, which provides for a mayor-council form of government, was adopted November 3, 1953. Legislative authority is vested in a seven-member Council. Council members are elected for staggered four year terms. The Mayor is the chief executive and administrative officer who is elected for a four year term.

Reporting Entity

A 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 of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. For the City of South Euclid this includes the agencies and departments that provide the following services: police and fire protection, parks and recreation, planning, zoning, street maintenance and repair, refuse collection, municipal court and general administrative services. The City's departments include a public safety department, a public service department, a street maintenance department, a sanitation system, a parks and recreation department, a planning and zoning department and a staff to provide support (i.e., payroll processing, accounts payable, and revenue collection) to the service providers. The operation of each of these activities and entities is directly controlled by the City Council through the budgetary process. The clerk of courts is an appointed City official who has a fiduciary responsibility for the collection and distribution of the court fees and fines.

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 deficits of, or provide financial support to, the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt, or the levying of taxes. The City has no component units.

The City is associated with six organizations, one shared risk pool, two joint ventures and three defined as jointly governed organizations. The Northern Ohio Risk Management Association is a shared risk pool. The joint ventures are the Tri-City Consortium on Aging and the South Euclid-Lyndhurst Recreation Commission. The Northeast Ohio Public Energy Council, the First Suburbs Consortium of Northeast Ohio Council of Governments and the Heights Area Special Rescue Team are jointly governed organizations. These organizations are presented in Notes 9, 16 and 17 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the City of South Euclid have been prepared in conformity with generally accepted accounting principles (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 principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the City's accounting policies are described below.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

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.

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. These statements usually distinguish between those activities of the City that are governmental and those that are considered business-type. However, the City has only governmental activities; therefore no business-type activities are presented.

The statement of net assets presents the financial condition of the governmental 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. 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 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 governmental 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. 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's funds are classified as either governmental or fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions 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 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 South Euclid and/or the general laws of Ohio.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

General Obligation Bond Retirement Fund - The General Obligation Bond Retirement Fund accounts for property tax collections which are used to pay the voted general obligation refunding bonds principal, interest and related costs.

Flood Control Fund - The Flood Control Fund accounts for special assessments levied to complete projects to correct flooding within the City.

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

Fiduciary Funds Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the City under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the City's own programs. The City has no trust funds. 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 construction 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 generally are 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 statements for governmental funds.

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 and the statement for the fiduciary funds are prepared using the accrual basis of accounting. Governmental 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 Nonexchange 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 in which the resources are

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

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 thirty-one days of year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year 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 in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange 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), fines and forfeitures, interest, grants and rentals.

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, 2005, but which were levied to finance year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as 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 in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all 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 has segregated bank accounts for monies held separate from the City's central bank account. These depository accounts are presented as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited into the City treasury.

During the year, the City invested in Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Bonds, Federal National Mortgage Association Notes and Repurchase Agreements. Investments are reported at fair value which is based on quoted market prices, with the exception of nonparticipating repurchase agreements, which are reported at cost.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

Following the Charter and Codified Ordinances of the City as well as Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest is distributed to the general fund. Interest revenue credited to the general fund during 2005 amounted to \$459,995, which includes \$345,510 assigned from other City funds.

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2005, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

G. Inventory

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

H. Capital Assets

The City's only capital assets are general capital assets. General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital 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.

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 two thousand five hundred dollars. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All capital assets are depreciated except for land. 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 replacement. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings	50 years
Improvements	20 years
Vehicles and Equipment	10 years
Streets	30 years
Bridges, Sewers, Culverts and Waterlines	60 years

The City's infrastructure consists of streets, bridges, sewers and culverts and waterlines and includes infrastructure acquired prior to December 31, 1980.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

I. 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 employer will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all 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 that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year end taking into consideration any limits specified in the City's termination policy. The City records a liability for accumulated unused sick leave for all employees after seven years of accumulated service.

J. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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 and judgments, 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 and long-term loans are recognized as a liability on the governmental fund financial statements when due.

K. Fund Balance Reserves and Designations

The City reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent expendable resources and therefore are not available for appropriation or expenditure. Fund balance reserves have been established for encumbrances. A portion of the general fund balance has been designated for the payment of accrued compensated absences.

L. 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 enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$15,344,705 of restricted net assets, of which \$13,391,861 is restricted by enabling legislation. Other purposes include swimming pools, law enforcement and parking lots and meters maintenance.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

M. Interfund Activity

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

N. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence.

O. Estimates

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

P. 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 resolution, 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 resolution 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 control has been established by Council at the object level for all funds. The Finance Director has been authorized to allocate appropriations within the object level within each fund.

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 and final budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original and final appropriations were enacted by Council.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution 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.

Note 3 - Change in Accounting Principle and Restatement of Prior Year Net Assets

A. Changes in Accounting Principles

For 2005, the City has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures" and GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries."

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

GASB Statement No. 40 establishes new disclosure requirements for risks associated with deposits and investments.

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

The implementation of GASB Statement No. 42 did not affect the presentation of the financial statements of the City.

B. Restatement of Net Assets

During 2005, it was determined that the accretion on the capital appreciation bonds was understated by \$42,024. This restatement decreased total net assets from \$41,075,415 to \$41,033,391 at December 31, 2004.

Note 4 – Compliance

The FEMA firefighters grant special revenue fund had original appropriations in excess of estimated resources plus carryover balances in the amount of \$1,565, contrary to Section 5705.39, Ohio Revised Code. This oversight was identified and corrected by year-end.

The following funds had expenditures plus encumbrances in excess of appropriations, contrary to Section 5705.41 (B), Ohio Revised Code.

Fund	Appropriations	Expenditures plus Encumbrances	Variance
<i>March 31, 2005</i>			
General Fund:			
Sick Leave Benefits	\$20,000	\$41,412	\$21,412
<i>August 31, 2005</i>			
General Fund:			
Police Department - Materials and Supplies	5,974	6,861	887
Special Revenue Funds:			
Parking Lots and Meters:			
Other Charges	1,600	2,264	664
Swimming Pools Fund			
Other Charges	1,840	1,891	51

These oversights were identified and corrected by year-end.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

The following funds had negative cash balances during the year. Revenues from the general fund were used to pay obligations of these funds, contrary to Ohio Revised Code Section 5705.10.

Fund	Negative Cash Balance
<i>April 30, 2005</i>	
Special Revenue Funds:	
Parking Lots and Meters Fund	\$13,150
Swimming Pools Fund	20,654
Permissive Motor Vehicle License Tax Fund	34,536
FEMA Firefighters Grant Fund	5,565
Sewer Rental Fund	60,013
<i>December 31, 2005</i>	
Special Revenue Fund:	
Operation Home Improvement Fund	9,256

Management has indicated that all cash balances will be closely monitored to ensure no future violations.

Note 5 - Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and 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 reported at cost (budget) rather than fair value (GAAP).
5. Unrecorded cash represents amounts received but not reported by the City on the operating statements (budget), but which is reported on the GAAP basis operating statements.

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the general fund are as follows:

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

	<u>General</u>
GAAP Basis	(\$5,466)
Net Adjustment for Revenue Accruals	53,235
Beginning Fair Value Adjustment for Investments	38,377
Ending Fair Value Adjustment for Investments	(44,169)
Ending Unrecorded Cash	517
Net Adjustment for Expenditure Accruals	56,213
Encumbrances	<u>(114,620)</u>
Budget Basis	<u><u>(\$15,913)</u></u>

Note 6 - Deposits and Investments

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

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

Inactive deposits are public deposits that 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.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim 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.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the finance director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies can 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;

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAROhio);
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that, in the event of the failure of the counterparty, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$2,649,587 of the City's bank balance of \$3,049,587 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the investment 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 credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the City or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of December 31, 2005, the City had the following investments:

	Maturity			Total
	Less Than Six months	More Than Six Months But Less Than One Year	More Than One Year But Less Than Three Years	
Federal Home Loan Mortgage Corporation Notes	\$3,195,608	\$1,975,580	\$0	\$5,171,188
Federal Home Loan Bank Bonds	993,750	996,250	1,019,914	3,009,914
Federal National Mortgage Association Notes	0	0	2,060,254	2,060,254
Repurchase Agreements	4,104,109	0	0	4,104,109
Total Portfolio	\$8,293,467	\$2,971,830	\$3,080,168	\$14,345,465

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

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 two years from the date of purchase if they have a variable interest rate and five years for investments that have a fixed rate 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. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Credit Risk The Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Bonds and the Federal National Mortgage Association Notes carry a rating of AAA by Standard & Poor's. The City has no investment policy that would further limit its investment choices.

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 Corporation Notes, Federal Home Loan Bank Bonds and the Federal National Mortgage Association Notes 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 the delivery of the securities representing such investments to the treasurer or qualified trustee.

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, 2005:

<u>Investment</u>	<u>Percentage of Investments</u>
Federal Home Loan Mortgage Corporation Notes	36.05 %
Federal Home Loan Bank Bonds	20.98
Federal National Mortgage Association Notes	14.36
Repurchase Agreements	28.61

Note 7 - Receivables

Receivables at December 31, 2005, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, and accounts (billings for utility service).

No allowance for doubtful accounts has been recorded because uncollectible amounts are expected to be insignificant. All receivables except special assessments are expected to be collected within one year.

Special assessments expected to be collected in more than one year amount to \$340,000 in the Special Assessment Bond Retirement Fund. At December 31, 2005 the total amount of delinquent special assessments was \$342,140.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

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 2005 for real and public utility property taxes represents collections of the 2004 taxes. Property tax payments received during 2005 for tangible personal property (other than public utility property) are for 2005 taxes.

2005 real property taxes are levied after October 1, 2005, on the assessed value as of January 1, 2005, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2005 real property taxes are collected in and intended to finance 2006.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2005 public utility property taxes which became a lien December 31, 2004, are levied after October 1, 2005, and are collected in 2006 with real property taxes.

2005 tangible personal property taxes are levied after October 1, 2004, on the value as of December 31, 2004. Collections are made in 2005. Tangible personal property assessments are 25 percent of true value for capital assets and 23 percent of true value for inventory.

The full tax rate for all City operations for the year ended December 31, 2005, was \$14.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2005 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$406,048,630
Tangible Personal Property	13,659,190
Public Utility Property	8,488,680
Total	<u><u>\$428,196,500</u></u>

Real property taxes are payable annually or semi-annually. If paid annually, the 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 to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30; with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of South Euclid. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and tangible personal property taxes and public utility taxes which are measurable as of December 31, 2005 and for which there is an enforceable legal claim. In the general fund, the general obligation bond retirement fund, the road improvement capital projects fund and the police and fire pension special revenue funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2005 operations and the collections 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 a modified accrual basis the revenue is deferred.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

B. Income Taxes

The City levies a 1.5 percent income tax on substantially all income earned within the City as well as on income of residents earned outside the City. In the latter case, the City allows a credit of .75 percent on the income earned outside the City and paid to another municipality. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the Regional Income Tax Agency (RITA) at least quarterly. Corporations and other individual taxpayers are also required to pay estimated tax quarterly and file a return annually. Taxes collected by RITA in one month are remitted to the City on the tenth of the following month. Income tax revenue is credited entirely to the general fund. In August 2005, the voters passed an income tax rate increase to 2.0 percent; the new rate became effective January 1, 2006.

C. Intergovernmental Receivables

A summary of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
Local Government and Local Government	
Revenue Assistance	\$647,897
Homestead and Rollback	348,098
Gasoline and Excise Tax	190,558
State and Local Highway Tax	141,490
Estate Tax	131,988
Permissive Motor Vehicle License Tax	64,642
Motor Vehicle License Fees	62,839
Operation Home Improvement Grant	15,000
Total	<u><u>\$1,602,512</u></u>

Note 8 - Risk Management

A. Property and Liability

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees and natural disasters. In October 1987, the City joined together with neighboring cities to form the Northern Ohio Risk Management Agency (NORMA), a not-for-profit corporation, for the purpose of obtaining property, liability and vehicle insurance and providing for a formalized, jointly administered self insurance fund. The City pays an annual premium to NORMA for its insurance coverage. The agreement of formation of NORMA provides that NORMA will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of the limits described in the agreement. This coverage is paid from the general fund.

There has not been a significant reduction in coverage from the prior year and claims have not exceeded coverage provided by NORMA in any of the last three years.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

B. Worker's Compensation

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 9 - Shared Risk Pool

The Northern Ohio Risk Management Association (NORMA) is a shared risk pool comprised of the Cities of Bedford Heights, Chagrin Falls, Eastlake, Highland Heights, Hudson, Maple Heights, Mayfield Heights, Richmond Heights, Solon and South Euclid. NORMA was formed to enable its members to obtain property and liability insurance, including vehicles, and provide for a formalized, jointly administered self-insurance fund. The members formed a not-for-profit corporation known as NORMA, Inc. to administer the pool. NORMA is governed by a board of trustees that consists of the Mayor from each of the participating members.

