

Mary Taylor, CPA
Auditor of State

CITY OF SOUTH EUCLID
CUYAHOGA COUNTY

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Mary Taylor, CPA

Auditor of State

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

City of 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, (the City) as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 11, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

We noted certain matters that we reported to the City's management in a separate letter dated June 11, 2007.

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www.auditor.state.oh.us

Compliance and Other Matters

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

We did note certain noncompliance or other matters that we reported to the City's management in a separate letter dated June 11, 2007.

We intend this report solely for the information and use of management and Council. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 11, 2007

CITY OF SOUTH EUCLID, OHIO

COMPREHENSIVE

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2006

ISSUED BY THE DEPARTMENT OF FINANCE

Joseph Filippo, CPA,

FINANCE DIRECTOR

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City of South Euclid, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2006
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CITY OF SOUTH EUCLID



Opinion Letter Date

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

It is my privilege to present to you the City of South Euclid's (the City) Comprehensive Annual Financial Report (CAFR). This report enables the City to comply with Ohio Administrative Code Section 117-2-03 (B), which requires reporting on a GAAP (Generally Accepted Accounting Principles) basis, and Ohio Revised Code Section 117.38 which requires the cities reporting on a GAAP basis to file an annual report with the Auditor of State within 150 days of fiscal year end.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Under Ohio law, regular audits are required to be performed on all financial related operations of the City. These audits may be done by either the State Auditor's Office or, if the State Auditor permits, an independent public accounting firm. For the year 2006, the City of Solon was audited by the Auditor of State's Office. Their unqualified opinion is included in the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Reporting Entity

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 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, 18 and 19 to the basic financial statements.

Form of Government

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

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

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

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

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

City Services

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. The City has purchased the property and is currently planning for the center's conversion from a strip mall to a mixed-use residential and retail project. 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 2006, the Building Department issued building permits for several commercial projects. One of the largest projects involved a new 19,000 square foot pediatric healthcare center known as Cedar on the Greens. In addition to this new building, numerous tenant improvement alterations occurred within existing buildings. A new store for Dunkin' Donuts and Fifth Third Bank proceeded through the approval process and were slated for the 2007 construction year schedule. Novicky Court was a planned unit residential development (PURD) that added fourteen additional dwelling units to the City and Crestview Court, another PURD, continues with the construction of seven detached residential units. When completed, Crestview Court will have added an additional eleven units to our community. Our latest development, Cutter's Creek, went from the planning approval process into the construction phases in the fall of 2006. This is our newest PURD that is located along a creek and will have forty-eight new housing units comprised in clusters of two and three unit structures. For existing commercial buildings, the City administers a Business Maintenance inspection program which identified maintenance related issues that need to be brought into compliance with our building codes. This program helps to maintain the values within our commercial districts.

In residential areas, homeowners carefully maintain their property, which increases property value and enhances the appearance of the City's neighborhood. To encourage individual upkeep, the City continues to administer its exterior residential property maintenance program. This program establishes minimum standards governing the maintenance of dwelling structures, which allows the City to work to create neighborhoods that are enjoyable to inhabit. Without the support of property owners who have genuine concern for the community, the goals of the program could not be reached. Under the program, each year a specific are of the City if targeted for inspection. A higher concentration has been focused on vacant and foreclosed properties brought on by high foreclosure rates and predatory lending practices. It became essential in 2006 to focus our efforts in this area in order to eliminate these issues that could affect the stable neighborhoods in our community. During the past year, residents have improved their homes by alterations and additions valued at \$5,725,155. A total of 1,012 permits were issued in 2006, which included 36 commercial permits for additions or improvements totaling \$2,807,093. 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 and has since 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.

Long term financial planning

The General Fund balance increased over the previous year in 2006. The net change in fund balance for the General fund was \$109,233 which represents a 2.77 percent increase.

The City income tax is the largest source of revenue for funding of our governmental activities. The tax rate remained constant at 1.5 percent from 1984 through 2005. In August 2005 the citizens of South Euclid voted to raise the income tax rate to 2.00 percent becoming effective January 1, 2006.

The City has a Street Lighting special revenue fund which is used to maintain and pay the expenses of the street lights throughout the City. Revenue is collected as a special assessment paid by all property owners based on the front footage of their property. The expenses mainly represent the cost of electricity, as well as other necessary repairs to provide the street lighting.

The City also uses two funds for the maintenance and capital improvements of the City sewer system. Every person, including businesses, whose premise in the City is served by a connection with the sewer system of the City, shall pay a sewer rental charge. A portion of the charge goes into the Sewer Rehabilitation capital projects fund which is used to pay for the cost of the management, maintenance, operations and repair of the sewer system. The major portion of the revenue collected gets deposited into the Flood Control capital projects fund. This fund is used for the cost of improving the City's sewer system by construction, renovation or replacement.

