



**Auditor of State
Betty Montgomery**

CITY OF SOUTH EUCLID
CUYAHOGA COUNTY

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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, 2004, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 23, 2005. 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 23, 2005, 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 an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2004-001. In a separate letter to the City's management dated May 23, 2005, 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 23, 2005

CITY OF SOUTH EUCLID
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2004

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

Finding Number	2004-001
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Bidding Procedures

Ohio Rev. Code Section 735.05 requires, in part, that all contracts made by the legislative authority of a municipal government for material and labor which exceed \$25,000 are subject to competitive bidding procedures. During our testing of contracts, we noted several areas of City Hall were remodeled by one contractor, Perspectives DBA: by Diane Murray. For the year ended December 31, 2004, the total amount paid for the above City Hall remodeling was \$46,765. Though the remodeling took place in several different rooms, one retainer was paid to Perspectives DBA: by Diane Murray, indicating that the remodeling was treated as one project. The remodeling of the City hall should have been subject to competitive bidding procedures pursuant to the Ohio Revised Code.

In addition, we noted the City originally contracted with Perspectives DBA: by Diane Murray for new carpet and flooring in the City Hall. Upon realizing the project was required to be bid, the City did advertise for bids for the carpet project of which Perspectives DBA: by Diane Murray was not awarded the contract, but was paid \$4,500 for the design of the flooring materials.

We recommend that the City advertise for bids for all projects that are expected to exceed \$25,000 in accordance with the Ohio Revised Code.

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CITY OF SOUTH EUCLID, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2004

ISSUED BY THE DEPARTMENT OF FINANCE

Joseph Filippo, CPA

FINANCE DIRECTOR

City of South Euclid, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2004
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CITY OF SOUTH EUCLID



May 23, 2005

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, 2004. 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 1997, effective 1998. 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 2004, the Building Department issued building permits for several commercial projects. The largest project involved the renovation of three existing buildings (comprising over 60,000 square feet) into a self-storage facility. Construction began on a new 1,500 square foot quick oil change facility and additional projects involved various interior build-outs throughout the commercial zoning districts. Residential projects continued throughout the year involving house additions and remodeling projects and we saw the start of eight new single family residences in our City.

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 their 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 \$5,608,679. A total of 1,027 permits were issued in 2004, including 38 commercial permits for additions or improvements totaling \$1,104,551. 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 2004, 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 two streets were able to be reconstructed in 2004.

Work was completed on the \$6.7 million Bexley Drainage Infrastructure Improvement project. Financed with the cooperation of the State of Ohio, the project provided new sewers, waterlines and pavement replacement. An entire section of the City will no longer be affected by flooding previously caused by major rainstorms.

The major project for 2004 was the replacement of the Whitehall Road Bridge. The \$780,000 cost was partly financed with the cooperation of the State of Ohio.

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 with the support of Council is committed to working with the existing business community and fostering a cooperative climate in which local businesses can 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 continues to be a primary focus. The City has successfully negotiated a Developer's Agreement with Catlin Properties of California. The City's partnership with this developer will create a new unique mixed use development that includes retail, several restaurants, mid-size retail, the possibility for an office component and 100 plus residential units on site. This project has the potential to have a significant impact in our area.

The City is exploring new development opportunities at existing retail hubs at Mayfield-Green, Green-Monticello and along the Mayfield corridor. Our ability to attract interest in these areas demonstrates our recent success at community development.

With the overwhelming success of the Monticello Place Development, a 38 unit single family detached cluster project, we have spurred interest from several other parties wanting to develop new housing opportunities. These opportunities could see 100 new housing starts on South Euclid's landscape.

The City worked closely with the State Department of Development and declared two geographic areas within our community as Community Reinvestment Areas (C.R.A.). This designation now allows the possibility of tax abatement to eligible property owners.

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 2004.

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 2004 totaled \$163,416 for governmental funds. This represents a decrease of \$100,702 or 38.13 percent from 2003. 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, 2004, the City paid to NORMA premiums of \$87,422.

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, 2004 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, 2003. This was the fifteenth 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.

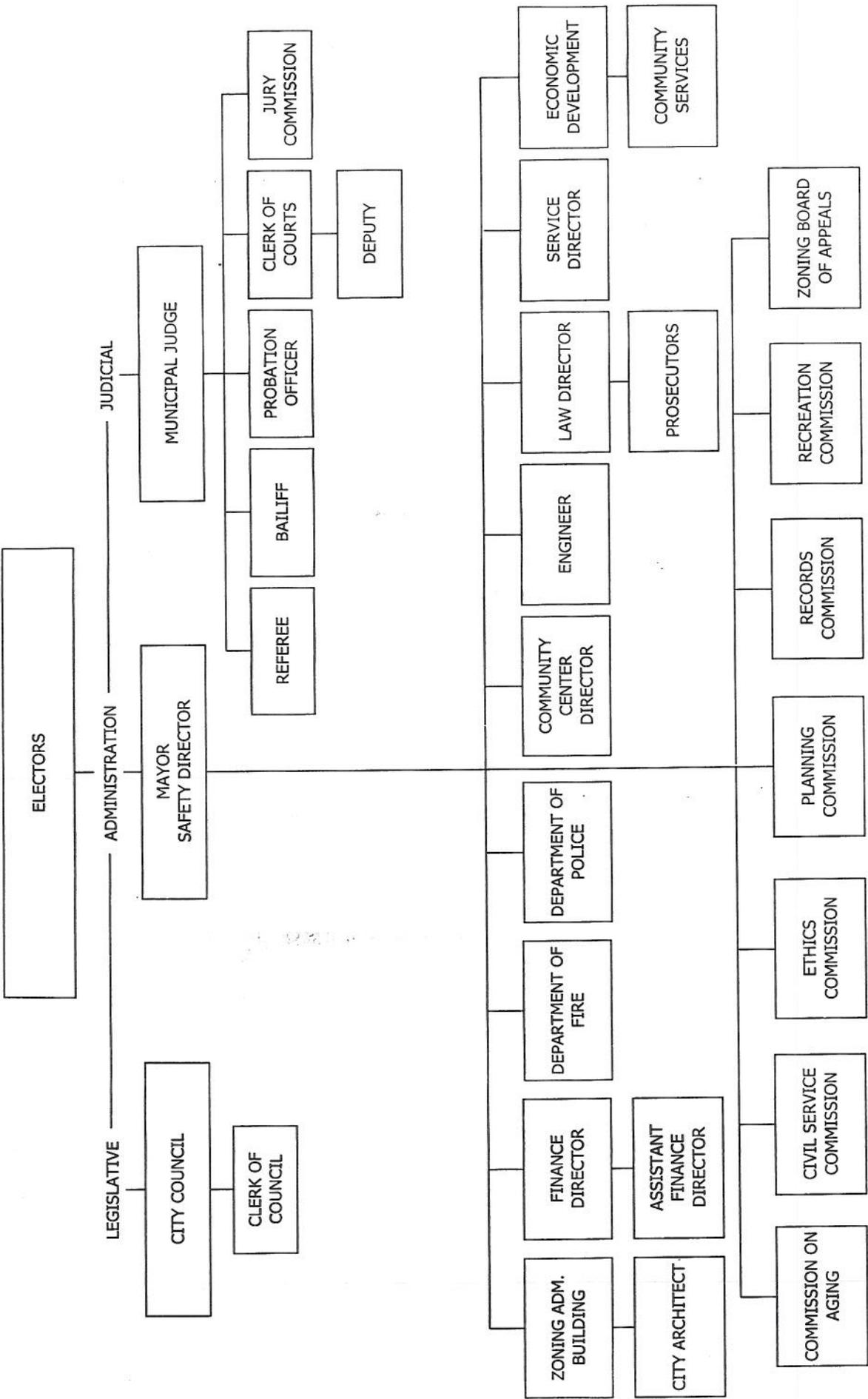
Acknowledgments This Comprehensive Annual Financial Report was prepared by the Finance Department with the efficient and dedicated services of its entire staff. Sincere gratitude goes to Council and to Mayor Georgine Welo for their enthusiastic support and their granting of funds for this project. Appreciation 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,



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

James P. Boyle, At Large

Diane Fistek, At Large

Katherine Tust, Ward 1

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

Micheal 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, 2003

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.



Nancy L. Zjelle

President

Jeffrey R. Emer

Executive Director

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**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, 2004, 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, 2004, and the respective changes in financial position, thereof and the respective budgetary comparisons 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 23, 2005, 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 provides 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 23, 2005

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
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, 2004. 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, 2004 by \$41,075,415. Of this amount, \$5,731,433 may be used to meet the City's ongoing obligations to citizens and vendors.
- Total assets decreased by \$255,129 which represents a decrease of .41 percent from 2003 to 2004. This was primarily due to an increase of \$72,047 in capital assets, which was offset by a decrease in cash and cash equivalents in the amount of \$499,905.
- Total liabilities decreased by \$424,544 which represents a decrease of 1.93 percent from 2003 to 2004.
- In total, net assets in governmental activities increased \$169,415 during 2004. This represents a .41 percent increase from 2003.

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, 2004
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 2004 compared to 2003.

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

Table 1
Net Assets

	<u>Governmental Activities</u>	
	<u>2004</u>	<u>2003</u>
Assets		
Current and Other Assets	\$30,424,045	\$30,751,221
Capital Assets, Net	<u>32,202,559</u>	<u>32,130,512</u>
Total Assets	<u>62,626,604</u>	<u>62,881,733</u>
Liabilities		
Current Liabilities	6,207,852	6,057,799
Long-Term Liabilities:		
Due Within One Year	1,134,745	1,016,529
Due in More Than One Year	<u>14,208,592</u>	<u>14,901,405</u>
<i>Total Liabilities</i>	<u>21,551,189</u>	<u>21,975,733</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	18,406,512	17,656,968
Restricted for:		
Capital Projects	13,586,656	9,536,999
Debt Service	1,209,362	4,689,143
Street Maintenance	745,178	619,840
Street Lighting	616,735	638,139
Sewer Rental	374,740	386,731
Other Purposes	404,799	449,460
Unrestricted	<u>5,731,433</u>	<u>6,928,720</u>
<i>Total Net Assets</i>	<u>\$41,075,415</u>	<u>\$40,906,000</u>

Total assets decreased by \$255,129 from 2003 to 2004. Capital assets increased by \$72,047 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 \$424,544 due to the City paying down on its outstanding debt. Net assets increased by \$169,415 in 2004, due mainly to the decrease in liabilities.

Table 2 shows the changes in net assets for the years ended December 31, 2003 and 2004 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, 2004
Unaudited

Table 2
Changes in Net Assets

	Governmental Activities 2004	Governmental Activities 2003
Revenues		
Program Revenues		
Charges for Services and Operating Assessments	\$4,521,773	\$4,956,829
Operating Grants, Contributions and Interest	968,392	926,987
Capital Grants, Contributions and Capital Assessments	262,868	653,384
Total Program Revenues	<u>5,753,033</u>	<u>6,537,200</u>
General Revenues		
Property Taxes	5,249,357	4,835,725
Income Taxes	5,258,353	6,005,698
Grants and Entitlements	2,032,457	2,271,565
Interest	163,416	264,118
Miscellaneous	31,795	17,128
Total General Revenues	<u>12,735,378</u>	<u>13,394,234</u>
<i>Total Revenues</i>	<u>18,488,411</u>	<u>19,931,434</u>
Program Expenses		
General Government:		
Legislative and Executive	2,142,448	1,978,940
Judicial System	453,624	460,425
Security of Persons and Property:		
Police	4,501,705	4,342,704
Fire	3,314,684	3,139,703
Public Health Services	136,516	168,765
Leisure Time Activities	525,902	848,902
Community Development	182,993	207,347
Building Department	619,424	734,635
Transportation	2,587,269	3,382,764
Basic Utility Services	2,656,146	3,098,100
Swimming Pools	702,414	769,297
Interest and Fiscal Charges	495,871	308,094
Total Program Expenses	<u>18,318,996</u>	<u>19,439,676</u>
<i>Increase in Net Assets</i>	169,415	491,758
Net Assets Beginning of Year	<u>40,906,000</u>	<u>40,414,242</u>
<i>Net Assets End of Year</i>	<u>\$41,075,415</u>	<u>\$40,906,000</u>

Total revenues decreased by \$1,443,023 between 2003 and 2004. Increases in revenues were seen in operating grants and the collection of property taxes. Decreases were seen in charges for services, capital grants, income taxes and interest income.