Each entity must remain a member for at least three years from the commencement date of October 1, 1987, with the exception of Cities of Eastlake and Solon whose commencement date is October 1, 1989, and the City of Maple Heights, whose commencement date is October 1, 1993. After the initial three years, each City may extend its term in three-year increments.

Each member provides operating resources to NORMA based on actuarially determined rates. In the event of losses, the first \$2,500 of any valid claim will be paid by the member. The next payment, generally a maximum of \$100,000 per occurrence, will come from the self-insurance pool with any excess paid from the stop-loss coverage carried by the pool. Any loss over these amounts would be the obligation of the individual member. If the aggregate claims paid by the pool exceed the available resources, the pool may require the members to make additional supplementary payments up to a maximum of the regular annual payment.

In 2005, the City of South Euclid paid \$92,423 in premiums from the general fund, which represents 10.0 percent of total premiums. Financial information can be obtained by contacting the fiscal agent, the Finance Director at the City of Bedford Heights, 5661 Perkins Road, Bedford Heights, Ohio, 44146.

Note 10 - Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn two to six weeks of vacation per year, depending on length of service. Employees may use accumulated vacation after the completion of one year of service with the City.

Upon termination of service, an employee is entitled to receive payment for any unused vacation time plus accrued vacation time earned during the year but not yet credited to vacation leave balance. On January 1, an employee is given credit for, and may begin using, vacation time earned during the preceding year.

Employees earn sick leave at a rate of 4.6 hours per 80 hours of service. Sick leave accumulation is generally limited to 1,200 hours for all employees except for firefighters who can accumulate up to 2,000 hours. Upon retirement or death, an employee can be paid one third of the outstanding sick leave accumulated up to the maximum hours allowed.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

Note 11 - Capital Assets

Capital asset activity for the year ended December 31, 2005, was as follows:

Governmental Activities	Balance 12/31/2004	Additions	Deductions	Balance 12/31/2005
Capital Assets not being Depreciated:				
Land	\$1,292,897	\$0	\$0	\$1,292,897
Capital Assets being Depreciated:				
Buildings and Improvements	10,301,408	182,179	0	10,483,587
Equipment	2,846,160	110,963	(7,124)	2,949,999
Vehicles	3,774,160	178,356	(112,058)	3,840,458
Infrastructure:				
Streets	18,583,639	237,911	0	18,821,550
Bridges, Sewers and Culverts	9,086,290	2,208,697	0	11,294,987
Waterlines	2,413,372	0	0	2,413,372
Total Capital Assets being Depreciated	<u>47,005,029</u>	<u>2,918,106</u>	<u>(119,182)</u>	<u>49,803,953</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(5,993,794)	(414,107)	0	(6,407,901)
Equipment	(1,790,563)	(161,225)	4,932	(1,946,856)
Vehicles	(2,425,501)	(270,522)	90,142	(2,605,881)
Infrastructure:				
Streets	(4,741,198)	(564,243)	0	(5,305,441)
Bridges, Sewers and Culverts	(801,788)	(168,991)	0	(970,779)
Waterlines	(342,523)	(87,810)	0	(430,333)
Total Accumulated Depreciation	<u>(16,095,367)</u>	<u>(1,666,898) *</u>	<u>95,074</u>	<u>(17,667,191)</u>
Total Capital Assets being Depreciated, Net	<u>30,909,662</u>	<u>1,251,208</u>	<u>(24,108)</u>	<u>32,136,762</u>
Governmental Activities Capital Assets, Net	<u>\$32,202,559</u>	<u>\$1,251,208</u>	<u>(\$24,108)</u>	<u>\$33,429,659</u>

*Depreciation expense was charged to governmental activities as follows:

General Government:	
Legislative and Executive	\$3,837
Judicial System	12,053
Security of Persons and Property:	
Police	79,868
Fire	62,622
Leisure Time Activities	25,850
Building Department	13,852
Transportation	897,848
Basic Utility Services	395,133
Swimming Pools	175,835
Total Depreciation Expense	<u>\$1,666,898</u>

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

Note 12 - Long-Term Obligations

Original issue amounts and interest rates of the City's debt issues are as follows.

Debt Issue	Interest Rate	Original Issue	Year of Maturity
1998 Recreational Facilities			
Improvement Refunding Bonds:			
Current Interest Serial Bonds	4.0% to 4.4%	\$4,685,000	2003 to 2009
Capital Appreciation Bonds	4.75% to 4.85%	59,994	2010 to 2011
2003 Various Purpose General Obligation Bond	3.0% to 3.7%	9,400,000	2004 to 2018
2002 Special Assessment Bond	4.0% to 6.7%	630,000	1994 to 2014
OPWC Liberty Road Bridge Replacement	0%	755,891	2002 to 2022
OPWC Bexley Infrastructure	0%	1,247,424	2005 to 2024
Police and Fire Pension	4.25%	391,010	1973 to 2035

A schedule of changes in bonds and other long-term obligations of the City during 2005 follows:

	Amount Outstanding 12/31/2004	Additions	Deletions	Amount Outstanding 12/31/2005	Amounts Due In One Year
Governmental Activities					
<i>General Obligation Bonds</i>					
1998 Recreational Facilities					
Improvement Refunding Bonds					
Current Interest Serial Bonds	\$2,225,000	\$0	(\$410,000)	\$1,815,000	\$430,000
Capital Appreciation Bonds	59,994	0	0	59,994	0
Accretion on Capital Appreciation Bonds	261,579	68,099	0	329,678	0
Total 1998 Recreational Facilities Bonds	2,546,573	68,099	(410,000)	2,204,672	430,000
2003 Various Purpose General Obligation Bonds	8,890,000	0	(525,000)	8,365,000	530,000
Premium on Various Purpose Bonds	18,130	0	(1,296)	16,834	1,296
Total 2003 Various Purpose General Obligation Bonds	8,908,130	0	(526,296)	8,381,834	531,296
<i>Total General Obligation Bonds</i>	11,454,703	68,099	(936,296)	10,586,506	961,296
<i>Special Assessment Bonds</i>					
<i>with Governmental Commitment</i>					
Parking Lot Improvement	405,000	0	(30,000)	375,000	35,000
<i>OPWC Loans:</i>					
Liberty Road Bridge Replacement	661,405	0	(37,795)	623,610	37,795
White Hall Road Bridge Replacement	338,409	0	0	338,409	0
Bexley Infrastructure	1,216,239	0	(62,371)	1,153,868	62,371
Total OPWC Loans	2,216,053	0	(100,166)	2,115,887	100,166
Police and Fire Pension	332,209	0	(5,489)	326,720	5,726
Compensated Absences	977,396	92,064	(45,874)	1,023,586	92,997
<i>Total Governmental Activities</i>	\$15,385,361	\$160,163	(\$1,117,825)	\$14,427,699	\$1,195,185

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

In 1998, the City defeased a 1991 recreational facilities improvement bond issue in order to take advantage of lower interest rates. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. On December 31, 2005, \$1,815,000 of the defeased bonds are still outstanding.

On August 15, 1998 the City issued \$4,744,994 in voted general obligation bonds which included serial and capital appreciation (deep discount) bonds in the amount of \$4,685,000 and \$59,994, respectively. The general obligation bonds were issued for the purpose of refunding a portion of the 1998 recreational facilities improvement bonds to take advantage of lower interest rates. The bonds were issued for a fourteen year period with a final maturity at December 1, 2011. The bonds will be retired from the general obligation bond retirement fund.

The serial and capital appreciation bonds remained outstanding at December 31, 2005. The capital appreciation bonds were originally sold at a discount of \$1,085,006, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is December 1, 2011.

The maturity amount of outstanding capital appreciation bonds at December 31, 2005 is \$59,994. The accretion recorded for 2005 was \$68,099, for a total outstanding bond liability of \$389,672 at December 31, 2005.

The 2003 Various Purpose General Obligation Bonds will be paid with revenues from the road improvement and flood control capital projects funds.

The Special Assessment Parking Lot Improvement Bonds will be paid with special assessment revenue from the special assessment bond retirement fund. The Special Assessment bond issue is backed by the full faith and credit of the City. In the event that an assessed property owner fails to make payments, the City will be required to pay the related debt.

The Liberty Road Bridge Replacement and Bexley Infrastructure OPWC loans will be paid with special assessment revenue from the flood control capital projects fund. In the event that an assessed property owner fails to make payments, the City will be required to pay the related debt.

The City has entered into a contractual agreement for a construction loan from OPWC for White Hall Bridge Replacement in the amount of \$400,000 to be paid from the Issue II capital projects fund. As of December 31, 2005 the City has received \$338,409 of this loan. Under the terms of this agreement, OPWC will reimburse, advance, or directly pay the construction costs of the approved project. OPWC will capitalize administrative costs and construction interest and add them to the total amount of the final loan. Since the loan has not yet been finalized, repayment schedules are not included in the schedule of debt service requirements.

The police and fire pension liability represents police and fire pension obligations and will be paid from taxes received in the general fund.

Compensated absences reported in the "compensated absences payable" account will be paid from the general fund and the street construction maintenance and repair and the sewer rental special revenue funds.

As of December 31, 2005, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$35,307,336 and the unvoted legal debt margin was \$23,550,808.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2005 are as follows:

	General Obligation Bonds			
	Serial		Capital Appreciation	
	Principal	Interest	Principal	Accretion
2006	\$960,000	\$351,834	\$0	\$0
2007	975,000	317,659	0	0
2008	1,005,000	282,754	0	0
2009	1,065,000	246,304	0	0
2010	590,000	207,354	33,586	541,414
2011-2015	3,280,000	747,698	26,408	543,592
2016-2020	2,305,000	169,780	0	0
Total	\$10,180,000	\$2,323,383	\$59,994	\$1,085,006

	Special Assessment Bonds		Police and Fire Pension		OPWC Loans	Totals
	Principal	Interest	Principal	Interest	Principal	
2006	\$35,000	\$25,125	\$5,726	\$13,825	\$100,166	\$1,491,676
2007	35,000	22,780	5,971	13,579	100,166	1,470,155
2008	35,000	20,435	6,227	13,323	100,166	1,462,905
2009	40,000	18,090	6,495	13,055	100,166	1,489,110
2010	40,000	15,410	6,773	12,778	100,166	1,547,481
2011-2015	190,000	32,495	38,492	59,259	500,830	5,418,774
2016-2020	0	0	47,499	50,253	500,828	3,073,360
2021-2025	0	0	58,564	39,189	274,990	372,743
2026-2030	0	0	72,334	25,418	0	97,752
2031-2035	0	0	78,639	8,464	0	87,103
Total	\$375,000	\$134,335	\$326,720	\$249,143	\$1,777,478	\$16,511,059

Note 13 - Contingencies

A. Litigation

The City is party to legal proceedings. The City management is of the opinion that the ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

B. 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 is 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 at December 31, 2005.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

Note 14 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 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 employer contribution rate for pension benefits for 2005 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the employer's pension contributions were 12.7 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, 2005, 2004, and 2003 were \$318,004, \$269,233 and \$288,283 respectively; 71.26 percent has been contributed for 2005 and 100 percent for 2004 and 2003. Contributions to the member-directed plan for 2005 were \$2,490 made by the City and \$1,562 made by 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, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension benefits while the employer is required to contribute 11.75 percent for police officers and 16.25 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for police and firefighters were \$315,332 and \$370,057 for the year ended December 31, 2005, \$370,375 and \$347,788 for the year ended December 31, 2004, and \$277,575 and \$311,737 for the year ended December 31, 2003.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

The full amount has been contributed for 2004 and 2003. 69.97 percent and 69.44 percent has been contributed for 2005.

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 benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4 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, 2004, include a rate of return on investments of 8 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 0.50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 to 6 percent annually for the next eight years and 4 percent annually after eight 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.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual City contributions for 2005 which were used to fund postemployment benefits were \$133,195. The actual contribution and the actuarially required contribution amounts are the same. The actuarial value of OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) was \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

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.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. 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 2005 and 2004. 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 2005 that were used to fund postemployment health care benefits were \$207,985 for police and \$176,489 for firefighters. The OP&F's total health care expense for the year ended December 31, 2004 (the latest information available), was \$102,173,796, which was net of member contributions of \$55,665,341. The number of OP&F participants eligible to receive health care benefits as of December 31, 2004, was 13,812 for police and 10,528 for firefighters.