The City is also in the process of developing a land bank to enhance the City's appearance and well-being.

Relevant financial policies

The City uses the City income tax collected to run its daily operations. All of the income tax collected goes into the General Fund. When needed the General Fund will subsidize other funds where revenue collected is not enough to cover the expenses. Funds that may receive an operating transfer include the Parking Lot and Swimming Pool special revenue funds, and the Sewer Rehabilitation, General Capital Improvements, Road Improvement and the Flood Control capital projects funds. All transfers are approved by City Council.

The City has a General Obligation bond retirement fund which a portion of is used to pay for the bond issued for recreational improvements in the City. The source of revenue to pay this debt is collected from the property owners on their property tax bills. The millage was reduced from 1.3 mills to 1.1 mills beginning in the 2007 tax collection year.

Major Initiatives

For the Year In 2006, 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 \$800,000. Seven streets were able to be reconstructed in 2006.

There were two major projects for 2006. The Bluestone Area Infrastructure Project was completed for a total project cost of about \$2,800,000. The project started in 2005. The project entailed new sanitary sewers, storm sewers and water piping. Also there were new road surfaces for Argonne, Avondale and Winston Roads. The project also included a new relief sewer and road surface for Elmwood Road. The East Antisdale/Grosvenor Infrastructure Project, consisting of sewers, bridges and culverts, commenced during 2006 with expenses of \$1,500,000. That project cost is expected to be about \$5,400,000 and completed in 2007.

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. We are also in the process of updating the web site, which will be completed in 2007.

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

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

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

With the overwhelming success of the Monticello Place planned unit residential development (PURD) consisting of thirty-eight single family detached units, we have spurred interest from several other parties wanting to develop new housing projects. We now have an eleven unit cluster development called Crestview Court on Monticello, a fourteen attached unit development called Novicky Court off Ardendale Road behind Saint Gregory the Great Church and Stoneridge Place off Trebisky Road is a sixteen unit detached single family cluster. As of May 2007, Cutter's Creek, a forty-eight attached unit development at Anderson and Green Roads set in a rural setting and a sixteen unit townhouse development called Francis Court Gables have started construction. This represents over one hundred new units available to the market place.

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

Other Information

Awards

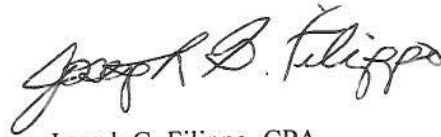
The Government Finance Officers Association of the United States and Canada awards a Certificate of Achievement for Excellence in Financial Reporting to a governmental unit that publishes an informative and efficiently organized Comprehensive Annual Financial Report (CAFR) whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements. The City of South Euclid received the Certificate of Achievement for its 2005 Comprehensive Annual Financial Report.

A Certificate of Achievement is valid for a period of one year only. We believe that this CAFR for 2006 continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the Government Finance Officers Association to determine its eligibility for another certificate.