Total program expenses decreased by \$1,120,680 between 2003 and 2004. This 5.8 percent decrease was due primarily to the fact that the City had to cut back spending because of a decrease in revenues.

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

Governmental Activities

Several revenue sources fund our governmental activities with the City income tax being the largest contributor. The City's income tax rate is 1.5 percent and has not changed since 1984. Residents of the City who work in another community receive credit of their City tax for South Euclid, the credit limit being .75 percent. In recent history, the City has experienced a decline in income tax collections. The City remains committed to collecting all taxes due to it and at the end of 2004 and the beginning of 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 2005. Property tax revenues increased 8.6 percent in 2004 and are the City's second largest source of revenues. Revenues from grants and entitlements decreased substantially in 2004. The majority of these funds are received from the State of Ohio in the form of Local Government Assistance and Estate Taxes. Due to changes in State funding formulas, the City of South Euclid is seeing a decrease in the funding level from previous years.

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.

In 2004, the City started construction on the Whitehall Road Bridge Project. This project will be financed with assistance from the Ohio Public Works Commission through its Issue II program. The entire project cost is about \$800,000 (final payment has not been made yet). 30 percent of the cost is in the form of a grant, 30 percent as a zero-interest 20-year loan and the City funding the remaining 40 percent.

The City continued its commitment to providing quality roads and sidewalks to our residents. Using the proceeds from the existing 3-mill property tax levy, the City was able to reconstruct/resurface two roads in 2004. The City also was able to repave Cedar Center parking lot at a cost of \$166,000 funded mainly with a grant of \$108,000.

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. A platform truck was purchased at a cost of \$74,215 and a combination jet and vachaul sewer truck was purchased for \$204,925. The Service Department also needed to acquire two new trucks with plows for a total of \$66,985 to replace trucks that were no longer repairable.

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 \$18,284,930, and expenditures of \$19,679,078. The General Fund had a fund balance at year-end of \$3,953,007 compared to annual expenditures of \$13,253,301. During 2004, \$407,500 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 \$1,077,606. The change in the capital projects funds accounts for 84.80 percent of this change which is due to the road improvement and issue II funds receiving proceeds for capital projects.

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
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 2004, the City amended its general fund budget numerous times. The actual revenue amount was less than the original budget by \$492,127. The majority of this was due to not receiving the expected income tax revenue. Original appropriations exceeded actual expenditures by \$788,804. 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 \$1,025,477 higher than the final budget amount.

Capital Assets and Debt Administration

Capital Assets

At the end of 2004, the City of South Euclid had \$32,202,559 invested in land, buildings, equipment, vehicles and infrastructure. Table 3 shows 2004 balances of capital assets as compared to 2003.

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

	Governmental Activities	
	2004	2003
Land	\$1,292,897	\$1,292,897
Buildings and Improvements	4,307,614	4,541,186
Equipment	1,055,597	1,202,281
Vehicles	1,348,659	1,174,007
Infrastructure		
Streets	13,842,441	14,114,915
Bridges, Sewers and Culverts	8,284,502	7,690,741
Waterlines	2,070,849	2,114,485
Total Capital Assets	\$32,202,559	\$32,130,512

Capital assets increased by \$72,047 in 2004. This was primarily due to the replacement or renovation of various infrastructure assets within the City. Construction on the Whitehall Road Bridge, representing \$675,870, was completed in 2004 and two streets were also reconstructed in 2004.

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

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 2004 included three police cars and four Building department vehicles. The Service department purchased a platform truck, a combination jet and vachaul sewer truck, a pickup truck and dump truck with plows and an animal control 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 from the General Capital Improvements 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, 2004, the City of South Euclid had \$15,343,337 in outstanding long-term obligations, of which \$11,412,679 was in General Obligation Bonds. Table 4 summarizes the long-term obligations outstanding.

Table 4
Outstanding Long-Term Obligations at Year End

	Governmental Activities	
	2004	2003
General Obligation Bonds	\$11,412,679	\$12,289,773
Special Assessment Bonds	405,000	435,000
OPWC Loans	2,216,053	1,929,124
Police and Fire Pension Liability	332,209	337,474
Compensated Absences	977,396	926,563
Total	<u>\$15,343,337</u>	<u>\$15,917,934</u>

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.

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited

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. As mentioned previously, the OPWC loan's repayment source is service assessments being collected in the Flood Control Fund. Payment on the Bexley Infrastructure Improvement Project loan began in 2004.

Principal and interest on the sewer bonds will be paid with annual assessments collected by the County Auditor.

The City of South Euclid's overall legal debt margin is \$33,963,163 with an unvoted debt margin of \$23,541,125 on December 31, 2004. 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 2004. But with decreasing revenues and increasing expenses, the City is going to see some tougher times in the coming years. In 2005 we are already seeing some services and personnel being cut. Expenses can only be cut back so much without jeopardizing the safety, health and welfare of the residents. In 2005 the City is coming to the residents to ask them to raise the City income tax rate. It has been over twenty years since the last increase and the City cannot maintain the services the residents deserve and expect on yesterday's dollars. 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 the 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, 2004

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$16,898,593
Cash and Cash Equivalents In Segregated Accounts	57,045
Accounts Receivable	70,226
Intergovernmental Receivable	1,664,516
Prepaid Items	78,920
Materials and Supplies Inventory	145,748
Income Taxes Receivable	2,373,871
Property Taxes Receivable	5,370,812
Special Assessments Receivable	3,598,505
Investment in Joint Venture	165,809
Nondepreciable Capital Assets	1,292,897
Depreciable Capital Assets, net	<u>30,909,662</u>
<i>Total Assets</i>	<u>62,626,604</u>
Liabilities	
Accounts Payable	222,122
Accrued Wages	317,684
Contracts Payable	69,585
Intergovernmental Payable	507,702
Retainage Payable	17,043
Accrued Interest Payable	37,876
Matured Compensated Absences Payable	25,796
Deferred Revenue	5,010,044
Long-Term Liabilities:	
Due Within One Year	1,134,745
Due In More Than One Year	<u>14,208,592</u>
<i>Total Liabilities</i>	<u>21,551,189</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	18,406,512
Restricted for:	
Capital Projects	13,586,656
Debt Service	1,209,362
Street Maintenance	745,178
Street Lighting	616,735
Sewer Rental	374,740
Other Purposes	404,799
Unrestricted	<u>5,731,433</u>
<i>Total Net Assets</i>	<u><u>\$41,075,415</u></u>

See accompanying notes to the basic financial statements

City of South Euclid, Ohio
Statement of Activities
For the Year Ended December 31, 2004

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Operating Assessments	Operating Grants and Contributions	Capital Grants, Contributions and Capital Assessments	Revenue and Changes in Net Assets
					Governmental Activities
Governmental Activities:					
General Government:					
Legislative and Executive	\$2,142,448	\$212,514	\$0	\$0	(\$1,929,934)
Judicial System	453,624	42,712	0	0	(410,912)
Security of Persons and Property:					
Police	4,501,705	438,192	23,382	0	(4,040,131)
Fire	3,314,684	327,875	94,444	0	(2,892,365)
Public Health Services	136,516	100,210	0	0	(36,306)
Leisure Time Activities	525,902	13,590	0	59,126	(453,186)
Community Development	182,993	107,106	0	85,034	9,147
Building Department	619,424	140,534	0	0	(478,890)
Transportation	2,587,269	55,040	825,566	0	(1,706,663)
Basic Utility Services	2,656,146	2,951,856	25,000	118,708	439,418
Swimming Pools	702,414	132,144	0	0	(570,270)
Interest and Fiscal Charges	495,871	0	0	0	(495,871)
<i>Total Governmental Activities</i>	<u>\$18,318,996</u>	<u>\$4,521,773</u>	<u>\$968,392</u>	<u>\$262,868</u>	<u>(12,565,963)</u>
General Revenues					
Property Taxes Levied for:					
					3,935,438
					525,600
					559,713
					228,606
					5,258,353
					2,032,457
					163,416
					31,795
<i>Total General Revenues</i>					<u>12,735,378</u>
Change in Net Assets					169,415
<i>Net Assets Beginning of Year</i>					<u>40,906,000</u>
<i>Net Assets End of Year</i>					<u>\$41,075,415</u>

See accompanying notes to the basic financial statements

City of South Euclid, Ohio

Balance Sheet

Governmental Funds

December 31, 2004

	General	General Obligation Bond Retirement	Flood Control	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$3,945,604	\$528,218	\$7,894,153	\$4,530,618	\$16,898,593
Cash and Cash Equivalents In Segregated Accounts	57,045	0	0	0	57,045
Materials and Supplies Inventory	21,746	0	0	124,002	145,748
Accounts Receivable	68,587	0	0	1,639	70,226
Interfund Receivable	20,636	0	0	0	20,636
Intergovernmental Receivable	954,744	36,683	0	673,089	1,664,516
Prepaid Items	78,920	0	0	0	78,920
Income Taxes Receivable	2,373,871	0	0	0	2,373,871
Property Taxes Receivable	4,023,511	523,056	0	824,245	5,370,812
Investment in Joint Venture	165,809	0	0	0	165,809
Special Assessments Receivable	122,318	0	2,197,356	1,278,831	3,598,505
<i>Total Assets</i>	<u>\$11,832,791</u>	<u>\$1,087,957</u>	<u>\$10,091,509</u>	<u>\$7,432,424</u>	<u>\$30,444,681</u>
Liabilities					
Accounts Payable	\$111,930	\$0	\$6,967	\$103,225	\$222,122
Accrued Wages	290,226	0	0	27,458	317,684
Contracts Payable	0	0	69,585	0	69,585
Retainage Payable	0	0	17,043	0	17,043
Intergovernmental Payable	425,426	0	0	82,276	507,702
Matured Compensated Absences Payable	25,796	0	0	0	25,796
Interfund Payable	0	0	0	20,636	20,636
Deferred Revenue	7,026,406	559,739	2,197,356	2,686,888	12,470,389
<i>Total Liabilities</i>	<u>7,879,784</u>	<u>559,739</u>	<u>2,290,951</u>	<u>2,920,483</u>	<u>13,650,957</u>
Fund Balances					
Reserved for Encumbrances	151,359	0	341,514	590,940	1,083,813
Unreserved					
Designated for Compensated Absences	2,846	0	0	0	2,846
Undesignated, Reported in:					
General Fund	3,798,802	0	0	0	3,798,802
Special Revenue Funds	0	0	0	943,201	943,201
Debt Service Funds	0	528,218	0	150,081	678,299
Capital Projects Funds	0	0	7,459,044	2,827,719	10,286,763
<i>Total Fund Balances</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>Total Liabilities and Fund Balances</i>	<u>\$11,832,791</u>	<u>\$1,087,957</u>	<u>\$10,091,509</u>	<u>\$7,432,424</u>	<u>\$30,444,681</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, 2004*

Total Governmental Fund Balances	\$16,793,724
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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.	32,202,559
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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	360,768
Income Taxes	1,880,119
Intergovernmental	1,455,144
Investment in Joint Venture	165,809
Special Assessments	3,598,505

Total	7,460,345
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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.	(37,876)
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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	(977,396)
General Obligation Bonds	(11,412,679)
Special Assessment Bonds	(405,000)
OPWC Loans Payable	(2,216,053)
Police and Fire Pension Loan	(332,209)

Total	(15,343,337)
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<i>Net Assets of Governmental Activities</i>	\$41,075,415
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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, 2004