Note 16 - Joint Ventures

A. Tri-City Consortium on Aging

The Tri-City Consortium on Aging (Consortium) is a joint venture among the Cities of South Euclid, Lyndhurst and Highland Heights, formed for the purpose of coordinating among the cities all matters related to assistance and programs for the aged. Consortium revenues consist of contributions from the member cities and federal grants. The Consortium is controlled by the Council of Governments composed of the Mayors of the Cities of South Euclid, Lyndhurst, and Highland Heights, with the advice of a nine member commission. Continued existence of the Consortium is dependent on the City, however the City of South Euclid has no explicit and measurable equity interest in the Consortium. The Consortium is not accumulating financial resources or experiencing fiscal stress which would cause additional financial benefit to or burden on the City. In 2005, the City contributed \$207,554, paid from the general fund, which represented 50.2 percent of Consortium revenues. To obtain a copy of the Consortium's financial statements, write to the Tri-City Consortium on Aging, 1370 Victory Drive, South Euclid, Ohio, 44121.

B. South Euclid-Lyndhurst Recreation Commission

The South Euclid-Lyndhurst Recreation Commission (SELREC) is a joint venture that is jointly owned and operated by the Cities of South Euclid and Lyndhurst, and the South Euclid-Lyndhurst City School District for the purpose of operating the Cities and School District's playgrounds, play fields and indoor recreation centers. Each of these governments supports SELREC through funds that are appropriated in their budgets and each shares in the equity of SELREC.

The operation of SELREC is controlled by a nine member board consisting of the following: one member appointed by the Mayor of the City of South Euclid and one member appointed by the Mayor of the City of Lyndhurst, three members that are residents of the City of South Euclid, three members that are residents of the City of Lyndhurst, and one member that is a resident of the South Euclid-Lyndhurst City School District and that lives in either the City of South Euclid or the City of Lyndhurst (jointly appointed by the Mayors of the Cities of South Euclid and Lyndhurst). The City has an ongoing financial responsibility because the continued existence of the joint venture depends on the City's continued participation. SELREC is not accumulating significant financial resources or experiencing fiscal stress which would cause additional

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

benefit or burden on the City. In 2005, the City contributed \$37,424. The City also has a measurable equity interest in SELREC because the joint venture agreement stipulates that the participants have a claim to assets and sets forth the method of distribution upon dissolution of the joint venture. SELREC has no capital assets. SELREC is audited on a two-year basis, the latest reported is for the fiscal year ended June 30, 2005. Financial statements can be obtained by contacting the fiscal agent, South Euclid-Lyndhurst City School District, 6044 Mayfield Road, Lyndhurst, Ohio 44124.

Note 17 - Jointly Governed Organizations

A. Northeast Ohio Public Energy Council

The City is a member of The Northeast Ohio Public Energy Council (NOPEC). NOPEC is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. NOPEC was formed to serve as a vehicle for communities wishing to proceed jointly with an aggregation program for the purchase of electricity and natural gas. NOPEC is currently comprised of over 100 communities who have been authorized by ballot to purchase electricity and natural gas on behalf of their citizens. The intent of NOPEC is to provide electricity and natural gas at the lowest possible rates while at the same time insuring stability in prices by entering into long-term contracts with suppliers to provide electricity and natural gas to the citizens of its member communities.

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of South Euclid did not contribute to NOPEC during 2005. Financial information can be obtained by contacting Joseph Migliorini, Board Chairman, at 175 South Main Street, Akron, Ohio 44308.

B. First Suburbs Consortium of Northeast Ohio Council of Governments

The City is a member of the First Suburbs Consortium of Northeast Ohio Council of Governments (Council). The Council is a regional council of governments formed under Chapter 167 of the Ohio Revised Code. The Council is currently comprised of 12 communities. The Council was formed to foster cooperation between municipalities in matters of mutual concern, including but not limited to initiation and support of policies and practices which protect, maintain, and redevelop mature communities and other matters which affect health, safety, welfare, education, economic conditions and regional development.

The Council is governed by an Assembly made up of one representative from each member community. The representatives then elect the Governing Board made up of a Chair, Vice Chair and other members elected in annual elections. The Board oversees and manages the council. The degree of control exercised by any participating government is limited to its representation in the Assembly and on the Board. During 2005, the City of South Euclid contributed \$3,000 to the Council. Financial information can be obtained by contacting First Suburbs Consortium of Northeast Ohio Council of Governments, 40 Severance Circle, Cleveland Heights, Ohio 44118.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2005

C. Heights Area Special Rescue Team

The City is a member of the Heights Area Special Rescue Team (HASRT). HASRT is a council of governments formed under Ohio Revised Code Section 9.6. The governing body of HASRT is comprised of a Council of 5 Fire Chiefs of the member cities. HASRT was established to provide mutual aid for the provision of emergency fire protection and rescue squad services and to organize, train and equip a special rescue team to conduct rescue activities requiring unusual training and/or equipment in participating communities. Annual member receipts are based on an agreed formula based on the member cities population. During 2005, the City of South Euclid contributed \$2,979 to HASRT. Financial information can be obtained by contacting Heights Area Special Rescue Team, 3400 Lee Road, Shaker Heights, Ohio, 44120.

Note 18 - Interfund Transfers

Interfund transfers for the year ended December 31, 2005, consisted of the following:

Transfers To	Transfers From		Total
	General	Sidewalk Improvement	
General Fund	\$0	\$250,917	\$250,917
Other Governmental Funds:			
Operation Home Improvement	10,000	0	10,000
Parking Lots and Meters	20,000	0	20,000
Swimming Pools	135,000	0	135,000
FEMA Firefighters Grant	17,000	0	17,000
Sewer Rental	100,000	0	100,000
Safety Forces Vehicle	200,000	0	200,000
Total Other Governmental Funds	482,000	0	482,000
<i>Total</i>	<u>\$482,000</u>	<u>\$250,917</u>	<u>\$732,917</u>

A transfer from the general fund to the operation home improvement special revenue fund was to cover the City's match that is required by grant agreements. The transfers from the general fund to the parking lots and meters, swimming pools, FEMA firefighters and sewer rental special revenue funds were to cover general operating expenditures. The safety forces vehicle capital projects funds received transfers from the general fund to fund future capital purchases. Capital purchases in the safety forces vehicle fund will benefit the police and fire departments. A transfer from the sidewalk improvement capital projects fund to the general fund was made to close out the fund as all work on this project is complete.

Combining Statements and Individual Fund Schedules

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

To account for the proceeds of specific revenue sources (other than major capital projects) that are restricted by law and administrative action to expenditures for specified purposes.

Operation Home Improvement Fund The Operation Home Improvement Fund is designed to provide financial assistance to home owners with financial need through a non-refundable grant of up to \$5,000 to qualified home owners to make necessary repairs to the exterior of their home. Monies are received from the Federal Government under the Community Development Block Grant Program.

COPS Grant Fund The Cops Grant Fund accounts for monies from the State and Federal governments to be used to establish or expand policing programs.

Street Construction, Maintenance and Repair Fund The Street Construction, Maintenance and Repair Fund accounts for ninety-two and one half percent (92.5%) of the State gasoline tax and motor vehicle registration fees designated for street maintenance and repair.

State Highway Fund The State Highway Fund accounts for seven and one half percent (7.5%) of the State gasoline tax and motor vehicle registration fees designated for maintenance and repair of state highways within the City.

Parking Lots and Meters Fund The Parking Lots and Meters Fund accounts for the operations of the parking lots within the City.

Swimming Pools Fund The Swimming Pools Fund accounts for the operations of the City's three pools.

Permissive Motor Vehicle License Fund The Permissive Motor Vehicle License Fund accounts for additional motor vehicle registration fees designated for maintenance and repair of streets within the City.

Law Enforcement Fund The Law Enforcement Fund accounts for confiscated monies from criminals that are designated, by State statute, for expenditures that would enhance the police department.

FEMA Firefighters Grant Fund This grant accounts for monies received from the Federal Emergency Management Agency to be expended on personal protective equipment for use by the fire department.

Street Lighting Fund The Street Lighting Fund accounts for the service assessment revenue to provide street lighting within the City.

Sewer Rental Fund The Sewer Rental Fund accounts for service assessment revenue that is expended for the maintenance of the sewer system within the City.

Police Pension Fund The Police Pension Fund accounts for the accumulation of property taxes levied for the payment of current employer's pension contributions and the long-term accounting liability.

Fire Pension Fund The Fire Pension Fund accounts for the accumulation of property taxes levied for the payment of current employer's pension contributions and the long-term accounting liability.

(continued)

Combining Statements – Nonmajor Governmental Funds (continued)

Nonmajor Debt Service Fund

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term and special assessment principal, interest and related costs.

Special Assessment Bond Retirement Fund The Special Assessment Bond Retirement Fund accounts for the retirement of debt issued to finance public improvements deemed to benefit the properties against which special assessments are levied.

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.

General Capital Improvements Fund The General Capital Improvements Fund accounts for expenditures designated for capital construction and the acquisition of capital assets.

Safety Forces Vehicle Fund The Safety Forces Vehicle Fund accounts for a portion emergency medical transport fees which are used for the acquisition of police and fire vehicles.

Recreation Improvement Fund The Recreation Improvement Fund accounts for resources set aside for the improvement of City parks.

Road Improvement Fund The Road Improvement Fund accounts for a special property tax levy collected for the improvement of streets and curbs within the City.

Sidewalk Improvement Fund The Sidewalk Improvement Fund accounts for resources set aside for the inspection and improvement of City sidewalks.

Stanhope Parking Lot Fund The Stanhope Parking Lot Construction Fund accounts for resources set aside for improving the Stanhope Parking Lot by repaving, striping and making other improvements.

Issue II Fund The Issue II Projects Fund accounts for grant and loan monies received from the Ohio Public Works Commission plus matching funds from the City. Expenditures are restricted to specific projects within in the City.

Land Acquisition Fund The Land Acquisition Fund accounts for resources set aside for future economic growth and development.

Sewer Rehabilitation Fund The Sewer Rehabilitation Fund accounts for service assessments that are expended for improvements to the sanitary sewer system within the City which are required by the Environmental Protection Agency.

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$894,108	\$148,774	\$2,960,992	\$4,003,874
Materials and Supplies Inventory	75,897	0	0	75,897
Accounts Receivable	1,728	0	0	1,728
Intergovernmental Receivable	490,299	0	35,351	525,650
Property Taxes Receivable	240,450	0	577,209	817,659
Special Assessments Receivable	767,525	479,539	0	1,247,064
<i>Total Assets</i>	<u>\$2,470,007</u>	<u>\$628,313</u>	<u>\$3,573,552</u>	<u>\$6,671,872</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$53,940	\$0	\$2,068	\$56,008
Accrued Wages	19,391	0	0	19,391
Intergovernmental Payable	87,635	0	0	87,635
Interfund Payable	9,256	0	0	9,256
Deferred Revenue	1,418,317	479,539	612,560	2,510,416
<i>Total Liabilities</i>	<u>1,588,539</u>	<u>479,539</u>	<u>614,628</u>	<u>2,682,706</u>
Fund Balances				
Reserved for Encumbrances	29,688	0	561,530	591,218
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	851,780	0	0	851,780
Debt Service Fund	0	148,774	0	148,774
Capital Projects Funds	0	0	2,397,394	2,397,394
<i>Total Fund Balances</i>	<u>881,468</u>	<u>148,774</u>	<u>2,958,924</u>	<u>3,989,166</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,470,007</u>	<u>\$628,313</u>	<u>\$3,573,552</u>	<u>\$6,671,872</u>

City of South Euclid, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2005

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property and Other Taxes	\$231,402	\$0	\$564,616	\$796,018
Special Assessments	777,154	56,649	0	833,803
Intergovernmental	980,270	0	188,955	1,169,225
Fines and Forfeitures	12,389	0	0	12,389
Charges for Services	166,444	0	0	166,444
Other	4,645	0	0	4,645
<i>Total Revenues</i>	<u>2,172,304</u>	<u>56,649</u>	<u>753,571</u>	<u>2,982,524</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police	174,992	0	0	174,992
Fire	221,409	0	0	221,409
Transportation	920,796	0	0	920,796
Basic Utility Services	954,745	0	0	954,745
Swimming Pools	266,658	0	0	266,658
Capital Outlay	0	0	791,866	791,866
Debt Service:				
Principal Retirement	0	30,000	225,000	255,000
Interest and Fiscal Charges	0	27,956	122,960	150,916
<i>Total Expenditures</i>	<u>2,538,600</u>	<u>57,956</u>	<u>1,139,826</u>	<u>3,736,382</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(366,296)</u>	<u>(1,307)</u>	<u>(386,255)</u>	<u>(753,858)</u>
Other Financing Sources (Uses)				
Transfers In	282,000	0	200,000	482,000
Transfers Out	0	0	(250,917)	(250,917)
<i>Total Other Financing Sources (Uses)</i>	<u>282,000</u>	<u>0</u>	<u>(50,917)</u>	<u>231,083</u>
<i>Net Change in Fund Balances</i>	(84,296)	(1,307)	(437,172)	(522,775)
<i>Fund Balances Beginning of Year</i>	<u>965,764</u>	<u>150,081</u>	<u>3,396,096</u>	<u>4,511,941</u>
<i>Fund Balances End of Year</i>	<u>\$881,468</u>	<u>\$148,774</u>	<u>\$2,958,924</u>	<u>\$3,989,166</u>