Acknowledgements

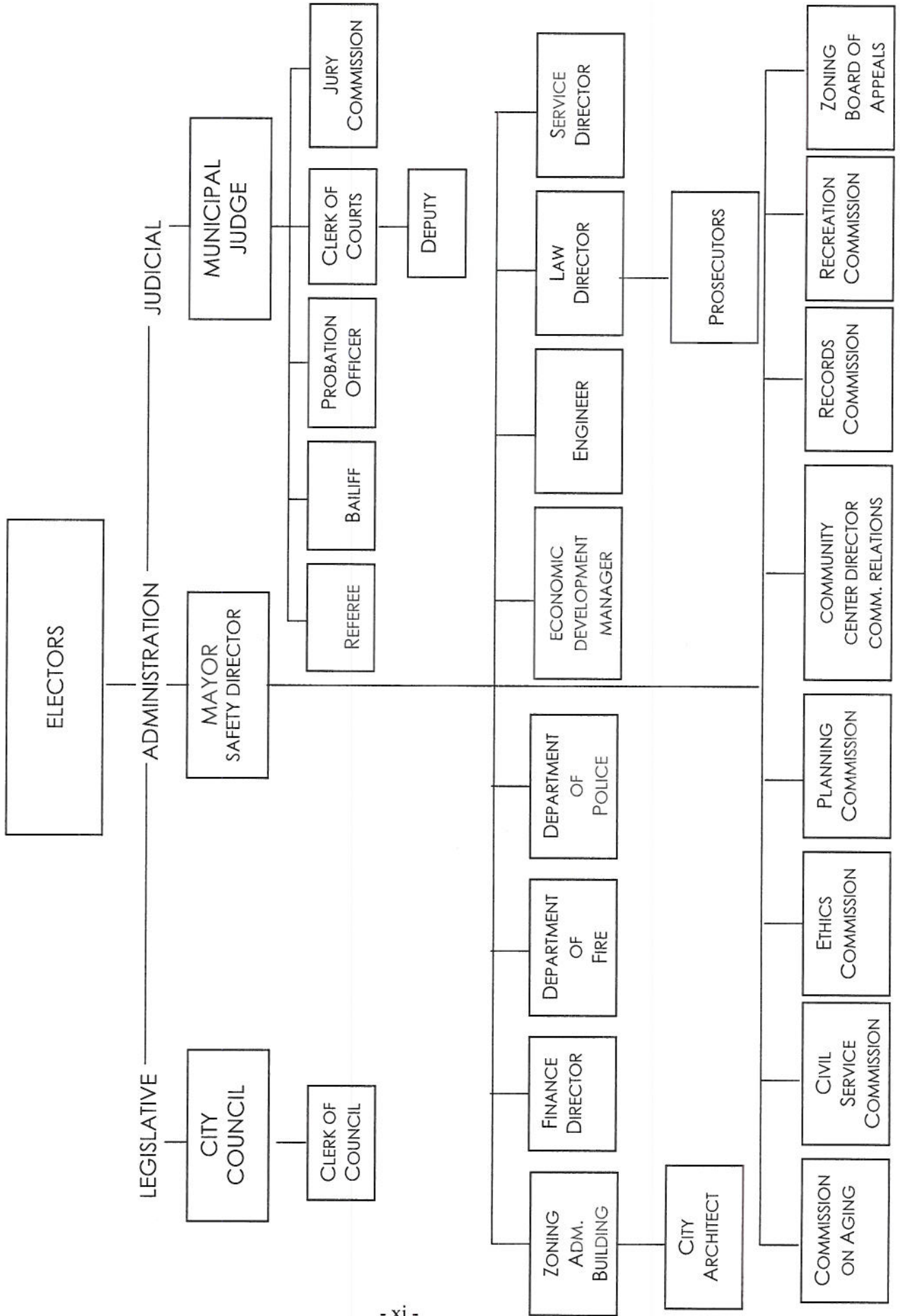
The preparation of this report would not be possible without the diligent and extra work by our Finance Department staff. I appreciate their efforts. Appreciation is also expressed to all City Hall Department Heads and Superintendents for their cooperation and assistance. In addition, my gratitude and compliments extend to the Auditor of State's Section of Local Government Services who helped us with this report. Finally, a thank you to Mayor Georgine Welo and the members of City Council is in order for their continued support of preparing a Comprehensive Annual Financial Report.

Respectfully submitted,

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

Joseph G. Filippo, CPA
Finance Director

**CITY OF SOUTH EUCLID
ORGANIZATION CHART**



CITY OF SOUTH EUCLID

ELECTED AND APPOINTED CITY OFFICIALS

HONORABLE MAYOR GEORGINE WELO

CITY COUNCIL

Modestino Romeo, President, Ward 2

Ruth Gray, Ward 1

David B. Miller, At Large

Diane Fistek, At Large

Sunny Simon, At Large

Edward A. Icove, Ward 3

Jane Goodman, Ward 4

MUNICIPAL JUDGE

Patricia A. Kleri

APPOINTED OFFICIALS

Joseph G. Filippo, Director of Finance

Michael Lograsso, Director of Law

Edward J. Gallagher, Director of Service

Paul Kowalczyk, Building Commissioner

Matthew Capadona, Chief of Police

Thomas Cannell, Chief of Fire

Andrew K. Blackley, City Engineer

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

Meg Martines, 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, 2005

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



A handwritten signature in black ink, appearing to read "Ronald J. Hawn".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

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Mary Taylor, CPA

Auditor of State

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, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of South Euclid, Cuyahoga County, Ohio, as of December 31, 2006, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 11, 2007, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund statements and schedules, and statistical tables provide additional information and are not a required part of the basic financial statements. We subjected the combining 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 "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

June 11, 2007

City of South Euclid, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2006
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, 2006. 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 and the notes to 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, 2006 by \$43,333,070. Of this amount, \$6,233,264 may be used to meet the City's ongoing obligations to citizens and vendors.
- Total assets increased by \$3,294,612 which represents an increase of 5.28 percent from 2005 to 2006. This was primarily due to an increase of \$1,082,151 in capital assets and an increase in cash and cash equivalents in the amount of \$1,327,567. The majority of that increase was a direct result of a note the City took on in December 2006 to purchase property on Greenvale Road. The City purchased the property in February 2007.
- Total liabilities increased by \$1,926,835 which represents an increase of 9.43 percent from 2005 to 2006. This increase was due mainly to the issuance of a \$1,800,000 note.
- In total, net assets in governmental activities increased \$1,367,777 during 2006. This represents a 3.26 percent increase from 2005.