	General	General Obligation Bond Retirement	Flood Control	Other Governmental Funds	Total Governmental Funds
Revenues					
Property and Other Taxes	\$3,945,449	\$529,704	\$0	\$790,074	\$5,265,227
Income Taxes	5,349,183	0	0	0	5,349,183
Special Assessments	0	0	2,032,500	846,971	2,879,471
Intergovernmental	1,994,913	36,609	0	995,358	3,026,880
Interest	150,583	0	8,931	3,902	163,416
Fees, Licenses and Permits	534,101	0	0	0	534,101
Fines and Forfeitures	518,655	0	0	2,864	521,519
Rentals	166,792	0	0	0	166,792
Charges for Services	122,385	0	0	224,161	346,546
Other	30,156	0	0	1,639	31,795
<i>Total Revenues</i>	<u>12,812,217</u>	<u>566,313</u>	<u>2,041,431</u>	<u>2,864,969</u>	<u>18,284,930</u>
Expenditures					
Current:					
General Government:					
Legislative and Executive	2,171,553	0	0	0	2,171,553
Judicial System	437,166	0	0	0	437,166
Security of Persons and Property:					
Police	4,207,887	0	0	168,615	4,376,502
Fire	3,117,218	0	0	162,769	3,279,987
Public Health Services	136,516	0	0	0	136,516
Leisure Time Activities	393,217	0	0	0	393,217
Community Development	185,669	0	0	0	185,669
Building Department	572,410	0	0	0	572,410
Transportation	1,003,350	0	0	776,490	1,779,840
Basic Utility Services	1,008,763	0	0	921,639	1,930,402
Swimming Pools	0	0	0	351,821	351,821
Capital Outlay	0	0	662,701	1,921,184	2,583,885
Debt Service:					
Principal Retirement	5,265	405,000	363,980	245,000	1,019,245
Interest and Fiscal Charges	14,287	113,418	174,694	158,466	460,865
<i>Total Expenditures</i>	<u>13,253,301</u>	<u>518,418</u>	<u>1,201,375</u>	<u>4,705,984</u>	<u>19,679,078</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(441,084)</u>	<u>47,895</u>	<u>840,056</u>	<u>(1,841,015)</u>	<u>(1,394,148)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	6,023	0	0	0	6,023
OPWC Loan Issued	0	0	0	355,909	355,909
Transfers In	0	0	0	407,500	407,500
Transfers Out	(407,500)	0	0	0	(407,500)
<i>Total Other Financing Sources (Uses)</i>	<u>(401,477)</u>	<u>0</u>	<u>0</u>	<u>763,409</u>	<u>361,932</u>
<i>Net Change in Fund Balances</i>	<u>(842,561)</u>	<u>47,895</u>	<u>840,056</u>	<u>(1,077,606)</u>	<u>(1,032,216)</u>
<i>Fund Balances Beginning of Year</i>	<u>4,795,568</u>	<u>480,323</u>	<u>6,960,502</u>	<u>5,589,547</u>	<u>17,825,940</u>
<i>Fund Balances End 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>

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, 2004*

Net Change in Fund Balances - Total Governmental Funds (\$1,032,216)

*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	1,760,872
Depreciation	(1,686,526)

Total	74,346
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Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (2,299)

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

Property Taxes	(15,870)
Income Taxes	(90,830)
Intergovernmental	210,929
Change in Investment in Joint Venture	(2,109)
Special Assessments	99,252

Total	201,372
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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. 1,019,245

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	2,900
Amortization of Premium	1,296
Bond Accretion	(39,202)

Total	(35,006)
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Some expenses do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

Compensated Absences	(50,833)
Pension Obligation	350,715

Total	299,882
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Other Financing Sources in the governmental funds, such as proceeds of an OPWC Loan, increase in long-term liabilities in the statement of net assets. (355,909)

Change in Net Assets of Governmental Activities \$169,415

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, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Taxes	\$3,868,644	\$3,945,449	\$3,945,449	\$0
Income Taxes	5,900,000	5,283,128	5,283,128	0
Intergovernmental	1,919,896	2,152,940	2,152,940	0
Interest	200,000	204,362	204,362	0
Fees, Licenses and Permits	742,500	559,278	559,278	0
Fines and Forfeitures	509,500	494,730	494,730	0
Rentals	183,500	166,620	166,620	0
Charges for Services	70,500	89,716	89,716	0
Other	24,000	30,190	30,190	0
<i>Total Revenues</i>	<u>13,418,540</u>	<u>12,926,413</u>	<u>12,926,413</u>	<u>0</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	2,364,961	2,439,134	2,181,119	258,015
Judicial System	498,149	498,149	427,988	70,161
Security of Persons and Property:				
Police	4,277,019	4,281,019	4,119,409	161,610
Fire	3,070,811	3,074,811	2,964,512	110,299
Public Health Services	179,246	179,246	139,616	39,630
Leisure Time Activities	487,293	444,793	403,943	40,850
Community Development	179,460	232,460	219,223	13,237
Building Department	745,071	745,071	565,349	179,722
Transportation	996,525	1,045,025	1,015,168	29,857
Basic Utility Services	1,126,750	1,126,750	1,100,154	26,596
<i>Total Expenditures</i>	<u>13,925,285</u>	<u>14,066,458</u>	<u>13,136,481</u>	<u>929,977</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(506,745)</u>	<u>(1,140,045)</u>	<u>(210,068)</u>	<u>929,977</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	5,000	6,023	6,023	0
Transfers Out	(508,000)	(503,000)	(407,500)	95,500
<i>Total Other Financing Sources (Uses)</i>	<u>(503,000)</u>	<u>(496,977)</u>	<u>(401,477)</u>	<u>95,500</u>
<i>Net Change in Fund Balance</i>	<u>(1,009,745)</u>	<u>(1,637,022)</u>	<u>(611,545)</u>	<u>1,025,477</u>
<i>Fund Balance Beginning of Year</i>	4,238,649	4,238,649	4,238,649	0
Prior Year Encumbrances Appropriated	185,821	185,821	185,821	0
<i>Fund Balance End of Year</i>	<u>\$3,414,725</u>	<u>\$2,787,448</u>	<u>\$3,812,925</u>	<u>\$1,025,477</u>

See accompanying notes to the basic financial statements

City of South Euclid, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2004

Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$883,752</u></u>
Liabilities	
Deposits Held and Due to Others	<u><u>\$883,752</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, 2004

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 five organizations, one shared risk pool, two joint ventures and two 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 and the First Suburbs Consortium of Northeast Ohio Council of Governments 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, 2004

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.

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.

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.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2004

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 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.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2004

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, 2004, but which were levied to finance year 2005 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 Victory Federal Mutual Funds, federal home loan mortgage corporation notes and federal home loan bank notes. 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. The fair value of the mutual fund is determined by the fund's December 31, 2004, share price.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2004

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, the street construction, maintenance and repair and state highway special revenue funds and the flood control and issue II capital projects funds. Interest revenue credited to the general fund during 2004 amounted to \$150,583, which includes \$116,796 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, 2004, 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 fixed 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. The City's infrastructure consists of streets, bridges, sewers, culverts and waterlines. 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

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2004

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

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.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund(s) from which the employees who have resigned or retired will be paid.

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, capital leases 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 constitutional provisions or 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 \$16,937,470 of restricted net

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2004

assets, of which \$14,695,578 is restricted by enabling legislation. Other purposes include swimming pools, state highway 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.

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 major 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 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.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2004

Note 3 – Change in Accounting Principles

For 2004, the City has implemented GASB Statement No. 39, “Determining Whether Certain Organizations are Component Units,” GASB Statement No. 46, “Net Assets Restricted by Enabling Legislation” and GASB Technical Bulletin No. 2004-2, “Recognition of Pension and Other Postemployment Benefit Expenditures/Expense and Liabilities by Cost-Sharing Employers.”

GASB Statement No. 39 states that entities for which a primary government is not financially accountable may still be reported as component units based on the nature and significance of their relationship with the primary government.

GASB Statement No.46 clarifies how legal enforceability should be applied for determining restricted net assets.

GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other postemployment benefit (OPEB) plans.

The implementation of GASB Statement No. 39, GASB Statement No. 46 and GASB Technical Bulletin No. 2004-2 did not affect the presentation of the financial statements of the City.

Note 4 – Accountability and Compliance

A. Accountability

The swimming pools and FEMA firefighters grant special revenue funds had fund deficits of \$6,417 and \$1,215 respectively, at December 31, 2004.

The special revenue funds’ deficits are caused by the recognition of expenditures on the modified accrual basis of accounting. The general fund is liable for any deficits in these funds and provides operating transfers when cash is required, not when accruals occur.

B. Compliance

The operation home improvement and FEMA firefighters grant special revenue funds had negative cash balances of \$19,421 and \$5,565, respectively, as of December 31, 2004. Revenues from the general fund were used to pay obligations of this fund, contrary to Ohio Revised Code Section 5705.10. Management has indicated that all cash balances will be closely monitored to ensure no future violations.

The FEMA Firefighters grant special revenue fund had expenditures plus encumbrances in excess of appropriations in the amount of \$3,050 contrary to section 5705.41, Ohio Revised Code.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2004

The following funds had final appropriations in excess of estimated resources plus carryover balances contrary to Section 5705.39, Ohio Revised Code.

	Estimated Resources Plus Carryover Balances	Final Appropriations	Excess
<i>Special Revenue Funds:</i>			
Operation Home Improvement	\$15,549	\$35,000	\$19,451
Parking Lots and Meters	114,887	122,304	7,417
Swimming Pools	353,062	410,841	57,779
FEMA Firefighters Grant	11,554	14,069	2,515
Sewer Rental	403,716	420,740	17,024
<i>Capital Projects Fund:</i>			
Issue II	944,668	1,204,026	259,358

Although these violations were not corrected by fiscal year end, management has indicated that appropriations 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).

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2004

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:

	<u>General</u>
GAAP Basis	(\$842,561)
Net Adjustment for Revenue Accruals	152,539
Beginning Fair Value Adjustment for Investments	34
Ending Fair Value Adjustment for Investments	(38,377)
Net Adjustment for Expenditure Accruals	308,658
Encumbrances	<u>(191,838)</u>
Budget Basis	<u><u>(\$611,545)</u></u>

Note 6 - Deposits and Investments

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

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

Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

City of South Euclid, Ohio
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3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement exceeds the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio).

The City cannot invest in the following: a fund established by another public body for the purpose of investing public money of other subdivisions unless the fund is either STAROhio or a fund created solely for the purpose of acquiring, constructing, owning, leasing or operating municipal utilities as authorized under Revised Code Section 715.02 or Section 4 of Article XVIII of the Ohio Constitution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payments for investments may be made upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

Deposits At year end, the carrying amount of the City's deposits was \$2,264,559 and the bank balance was \$2,856,206. Of the bank balance:

1. \$400,000 was covered by federal depository insurance.
2. \$2,456,206 was uncollateralized and uninsured. Although the securities were held by the pledging financial institution's trust department or agent in the financial institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments The City's investments are required to be categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. Victory Federal Mutual Funds are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

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	Category 3	Fair Value
Victory Federal Mutual Funds		\$8,613,920
Federal Home Loan Mortgage Corporation Notes	\$5,966,918	5,966,918
Federal Home Loan Bank Notes	993,993	993,993
Total Investments	<u>\$6,960,911</u>	<u>\$15,574,831</u>

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Cash and cash equivalents are defined to include investments with maturities of three months or less at the time of their purchase by the City.

A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
<i>GASB Statement No. 9</i>	\$17,839,390	\$0
Investments:		
Victory Federal Mutual Funds	(8,613,920)	8,613,920
Federal Home Loan Mortgage Corporation Notes	(5,966,918)	5,966,918
Federal Home Loan Bank Notes	(993,993)	993,993
<i>GASB Statement No. 3</i>	<u>\$2,264,559</u>	<u>\$15,574,831</u>

Note 7 - Receivables

Receivables at December 31, 2004, 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.

Special assessments expected to be collected in more than one year amount to \$375,000 in the Special Assessment Bond Retirement Fund. At December 31, 2004 the amount of delinquent special assessments was \$337,813.

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 2004 for real and public utility property taxes represents collections of the 2003 taxes. Property tax payments received during 2004 for tangible personal property (other than public utility property) are for 2004 taxes.

2004 real property taxes are levied after October 1, 2004, on the assessed value as of January 1, 2004, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2004 real property taxes are collected in and intended to finance 2005.

City of South Euclid, Ohio
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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. 2004 public utility property taxes which became a lien December 31, 2003, are levied after October 1, 2004, and are collected in 2005 with real property taxes.

2004 tangible personal property taxes are levied after October 1, 2003, on the value as of December 31, 2003. Collections are made in 2004. 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, 2004, was \$14.90 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2004 property tax receipts were based are as follows:

Real Property	\$405,928,590
Public Utility Property	9,335,390
Tangible Personal Property	<u>12,756,477</u>
Total Assessed Values	<u><u>\$428,020,457</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, 2004 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 2004 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 a revenue while on a modified accrual basis the revenue is deferred.

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.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2004

C. Intergovernmental Receivables

A summary of intergovernmental receivables follows:

Governmental Activities	Amounts
Local Government and Local Government	
Revenue Assistance	\$646,985
Homestead and Rollback	349,667
Gasoline and Excise Tax	143,514
Cedar Center Project Grant	118,252
State and Local Highway Tax	114,435
Assistance to Firefighters	84,557
Permissive Motor Vehicle License Tax	70,256
Motor Vehicle License Fees	65,909
Estate Tax	40,459
HUD Exterior Maintenance Grant	25,000
City of Cleveland	4,525
City of Richmond Heights	680
Auditor of State	200
Aggressive Driving Grant	77
Total	\$1,664,516

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.