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2005

	Operation Home Improvement	COPS Grant	Street Construction, Maintenance and Repair	State Highway
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$0	\$5,971	\$378,120	\$15,685
Materials and Supplies Inventory	0	0	75,897	0
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	15,000	0	365,270	29,617
Property Taxes Receivable	0	0	0	0
Special Assessments Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$15,000</u>	<u>\$5,971</u>	<u>\$819,287</u>	<u>\$45,302</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$4,819	\$0
Accrued Wages	0	0	8,863	2,589
Intergovernmental Payable	0	0	17,261	2,438
Interfund Payable	9,256	0	0	0
Deferred Revenue	0	0	315,092	25,549
<i>Total Liabilities</i>	<u>9,256</u>	<u>0</u>	<u>346,035</u>	<u>30,576</u>
Fund Balances				
Reserved for Encumbrances	0	0	2,962	3,814
Unreserved, Undesignated	5,744	5,971	470,290	10,912
<i>Total Fund Balances</i>	<u>5,744</u>	<u>5,971</u>	<u>473,252</u>	<u>14,726</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$15,000</u>	<u>\$5,971</u>	<u>\$819,287</u>	<u>\$45,302</u>

(continued)

<u>Parking Lots and Meters</u>	<u>Swimming Pools</u>	<u>Permissive Motor Vehicle License</u>	<u>Law Enforcement</u>	<u>FEMA Firefighters Grant</u>	<u>Street Lighting</u>
\$13,705	\$9,609	\$20,442	\$76,479	\$22,329	\$215,003
0	0	0	0	0	0
1,040	0	0	688	0	0
0	0	64,642	0	0	0
0	0	0	0	0	0
1,267	0	0	0	0	399,099
<u>\$16,012</u>	<u>\$9,609</u>	<u>\$85,084</u>	<u>\$77,167</u>	<u>\$22,329</u>	<u>\$614,102</u>
\$1,058	\$2,066	\$12,918	\$0	\$0	\$32,768
1,358	0	0	0	0	0
2,277	2,984	0	0	0	0
0	0	0	0	0	0
1,267	0	53,931	0	0	399,099
<u>5,960</u>	<u>5,050</u>	<u>66,849</u>	<u>0</u>	<u>0</u>	<u>431,867</u>
0	218	3,754	5,285	10,000	0
10,052	4,341	14,481	71,882	12,329	182,235
<u>10,052</u>	<u>4,559</u>	<u>18,235</u>	<u>77,167</u>	<u>22,329</u>	<u>182,235</u>
<u>\$16,012</u>	<u>\$9,609</u>	<u>\$85,084</u>	<u>\$77,167</u>	<u>\$22,329</u>	<u>\$614,102</u>

(continued)

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2005

	Sewer Rental	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$60,445	\$38,161	\$38,159	\$894,108
Materials and Supplies Inventory	0	0	0	75,897
Accounts Receivable	0	0	0	1,728
Intergovernmental Receivable	0	7,885	7,885	490,299
Property Taxes Receivable	0	120,225	120,225	240,450
Special Assessments Receivable	367,159	0	0	767,525
<i>Total Assets</i>	<u>\$427,604</u>	<u>\$166,271</u>	<u>\$166,269</u>	<u>\$2,470,007</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$311	\$0	\$0	\$53,940
Accrued Wages	6,581	0	0	19,391
Intergovernmental Payable	12,675	25,000	25,000	87,635
Interfund Payable	0	0	0	9,256
Deferred Revenue	367,159	128,110	128,110	1,418,317
<i>Total Liabilities</i>	<u>386,726</u>	<u>153,110</u>	<u>153,110</u>	<u>1,588,539</u>
Fund Balances				
Reserved for Encumbrances	3,655	0	0	29,688
Unreserved, Undesignated	37,223	13,161	13,159	851,780
<i>Total Fund Balances</i>	<u>40,878</u>	<u>13,161</u>	<u>13,159</u>	<u>881,468</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$427,604</u>	<u>\$166,271</u>	<u>\$166,269</u>	<u>\$2,470,007</u>

City of South Euclid, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2005

	Operation Home Improvement	COPS Grant	Street Construction, Maintenance and Repair	State Highway
Revenues				
Property and Other Taxes	\$0	\$0	\$0	\$0
Special Assessments	0	0	0	0
Intergovernmental	15,000	0	639,680	51,866
Fines and Forfeitures	0	0	0	0
Charges for Services	0	0	0	0
Other	0	0	4,645	0
<i>Total Revenues</i>	<u>15,000</u>	<u>0</u>	<u>644,325</u>	<u>51,866</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police	0	7,331	0	0
Fire	0	0	0	0
Transportation	0	0	694,092	80,458
Basic Utility Services	24,835	0	0	0
Swimming Pools	0	0	0	0
<i>Total Expenditures</i>	<u>24,835</u>	<u>7,331</u>	<u>694,092</u>	<u>80,458</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(9,835)	(7,331)	(49,767)	(28,592)
Other Financing Sources				
Transfers In	10,000	0	0	0
<i>Net Change in Fund Balances</i>	165	(7,331)	(49,767)	(28,592)
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>5,579</u>	<u>13,302</u>	<u>523,019</u>	<u>43,318</u>
<i>Fund Balances End of Year</i>	<u><u>\$5,744</u></u>	<u><u>\$5,971</u></u>	<u><u>\$473,252</u></u>	<u><u>\$14,726</u></u>

(continued)

City of South Euclid, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2005

	Parking Lots and Meters	Swimming Pools	Permissive Motor Vehicle License	Law Enforcement
Revenues				
Property and Other Taxes	\$0	\$0	\$0	\$0
Special Assessments	74,266	0	0	0
Intergovernmental	0	0	135,452	22,179
Fines and Forfeitures	1,040	0	0	11,349
Charges for Services	0	142,634	0	0
Other	0	0	0	0
<i>Total Revenues</i>	<u>75,306</u>	<u>142,634</u>	<u>135,452</u>	<u>33,528</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police	0	0	0	24,265
Fire	0	0	0	0
Transportation	0	0	146,246	0
Basic Utility Services	89,083	0	0	0
Swimming Pools	0	266,658	0	0
<i>Total Expenditures</i>	<u>89,083</u>	<u>266,658</u>	<u>146,246</u>	<u>24,265</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(13,777)	(124,024)	(10,794)	9,263
Other Financing Sources				
Transfers In	20,000	135,000	0	0
<i>Net Change in Fund Balances</i>	6,223	10,976	(10,794)	9,263
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>3,829</u>	<u>(6,417)</u>	<u>29,029</u>	<u>67,904</u>
<i>Fund Balances End of Year</i>	<u><u>\$10,052</u></u>	<u><u>\$4,559</u></u>	<u><u>\$18,235</u></u>	<u><u>\$77,167</u></u>

(continued)

FEMA Firefighters Grant	Street Lighting	Sewer Rental	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$115,701	\$115,701	\$231,402
0	362,112	340,776	0	0	777,154
84,557	0	0	15,768	15,768	980,270
0	0	0	0	0	12,389
0	0	23,810	0	0	166,444
0	0	0	0	0	4,645
<u>84,557</u>	<u>362,112</u>	<u>364,586</u>	<u>131,469</u>	<u>131,469</u>	<u>2,172,304</u>
0	0	0	143,396	0	174,992
78,013	0	0	0	143,396	221,409
0	0	0	0	0	920,796
0	398,388	442,439	0	0	954,745
0	0	0	0	0	266,658
<u>78,013</u>	<u>398,388</u>	<u>442,439</u>	<u>143,396</u>	<u>143,396</u>	<u>2,538,600</u>
6,544	(36,276)	(77,853)	(11,927)	(11,927)	(366,296)
17,000	0	100,000	0	0	282,000
23,544	(36,276)	22,147	(11,927)	(11,927)	(84,296)
(1,215)	218,511	18,731	25,088	25,086	965,764
<u>\$22,329</u>	<u>\$182,235</u>	<u>\$40,878</u>	<u>\$13,161</u>	<u>\$13,159</u>	<u>\$881,468</u>

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2005

	General Capital Improvements	Safety Forces Vehicle	Recreation Improvement	Road Improvement
Assets				
Equity in Pooled Cash and Cash Equivalents	\$994,044	\$660,436	\$47,232	\$76,075
Intergovernmental Receivable	0	0	0	35,351
Property Taxes Receivable	0	0	0	577,209
<i>Total Assets</i>	<u>\$994,044</u>	<u>\$660,436</u>	<u>\$47,232</u>	<u>\$688,635</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$2,068	\$0	\$0	\$0
Deferred Revenue	0	0	0	612,560
<i>Total Liabilities</i>	<u>2,068</u>	<u>0</u>	<u>0</u>	<u>612,560</u>
Fund Balances				
Reserved for Encumbrances	101,748	60,528	0	35,833
Unreserved, Undesignated	890,228	599,908	47,232	40,242
<i>Total Fund Balances</i>	<u>991,976</u>	<u>660,436</u>	<u>47,232</u>	<u>76,075</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$994,044</u>	<u>\$660,436</u>	<u>\$47,232</u>	<u>\$688,635</u>

(continued)

Stanhope Parking Lot	Issue II	Land Acquisition	Sewer Rehabilitation	Total Nonmajor Capital Projects Funds
\$2,853	\$464,651	\$714,450	\$1,251	\$2,960,992
0	0	0	0	35,351
0	0	0	0	577,209
<u>\$2,853</u>	<u>\$464,651</u>	<u>\$714,450</u>	<u>\$1,251</u>	<u>\$3,573,552</u>
\$0	\$0	\$0	\$0	\$2,068
0	0	0	0	612,560
0	0	0	0	614,628
0	363,421	0	0	561,530
2,853	101,230	714,450	1,251	2,397,394
2,853	464,651	714,450	1,251	2,958,924
<u>\$2,853</u>	<u>\$464,651</u>	<u>\$714,450</u>	<u>\$1,251</u>	<u>\$3,573,552</u>

City of South Euclid, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2005

	General Capital Improvements	Safety Forces Vehicle	Recreation Improvement	Road Improvement
Revenues				
Property and Other Taxes	\$0	\$0	\$0	\$564,616
Intergovernmental	118,252	0	0	70,703
<i>Total Revenues</i>	<u>118,252</u>	<u>0</u>	<u>0</u>	<u>635,319</u>
Expenditures				
Capital Outlay	449,716	88,925	0	253,225
Debt Service:				
Principal Retirement	0	0	0	225,000
Interest and Fiscal Charges	0	0	0	122,960
<i>Total Expenditures</i>	<u>449,716</u>	<u>88,925</u>	<u>0</u>	<u>601,185</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(331,464)</u>	<u>(88,925)</u>	<u>0</u>	<u>34,134</u>
Other Financing Sources (Uses)				
Transfers In	0	200,000	0	0
Transfers Out	0	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>200,000</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	(331,464)	111,075	0	34,134
<i>Fund Balances Beginning of Year</i>	<u>1,323,440</u>	<u>549,361</u>	<u>47,232</u>	<u>41,941</u>
<i>Fund Balances End of Year</i>	<u>\$991,976</u>	<u>\$660,436</u>	<u>\$47,232</u>	<u>\$76,075</u>

(continued)

Sidewalk Improvement	Stanhope Parking Lot	Issue II	Land Acquisition	Sewer Rehabilitation	Total Nonmajor Capital Projects Funds
\$0	\$0	\$0	\$0	\$0	\$564,616
0	0	0	0	0	188,955
0	0	0	0	0	753,571
0	0	0	0	0	791,866
0	0	0	0	0	225,000
0	0	0	0	0	122,960
0	0	0	0	0	1,139,826
0	0	0	0	0	(386,255)
0	0	0	0	0	200,000
(250,917)	0	0	0	0	(250,917)
(250,917)	0	0	0	0	(50,917)
(250,917)	0	0	0	0	(437,172)
250,917	2,853	464,651	714,450	1,251	3,396,096
\$0	\$2,853	\$464,651	\$714,450	\$1,251	\$2,958,924

Combining Statement - Agency Fund

Agency Fund

To account for assets held by the City as an agent for individuals, private organizations, other governmental units, and/or other funds.

Deposits Fund The Deposits Fund accounts for deposits from contractors, held by the City, to insure compliance with various City ordinances regarding development within the City.