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

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

accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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 and the Flood Control and Land Acquisition Capital Projects Funds.

Governmental Funds

Most 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 2006 compared to 2005.

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

Table 1
Net Assets

	Governmental Activities		
	2006	2005	Change
Assets			
Current and Other Assets	\$31,189,240	\$28,976,779	\$2,212,461
Capital Assets, Net	34,511,810	33,429,659	1,082,151
Total Assets	65,701,050	62,406,438	3,294,612
Liabilities			
Current Liabilities	8,749,395	6,163,033	2,586,362
Long-Term Liabilities:			
Due Within One Year	1,325,046	1,204,626	120,420
Due in More Than One Year	12,293,539	13,073,486	(779,947)
Total Liabilities	22,367,980	20,441,145	1,926,835
Net Assets			
Invested in Capital Assets, Net of Related Debt	22,743,267	20,848,365	1,894,902
Restricted for:			
Capital Projects	10,994,596	12,072,013	(1,077,417)
Debt Service	1,228,773	1,230,674	(1,901)
Street Maintenance	868,767	767,151	101,616
Street Lighting	564,263	581,334	(17,071)
Sewer Rental	361,298	398,185	(36,887)
Other Purposes	338,842	295,348	43,494
Unrestricted	6,233,264	5,772,223	461,041
Total Net Assets	\$43,333,070	\$41,965,293	\$1,367,777

Total assets increased by \$3,294,612 from 2005 to 2006. Capital assets increased by \$1,082,151 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 increased by \$1,926,835 due mostly to the issuance of a \$1,800,000 note which was partially offset by the City paying down another year of principal on its outstanding debt. Net assets increased by \$1,361,777 in 2006.

Table 2 shows the changes in net assets for the years ended December 31, 2005 and 2006 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, 2006
Unaudited

Table 2
Changes in Net Assets

	Governmental Activities		
	2006	2005	Change
Revenues			
Program Revenues			
Charges for Services and Operating Assessments	\$4,384,862	\$4,360,837	\$24,025
Operating Grants, Contributions and Interest	1,032,575	928,712	103,863
Capital Grants, Contributions and Capital Assessments	86,335	24,468	61,867
Total Program Revenues	5,503,772	5,314,017	189,755
General Revenues			
Property Taxes	5,272,200	5,224,350	47,850
Income Taxes	7,309,426	5,889,209	1,420,217
Grants and Entitlements	2,186,857	2,132,798	54,059
Increase in Investment in Joint Venture	27,217	0	27,217
Interest	766,878	459,995	306,883
Gain on Sale of Capital Assets	42,525	0	42,525
Miscellaneous	152,374	79,832	72,542
Total General Revenues	15,757,477	13,786,184	1,971,293
<i>Total Revenues</i>	<i>21,261,249</i>	<i>19,100,201</i>	<i>2,161,048</i>
Program Expenses			
General Government:			
Legislative and Executive	2,423,252	2,149,780	273,472
Judicial System	463,068	439,808	23,260
Security of Persons and Property:			
Police	5,025,675	4,600,120	425,555
Fire	3,583,897	3,552,050	31,847
Public Health Services	130,178	127,609	2,569
Leisure Time Activities	377,023	385,161	(8,138)
Community Development	204,704	219,507	(14,803)
Building Department	646,628	587,553	59,075
Transportation	3,138,160	2,732,270	405,890
Basic Utility Services	3,032,732	2,590,425	442,307
Swimming Pools	371,225	442,493	(71,268)
Interest and Fiscal Charges	496,930	491,110	5,820
Total Program Expenses	19,893,472	18,317,886	1,575,586
<i>Increase in Net Assets</i>	<i>1,367,777</i>	<i>782,315</i>	<i>585,462</i>
<i>Net Assets Beginning of Year - Restated (See Note 3)</i>	<i>41,965,293</i>	<i>41,182,978</i>	<i>782,315</i>
<i>Net Assets End of Year</i>	<i>\$43,333,070</i>	<i>\$41,965,293</i>	<i>\$1,367,777</i>

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

Program revenues increased by \$189,755 in 2006. Operating and capital grants accounted for \$165,730 of this increase. General revenues increased by \$1,971,293 from 2005. General revenue increases were most notable in income tax collections (\$1,420,217) and interest income (\$306,883). The increase in income tax collections was due to an increase in the income tax rate effective January 1, 2006 from 1.50 percent to 2.00 percent. The increase in interest income was due to higher rates of return on the City's investments.