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.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2004

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 2004, the City of South Euclid paid \$87,422 in premiums from the general fund, which represents 9.80 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 - 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, 2004.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2004

Note 11 - Capital Assets

Capital asset activity for the year ended December 31, 2004, was as follows:

Governmental Activities	Balance 12/31/2003	Additions	Deductions	Balance 12/31/2004
Capital Assets not being Depreciated:				
Land	\$1,292,897	\$0	\$0	\$1,292,897
Capital Assets being Depreciated:				
Buildings and Improvements	10,117,693	183,715	0	10,301,408
Equipment	2,782,068	85,771	(21,679)	2,846,160
Vehicles	3,527,627	441,624	(195,091)	3,774,160
Infrastructure:				
Streets	18,296,627	287,012	0	18,583,639
Bridges, Sewers and Culverts	8,323,540	762,750	0	9,086,290
Waterlines	2,413,372	0	0	2,413,372
Total Capital Assets being Depreciated	<u>45,460,927</u>	<u>1,760,872</u>	<u>(216,770)</u>	<u>47,005,029</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(5,576,507)	(417,287)	0	(5,993,794)
Equipment	(1,579,787)	(231,920)	21,144	(1,790,563)
Vehicles	(2,353,620)	(265,208)	193,327	(2,425,501)
Infrastructure:				
Streets	(4,181,712)	(559,486)	0	(4,741,198)
Bridges, Sewers and Culverts	(632,799)	(168,989)	0	(801,788)
Waterlines	(298,887)	(43,636)	0	(342,523)
Total Accumulated Depreciation	<u>(14,623,312)</u>	<u>(1,686,526) *</u>	<u>214,471</u>	<u>(16,095,367)</u>
Total Capital Assets being Depreciated, Net	<u>30,837,615</u>	<u>74,346</u>	<u>(2,299)</u>	<u>30,909,662</u>
Governmental Activities Capital Assets, Net	<u>\$32,130,512</u>	<u>\$74,346</u>	<u>(\$2,299)</u>	<u>\$32,202,559</u>

*Depreciation expense was charged to governmental activities as follows:

General Government:	
Legislative and Executive	\$7,650
Judicial System	24,033
Security of Persons and Property:	
Police	159,246
Fire	124,860
Leisure Time Activities	51,541
Building Department	27,619
Transportation	665,167
Basic Utility Services	275,817
Swimming Pools	350,593
Total Depreciation Expense	<u>\$1,686,526</u>

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2004

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	2004 to 2024

A schedule of changes in bonds and other long-term obligations of the City during 2004 follows:

	Amount Outstanding 12/31/2003	Additions	Deletions	Amount Outstanding 12/31/2004	Amounts Due In One Year
Governmental Activities					
<i>General Obligation Bonds</i>					
Recreational Facilities					
Improvement Refunding Bonds					
Current Interest Serial Bonds	\$2,630,000	\$0	(\$405,000)	\$2,225,000	\$410,000
Capital Appreciation Bonds	59,994	0	0	59,994	0
Accretion on Capital Appreciation Bonds	180,353	39,202	0	219,555	0
Total Recreational Facilities Bonds	<u>2,870,347</u>	<u>39,202</u>	<u>(405,000)</u>	<u>2,504,549</u>	<u>410,000</u>
Various Purpose General Obligation Bonds	9,400,000	0	(510,000)	8,890,000	525,000
Premium on Various Purpose Bonds	19,426	0	(1,296)	18,130	1,296
Total Various Purpose General Obligation Bonds	<u>9,419,426</u>	<u>0</u>	<u>(511,296)</u>	<u>8,908,130</u>	<u>526,296</u>
<i>Total General Obligation Bonds</i>	<u>12,289,773</u>	<u>39,202</u>	<u>(916,296)</u>	<u>11,412,679</u>	<u>936,296</u>
<i>Special Assessment Bonds</i>					
Parking Lot Improvement	435,000	0	(30,000)	405,000	30,000
<i>OPWC Loans:</i>					
Liberty Road Bridge Replacement	699,200	0	(37,795)	661,405	37,795
White Hall Road Bridge Replacement	0	338,409	0	338,409	16,920
Bexley Infrastructure	1,229,924	17,500	(31,185)	1,216,239	62,371
Total OPWC Loans	<u>1,929,124</u>	<u>355,909</u>	<u>(68,980)</u>	<u>2,216,053</u>	<u>117,086</u>
Police and Fire Pension	337,474	0	(5,265)	332,209	5,489
Compensated Absences	926,563	78,008	(27,175)	977,396	45,874
<i>Total Governmental Activities</i>	<u>\$15,917,934</u>	<u>\$473,119</u>	<u>(\$1,047,716)</u>	<u>\$15,343,337</u>	<u>\$1,134,745</u>

City of South Euclid, Ohio
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The voted General Obligation Refunding Bonds for Recreation Improvement will be paid with property tax revenue from the general obligation bond retirement fund.

The 1998 general obligation bonds include capital appreciation bonds. This year the addition on these bonds of \$39,202 represents the accretion of discounted interest. The final maturity of these bonds is \$399,533, which will be paid with property tax revenue from the general obligation bond retirement fund.

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 OPWC loan 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 Bexley Infrastructure OPWC loan 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 the White Hall Road Bridge Replacement in the amount of \$400,000 to be paid from the Issue II capital projects fund. As of December 31, 2004 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, parking lots and meters and the sewer rental special revenue funds.

As of December 31, 2004, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$33,963,163 and the unvoted legal debt margin was \$23,541,125.

City of South Euclid, Ohio
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Principal and interest requirements to retire the City's long-term obligations outstanding at December 31, 2004 are as follows:

	General Obligation Bonds			
	Serial		Capital Appreciation	
	Principal	Interest	Principal	Accretion
2005	\$935,000	\$385,009	\$0	\$0
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
2010-2014	3,165,000	848,218	59,994	339,539
2015-2019	3,010,000	276,614	0	0
2020-2024	0	0	0	0
2025-2029	0	0	0	0
2030-2034	0	0	0	0
2035	0	0	0	0
Total	\$11,115,000	\$2,708,392	\$59,994	\$339,539

	Special Assessment Bonds		Police and Fire Pension		OPWC Loans	Totals
	Principal	Interest	Principal	Interest	Principal	
2005	\$30,000	\$27,135	\$5,489	\$14,061	\$100,166	\$1,537,876
2006	35,000	25,125	5,725	13,825	100,166	1,534,683
2007	35,000	22,780	5,971	13,579	100,166	1,515,273
2008	35,000	20,435	6,227	13,323	100,166	1,510,301
2009	40,000	18,090	6,495	15,055	100,166	1,540,700
2010-2014	230,000	47,905	36,906	60,846	500,830	5,023,908
2015-2019	0	0	45,543	52,209	500,830	3,885,196
2020-2024	0	0	56,150	41,603	375,154	472,907
2025-2029	0	0	69,355	28,397	0	97,752
2030-2034	0	0	85,632	12,119	0	97,751
2035	0	0	8,716	187	0	8,903
Total	\$405,000	\$161,470	\$332,209	\$265,204	\$1,877,644	\$17,225,250

Note 13 - 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

City of South Euclid, Ohio
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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) 222-6705 or (800) 222-7377.

For the year ended December 31, 2004, 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 City's contribution rate for pension benefits for 2004 was 9.55 percent, except for those plan members in law enforcement or public safety. For those classifications, the City'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, 2004, 2003, and 2002 were \$269,233, \$288,283 and \$271,630 respectively; 69.18 percent has been contributed for 2004 and 100 percent for 2003 and 2002. Contributions to the member-directed plan for 2004 were \$1,336 made by the City and \$838 made by the plan members.

B. Ohio Police and Fire Pension Fund

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

Plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations while the City 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 \$370,375 and \$347,788 for the year ended December 31, 2004, \$277,575 and \$311,737 for the year ended December 31, 2003 and \$266,318 and \$294,516 for the year ended December 31, 2002. The full amount had been contributed for 2003 and 2002. 78.17 percent for police and 73.14 percent for firefighters has been contributed for 2004.

Note 14 - Postemployment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available.

City of South Euclid, Ohio
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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 2004 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 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, 2003, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1.00 and 6.00 percent annually for the next eight years and 4.00 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 369,885. Actual employer contributions for 2004 which were used to fund postemployment benefits were \$112,768. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2003, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

On September 9, 2004 the OPERS Retirement Bond 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 cost.

B. Police and Firemen's Disability and Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The 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 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 2004 and 2003. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2004

The City's actual contributions for 2004 that were used to fund postemployment benefits were \$244,290 for police and \$165,868 for firefighters. The OP&F's total health care expense for the year ended December 31, 2003, (the latest information available) was \$150,853,148, which was net of member contributions of \$17,207,506. The number of OP&F participants eligible to receive health care benefits as of December 31, 2003, was 13,662 for police and 10,474 for firefighters.

Note 15 - 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 days 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.

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 2004, the City contributed \$192,273, paid from the general fund, which represented thirty-three 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

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2004

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 benefit or burden on the City. In 2004, 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, 2004. 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 112 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 2004. Financial information can be obtained by contacting Joseph Migliorini, the Board Chairman, at 175 South Main Street, Akron, Ohio 44308 or at the website www.nopecinfo.org.

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 2004, 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, 2004

Note 18 - Interfund Transfers

Interfund transfers for the year ended December 31, 2004, consisted of the following:

<u>Transfers To</u>	<u>Transfers From</u>
	<u>General</u>
Other Governmental Funds:	
Operation Home Improvement	\$10,000
Parking Lots and Meters	20,000
Swimming Pools	166,000
Safety Forces Vehicle	200,000
Road Improvement	<u>11,500</u>
<i>Total</i>	<u><u>\$407,500</u></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 and swimming pools special revenue funds were to cover general operating expenditures. The transfer to the road improvement capital projects fund from the general fund was to cover expenditures in excess of the revenue generated from the 3 mill road improvement levy. 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.

Combining and Individual Statements and 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 to 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, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$972,996	\$150,081	\$3,407,541	\$4,530,618
Materials and Supplies Inventory	124,002	0	0	124,002
Accounts Receivable	1,639	0	0	1,639
Intergovernmental Receivable	519,593	0	153,496	673,089
Property Taxes Receivable	241,408	0	582,837	824,245
Special Assessments Receivable	767,111	511,720	0	1,278,831
<i>Total Assets</i>	<u>\$2,626,749</u>	<u>\$661,801</u>	<u>\$4,143,874</u>	<u>\$7,432,424</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$91,780	\$0	\$11,445	\$103,225
Accrued Wages	27,458	0	0	27,458
Intergovernmental Payable	82,276	0	0	82,276
Interfund Payable	20,636	0	0	20,636
Deferred Revenue	1,438,835	511,720	736,333	2,686,888
<i>Total Liabilities</i>	<u>1,660,985</u>	<u>511,720</u>	<u>747,778</u>	<u>2,920,483</u>
Fund Balances				
Reserved for Encumbrances	22,563	0	568,377	590,940
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	943,201	0	0	943,201
Debt Service Fund	0	150,081	0	150,081
Capital Projects Funds	0	0	2,827,719	2,827,719
<i>Total Fund Balances</i>	<u>965,764</u>	<u>150,081</u>	<u>3,396,096</u>	<u>4,511,941</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,626,749</u>	<u>\$661,801</u>	<u>\$4,143,874</u>	<u>\$7,432,424</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, 2004