City of South Euclid, Ohio
Statement of Changes in Assets and Liabilities
Agency Fund
For the Year Ended December 31, 2005

	Beginning Balance 12/31/04	Additions	Deductions	Ending Balance 12/31/05
<i>Deposits Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$883,752	\$399,267	\$328,573	\$954,446
Liabilities				
Deposits Held and Due to Others	\$883,752	\$399,267	\$328,573	\$954,446

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

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Taxes	\$3,801,206	\$3,801,206	\$3,987,235	\$186,029
Income Taxes	5,500,000	5,500,000	5,673,842	173,842
Special Assessments	50,000	50,000	33,145	(16,855)
Intergovernmental	1,725,470	1,725,470	1,904,654	179,184
Interest	200,000	200,000	465,787	265,787
Fees, Licenses and Permits	589,500	589,500	651,804	62,304
Fines and Forfeitures	504,500	504,500	458,551	(45,949)
Rentals	163,500	163,500	187,031	23,531
Charges for Services	116,500	116,500	106,281	(10,219)
Other	92,458	94,131	71,929	(22,202)
<i>Total Revenues</i>	<u>12,743,134</u>	<u>12,744,807</u>	<u>13,540,259</u>	<u>795,452</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Council				
Personal Services	73,000	73,000	69,616	3,384
Materials and Supplies	1,037	1,037	620	417
Other	3,350	3,350	3,195	155
Total Council	<u>77,387</u>	<u>77,387</u>	<u>73,431</u>	<u>3,956</u>
Mayor				
Personal Services	142,076	142,076	138,489	3,587
Contractual Services	1,200	1,200	489	711
Materials and Supplies	3,750	3,750	2,932	818
Other	10,547	10,547	7,409	3,138
Total Mayor	<u>157,573</u>	<u>157,573</u>	<u>149,319</u>	<u>8,254</u>
Finance Department				
Personal Services	262,553	262,553	236,040	26,513
Contractual Services	22,250	22,250	20,023	2,227
Materials and Supplies	5,620	5,620	5,004	616
Other	8,509	8,509	4,588	3,921
Total Finance Department	<u>298,932</u>	<u>298,932</u>	<u>265,655</u>	<u>33,277</u>
Law Director				
Personal Services	119,700	119,700	116,108	3,592
Contractual Services	95,323	178,323	160,624	17,699
Materials and Supplies	8,948	10,948	9,272	1,676
Other	29,994	29,994	15,304	14,690
Total Law Director	<u>253,965</u>	<u>338,965</u>	<u>301,308</u>	<u>37,657</u>
Civil Service				
Personal Services	6,400	6,400	6,093	307
Contractual Services	16,872	16,072	4,097	11,975
Other	700	1,500	1,143	357
Total Civil Service	<u>\$23,972</u>	<u>\$23,972</u>	<u>\$11,333</u>	<u>\$12,639</u>

(continued)

City of South Euclid, 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, 2005

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Municipal Complex				
Personal Services	\$83,742	\$83,742	\$80,336	\$3,406
Contractual Services	342,797	342,797	288,802	53,995
Materials and Supplies	14,233	14,233	7,100	7,133
Other	48,437	50,437	41,300	9,137
Total Municipal Complex	489,209	491,209	417,538	73,671
Engineer				
Personal Services	17,700	17,700	17,104	596
Contractual Services	3,460	3,460	1,500	1,960
Other	36,332	56,332	43,284	13,048
Total Engineer	57,492	77,492	61,888	15,604
Mandated				
Contractual Services	170,000	199,500	196,700	2,800
Other	787,416	797,416	722,115	75,301
Total Mandated	957,416	996,916	918,815	78,101
Total Legislative and Executive	2,315,946	2,462,446	2,199,287	263,159
Judicial System:				
Municipal Court				
Personal Services	424,630	424,630	387,006	37,624
Contractual Services	4,500	4,500	4,200	300
Materials and Supplies	22,169	22,169	20,728	1,441
Other	17,647	17,647	10,314	7,333
Total Judicial System	468,946	468,946	422,248	46,698
Total General Government	2,784,892	2,931,392	2,621,535	309,857
Security of Persons and Property:				
Police:				
Police Department				
Personal Services	4,087,086	4,112,086	4,083,982	28,104
Contractual Services	101,699	91,699	73,322	18,377
Materials and Supplies	80,486	91,486	83,492	7,994
Other	102,201	116,201	94,253	21,948
Total Police	4,371,472	4,411,472	4,335,049	76,423
Fire:				
Fire Department				
Personal Services	2,951,503	2,973,503	2,969,769	3,734
Contractual Services	56,617	50,617	44,368	6,249
Materials and Supplies	77,588	79,588	59,832	19,756
Other	50,375	40,375	36,309	4,066
Total Fire Department	\$3,136,083	\$3,144,083	\$3,110,278	\$33,805

(continued)

City of South Euclid, 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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fire Hydrants				
Contractual Services	\$21,000	\$20,026	\$20,025	\$1
Materials and Supplies	5,000	6,974	6,861	113
Total Fire Hydrants	26,000	27,000	26,886	114
Total Fire	3,162,083	3,171,083	3,137,164	33,919
Total Security of Persons and Property	7,533,555	7,582,555	7,472,213	110,342
Public Health Services:				
Health and Human Services				
Contractual Services	152,513	143,513	126,517	16,996
Leisure Time Activities:				
Recreation Department				
Personal Services	84,502	84,502	82,119	2,383
Contractual Services	50,024	50,024	48,942	1,082
Materials and Supplies	4,200	4,200	3,836	364
Other	4,000	4,000	3,270	730
Total Recreation Department	142,726	142,726	138,167	4,559
Community Center				
Personal Services	110,772	110,772	68,153	42,619
Contractual Services	40,307	40,307	35,033	5,274
Materials and Supplies	36,316	41,316	34,222	7,094
Other	71,754	71,754	69,966	1,788
Total Community Center	259,149	264,149	207,374	56,775
Total Leisure Time Activities	401,875	406,875	345,541	61,334
Community Development:				
Boards and Commissions				
Personal Services	35,250	35,250	33,528	1,722
Other	303	303	60	243
Total Boards and Commissions	35,553	35,553	33,588	1,965
Community Relations				
Personal Services	109,307	109,307	103,588	5,719
Contractual Services	61,730	109,130	87,778	21,352
Materials and Supplies	3,110	3,110	1,989	1,121
Other	26,800	26,800	16,045	10,755
Total Community Relations	200,947	248,347	209,400	38,947
Total Community Development	\$236,500	\$283,900	\$242,988	\$40,912

(continued)

City of South Euclid, 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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Building Department:				
Building Department				
Personal Services	\$603,720	\$603,720	\$527,709	\$76,011
Contractual Services	20,528	20,528	13,405	7,123
Materials and Supplies	18,431	18,431	16,731	1,700
Other	49,110	49,110	12,107	37,003
Total Building Department	691,789	691,789	569,952	121,837
Transportation:				
Service Department				
Personal Services	433,455	438,455	422,324	16,131
Contractual Services	98,198	98,198	93,776	4,422
Materials and Supplies	57,356	57,356	41,898	15,458
Other	24,009	24,009	14,025	9,984
Total Service Department	613,018	618,018	572,023	45,995
Service Garage				
Personal Services	141,289	141,289	135,113	6,176
Contractual Services	70,000	65,000	61,302	3,698
Materials and Supplies	134,675	142,675	134,484	8,191
Other	6,500	3,500	2,604	896
Total Service Garage	352,464	352,464	333,503	18,961
Total Transportation	965,482	970,482	905,526	64,956
Basic Utility Services:				
Refuse Collection and Disposal				
Contractual Services	943,883	943,883	922,668	21,215
Curbside Recycling				
Personal Services	122,168	122,168	116,517	5,651
Other	26,298	26,298	12,044	14,254
Total Curbside Recycling	148,466	148,466	128,561	19,905
Total Basic Utility Services	1,092,349	1,092,349	1,051,229	41,120
<i>Total Expenditures</i>	13,858,955	14,102,855	13,335,501	767,354
<i>Excess of Revenues Over (Under) Expenditures</i>	(\$1,115,821)	(\$1,358,048)	\$204,758	\$1,562,806

(continued)

City of South Euclid, 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, 2005*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Sources (Uses)				
Sale of Capital Assets	\$5,000	\$5,000	\$10,412	\$5,412
Transfers In	258,000	258,000	250,917	(7,083)
Transfers Out	<u>(543,000)</u>	<u>(543,000)</u>	<u>(482,000)</u>	<u>61,000</u>
<i>Total Other Financing Sources (Uses)</i>	<u>(280,000)</u>	<u>(280,000)</u>	<u>(220,671)</u>	<u>59,329</u>
<i>Net Change in Fund Balance</i>	(1,395,821)	(1,638,048)	(15,913)	1,622,135
<i>Fund Balance Beginning of Year</i>	3,812,925	3,812,925	3,812,925	0
Prior Year Encumbrances Appropriated	<u>191,838</u>	<u>191,838</u>	<u>191,838</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,608,942</u>	<u>\$2,366,715</u>	<u>\$3,988,850</u>	<u>\$1,622,135</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Obligation Bond Retirement Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$523,926	\$520,536	\$496,625	(\$23,911)
Intergovernmental	32,500	32,500	68,330	35,830
<i>Total Revenues</i>	<u>556,426</u>	<u>553,036</u>	<u>564,955</u>	<u>11,919</u>
Expenditures				
Debt Service:				
Principal Retirement	410,000	410,000	410,000	0
Interest and Fiscal Charges	133,561	134,561	96,476	38,085
<i>Total Expenditures</i>	<u>543,561</u>	<u>544,561</u>	<u>506,476</u>	<u>38,085</u>
<i>Net Change in Fund Balance</i>	12,865	8,475	58,479	50,004
<i>Fund Balance Beginning of Year</i>	<u>528,218</u>	<u>528,218</u>	<u>528,218</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$541,083</u></u>	<u><u>\$536,693</u></u>	<u><u>\$586,697</u></u>	<u><u>\$50,004</u></u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Flood Control Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$2,000,000	\$2,000,000	\$2,024,941	\$24,941
Expenditures				
Capital Outlay:				
Contractual Services	5,935,190	6,303,723	3,788,013	2,515,710
Debt Service:				
Principal Retirement	400,166	400,166	400,166	0
Interest and Fiscal Charges	165,844	165,844	165,844	0
Total Debt Service	566,010	566,010	566,010	0
<i>Total Expenditures</i>	6,501,200	6,869,733	4,354,023	2,515,710
<i>Net Change in Fund Balance</i>	(4,501,200)	(4,869,733)	(2,329,082)	2,540,651
<i>Fund Balance Beginning of Year</i>	7,459,044	7,459,044	7,459,044	0
Prior Year Encumbrances Appropriated	435,109	435,109	435,109	0
<i>Fund Balance End of Year</i>	\$3,392,953	\$3,024,420	\$5,565,071	\$2,540,651

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Operation Home Improvement Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$50,000	\$50,000	\$25,000	(\$25,000)
Expenditures				
Current:				
Basic Utility Services:				
Refuse Collection and Disposal:				
Other	25,000	25,000	24,835	165
<i>Excess of Revenues Over Expenditures</i>	25,000	25,000	165	(24,835)
Other Financing Sources				
Transfers In	10,000	10,000	10,000	0
<i>Net Change in Fund Balance</i>	35,000	35,000	10,165	(24,835)
<i>Fund Balance (Deficit) Beginning of Year</i>	(19,421)	(19,421)	(19,421)	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$15,579</u>	<u>\$15,579</u>	<u>(\$9,256)</u>	<u>(\$24,835)</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
COPS Grant Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Personal Services	13,302	13,302	7,331	5,971
<i>Net Change in Fund Balance</i>	(13,302)	(13,302)	(7,331)	5,971
<i>Fund Balance Beginning of Year</i>	7,587	7,587	7,587	0
Prior Year Encumbrances Appropriated	5,715	5,715	5,715	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$5,971</u>	<u>\$5,971</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$550,000	\$550,000	\$639,326	\$89,326
Other	0	0	4,645	4,645
<i>Total Revenues</i>	550,000	550,000	643,971	93,971
Expenditures				
Current:				
Transportation:				
Street Maintenance:				
Personal Services	474,366	462,366	420,096	42,270
Materials and Supplies	163,600	205,600	202,323	3,277
Contractual Services	46,572	46,572	43,330	3,242
Other	3,500	3,500	2,308	1,192
<i>Total Expenditures</i>	688,038	718,038	668,057	49,981
<i>Net Change in Fund Balance</i>	(138,038)	(168,038)	(24,086)	143,952
<i>Fund Balance Beginning of Year</i>	370,964	370,964	370,964	0
Prior Year Encumbrances Appropriated	24,558	24,558	24,558	0
<i>Fund Balance End of Year</i>	\$257,484	\$227,484	\$371,436	\$143,952

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
State Highway Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$50,000	\$50,000	\$51,838	\$1,838
Expenditures				
Current:				
Transportation:				
Street Maintenance:				
Personal Services	66,320	66,320	56,750	9,570
Materials and Supplies	28,000	28,000	28,000	0
<i>Total Expenditures</i>	94,320	94,320	84,750	9,570
<i>Net Change in Fund Balance</i>	(44,320)	(44,320)	(32,912)	11,408
<i>Fund Balance Beginning of Year</i>	41,783	41,783	41,783	0
Prior Year Encumbrances Appropriated	3,000	3,000	3,000	0
<i>Fund Balance End of Year</i>	\$463	\$463	\$11,871	\$11,408

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Parking Lots and Meters Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$65,000	\$85,000	\$75,905	(\$9,095)
Expenditures				
Current:				
Basic Utility Services:				
Parking Lots and Meters:				
Personal Services	51,039	51,039	47,170	3,869
Materials and Supplies	3,300	3,300	2,041	1,259
Contractual Services	51,810	49,810	37,231	12,579
Other	1,600	3,600	2,260	1,340
<i>Total Expenditures</i>	107,749	107,749	88,702	19,047
<i>Excess of Revenues Under Expenditures</i>	(42,749)	(22,749)	(12,797)	9,952
Other Financing Sources				
Transfers In	40,000	40,000	20,000	(20,000)
<i>Net Change in Fund Balance</i>	(2,749)	17,251	7,203	(10,048)
<i>Fund Balance Beginning of Year</i>	6,483	6,483	6,483	0
Prior Year Encumbrances Appropriated	19	19	19	0
<i>Fund Balance End of Year</i>	\$3,753	\$23,753	\$13,705	(\$10,048)

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Swimming Pools Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$122,000	\$122,000	\$142,634	\$20,634
Expenditures				
Current:				
Swimming Pools:				
Personal Services	204,000	204,000	169,423	34,577
Materials and Supplies	25,000	24,000	21,300	2,700
Contractual Services	81,053	81,053	78,225	2,828
Other	1,840	2,840	1,967	873
<i>Total Expenditures</i>	311,893	311,893	270,915	40,978
<i>Excess of Revenues Under Expenditures</i>	(189,893)	(189,893)	(128,281)	61,612
Other Financing Sources				
Transfers In	188,000	188,000	135,000	(53,000)
<i>Net Change in Fund Balance</i>	(1,893)	(1,893)	6,719	8,612
<i>Fund Balance Beginning of Year</i>	2,619	2,619	2,619	0
Prior Year Encumbrances Appropriated	53	53	53	0
<i>Fund Balance End of Year</i>	\$779	\$779	\$9,391	\$8,612

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Permissive Motor Vehicle License Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$135,000	\$135,000	\$134,954	(\$46)
Expenditures				
Current:				
Transportation:				
Street Maintenance:				
Materials and Supplies	150,000	150,000	150,000	0
<i>Net Change in Fund Balance</i>	(15,000)	(15,000)	(15,046)	(46)
<i>Fund Balance Beginning of Year</i>	18,816	18,816	18,816	0
<i>Fund Balance End of Year</i>	<u>\$3,816</u>	<u>\$3,816</u>	<u>\$3,770</u>	<u>(\$46)</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Law Enforcement Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$2,000	\$2,000	\$22,379	\$20,379
Fines and Forfeitures	1,000	1,000	10,661	9,661
<i>Total Revenues</i>	3,000	3,000	33,040	30,040
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	67,100	67,100	29,550	37,550
<i>Net Change in Fund Balance</i>	(64,100)	(64,100)	3,490	67,590
<i>Fund Balance Beginning of Year</i>	67,604	67,604	67,604	0
Prior Year Encumbrances Appropriated	100	100	100	0
<i>Fund Balance End of Year</i>	<u>\$3,604</u>	<u>\$3,604</u>	<u>\$71,194</u>	<u>\$67,590</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
FEMA Firefighters Grant Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$86,992	\$97,952	\$84,557	(\$13,395)
Expenditures				
Current:				
Security of Persons and Property:				
Fire Department:				
Other	98,302	98,302	88,013	10,289
<i>Excess of Revenues Under Expenditures</i>	(11,310)	(350)	(3,456)	(3,106)
Other Financing Sources				
Transfers In	10,960	17,000	17,000	0
<i>Net Change in Fund Balance</i>	(350)	16,650	13,544	(3,106)
<i>Fund Balance (Deficit) Beginning of Year</i>	(5,565)	(5,565)	(5,565)	0
Prior Year Encumbrances Appropriated	4,350	4,350	4,350	0
<i>Fund Balance (Deficit) End of Year</i>	<u>(\$1,565)</u>	<u>\$15,435</u>	<u>\$12,329</u>	<u>(\$3,106)</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Street Lighting Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$350,000	\$350,000	\$362,112	\$12,112
Expenditures				
Current:				
Basic Utility Services:				
Street Maintenance:				
Contractual Services	454,700	454,700	431,080	23,620
<i>Net Change in Fund Balance</i>	(104,700)	(104,700)	(68,968)	35,732
<i>Fund Balance Beginning of Year</i>	283,971	283,971	283,971	0
<i>Fund Balance End of Year</i>	<u>\$179,271</u>	<u>\$179,271</u>	<u>\$215,003</u>	<u>\$35,732</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sewer Rental Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$340,000	\$340,000	\$340,776	\$776
Charges for Services	20,000	20,000	23,810	3,810
<i>Total Revenues</i>	360,000	360,000	364,586	4,586
Expenditures				
Current:				
Basic Utility Services:				
Sewer Maintenance:				
Personal Services	317,228	317,228	296,076	21,152
Materials and Supplies	17,150	17,150	10,627	6,523
Contractual Services	154,500	154,500	137,388	17,112
Other	10,000	10,000	3,255	6,745
<i>Total Expenditures</i>	498,878	498,878	447,346	51,532
<i>Excess of Revenues Under Expenditures</i>	(138,878)	(138,878)	(82,760)	56,118
Other Financing Sources				
Transfers In	100,000	100,000	100,000	0
<i>Net Change in Fund Balance</i>	(38,878)	(38,878)	17,240	56,118
<i>Fund Balance Beginning of Year</i>	36,372	36,372	36,372	0
Prior Year Encumbrances Appropriated	3,178	3,178	3,178	0
<i>Fund Balance End of Year</i>	\$672	\$672	\$56,790	\$56,118

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Police Pension Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$117,907	\$117,907	\$115,701	(\$2,206)
Intergovernmental	10,500	10,500	15,768	5,268
<i>Total Revenues</i>	128,407	128,407	131,469	3,062
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Contractual Services	170,000	170,500	143,396	27,104
<i>Net Change in Fund Balance</i>	(41,593)	(42,093)	(11,927)	30,166
<i>Fund Balance Beginning of Year</i>	50,088	50,088	50,088	0
<i>Fund Balance End of Year</i>	<u>\$8,495</u>	<u>\$7,995</u>	<u>\$38,161</u>	<u>\$30,166</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Fire Pension Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$117,907	\$117,907	\$115,701	(\$2,206)
Intergovernmental	10,500	10,500	15,768	5,268
<i>Total Revenues</i>	128,407	128,407	131,469	3,062
Expenditures				
Current:				
Security of Persons and Property:				
Fire:				
Contractual Services	170,000	170,500	143,396	27,104
<i>Net Change in Fund Balance</i>	(41,593)	(42,093)	(11,927)	30,166
<i>Fund Balance Beginning of Year</i>	50,086	50,086	50,086	0
<i>Fund Balance End of Year</i>	<u>\$8,493</u>	<u>\$7,993</u>	<u>\$38,159</u>	<u>\$30,166</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Special Assessment Bond Retirement Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$50,000	\$50,000	\$56,649	\$6,649
Expenditures				
Debt Service:				
Principal Retirement	30,000	30,000	30,000	0
Interest and Fiscal Charges	28,635	28,635	27,956	679
<i>Total Expenditures</i>	58,635	58,635	57,956	679
<i>Net Change in Fund Balance</i>	(8,635)	(8,635)	(1,307)	7,328
<i>Fund Balance Beginning of Year</i>	150,081	150,081	150,081	0
<i>Fund Balance End of Year</i>	\$141,446	\$141,446	\$148,774	\$7,328

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Capital Improvements Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$0	\$0	\$118,252	\$118,252
Expenditures				
Capital Outlay:				
Contractual Services	794,478	819,605	562,909	256,696
<i>Net Change in Fund Balance</i>	(794,478)	(819,605)	(444,657)	374,948
<i>Fund Balance Beginning of Year</i>	1,146,452	1,146,452	1,146,452	0
Prior Year Encumbrances Appropriated	188,433	188,433	188,433	0
<i>Fund Balance End of Year</i>	<u>\$540,407</u>	<u>\$515,280</u>	<u>\$890,228</u>	<u>\$374,948</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Safety Forces Vehicle Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Contractual Services	200,000	200,000	149,453	50,547
<i>Excess of Revenues Under Expenditures</i>	(200,000)	(200,000)	(149,453)	50,547
Other Financing Sources				
Transfers In	200,000	200,000	200,000	0
<i>Net Change in Fund Balance</i>	0	0	50,547	50,547
<i>Fund Balance Beginning of Year</i>	549,361	549,361	549,361	0
<i>Fund Balance End of Year</i>	<u>\$549,361</u>	<u>\$549,361</u>	<u>\$599,908</u>	<u>\$50,547</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Recreation Improvement Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Contractual Services	47,232	47,232	0	47,232
<i>Net Change in Fund Balance</i>	(47,232)	(47,232)	0	47,232
<i>Fund Balance Beginning of Year</i>	47,232	47,232	47,232	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$47,232</u>	<u>\$47,232</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Road Improvement Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property and Other Taxes	\$575,935	\$575,935	\$564,616	(\$11,319)
Intergovernmental	37,000	37,000	70,703	33,703
<i>Total Revenues</i>	<u>612,935</u>	<u>612,935</u>	<u>635,319</u>	<u>22,384</u>
Expenditures				
Capital Outlay:				
Contractual Services	295,116	295,116	289,058	6,058
Debt Service:				
Principal Retirement	225,000	225,000	225,000	0
Interest and Fiscal Charges	122,960	122,960	122,960	0
Total Debt Service	<u>347,960</u>	<u>347,960</u>	<u>347,960</u>	<u>0</u>
<i>Total Expenditures</i>	<u>643,076</u>	<u>643,076</u>	<u>637,018</u>	<u>6,058</u>
<i>Net Change in Fund Balance</i>	(30,141)	(30,141)	(1,699)	28,442
<i>Fund Balance Beginning of Year</i>	13,973	13,973	13,973	0
Prior Year Encumbrances Appropriated	<u>27,968</u>	<u>27,968</u>	<u>27,968</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$11,800</u></u>	<u><u>\$11,800</u></u>	<u><u>\$40,242</u></u>	<u><u>\$28,442</u></u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sidewalk Improvement Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$50,000	\$50,000	\$0	(\$50,000)
Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Exceeds of Revenues Over Expenditures</i>	50,000	50,000	0	(50,000)
Other Financing Uses				
Transfers Out	<u>(300,917)</u>	<u>(300,917)</u>	<u>(250,917)</u>	<u>50,000</u>
<i>Net Change in Fund Balance</i>	(250,917)	(250,917)	(250,917)	0
<i>Fund Balance Beginning of Year</i>	<u>250,917</u>	<u>250,917</u>	<u>250,917</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Stanhope Parking Lot Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	2,853	2,853	2,853	0
<i>Fund Balance End of Year</i>	<u>\$2,853</u>	<u>\$2,853</u>	<u>\$2,853</u>	<u>\$0</u>

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Issue II Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Contractual Services	383,421	383,421	363,421	20,000
<i>Net Change in Fund Balance</i>	(383,421)	(383,421)	(363,421)	20,000
<i>Fund Balance Beginning of Year</i>	101,230	101,230	101,230	0
Prior Year Encumbrances Appropriated	363,421	363,421	363,421	0
<i>Fund Balance End of Year</i>	<u>\$81,230</u>	<u>\$81,230</u>	<u>\$101,230</u>	<u>\$20,000</u>

City of South Euclid, 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, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenses				
Capital Outlay:				
Contractual Services	714,450	714,450	0	714,450
<i>Net Change in Fund Balance</i>	(714,450)	(714,450)	0	714,450
<i>Fund Balance Beginning of Year</i>	714,450	714,450	714,450	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$714,450	\$714,450

City of South Euclid, Ohio
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Sewer Rehabilitation Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenses				
Capital Outlay:				
Contractual Services	1,251	1,251	0	1,251
<i>Net Change in Fund Balance</i>	(1,251)	(1,251)	0	1,251
<i>Fund Balance Beginning of Year</i>	1,251	1,251	1,251	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$1,251</u>	<u>\$1,251</u>

City of South Euclid, Ohio
Governmental Activities
Revenues by Source and Expenses by Program
Last Five Years