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Fund	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property and Other Taxes	\$229,206	\$0	\$560,868	\$790,074
Special Assessments	789,386	57,585	0	846,971
Intergovernmental	841,475	0	153,883	995,358
Interest	2,530	0	1,372	3,902
Fines and Forfeitures	2,864	0	0	2,864
Charges for Services	155,934	0	68,227	224,161
Other	1,639	0	0	1,639
<i>Total Revenues</i>	<u>2,023,034</u>	<u>57,585</u>	<u>784,350</u>	<u>2,864,969</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police	168,615	0	0	168,615
Fire	162,769	0	0	162,769
Transportation	776,490	0	0	776,490
Basic Utility Services	921,639	0	0	921,639
Swimming Pools	351,821	0	0	351,821
Capital Outlay	0	0	1,921,184	1,921,184
Debt Service:				
Principal Retirement	0	30,000	215,000	245,000
Interest and Fiscal Charges	0	29,056	129,410	158,466
<i>Total Expenditures</i>	<u>2,381,334</u>	<u>59,056</u>	<u>2,265,594</u>	<u>4,705,984</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(358,300)</u>	<u>(1,471)</u>	<u>(1,481,244)</u>	<u>(1,841,015)</u>
Other Financing Sources				
OPWC Loan Issued	0	0	355,909	355,909
Transfers In	196,000	0	211,500	407,500
<i>Total Other Financing Sources</i>	<u>196,000</u>	<u>0</u>	<u>567,409</u>	<u>763,409</u>
<i>Net Change in Fund Balances</i>	(162,300)	(1,471)	(913,835)	(1,077,606)
<i>Fund Balances Beginning of Year</i>	<u>1,128,064</u>	<u>151,552</u>	<u>4,309,931</u>	<u>5,589,547</u>
<i>Fund Balances End of Year</i>	<u>\$965,764</u>	<u>\$150,081</u>	<u>\$3,396,096</u>	<u>\$4,511,941</u>

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2004

	Operation Home Improvement	COPS Grant	Street Construction, Maintenance and Repair	State Highway
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$0	\$13,302	\$395,522	\$44,783
Materials and Supplies Inventory	0	0	124,002	0
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	25,000	0	299,568	24,290
Property Taxes Receivable	0	0	0	0
Special Assessments Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$25,000</u>	<u>\$13,302</u>	<u>\$819,092</u>	<u>\$69,073</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$17,247	\$3,093
Accrued Wages	0	0	14,916	981
Intergovernmental Payable	0	0	14,166	1,431
Interfund Payable	19,421	0	0	0
Deferred Revenue	0	0	249,744	20,250
<i>Total Liabilities</i>	<u>19,421</u>	<u>0</u>	<u>296,073</u>	<u>25,755</u>
Fund Balances				
Reserved for Encumbrances	0	5,715	9,148	0
Unreserved, Undesignated (Deficit)	5,579	7,587	513,871	43,318
<i>Total Fund Balances (Deficit)</i>	<u>5,579</u>	<u>13,302</u>	<u>523,019</u>	<u>43,318</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$25,000</u>	<u>\$13,302</u>	<u>\$819,092</u>	<u>\$69,073</u>

<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>
\$6,502	\$2,672	\$18,816	\$67,704	\$0	\$283,971
0	0	0	0	0	0
1,639	0	0	0	0	0
0	0	70,256	200	84,557	0
0	0	0	0	0	0
2,533	0	0	0	0	398,224
<u>\$10,674</u>	<u>\$2,672</u>	<u>\$89,072</u>	<u>\$67,904</u>	<u>\$84,557</u>	<u>\$682,195</u>
\$926	\$5,054	\$0	\$0	\$0	\$65,460
1,282	0	0	0	0	0
2,104	4,035	0	0	0	0
0	0	0	0	1,215	0
2,533	0	60,043	0	84,557	398,224
<u>6,845</u>	<u>9,089</u>	<u>60,043</u>	<u>0</u>	<u>85,772</u>	<u>463,684</u>
19	53	0	100	4,350	0
3,810	(6,470)	29,029	67,804	(5,565)	218,511
<u>3,829</u>	<u>(6,417)</u>	<u>29,029</u>	<u>67,904</u>	<u>(1,215)</u>	<u>218,511</u>
<u>\$10,674</u>	<u>\$2,672</u>	<u>\$89,072</u>	<u>\$67,904</u>	<u>\$84,557</u>	<u>\$682,195</u>

(continued)

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2004

	Sewer Rental	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$39,550	\$50,088	\$50,086	\$972,996
Materials and Supplies Inventory	0	0	0	124,002
Accounts Receivable	0	0	0	1,639
Intergovernmental Receivable	0	7,861	7,861	519,593
Property Taxes Receivable	0	120,704	120,704	241,408
Special Assessments Receivable	366,354	0	0	767,111
<i>Total Assets</i>	<u>\$405,904</u>	<u>\$178,653</u>	<u>\$178,651</u>	<u>\$2,626,749</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$0	\$91,780
Accrued Wages	10,279	0	0	27,458
Intergovernmental Payable	10,540	25,000	25,000	82,276
Interfund Payable	0	0	0	20,636
Deferred Revenue	366,354	128,565	128,565	1,438,835
<i>Total Liabilities</i>	<u>387,173</u>	<u>153,565</u>	<u>153,565</u>	<u>1,660,985</u>
Fund Balances				
Reserved for Encumbrances	3,178	0	0	22,563
Unreserved, Undesignated (Deficit)	15,553	25,088	25,086	943,201
<i>Total Fund Balances (Deficit)</i>	<u>18,731</u>	<u>25,088</u>	<u>25,086</u>	<u>965,764</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$405,904</u>	<u>\$178,653</u>	<u>\$178,651</u>	<u>\$2,626,749</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, 2004

	Operation Home Improvement	COPS Grant	Street Construction, Maintenance and Repair	State Highway	Parking Lots and Meters
Revenues					
Property and Other Taxes	\$0	\$0	\$0	\$0	\$0
Special Assessments	0	0	0	0	76,286
Intergovernmental	25,000	1,198	584,329	47,379	0
Interest	0	0	2,191	339	0
Fines and Forfeitures	0	0	0	0	0
Charges for Services	0	0	0	0	0
Other	0	0	0	0	1,639
<i>Total Revenues</i>	<u>25,000</u>	<u>1,198</u>	<u>586,520</u>	<u>47,718</u>	<u>77,925</u>
Expenditures					
Current:					
Security of Persons and Property:					
Police	0	1,109	0	0	0
Fire	0	0	0	0	0
Transportation	0	0	519,985	53,882	0
Basic Utility Services	34,970	0	0	0	110,945
Swimming Pools	0	0	0	0	0
<i>Total Expenditures</i>	<u>34,970</u>	<u>1,109</u>	<u>519,985</u>	<u>53,882</u>	<u>110,945</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(9,970)	89	66,535	(6,164)	(33,020)
Other Financing Sources					
Transfers In	10,000	0	0	0	20,000
<i>Net Change in Fund Balances</i>	30	89	66,535	(6,164)	(13,020)
<i>Fund Balances Beginning of Year</i>	<u>5,549</u>	<u>13,213</u>	<u>456,484</u>	<u>49,482</u>	<u>16,849</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$5,579</u></u>	<u><u>\$13,302</u></u>	<u><u>\$523,019</u></u>	<u><u>\$43,318</u></u>	<u><u>\$3,829</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, 2004

	Swimming Pools	Permissive Motor Vehicle License	Law Enforcement	FEMA Firefighters Grant
Revenues				
Property and Other Taxes	\$0	\$0	\$0	\$0
Special Assessments	0	0	0	0
Intergovernmental	0	135,808	22,184	9,887
Interest	0	0	0	0
Fines and Forfeitures	0	0	2,864	0
Charges for Services	132,144	0	0	0
Other	0	0	0	0
<i>Total Revenues</i>	<u>132,144</u>	<u>135,808</u>	<u>25,048</u>	<u>9,887</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police	0	0	17,506	0
Fire	0	0	0	12,769
Transportation	0	202,623	0	0
Basic Utility Services	0	0	0	0
Swimming Pools	351,821	0	0	0
<i>Total Expenditures</i>	<u>351,821</u>	<u>202,623</u>	<u>17,506</u>	<u>12,769</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(219,677)	(66,815)	7,542	(2,882)
Other Financing Sources				
Transfers In	166,000	0	0	0
<i>Net Change in Fund Balances</i>	(53,677)	(66,815)	7,542	(2,882)
<i>Fund Balances Beginning of Year</i>	<u>47,260</u>	<u>95,844</u>	<u>60,362</u>	<u>1,667</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$6,417)</u>	<u>\$29,029</u>	<u>\$67,904</u>	<u>(\$1,215)</u>

Street Lighting	Sewer Rental	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
\$0	\$0	\$114,603	\$114,603	\$229,206
372,085	341,015	0	0	789,386
0	0	7,845	7,845	841,475
0	0	0	0	2,530
0	0	0	0	2,864
0	23,790	0	0	155,934
0	0	0	0	1,639
<u>372,085</u>	<u>364,805</u>	<u>122,448</u>	<u>122,448</u>	<u>2,023,034</u>
0	0	150,000	0	168,615
0	0	0	150,000	162,769
0	0	0	0	776,490
394,625	381,099	0	0	921,639
0	0	0	0	351,821
<u>394,625</u>	<u>381,099</u>	<u>150,000</u>	<u>150,000</u>	<u>2,381,334</u>
(22,540)	(16,294)	(27,552)	(27,552)	(358,300)
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>196,000</u>
(22,540)	(16,294)	(27,552)	(27,552)	(162,300)
<u>241,051</u>	<u>35,025</u>	<u>52,640</u>	<u>52,638</u>	<u>1,128,064</u>
<u>\$218,511</u>	<u>\$18,731</u>	<u>\$25,088</u>	<u>\$25,086</u>	<u>\$965,764</u>

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2004

	General Capital Improvements	Safety Forces Vehicle	Recreation Improvement	Road Improvement
Assets				
Equity in Pooled Cash and Cash Equivalents	\$1,334,885	\$549,361	\$47,232	\$41,941
Intergovernmental Receivable	118,252	0	0	35,244
Property Taxes Receivable	0	0	0	582,837
<i>Total Assets</i>	<u>\$1,453,137</u>	<u>\$549,361</u>	<u>\$47,232</u>	<u>\$660,022</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$11,445	\$0	\$0	\$0
Deferred Revenue	118,252	0	0	618,081
<i>Total Liabilities</i>	<u>129,697</u>	<u>0</u>	<u>0</u>	<u>618,081</u>
Fund Balances				
Reserved for Encumbrances	176,988	0	0	27,968
Unreserved, Undesignated	1,146,452	549,361	47,232	13,973
<i>Total Fund Balances</i>	<u>1,323,440</u>	<u>549,361</u>	<u>47,232</u>	<u>41,941</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,453,137</u>	<u>\$549,361</u>	<u>\$47,232</u>	<u>\$660,022</u>

<u>Sidewalk Improvement</u>	<u>Stanhope Parking Lot</u>	<u>Issue II</u>	<u>Land Acquisition</u>	<u>Sewer Rehabilitation</u>	<u>Total Nonmajor Capital Projects Funds</u>
\$250,917	\$2,853	\$464,651	\$714,450	\$1,251	\$3,407,541
0	0	0	0	0	153,496
0	0	0	0	0	582,837
<u>\$250,917</u>	<u>\$2,853</u>	<u>\$464,651</u>	<u>\$714,450</u>	<u>\$1,251</u>	<u>\$4,143,874</u>
\$0	\$0	\$0	\$0	\$0	\$11,445
0	0	0	0	0	736,333
0	0	0	0	0	747,778
0	0	363,421	0	0	568,377
250,917	2,853	101,230	714,450	1,251	2,827,719
250,917	2,853	464,651	714,450	1,251	3,396,096
<u>\$250,917</u>	<u>\$2,853</u>	<u>\$464,651</u>	<u>\$714,450</u>	<u>\$1,251</u>	<u>\$4,143,874</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, 2004

	General Capital Improvements	Safety Forces Vehicle	Recreation Improvement	Road Improvement
Revenues				
Property and Other Taxes	\$0	\$0	\$0	\$560,868
Intergovernmental	0	0	0	35,175
Interest	0	0	0	0
Charges for Services	0	0	0	0
<i>Total Revenues</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>596,043</u>
Expenditures				
Capital Outlay	944,312	0	0	456,645
Debt Service:				
Principal Retirement	0	0	0	215,000
Interest and Fiscal Charges	0	0	0	129,410
<i>Total Expenditures</i>	<u>944,312</u>	<u>0</u>	<u>0</u>	<u>801,055</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(944,312)</u>	<u>0</u>	<u>0</u>	<u>(205,012)</u>
Other Financing Sources				
OWPC Loan Issued	0	0	0	0
Transfers In	0	200,000	0	11,500
<i>Total Other Financing Sources</i>	<u>0</u>	<u>200,000</u>	<u>0</u>	<u>11,500</u>
<i>Net Change in Fund Balances</i>	<u>(944,312)</u>	<u>200,000</u>	<u>0</u>	<u>(193,512)</u>
<i>Fund Balances Beginning of Year</i>	<u>2,267,752</u>	<u>349,361</u>	<u>47,232</u>	<u>235,453</u>
<i>Fund Balances End of Year</i>	<u>\$1,323,440</u>	<u>\$549,361</u>	<u>\$47,232</u>	<u>\$41,941</u>

Sidewalk Improvement	Stanhope Parking Lot	Issue II	Land Acquisition	Sewer Rehabilitation	Total Nonmajor Capital Projects Funds
\$0	\$0	\$0	\$0	\$0	\$560,868
0	0	118,708	0	0	153,883
0	0	1,372	0	0	1,372
68,227	0	0	0	0	68,227
68,227	0	120,080	0	0	784,350
6,050	0	480,017	0	34,160	1,921,184
0	0	0	0	0	215,000
0	0	0	0	0	129,410
6,050	0	480,017	0	34,160	2,265,594
62,177	0	(359,937)	0	(34,160)	(1,481,244)
0	0	355,909	0	0	355,909
0	0	0	0	0	211,500
0	0	355,909	0	0	567,409
62,177	0	(4,028)	0	(34,160)	(913,835)
188,740	2,853	468,679	714,450	35,411	4,309,931
\$250,917	\$2,853	\$464,651	\$714,450	\$1,251	\$3,396,096

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, 2004

	Beginning Balance 12/31/03	Additions	Deductions	Ending Balance 12/31/04
<i>Deposits Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$792,516	\$427,218	\$335,982	\$883,752
Liabilities				
Deposits Held and Due to Others	\$792,516	\$427,218	\$335,982	\$883,752

**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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$3,868,644	\$3,945,449	\$3,945,449	\$0
Income Taxes	5,900,000	5,283,128	5,283,128	0
Intergovernmental	1,919,896	2,152,940	2,152,940	0
Interest	200,000	204,362	204,362	0
Fees, Licenses and Permits	742,500	559,278	559,278	0
Fines and Forfeitures	509,500	494,730	494,730	0
Rentals	183,500	166,620	166,620	0
Charges for Services	70,500	89,716	89,716	0
Other	24,000	30,190	30,190	0
<i>Total Revenues</i>	13,418,540	12,926,413	12,926,413	0
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Council				
Personal Services	72,100	72,100	70,614	1,486
Materials and Supplies	5,050	5,050	527	4,523
Other	4,200	4,200	3,468	732
Total Council	81,350	81,350	74,609	6,741
Mayor				
Personal Services	134,710	134,710	129,019	5,691
Contractual Services	600	1,200	1,186	14
Materials and Supplies	4,039	4,039	3,380	659
Other	7,078	6,478	5,963	515
Total Mayor	146,427	146,427	139,548	6,879
Finance Department				
Personal Services	266,300	266,300	236,706	29,594
Contractual Services	22,100	22,100	19,826	2,274
Materials and Supplies	6,600	6,600	5,578	1,022
Other	9,500	9,500	6,862	2,638
Total Finance Department	304,500	304,500	268,972	35,528
Law Director				
Personal Services	117,700	117,700	114,293	3,407
Contractual Services	146,000	202,250	164,944	37,306
Materials and Supplies	7,819	14,319	13,937	382
Other	25,000	25,000	24,208	792
Total Law Director	296,519	359,269	317,382	41,887
Civil Service				
Personal Services	6,400	6,400	5,997	403
Contractual Services	30,200	30,200	6,207	23,993
Other	1,200	1,200	758	442
Total Civil Service	\$37,800	\$37,800	\$12,962	\$24,838

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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Municipal Complex				
Personal Services	\$138,866	\$138,866	\$130,728	\$8,138
Contractual Services	305,900	305,900	286,868	19,032
Materials and Supplies	12,998	12,998	11,988	1,010
Other	39,016	39,016	38,095	921
	496,780	496,780	467,679	29,101
Total Municipal Complex				
Engineer				
Personal Services	14,150	14,150	13,858	292
Contractual Services	6,238	6,238	3,494	2,744
Other	56,364	56,364	21,803	34,561
	76,752	76,752	39,155	37,597
Total Engineer				
Mandated				
Contractual Services	176,120	188,613	157,680	30,933
Other	748,713	747,643	703,132	44,511
	924,833	936,256	860,812	75,444
Total Mandated				
Total Legislative and Executive	2,364,961	2,439,134	2,181,119	258,015
Judicial System:				
Municipal Court				
Personal Services	447,760	447,760	390,490	57,270
Contractual Services	6,500	6,500	3,838	2,662
Materials and Supplies	22,789	22,789	20,212	2,577
Other	21,100	21,100	13,448	7,652
	498,149	498,149	427,988	70,161
Total Judicial System				
Total General Government	2,863,110	2,937,283	2,609,107	328,176
Security of Persons and Property:				
Police:				
Police Department				
Personal Services	4,033,830	4,041,830	3,933,478	108,352
Contractual Services	86,052	86,052	64,063	21,989
Materials and Supplies	73,868	73,868	71,221	2,647
Other	83,269	79,269	50,647	28,622
	4,277,019	4,281,019	4,119,409	161,610
Total Police				
Fire:				
Fire Department				
Personal Services	2,849,838	2,849,838	2,784,503	65,335
Contractual Services	57,339	57,339	46,146	11,193
Materials and Supplies	94,187	94,187	73,359	20,828
Other	48,569	48,569	36,315	12,254
	\$3,049,933	\$3,049,933	\$2,940,323	\$109,610
Total Fire Department				

(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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fire Hydrants				
Contractual Services	\$19,378	\$19,378	\$19,378	\$0
Materials and Supplies	1,500	5,500	4,811	689
Total Fire Hydrants	20,878	24,878	24,189	689
Total Fire	3,070,811	3,074,811	2,964,512	110,299
Total Security of Persons and Property	7,347,830	7,355,830	7,083,921	271,909
Public Health Services:				
Health and Human Services				
Contractual Services	179,246	179,246	139,616	39,630
Leisure Time Activities:				
Recreation Department				
Personal Services	105,130	105,130	98,776	6,354
Contractual Services	47,174	51,674	50,566	1,108
Materials and Supplies	6,200	6,200	4,781	1,419
Other	22,000	2,000	775	1,225
Total Recreation Department	180,504	165,004	154,898	10,106
Community Center				
Personal Services	146,370	119,370	109,163	10,207
Contractual Services	39,356	39,356	35,251	4,105
Materials and Supplies	30,896	30,896	25,267	5,629
Other	90,167	90,167	79,364	10,803
Total Community Center	306,789	279,789	249,045	30,744
Total Leisure Time Activities	487,293	444,793	403,943	40,850
Community Development:				
Boards and Commissions				
Personal Services	34,850	34,850	33,349	1,501
Other	800	800	48	752
Total Boards and Commissions	35,650	35,650	33,397	2,253
Community Relations				
Personal Services	69,876	69,876	68,030	1,846
Contractual Services	41,384	94,384	92,145	2,239
Materials and Supplies	5,500	5,500	3,325	2,175
Other	27,050	27,050	22,326	4,724
Total Community Relations	143,810	196,810	185,826	10,984
Total Community Development	\$179,460	\$232,460	\$219,223	\$13,237

(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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Building Department:				
Building Department				
Personal Services	\$631,982	\$631,982	\$521,745	\$110,237
Contractual Services	18,320	18,320	10,175	8,145
Materials and Supplies	19,756	19,756	17,946	1,810
Other	75,013	75,013	15,483	59,530
Total Building Department	745,071	745,071	565,349	179,722
Transportation:				
Service Department				
Personal Services	440,624	455,624	452,918	2,706
Contractual Services	162,155	177,655	171,304	6,351
Materials and Supplies	55,931	55,931	52,353	3,578
Other	17,035	29,035	26,567	2,468
Total Service Department	675,745	718,245	703,142	15,103
Service Garage				
Personal Services	131,860	126,860	122,901	3,959
Contractual Services	55,000	61,000	58,693	2,307
Materials and Supplies	125,420	130,420	123,388	7,032
Other	8,500	8,500	7,044	1,456
Total Service Garage	320,780	326,780	312,026	14,754
Total Transportation	996,525	1,045,025	1,015,168	29,857
Basic Utility Services:				
Refuse Collection and Disposal				
Contractual Services	975,920	975,920	972,035	3,885
Curbside Recycling				
Personal Services	113,240	113,240	107,891	5,349
Other	37,590	37,590	20,228	17,362
Total Curbside Recycling	150,830	150,830	128,119	22,711
Total Basic Utility Services	1,126,750	1,126,750	1,100,154	26,596
Total Expenditures	13,925,285	14,066,458	13,136,481	929,977
Excess of Revenues Under Expenditures	(\$506,745)	(\$1,140,045)	(\$210,068)	\$929,977

(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, 2004*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other Financing Sources (Uses)				
Sale of Capital Assets	\$5,000	\$6,023	\$6,023	\$0
Transfers Out	(508,000)	(503,000)	(407,500)	95,500
<i>Total Other Financing Sources (Uses)</i>	(503,000)	(496,977)	(401,477)	95,500
<i>Net Change in Fund Balance</i>	(1,009,745)	(1,637,022)	(611,545)	1,025,477
<i>Fund Balance Beginning of Year</i>	4,238,649	4,238,649	4,238,649	0
Prior Year Encumbrances Appropriated	185,821	185,821	185,821	0
<i>Fund Balance End of Year</i>	<u>\$3,414,725</u>	<u>\$2,787,448</u>	<u>\$3,812,925</u>	<u>\$1,025,477</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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$516,309	\$529,704	\$529,704	\$0
Intergovernmental	75,000	36,609	36,609	0
<i>Total Revenues</i>	<u>591,309</u>	<u>566,313</u>	<u>566,313</u>	<u>0</u>
Expenditures				
Debt Service:				
Principal Retirement	405,000	405,000	405,000	0
Interest and Fiscal Charges	113,418	113,418	113,418	0
<i>Total Expenditures</i>	<u>518,418</u>	<u>518,418</u>	<u>518,418</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	72,891	47,895	47,895	0
<i>Fund Balance Beginning of Year</i>	<u>480,323</u>	<u>480,323</u>	<u>480,323</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$553,214</u></u>	<u><u>\$528,218</u></u>	<u><u>\$528,218</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
Flood Control Fund
For the Year Ended December 31, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$1,953,000	\$2,032,500	\$2,032,500	\$0
Interest	7,000	8,931	8,931	0
<i>Total Revenues</i>	1,960,000	2,041,431	2,041,431	0
Expenditures				
Capital Outlay:				
Contractual Services	1,547,043	1,801,743	1,004,215	797,528
Debt Service:				
Principal Retirement	401,774	401,774	382,877	18,897
Interest and Fiscal Charges	174,694	174,694	174,694	0
Total Debt Service	576,468	576,468	557,571	18,897
<i>Total Expenditures</i>	2,123,511	2,378,211	1,561,786	816,425
<i>Net Change in Fund Balance</i>	(163,511)	(336,780)	479,645	816,425
<i>Fund Balance Beginning of Year</i>	6,571,390	6,571,390	6,571,390	0
Prior Year Encumbrances Appropriated	408,009	408,009	408,009	0
<i>Fund Balance End of Year</i>	\$6,815,888	\$6,642,619	\$7,459,044	\$816,425

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, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$25,000	\$0	\$0	\$0
Expenditures				
Current:				
Basic Utility Services:				
Refuse Collection and Disposal:				
Other	<u>35,000</u>	<u>35,000</u>	<u>34,970</u>	<u>30</u>
<i>Excess of Revenues Under Expenditures</i>	(10,000)	(35,000)	(34,970)	30
Other Financing Sources				
Transfers In	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	0	(25,000)	(24,970)	30
<i>Fund Balance Beginning of Year</i>	<u>5,549</u>	<u>5,549</u>	<u>5,549</u>	<u>0</u>
<i>Fund Balance (Deficit) End of Year</i>	<u><u>\$5,549</u></u>	<u><u>(\$19,451)</u></u>	<u><u>(\$19,421)</u></u>	<u><u>\$30</u></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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$0	\$1,198	\$1,198	\$0
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Personal Services	13,213	13,213	6,824	6,389
<i>Net Change in Fund Balance</i>	(13,213)	(12,015)	(5,626)	6,389
<i>Fund Balance Beginning of Year</i>	13,213	13,213	13,213	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$1,198</u>	<u>\$7,587</u>	<u>\$6,389</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, 2004*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$447,000	\$577,711	\$577,711	\$0
Interest	3,000	2,191	2,191	0
<i>Total Revenues</i>	<u>450,000</u>	<u>579,902</u>	<u>579,902</u>	<u>0</u>
Expenditures				
Current:				
Transportation:				
Street Maintenance:				
Personal Services	416,625	416,625	358,357	58,268
Materials and Supplies	115,650	130,650	115,611	15,039
Contractual Services	42,856	42,856	32,552	10,304
Other	3,000	3,000	635	2,365
<i>Total Expenditures</i>	<u>578,131</u>	<u>593,131</u>	<u>507,155</u>	<u>85,976</u>
<i>Net Change in Fund Balance</i>	(128,131)	(13,229)	72,747	85,976
<i>Fund Balance Beginning of Year</i>	296,586	296,586	296,586	0
Prior Year Encumbrances Appropriated	<u>1,631</u>	<u>1,631</u>	<u>1,631</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$170,086</u>	<u>\$284,988</u>	<u>\$370,964</u>	<u>\$85,976</u>