	2005	2004	2003	2002	2001
Program Revenues					
Charges for Services and Operating Assessments	\$4,360,837	\$4,521,773	\$4,956,829	\$4,253,907	\$4,159,276
Operating Grants, Contributions and Interest	928,712	968,392	926,987	797,868	824,666
Capital Grants, Contributions and Capital Assessments	24,468	262,868	653,384	2,690,808	672,508
General Revenues					
Property and Other Taxes	5,224,350	5,249,357	4,835,725	4,938,016	4,791,148
Income Taxes	5,889,209	5,258,353	6,005,698	5,573,741	5,897,127
Grants and Entitlements not Restricted to Specific Programs	2,132,798	2,032,457	2,271,565	1,921,190	2,324,610
Gain on Sale of Capital Assets	0	0	0	9,800	149,725
Investment Earnings	459,995	163,416	264,118	472,003	635,777
Miscellaneous	79,832	31,795	17,128	30,405	32,623
<i>Total</i>	<u>\$19,100,201</u>	<u>\$18,488,411</u>	<u>\$19,931,434</u>	<u>\$20,687,738</u>	<u>\$19,487,460</u>
Expenses					
General Government:					
Legislative and Executive	\$2,149,780	\$2,142,448	\$1,978,940	\$1,953,365	\$1,895,080
Judicial System	439,808	453,624	460,425	373,524	371,504
Security of Persons and Property:					
Police	4,600,120	4,501,705	4,342,704	4,085,718	3,853,772
Fire	3,552,050	3,314,684	3,139,703	2,854,567	2,665,347
Public Health Services	127,609	136,516	168,765	132,411	157,173
Leisure Time Activities	385,161	525,902	848,902	387,883	381,627
Community Development	219,507	182,993	207,347	307,024	243,728
Building Department	587,553	619,424	734,635	657,134	563,338
Transportation	2,732,270	2,587,269	3,382,764	2,167,781	1,928,058
Basic Utility Services	2,590,425	2,656,146	3,098,100	2,368,217	2,019,669
Swimming Pools	442,493	702,414	769,297	773,327	746,909
Interest and Fiscal Charges	491,110	495,871	308,094	445,494	398,380
<i>Total</i>	<u>\$18,317,886</u>	<u>\$18,318,996</u>	<u>\$19,439,676</u>	<u>\$16,506,445</u>	<u>\$15,224,585</u>

Source: City Financial Records

City of South Euclid, Ohio
General Fund Revenues by Source
and Expenditures by Function
Last Ten Years

	2005	2004	2003	2002	2001
Revenues					
Property and Other Taxes	\$3,987,235	\$3,945,449	\$3,544,578	\$3,686,307	\$3,507,653
Income Taxes	5,594,529	5,349,183	5,739,236	5,729,709	5,480,272
Special Assessments	33,145	0	0	0	0
Intergovernmental	1,968,058	1,994,913	1,997,875	2,129,756	2,409,484
Interest	459,995	150,583	193,112	404,433	603,122
Fees, Licenses and Permits	638,644	534,101	748,651	604,012	169,739
Fines and Forfeitures	460,597	518,655	487,252	449,526	438,545
Rentals	184,116	166,792	105,893	42,530	97,359
Charges for Services	91,310	122,385	44,301	84,734	91,143
Other	75,187	30,156	17,128	30,405	5,674
Total	\$13,492,816	\$12,812,217	\$12,878,026	\$13,161,412	\$12,802,991
Expenditures					
Current					
General Government: (1)					
Legislative and Executive	\$2,140,190	\$2,171,553	\$1,955,867	\$1,954,740	\$1,911,321
Judicial System	426,959	437,166	444,559	365,555	370,071
Security of Persons and Property: (1)					
Police	4,347,466	4,207,887	3,969,264	3,773,974	3,659,517
Fire	3,179,240	3,117,218	2,788,701	2,600,447	2,439,171
Public Health Services	127,609	136,516	168,765	111,483	102,938
Leisure Time Activities	341,400	393,217	467,343	360,608	334,721
Community Development	219,507	185,669	157,213	139,688	31,605
Building Department (1)	569,766	572,410	719,646	630,633	544,835
Transportation	1,019,743	1,003,350	950,041	917,306	919,951
Basic Utility Services	886,181	1,008,763	992,738	1,017,685	995,760
Debt Service	19,550	19,552	19,549	19,550	19,550
Total	\$13,277,611	\$13,253,301	\$12,633,686	\$11,891,669	\$11,329,440

Source: City financial records

(1) 2001 was the first year subcategories were identified for general government, security of persons and property and building department.

2000	1999	1998	1997	1996
\$3,344,739	\$3,222,593	\$3,149,955	\$2,964,891	\$2,978,871
5,385,924	5,404,307	5,337,336	4,798,369	4,873,018
0	0	0	0	0
2,329,022	2,552,345	2,250,465	2,061,214	1,771,473
697,680	515,514	476,500	430,375	421,016
171,630	138,903	134,176	157,234	139,459
355,611	406,820	381,024	360,777	363,086
94,913	94,104	83,647	80,512	108,583
137,781	243,697	215,458	236,783	46,759
120,246	104,685	155,453	19,658	61,650
<u>\$12,637,546</u>	<u>\$12,682,968</u>	<u>\$12,184,014</u>	<u>\$11,109,813</u>	<u>\$10,763,915</u>
\$2,399,172	\$2,314,488	\$2,075,908	\$2,132,607	\$1,912,153
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
6,011,907	5,727,631	5,014,584	5,052,954	4,914,264
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
91,338	98,340	85,228	84,987	77,854
336,039	349,871	331,323	364,539	344,972
556,553	501,068	434,709	488,886	455,744
N/A	N/A	N/A	N/A	N/A
1,018,111	1,216,945	633,427	964,821	835,956
1,019,556	973,366	871,427	837,339	786,581
19,550	19,554	19,550	19,550	19,551
<u>\$11,452,226</u>	<u>\$11,201,263</u>	<u>\$9,466,156</u>	<u>\$9,945,683</u>	<u>\$9,347,075</u>

City of South Euclid, Ohio
Property Tax Levies and Collections - Real and Public Utility Taxes
Last Ten Years

Year	Current Tax Levy (1)	Delinquent Tax Levy (2)	Total Tax Levy	Current Tax Collections	Percentage of Total Collections to Current Tax Levy
2005	\$5,555,418	\$305,248	\$5,860,666	\$5,325,613	100.46%
2004	5,524,957	360,788	5,885,745	5,322,225	100.77
2003	5,082,515	330,613	5,413,128	4,870,162	99.29
2002	5,057,083	287,805	5,344,888	4,876,294	99.76
2001	5,099,502	228,592	5,328,094	4,921,798	99.51
2000	4,732,622	214,483	4,947,105	4,245,613	92.57
1999	4,774,920	213,085	4,988,005	4,640,329	99.92
1998	4,767,393	185,464	4,952,857	4,665,337	99.69
1997	4,601,873	147,642	4,749,515	4,514,919	99.97
1996	4,600,344	130,322	4,730,666	4,536,549	99.87

Source: Cuyahoga County Auditor

- (1) State Reimbursement of Rollback and Homestead Exemptions are included.
- (2) Amounts listed include penalties and interest.

<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percentage of Total Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes (2)</u>	<u>Percentage of Outstanding Delinquent Taxes to Total Tax Levy</u>
\$255,322	\$5,580,935	95.23%	\$214,612	3.66%
245,209	5,567,434	94.59	200,237	3.40
176,171	5,046,333	93.22	376,567	6.96
168,861	5,045,155	94.39	308,693	5.78
152,921	5,074,719	95.24	256,578	4.82
135,544	4,381,157	88.56	170,212	3.44
130,754	4,771,083	95.65	206,341	4.14
87,469	4,752,806	95.96	195,074	3.94
85,671	4,600,590	96.86	176,597	3.72
57,711	4,594,260	97.12	133,715	2.83

City of South Euclid, Ohio
Property Tax Levies and Collections - Tangible Personal Property Taxes
Last Ten Years

<u>Year</u>	<u>Current Tax Levy</u>	<u>Delinquent Tax Levy</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections (1)</u>	<u>Percentage of Current Collections to Current Tax Levy</u>
2005	\$213,866	\$33,454	\$247,320	\$211,128	98.72%
2004	198,828	39,566	238,394	192,888	97.01
2003	179,841	34,957	214,798	179,257	99.68
2002	224,622	54,560	279,182	202,202	90.02
2001	218,218	40,421	258,639	184,760	84.67
2000	229,464	18,171	247,635	204,658	89.19
1999	215,847	23,774	239,621	213,475	98.90
1998	210,829	22,668	233,497	207,893	98.61
1997	207,923	32,309	240,232	205,042	98.61
1996	183,276	39,225	222,501	178,460	97.37

Source: Cuyahoga County Auditor

(1) \$10,000 personal property exemption is included.

<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percentage of Total Collections to Total Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percentage of Outstanding Delinquent Taxes to Total Tax Levy</u>
\$7,770	\$218,898	88.51%	\$33,451	13.53%
29,244	222,132	93.18	39,566	17.03
4,713	183,970	85.65	30,928	14.40
40,498	242,700	86.93	36,906	13.22
18,163	202,923	78.46	56,149	21.71
(43)	204,615	82.63	45,238	18.27
5,821	219,296	91.52	20,848	8.70
7,264	215,157	92.15	19,202	8.22
17,072	222,114	92.46	18,710	7.79
57,711	236,171	106.14	21,793	9.79

City of South Euclid, Ohio
Assessed and Estimated Actual Value of Taxable Property
Last Ten Years

Year	Real Property		Public Utility Property	
	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)
2005	\$406,048,630	\$1,160,138,943	\$8,488,680	\$9,646,227
2004	405,928,590	1,159,795,971	9,335,390	10,608,398
2003	403,488,950	1,152,825,571	9,450,900	10,739,659
2002	365,344,440	1,043,841,257	9,339,420	10,612,977
2001	364,409,810	1,041,170,886	9,589,030	10,896,625
2000	364,107,910	1,040,308,314	12,641,420	14,365,250
1999	330,695,520	944,844,343	12,846,360	14,598,136
1998	329,920,160	942,629,029	13,848,620	15,737,068
1997	329,370,380	941,058,229	13,965,180	15,869,523
1996	307,355,840	878,159,500	14,506,220	16,484,340

Source: Cuyahoga County Auditor

- (1) This amount is calculated based on the following percentages:
 Real property is assessed at thirty-five percent of actual value.
 Public utility is assessed at various notes from twenty-five to eighty-eight percent of actual value.
 Tangible personal is assessed at twenty-five percent of actual value for capital assets and twenty-three percent for inventory.

Tangible Personal Property		Total		
Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value	Ratio
\$13,659,190	\$54,636,760	\$428,196,500	\$1,224,421,930	34.97%
12,756,477	51,025,908	428,020,457	1,221,430,277	35.04
12,016,718	48,066,872	424,956,568	1,211,632,102	35.07
14,966,084	59,864,336	389,649,944	1,114,318,570	34.97
14,537,028	58,148,112	388,535,868	1,110,215,623	35.00
14,599,814	58,399,256	391,349,144	1,113,072,820	35.16
14,200,467	56,801,868	357,742,347	1,016,244,347	35.20
13,872,483	55,489,932	357,641,263	1,013,856,029	35.28
13,414,431	53,657,724	356,749,991	1,010,585,476	35.30
11,824,270	47,297,080	333,686,330	941,940,920	35.43

City of South Euclid, Ohio
Property Tax Rates - Direct and Overlapping Governments
(Per \$1,000 Assessed Value)
Last Ten Years

Year	General Fund	Special Funds (1)	Debt Service	Capital Projects	Total Levy	South Euclid/ Lyndhurst School Districts	Cuyahoga County Commissioner	Special (2) Taxing Districts	Total Tax Levy
2005	\$10.00	\$0.60	\$1.30	\$3.00	\$14.90	89.80	13.52	6.78	\$125.00
2004	10.00	0.60	1.30	3.00	14.90	89.80	13.52	6.78	125.00
2003	10.00	0.60	1.40	3.00	15.00	89.80	13.52	5.88	124.20
2002	10.00	0.60	1.40	3.00	15.00	89.80	11.72	5.88	122.40
2001	10.00	0.60	1.40	3.00	15.00	89.80	11.72	5.88	122.40
2000	10.00	0.60	1.40	3.00	15.00	81.90	11.72	5.88	114.50
1999	10.00	0.60	1.50	3.00	15.10	82.10	10.82	5.88	113.90
1998	10.00	0.60	1.60	3.00	15.20	82.10	10.82	5.88	114.00
1997	10.00	0.60	1.90	3.00	15.50	75.20	16.60	1.40	108.70
1996	10.00	0.60	1.90	3.00	15.50	75.00	12.12	5.88	108.50

(1) Police and Fire Pension Special Revenue Funds

(2) Metro Parks, Port Authority, County Library, Community College

Source: Cuyahoga County Auditor

City of South Euclid, Ohio
Computation of Legal Debt Margin
December 31, 2005

Total assessed valuation		<u>\$428,196,500</u>
Overall debt limitation - 10.5% of assessed valuation		\$44,960,633
Gross indebtedness	12,730,881	
Less debt outside limitation:		
Special Assessment Debt	375,000	
OPWC Loans	<u>2,115,887</u>	
Debt within 10.5% limitation	10,239,994	
Less amount available in debt service fund (1)	<u>586,697</u>	
Net debt within 10.5% limitation		<u>9,653,297</u>
Overall debt margin within 10.5% limitation		<u>\$35,307,336</u>
Unvoted debt limitation - 5.5% of assessed valuation		\$23,550,808
Gross indebtedness	12,730,881	
Less debt outside limitation:		
Special Assessment Debt	375,000	
Voted General Obligation Bonds	10,239,994	
OPWC Loans	<u>2,115,887</u>	
Debt within 5.5% limitation	0	
Less amount available in debt service fund (1)	<u>586,697</u>	
Net debt within 5.5% limitation (2)		<u>0</u>
Unvoted debt margin within 5.5% limitation		<u>\$23,550,808</u>

(1) Excludes balance in special assessment bond retirement fund.