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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$39,500	\$46,842	\$46,842	\$0
Interest	500	339	339	0
<i>Total Revenues</i>	40,000	47,181	47,181	0
Expenditures				
Current:				
Transportation:				
Street Maintenance:				
Personal Services	47,480	47,480	28,734	18,746
Materials and Supplies	25,000	25,000	23,228	1,772
<i>Total Expenditures</i>	72,480	72,480	51,962	20,518
<i>Net Change in Fund Balance</i>	(32,480)	(25,299)	(4,781)	20,518
<i>Fund Balance Beginning of Year</i>	46,564	46,564	46,564	0
<i>Fund Balance End of Year</i>	\$14,084	\$21,265	\$41,783	\$20,518

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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$60,000	\$77,776	\$77,776	\$0
Expenditures				
Current:				
Basic Utility Services:				
Parking Lots and Meters:				
Personal Services	63,354	63,354	59,128	4,226
Materials and Supplies	2,500	2,500	2,347	153
Contractual Services	50,350	55,350	46,046	9,304
Other	1,100	1,100	883	217
<i>Total Expenditures</i>	117,304	122,304	108,404	13,900
<i>Excess of Revenues Under Expenditures</i>	(57,304)	(44,528)	(30,628)	13,900
Other Financing Sources				
Transfers In	43,000	20,000	20,000	0
<i>Net Change in Fund Balance</i>	(14,304)	(24,528)	(10,628)	13,900
<i>Fund Balance Beginning of Year</i>	15,986	15,986	15,986	0
Prior Year Encumbrances Appropriated	1,125	1,125	1,125	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$2,807</u>	<u>(\$7,417)</u>	<u>\$6,483</u>	<u>\$13,900</u>

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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$155,000	\$132,913	\$132,913	\$0
Expenditures				
Current:				
Swimming Pools:				
Personal Services	278,500	278,500	235,536	42,964
Materials and Supplies	37,000	27,000	25,050	1,950
Contractual Services	92,641	102,641	87,347	15,294
Other	2,700	2,700	2,510	190
<i>Total Expenditures</i>	410,841	410,841	350,443	60,398
<i>Excess of Revenues Under Expenditures</i>	(255,841)	(277,928)	(217,530)	60,398
Other Financing Sources				
Transfers In	220,000	166,000	166,000	0
<i>Net Change in Fund Balance</i>	(35,841)	(111,928)	(51,530)	60,398
<i>Fund Balance Beginning of Year</i>	54,008	54,008	54,008	0
Prior Year Encumbrances Appropriated	141	141	141	0
<i>Fund Balance (Deficit) End of Year</i>	\$18,308	(\$57,779)	\$2,619	\$60,398

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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$130,000	\$137,175	\$137,175	\$0
Expenditures				
Current:				
Transportation:				
Street Maintenance:				
Materials and Supplies	202,623	202,623	202,623	0
<i>Net Change in Fund Balance</i>	(72,623)	(65,448)	(65,448)	0
<i>Fund Balance Beginning of Year</i>	81,641	81,641	81,641	0
Prior Year Encumbrances Appropriated	2,623	2,623	2,623	0
<i>Fund Balance End of Year</i>	<u>\$11,641</u>	<u>\$18,816</u>	<u>\$18,816</u>	<u>\$0</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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$1,000	\$21,984	\$21,984	\$0
Fines and Forfeitures	2,000	3,182	3,182	0
<i>Total Revenues</i>	3,000	25,166	25,166	0
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Materials and Supplies	30,000	30,000	17,606	12,394
<i>Net Change in Fund Balance</i>	(27,000)	(4,834)	7,560	12,394
<i>Fund Balance Beginning of Year</i>	60,044	60,044	60,044	0
<i>Fund Balance End of Year</i>	<u>\$33,044</u>	<u>\$55,210</u>	<u>\$67,604</u>	<u>\$12,394</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, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Intergovernmental	\$14,500	\$9,887	\$9,887	\$0
Expenditures				
Current:				
Security of Persons and Property:				
Fire Department:				
Other	14,069	14,069	17,119	(3,050)
<i>Net Change in Fund Balance</i>	431	(4,182)	(7,232)	(3,050)
<i>Fund Balance Beginning of Year</i>	668	668	668	0
Prior Year Encumbrances Appropriated	999	999	999	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$2,098</u>	<u>(\$2,515)</u>	<u>(\$5,565)</u>	<u>(\$3,050)</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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$350,000	\$372,085	\$372,085	\$0
Expenditures				
Current:				
Basic Utility Services:				
Street Maintenance:				
Contractual Services	432,500	432,500	394,631	37,869
<i>Net Change in Fund Balance</i>	(82,500)	(60,415)	(22,546)	37,869
<i>Fund Balance Beginning of Year</i>	306,517	306,517	306,517	0
<i>Fund Balance End of Year</i>	<u>\$224,017</u>	<u>\$246,102</u>	<u>\$283,971</u>	<u>\$37,869</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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$330,000	\$341,015	\$341,015	\$0
Charges for Services	20,000	23,790	23,790	0
<i>Total Revenues</i>	350,000	364,805	364,805	0
Expenditures				
Current:				
Basic Utility Services:				
Sewer Maintenance:				
Personal Services	271,480	271,480	260,648	10,832
Materials and Supplies	13,000	13,000	11,776	1,224
Contractual Services	126,260	126,260	92,065	34,195
Other	10,000	10,000	2,855	7,145
<i>Total Expenditures</i>	420,740	420,740	367,344	53,396
<i>Excess of Revenues Under Expenditures</i>	(70,740)	(55,935)	(2,539)	53,396
Other Financing Sources				
Transfers In	35,000	0	0	0
<i>Net Change in Fund Balance</i>	(35,740)	(55,935)	(2,539)	53,396
<i>Fund Balance Beginning of Year</i>	34,951	34,951	34,951	0
Prior Year Encumbrances Appropriated	3,960	3,960	3,960	0
<i>Fund Balance (Deficit) End of Year</i>	\$3,171	(\$17,024)	\$36,372	\$53,396

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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$113,709	\$114,603	\$114,603	\$0
Intergovernmental	13,000	7,845	7,845	0
<i>Total Revenues</i>	126,709	122,448	122,448	0
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Contractual Services	125,000	125,000	125,000	0
<i>Net Change in Fund Balance</i>	1,709	(2,552)	(2,552)	0
<i>Fund Balance Beginning of Year</i>	52,640	52,640	52,640	0
<i>Fund Balance End of Year</i>	<u>\$54,349</u>	<u>\$50,088</u>	<u>\$50,088</u>	<u>\$0</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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$113,709	\$114,603	\$114,603	\$0
Intergovernmental	13,000	7,845	7,845	0
<i>Total Revenues</i>	126,709	122,448	122,448	0
Expenditures				
Current:				
Security of Persons and Property:				
Fire:				
Contractual Services	125,000	125,000	125,000	0
<i>Net Change in Fund Balance</i>	1,709	(2,552)	(2,552)	0
<i>Fund Balance Beginning of Year</i>	52,638	52,638	52,638	0
<i>Fund Balance End of Year</i>	<u>\$54,347</u>	<u>\$50,086</u>	<u>\$50,086</u>	<u>\$0</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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$50,000	\$57,585	\$57,585	\$0
Expenditures				
Debt Service:				
Principal Retirement	30,000	30,000	30,000	0
Interest and Fiscal Charges	29,355	29,355	29,056	299
<i>Total Expenditures</i>	59,355	59,355	59,056	299
<i>Net Change in Fund Balance</i>	(9,355)	(1,770)	(1,471)	299
<i>Fund Balance Beginning of Year</i>	151,552	151,552	151,552	0
<i>Fund Balance End of Year</i>	\$142,197	\$149,782	\$150,081	\$299

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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Contractual Services	1,019,901	1,234,401	1,138,680	95,721
<i>Net Change in Fund Balance</i>	(1,019,901)	(1,234,401)	(1,138,680)	95,721
<i>Fund Balance Beginning of Year</i>	2,229,451	2,229,451	2,229,451	0
Prior Year Encumbrances Appropriated	55,681	55,681	55,681	0
<i>Fund Balance End of Year</i>	<u>\$1,265,231</u>	<u>\$1,050,731</u>	<u>\$1,146,452</u>	<u>\$95,721</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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Capital Outlay:				
Materials and Supplies	200,000	200,000	0	200,000
<i>Excess of Revenues Under Expenditures</i>	(200,000)	(200,000)	0	200,000
Other Financing Sources				
Transfers In	200,000	200,000	200,000	0
<i>Net Change in Fund Balance</i>	0	0	200,000	200,000
<i>Fund Balance Beginning of Year</i>	349,361	349,361	349,361	0
<i>Fund Balance End of Year</i>	<u>\$349,361</u>	<u>\$349,361</u>	<u>\$549,361</u>	<u>\$200,000</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, 2004

	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>	43,192	43,192	43,192	0
Prior Year Encumbrances Appropriated	4,040	4,040	4,040	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, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Taxes	\$529,172	\$560,868	\$560,868	\$0
Intergovernmental	72,000	35,175	35,175	0
Interest	3,000	0	0	0
<i>Total Revenues</i>	<u>604,172</u>	<u>596,043</u>	<u>596,043</u>	<u>0</u>
Expenditures				
Capital Outlay:				
Contractual Services	496,910	496,910	492,342	4,568
Debt Service:				
Principal Retirement	215,000	215,000	215,000	0
Interest and Fiscal Charges	129,410	129,410	129,410	0
Total Debt Service	<u>344,410</u>	<u>344,410</u>	<u>344,410</u>	<u>0</u>
<i>Total Expenditures</i>	<u>841,320</u>	<u>841,320</u>	<u>836,752</u>	<u>4,568</u>
<i>Excess of Revenues Under Expenditures</i>	(237,148)	(245,277)	(240,709)	4,568
Other Financing Sources				
Transfers In	0	11,500	11,500	0
<i>Net Change in Fund Balance</i>	(237,148)	(233,777)	(229,209)	4,568
<i>Fund Balance Beginning of Year</i>	67,092	67,092	67,092	0
Prior Year Encumbrances Appropriated	<u>176,090</u>	<u>176,090</u>	<u>176,090</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$6,034</u>	<u>\$9,405</u>	<u>\$13,973</u>	<u>\$4,568</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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$85,000	\$68,227	\$68,227	\$0
Expenditures				
Capital Outlay:				
Contractual Services	127,647	127,647	6,050	121,597
<i>Net Change in Fund Balance</i>	(42,647)	(59,420)	62,177	121,597
<i>Fund Balance Beginning of Year</i>	71,193	71,193	71,193	0
Prior Year Encumbrances Appropriated	117,547	117,547	117,547	0
<i>Fund Balance End of Year</i>	<u>\$146,093</u>	<u>\$129,320</u>	<u>\$250,917</u>	<u>\$121,597</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, 2004