(2) Net debt within the 5.5 percent limitation cannot be negative, therefore the amount is presented as \$0.

Source: City of South Euclid

City of South Euclid, Ohio
Special Assessments Billed and Collected
Last Ten Years

Year	City Assessments (a)			County Assessments (b)			
	Special Assessments Billings	Special Assessments Collected	Special Assessments Certified	Special Assessments Billings	Service Assessments	Collections Debt Service Assessments	Total Assessments
2005	\$152,384	\$130,666	\$21,718	\$2,969,127	\$2,705,162	\$56,061	\$2,761,223
2004	111,805	54,122	57,683	2,874,959	2,770,921	54,428	2,825,349
2003	108,549	56,456	52,093	2,769,330	2,622,183	52,843	2,675,026
2002	109,204	58,091	51,113	2,782,151	2,698,102	54,373	2,752,475
2001	56,938	44,494	12,444	2,772,104	2,700,931	73,089	2,774,020
2000	27,620	13,383	14,237	2,014,660	1,782,569	73,086	1,855,655
1999	148,581	99,393	49,188	1,816,080	1,902,485	70,817	1,973,302
1998	146,080	108,902	37,178	1,847,242	1,912,816	64,204	1,977,020
1997	116,453	28,313	88,140	975,436	805,750	193,292	999,042
1996	186,953	79,075	107,878	904,833	824,537	74,853	899,390

Source: Cuyahoga County Auditor

(a) The City initially bills all special assessments except the sewer rental and rehabilitation, street lighting assessments and flood control.

The individual or business is given 30 days to pay the assessment in full.

If it is not paid at that time, it is certified by the County Auditor for collection.

(b) The County assessments include service assessments and debt service assessments. The debt service assessments include interest for years 1996 through 2000.

Amount Delinquent	Percentage of Collections to Amount Billed	Total Assessments Collected
\$342,140	93.00%	\$2,891,889
337,813	98.27	2,879,471
51,442	96.59	2,731,482
41,838	98.93	2,810,566
37,968	100.07	2,818,514
39,724	92.11	1,869,038
44,307	108.66	2,072,695
33,363	107.03	2,085,922
71,943	102.42	1,027,355
57,045	99.40	978,465

City of South Euclid, Ohio
*Ratio of Net General Bonded Debt to Assessed Value
and Net Bonded Debt Per Capita
Last Ten Years*

Year	Net General Bonded Debt (1)	Assessed Value	Population (2)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2005	\$9,653,297	\$428,196,500	23,537	2.25%	\$410.13
2004	10,646,776	428,020,457	23,537	2.49	452.34
2003	11,609,671	424,956,568	23,537	2.73	493.25
2002	2,575,732	389,649,944	23,537	0.66	109.43
2001	3,169,319	388,535,868	23,537	0.82	134.65
2000	3,512,718	391,349,144	23,537	0.90	149.24
1999	3,811,062	357,742,347	23,866	1.07	159.69
1998	4,126,860	357,641,263	23,866	1.15	172.92
1997	4,445,470	356,749,991	23,866	1.25	186.27
1996	4,738,513	333,686,330	23,866	1.42	198.55

(1) Net general bonded debt equals the amount of general obligation bonds outstanding minus the debt service fund balance available to pay general obligation debt.

(2) Source: U.S. Census

(a) Years 2000 through 2005 - 2000 Federal Census

(b) Years 1996 through 1999 - 1990 Federal Census

City of South Euclid, Ohio
*Ratio of Annual Debt Service Expenditures for
 General Bonded Debt to Total General Fund Expenditures
 Last Ten Years*

<u>Year</u>	<u>Principal</u>	<u>Interest and Fiscal Charges</u>	<u>Debt Service on General Obligation Bonded Debt</u>	<u>General Fund Expenditures</u>	<u>Ratio</u>
2005	\$935,000	\$385,009	\$1,320,009	\$13,277,611	9.94%
2004	915,000	417,522	1,332,522	13,253,301	10.05
2003	375,000	129,355	504,355	12,633,686	3.99
2002	370,000	145,080	515,080	11,891,669	4.33
2001	365,000	159,680	524,680	11,329,440	4.63
2000	340,000	173,280	513,280	11,452,226	4.48
1999	330,000	186,480	516,480	11,201,263	4.61
1998	275,000	58,147	333,147	9,466,156	3.52
1997	290,000	341,036	631,036	9,945,683	6.34
1996	265,000	355,640	620,640	9,347,075	6.64

Source: City of South Euclid

City of South Euclid, Ohio
Computation of Direct and Overlapping General Obligation Bonded Debt
December 31, 2005

<u>Political Subdivision</u>	<u>General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable To County (1)</u>	<u>Amount Applicable to City of South Euclid</u>
Direct:			
City of South Euclid	<u>\$10,239,994</u>	<u>100.00%</u>	<u>\$10,239,994</u>
Overlapping:			
South Euclid-Lyndhurst City School District	11,110,000	93.49	10,386,739
Cleveland Heights School District	13,694,990	6.51	891,544
Cuyahoga County	231,365,971	1.40	3,239,124
Regional Transit Authority	<u>139,790,000</u>	1.40	<u>1,957,060</u>
Total Overlapping	<u>395,960,961</u>		<u>16,474,466</u>
Totals	<u><u>\$406,200,955</u></u>		<u><u>\$26,714,460</u></u>

(1) Percentages were determined by dividing the assessed valuation of the political subdivision located within the boundaries of the City by the total assessed valuation of the political subdivision.

Source: Cuyahoga County Auditor

City of South Euclid, Ohio

Demographic Statistics

Last Ten Years

<u>Year</u>	<u>Population (1)</u>	<u>Per Capita Income (1)</u>	<u>School Enrollment (2)</u>	<u>Cuyahoga County Unemployment Rate (3)</u>
2005	23,537	\$22,383	4,613	6.2%
2004	23,537	22,383	4,669	6.6
2003	23,537	22,383	4,634	6.2
2002	23,537	22,383	4,392	6.6
2001	23,537	22,383	4,452	4.6
2000	23,537	16,114	4,482	4.5
1999	23,866	16,114	4,429	4.5
1998	23,866	16,114	4,344	4.5
1997	23,866	16,114	4,310	4.5
1996	23,866	16,114	4,412	5.0

- Sources:
- (1) U.S. Census
 - (a) Years 2000 through 2005 - 2000 Federal Census
 - (b) Years 1996 through 1999 - 1990 Federal Census
 - (2) South Euclid-Lyndhurst City School District
 - (3) Ohio Bureau of Employment Services,
Division of Labor Force Research and Statistics.

City of South Euclid, Ohio
Property Value, Construction and Bank Deposits (1)
Last Ten Years

Year	Real Property Value			Residential	
	Agricultural/ Residential	Commercial/ Industrial	Total Value	Number of Units	Construction Value (2)
2005	\$357,266,750	\$48,781,880	\$406,048,630	944	\$4,544,738
2004	357,605,740	48,322,850	405,928,590	989	4,504,128
2003	355,337,200	48,151,750	403,488,950	1,011	7,003,250
2002	319,731,430	45,613,010	365,344,440	1,108	6,861,206
2001	319,288,080	45,121,730	364,409,810	998	4,801,228
2000	319,352,660	44,755,250	364,107,910	932	5,722,513
1999	288,880,180	41,815,340	330,695,520	879	4,304,043
1998	289,000,640	40,919,520	329,920,160	538	2,769,050
1997	288,910,160	40,460,220	329,370,380	553	2,838,548
1996	269,604,910	37,750,930	307,355,840	511	2,200,696

(a) Large increase in deposits due to KeyBank becoming a single charter in 1997.

Sources: (1) Cuyahoga County Auditor

(2) City of South Euclid Building Department

(3) Federal Reserve Bank of Cleveland, Ohio (shown in thousands of dollars)

Commercial		Domestic Bank Deposits in County (3)
Number of Units	Construction Value (2)	
39	\$995,007	\$109,071,512
38	1,104,551	101,838,959
45	3,557,985	97,238,973
70	7,595,022	95,760,917
53	3,587,727	63,893,769
55	14,987,775	61,942,764
38	8,761,551	57,816,942
24	9,453,040	58,904,596
27	692,821	53,941,971 (a)
38	1,023,797	27,068,211

City of South Euclid, Ohio

Principal Property Taxpayers

December 31, 2005

<u>Taxpayers</u>	<u>Type of Business</u>	<u>Real Estate Assessed Valuation</u>	<u>Tangible Personal Property Assessed Valuation</u>	<u>Total Assessed Valuation</u>	<u>Percent of Total City Assessed Valuation</u>
University Suburban Health Care	Health Center	\$6,347,850	\$0	\$6,347,850	1.49%
Transdigm	Manufacturing	442,550	4,365,700	4,808,250	1.13
Giant Eagle	Food Store Property	2,494,000	1,330,110	3,824,110	0.90
Ohio Bell Telephone	Utility	640,745	2,967,860	3,608,605	0.85
Cleveland Electric Illuminating	Utility	0	3,584,610	3,584,610	0.84
Glastic Corporation	Manufacturing	1,221,500	1,096,330	2,317,830	0.55
Greenberg Trustees	Shopping Center	2,027,040	0	2,027,040	0.48
B.W.S. Properties	Shopping Center	950,930	735,450	1,686,380	0.40
Walgreens	Shopping Center	803,680	733,450	1,537,130	0.36
CVS Pharmacy	Drug Store	1,220,210	214,250	1,434,460	0.34
<i>Total Top Ten Taxpayers</i>		<u>\$16,148,505</u>	<u>\$15,027,760</u>	<u>\$31,176,265</u>	

Source: Cuyahoga County Auditor

City of South Euclid, Ohio

Miscellaneous Statistics

December 31, 2005

Date of Incorporation:	June 1941	Education: South Euclid-Lyndhurst City	
Effective Date of Charter:	November 3, 1953	School District	
Form of Government:	Mayor/Council	Elementary Schools	6
Area:	4.57 Sq. Miles	Upper Elementary Schools	1
Miles of Streets:	61.49 Miles	Secondary Schools	2
Number of Street Lights:	2,282	Number of Teachers	
Number of Traffic Signs:	3,545	Elementary Instructors	101
Number of Traffic Lights:	47	Secondary Instructors	<u>128</u>
Miles of Sanitary Sewers:	56.46 Miles	Total Teachers	229
Miles of Storm Sewers:	56.02 Miles	Number of Teachers with	
Miles of Water Distribution:	60.56 Miles	Master's degree or Above	150
Fire Protection:		2003/04 Student Enrollment	
Number of Stations	1	Elementary Enrollment	2,237
Number of Firemen and Officers	34	Secondary Enrollment	<u>2,376</u>
Number of Paramedics	22	Total Enrollment	4,613
Hours of Training	3,485	Teacher/Student Ratio	20.1
Number of Alarms	2,938	Recreation and Culture:	
Total Fire Loss	\$225,200	Number of Parks	3
Police Protection		Number of Playgrounds	2
Number of Stations	1	Number of Swimming Pools	2
Number of Policemen and Officers	41	Number of Tennis Courts	4
Number of School Guards	16	Number of Community Centers	1
Hours of Training	1,655	Acreage of Parks	39,411
Persons Arrested	997	Public Libraries	1
Traffic Violations	4,467	Public Transportation:	
Parking Violations - Arrest	4,756	Cuyahoga Regional Transit Authority	
City Employees			
Number of Full Time Employees	57		
Number of Part Time Employees	64		
Number of Seasonal Part Time Employees	69		

Municipal Water Department: Served by the City of Cleveland

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**Auditor of State
Betty Montgomery**

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CITY OF SOUTH EUCLID

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
JULY 6, 2006**