	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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$122,444	\$122,444	\$122,444	\$0
Interest	0	1,372	1,372	0
<i>Total Revenues</i>	122,444	123,816	123,816	0
Expenditures				
Capital Outlay:				
Contractual Services	1,204,026	1,204,026	843,438	360,588
<i>Excess of Revenues Under Expenditures</i>	(1,081,582)	(1,080,210)	(719,622)	360,588
Other Financing Sources				
OPWC Loan Issued	1,005,586	355,909	355,909	0
<i>Net Change in Fund Balance</i>	(75,996)	(724,301)	(363,713)	360,588
<i>Fund Balance Beginning of Year</i>	200,687	200,687	200,687	0
Prior Year Encumbrances Appropriated	264,256	264,256	264,256	0
<i>Fund Balance (Deficit) End of Year</i>	<u>\$388,947</u>	<u>(\$259,358)</u>	<u>\$101,230</u>	<u>\$360,588</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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenses				
Capital Outlay:				
Contractual Services	700,000	700,000	0	700,000
<i>Net Change in Fund Balance</i>	(700,000)	(700,000)	0	700,000
<i>Fund Balance Beginning of Year</i>	714,450	714,450	714,450	0
<i>Fund Balance End of Year</i>	\$14,450	\$14,450	\$714,450	\$700,000

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, 2004

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenses				
Capital Outlay:				
Contractual Services	35,411	35,411	34,160	1,251
<i>Net Change in Fund Balance</i>	(35,411)	(35,411)	(34,160)	1,251
<i>Fund Balance Beginning of Year</i>	35,411	35,411	35,411	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 Four Years

	2004	2003	2002	2001
Program Revenues				
Charges for Services and Operating Assessments	\$4,521,773	\$4,956,829	\$4,253,907	\$4,159,276
Operating Grants, Contributions and Interest	968,392	926,987	797,868	824,666
Capital Grants, Contributions and Capital Assessments	262,868	653,384	2,690,808	672,508
General Revenues				
Property and Other Taxes	5,249,357	4,835,725	4,938,016	4,791,148
Income Taxes	5,258,353	6,005,698	5,573,741	5,897,127
Grants and Entitlements not Restricted to Specific Programs	2,032,457	2,271,565	1,921,190	2,324,610
Gain on Sale of Capital Assets	0	0	9,800	149,725
Investment Earnings	163,416	264,118	472,003	635,777
Miscellaneous	31,795	17,128	30,405	32,623
<i>Total</i>	<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	\$2,142,448	\$1,978,940	\$1,953,365	\$1,895,080
Judicial System	453,624	460,425	373,524	371,504
Security of Persons and Property:				
Police	4,501,705	4,342,704	4,085,718	3,853,772
Fire	3,314,684	3,139,703	2,854,567	2,665,347
Public Health Services	136,516	168,765	132,411	157,173
Leisure Time Activities	525,902	848,902	387,883	381,627
Community Development	182,993	207,347	307,024	243,728
Building Department	619,424	734,635	657,134	563,338
Transportation	2,587,269	3,382,764	2,167,781	1,928,058
Basic Utility Services	2,656,146	3,098,100	2,368,217	2,019,669
Swimming Pools	702,414	769,297	773,327	746,909
Interest and Fiscal Charges	495,871	308,094	445,494	398,380
<i>Total</i>	<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

	2004	2003	2002	2001	2000
Revenues					
Property and Other Taxes	\$3,945,449	\$3,544,578	\$3,686,307	\$3,507,653	\$3,344,739
Income Taxes	5,349,183	5,739,236	5,729,709	5,480,272	5,385,924
Intergovernmental	1,994,913	1,997,875	2,129,756	2,409,484	2,329,022
Interest	150,583	193,112	404,433	603,122	697,680
Fees, Licenses and Permits	534,101	748,651	604,012	169,739	171,630
Fines and Forfeitures	518,655	487,252	449,526	438,545	355,611
Rentals	166,792	105,893	42,530	97,359	94,913
Charges for Services	122,385	44,301	84,734	91,143	137,781
Other	30,156	17,128	30,405	5,674	120,246
Total	\$12,812,217	\$12,878,026	\$13,161,412	\$12,802,991	\$12,637,546
Expenditures					
Current					
General Government: (1)					\$2,399,172
Legislative and Executive	\$2,171,553	\$1,955,867	\$1,954,740	\$1,911,321	N/A
Judicial System	437,166	444,559	365,555	370,071	N/A
Security of Persons and Property: (1)					6,011,907
Police	4,207,887	3,969,264	3,773,974	3,659,517	N/A
Fire	3,117,218	2,788,701	2,600,447	2,439,171	N/A
Public Health Services	136,516	168,765	111,483	102,938	91,338
Leisure Time Activities	393,217	467,343	360,608	334,721	336,039
Community Development	185,669	157,213	139,688	31,605	556,553
Building Department (1)	572,410	719,646	630,633	544,835	N/A
Transportation	1,003,350	950,041	917,306	919,951	1,018,111
Basic Utility Services	1,008,763	992,738	1,017,685	995,760	1,019,556
Debt Service	19,552	19,549	19,550	19,550	19,550
Total	\$13,253,301	\$12,633,686	\$11,891,669	\$11,329,440	\$11,452,226

Source: City financial records

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

1999	1998	1997	1996	1995
\$3,222,593	\$3,149,955	\$2,964,891	\$2,978,871	\$3,002,273
5,404,307	5,337,336	4,798,369	4,873,018	4,935,896
2,552,345	2,250,465	2,061,214	1,771,473	1,832,653
515,514	476,500	430,375	421,016	392,712
138,903	134,176	157,234	139,459	118,692
406,820	381,024	360,777	363,086	319,440
94,104	83,647	80,512	108,583	65,348
243,697	215,458	236,783	46,759	248,214
104,685	155,453	19,658	61,650	73,672
<u>\$12,682,968</u>	<u>\$12,184,014</u>	<u>\$11,109,813</u>	<u>\$10,763,915</u>	<u>\$10,988,900</u>

\$2,314,488	\$2,075,908	\$2,132,607	\$1,912,153	\$1,954,589
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
5,727,631	5,014,584	5,052,954	4,914,264	4,553,806
N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A
98,340	85,228	84,987	77,854	76,027
349,871	331,323	364,539	344,972	344,521
501,068	434,709	488,886	455,744	429,181
N/A	N/A	N/A	N/A	N/A
1,216,945	633,427	964,821	835,956	624,688
973,366	871,427	837,339	786,581	845,990
19,554	19,550	19,550	19,551	19,550
<u>\$11,201,263</u>	<u>\$9,466,156</u>	<u>\$9,945,683</u>	<u>\$9,347,075</u>	<u>\$8,848,352</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
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
1995	4,617,168	126,789	4,743,957	4,541,944	99.53

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>
\$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
53,735	4,595,679	96.87	121,278	2.56

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>
2004	\$198,828	\$33,566	\$232,394	\$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
1995	180,219	52,466	232,685	158,977	88.21

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>
\$29,244	\$222,132	95.58%	\$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
21,242	180,219	77.45	40,458	17.39

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)
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
1995	307,665,010	876,117,200	15,572,380	16,955,250

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
\$12,756,477	\$51,025,908	\$428,020,457	\$1,221,430,277	35.04%
12,016,718	48,066,872	424,956,568	1,211,632,103	34.97
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
10,011,555	46,508,124	333,248,945	939,580,574	35.47

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
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
1995	10.00	0.60	1.90	3.00	15.50	75.00	16.60	1.40	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, 2004

Total assessed valuation		<u>\$428,020,457</u>
Overall debt limitation - 10.5% of assessed valuation		\$44,942,148
Gross indebtedness	14,128,256	
Less debt outside limitation:		
Special Assessment Debt	405,000	
OPWC Loans	<u>2,216,053</u>	
Debt within 10.5% limitation	11,507,203	
Less amount available in debt service fund (1)	<u>528,218</u>	
Net debt within 10.5% limitation		<u>10,978,985</u>
Overall debt margin within 10.5% limitation		<u>\$33,963,163</u>
Unvoted debt limitation - 5.5% of assessed valuation		\$23,541,125
Gross indebtedness	14,128,256	
Less debt outside limitation:		
Special Assessment Debt	405,000	
Voted General Obligation Bonds	11,115,000	
OPWC Loans	<u>2,216,053</u>	
Debt within 5.5% limitation	392,203	
Less amount available in debt service fund (1)	<u>528,218</u>	
Net debt within 5.5% limitation (2)		<u>0</u>
Unvoted debt margin within 5.5% limitation		<u>\$23,541,125</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	Collections		Total Assessments
					Service Assessments	Debt Service Assessments	
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
1995	10,527	9,248	1,279	757,720	835,070	78,276	913,346

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 1995 through 2000.

Amount Delinquent	Percentage of Collections to Amount Billed	Total Assessments Collected
\$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
0	120.54	922,594

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
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
1995	5,014,135	333,248,945	23,866	1.50	210.10

(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: "Population Estimates and Projections ", published by the U.S. Department of Commerce, Bureau of the 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>
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
1995	255,000	369,778	624,778	8,848,352	7.06

Source: City of South Euclid

City of South Euclid, Ohio

Computation of Direct and Overlapping General Obligation Bonded Debt

December 31, 2004

<u>Political Subdivision</u>	<u>General Obligation Bonded Debt Outstanding (1)</u>	<u>Percentage Applicable To County (2)</u>	<u>Amount Applicable to City of South Euclid</u>
Direct:			
City of South Euclid	<u>\$10,646,776</u>	<u>100.00%</u>	<u>\$10,646,776</u>
Overlapping:			
South Euclid-Lyndhurst City School District	11,875,000	45.00	5,343,750
Cuyahoga County	251,154,636	1.40	3,516,165
Regional Transit Authority	<u>147,025,000</u>	1.40	<u>2,058,350</u>
Total Overlapping	<u>410,054,636</u>		<u>10,918,265</u>
Totals	<u><u>\$420,701,412</u></u>		<u><u>\$21,565,041</u></u>

(1) Debt outstanding equals the amount of general obligation bonds outstanding minus the debt service fund balance available to pay non-special assessment general obligation debt.

(2) 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>
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
1995	23,866	16,114	4,407	4.7

Sources: (1) " Population Estimates and Projections", published by
the Department of Commerce, Bureau of the 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)
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
1995	269,540,490	38,124,520	307,665,010	430	1,924,560

(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)	
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
47	1,150,181	22,458,573

City of South Euclid, Ohio

Principal Property Taxpayers

December 31, 2004

<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	\$6,371,340	\$0	\$6,371,340	1.49%
Giant Eagle	Food Store Property	2,494,000	1,492,900	3,986,900	0.93
Ohio Bell Telephone	Utility	673,720	2,967,860	3,641,580	0.85
Cleveland Electric Illuminating	Utility	0	3,584,610	3,584,610	0.84
Transdigm	Manufacturing	481,720	2,962,010	3,443,730	0.80
Glastic Corporation	Manufacturing	1,227,980	1,144,090	2,372,070	0.55
Greenberg Trustees	Shopping Center	2,027,040	0	2,027,040	0.47
B.W.S. Properties	Shopping Center	1,090,720	790,640	1,881,360	0.44
Walgreens	Shopping Center	803,680	694,810	1,498,490	0.35
CVS Pharmacy	Drug Store	1,220,210	217,870	1,438,080	0.34
<i>Total Top Ten Taxpayers</i>		<u>\$16,390,410</u>	<u>\$13,854,790</u>	<u>\$30,245,200</u>	

Source: Cuyahoga County Auditor

City of South Euclid, Ohio

Miscellaneous Statistics

December 31, 2004

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	97
Number of Traffic Lights:	47	Secondary Instructors	<u>124</u>
Miles of Sanitary Sewers:	56.46 Miles		
Miles of Storm Sewers:	56.02 Miles	Total Teachers	221
Miles of Water Distribution:	60.56 Miles		
 		Number of Teachers with	145
Fire Protection:		Master's degree or Above	
Number of Stations	1		
Number of Firemen and Officers	33	2003/04 Student Enrollment	
Number of Paramedics	21	Elementary Enrollment	2,301
Hours of Training	3,296	Secondary Enrollment	<u>2,368</u>
Number of Alarms	2,894		
Total Fire Loss	\$363,600	Total Enrollment	4,669
Police Protection		Teacher/Student Ratio	21.1
Number of Stations	1		
Number of Policemen and Officers	41	Recreation and Culture:	
Number of School Guards	18	Number of Parks	3
Hours of Training	2,300	Number of Playgrounds	2
Persons Arrested	990	Number of Swimming Pools	3
Traffic Violations	4,239	Number of Tennis Courts	4
Parking Violations - Arrest	4,115	Number of Community Centers	1
 		Acreage of Parks	39.411
City Employees		Public Libraries	1
Number of Full Time Employees	71		
Number of Part Time Employees	69	Public Transportation:	
Number of Seasonal Part Time Employees	110	Cuyahoga Regional Transit Authority	

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
JUNE 28, 2005**