Governmental Activities

Several revenue sources fund our governmental activities with the City income tax being the largest contributor. The City's income tax rate was 1.5 percent from 1984 through 2005. In August 2005 the voters of South Euclid passed an income tax rate increase to 2.00 percent. The new rate of 2.00 percent became effective January 1, 2006. Residents of the City who work in another community receive a 0.75 percent credit on income earned outside the City and paid to another municipality. In prior years, the City has experienced a decline in income tax collections. The City remains committed to collecting all taxes due to it and during 2006 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 over \$100,000 in additional collections in 2007. Property tax revenues remained consistent in 2006 and are the City's second largest source of revenues. Revenues from grants and entitlements represented 10.29 percent of total governmental revenues. These funds are received from the State of Ohio in the form of Local Government Assistance and Estate Taxes.

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

The City continued its commitment to providing quality roads and sidewalks to our residents. The expiring 3-mill property tax levy was renewed by the voters in November 2005. Using the proceeds from that 3-mill property tax levy, the City was able to reconstruct/resurface seven roads in 2006.

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

The City's Funds

Information about the City's major funds starts on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$20,731,455 and expenditures of \$22,125,962. The General Fund had a fund balance at year end of \$4,056,774 with annual expenditures of \$14,311,473. During 2006, \$945,000 was transferred from the general fund, enabling the City to fund capital improvements and acquisitions and providing operating funds for the swimming pools, parking lots and matching grant funds. Overall, the fund balances in the nonmajor funds decreased by \$398,139 due to increased overall expenditures in these funds.

During 2006, the Flood Control capital projects fund balance decreased from \$6,842,598 to \$6,272,287. This decrease is the result of the City completing Phase I of the Bluestone Area Infrastructure project at a cost of approximately \$820,000 and the start the Phase I of the East Antisdale/Grosvenor Infrastructure project at a cost of over \$1,500,000. Both projects include new sanitary sewers, storm sewers and water lines within the

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

City. There was also an expense of about \$50,000 for the Telhurst Road bridge replacement. This project will be completed in 2007. Expenditures in the fund decreased by \$416,491 on a modified accrual basis.

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 Finance Committee meetings, which are 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.

During the course of 2006, the City amended its general fund budget numerous times. The actual revenue amount was more than the final budget by \$443,064. The majority of this variance is made up of unexpected inheritance taxes, a conservative investment program along with higher interest rates resulted in higher than anticipated earnings, an increase in court fines and building department fees collected and an increase in real property tax received. Final appropriations exceeded actual expenditures by \$1,307,622. 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 \$1,965,739 higher than the final budget amount.

Capital Assets and Debt Administration

Capital Assets

At the end of 2006, the City of South Euclid had \$34,511,810 invested in land, buildings, equipment, vehicles and infrastructure. Table 3 shows 2006 balances of capital assets as compared to 2005.

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

	Governmental Activities	
	2006	2005
Land	\$1,182,897	\$1,292,897
Buildings and Improvements	3,705,635	4,075,686
Equipment	946,587	1,003,143
Vehicles	1,464,083	1,234,577
Infrastructure		
Streets	13,653,048	13,516,109
Bridges, Sewers and Culverts	11,539,814	10,280,034
Waterlines	1,983,577	2,027,213
Traffic Signals	36,169	0
Total Capital Assets	\$34,511,810	\$33,429,659

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

Capital assets increased by \$1,082,151 in 2006. This was primarily due to the replacement or renovation of various infrastructure assets within the City, including the Bluestone Area and the East Antisdale/Grosvenor Infrastructure Projects, consisting of sewers, bridges and culverts. Nearly \$800,000 was spent on seven roads being reconstructed along with miscellaneous street repairs. The City also continued to update an outdated City Hall and Community Center with a new generator, Fire and Police Departments' bay garage doors, some new carpeting and other miscellaneous badly needed repairs.

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 2006 included four police vehicles. A number of fire department vehicles were repaired or refurbished and one emergency squad vehicle was purchased. The City was also able to obtain a leaf machine, a pressure washer and two riding lawnmowers. The City's garage staff works to maintain the fleet of vehicles at a high level of repair to extend their longevity. When replacement is required, City vehicles continue to be purchased or leased from the General Capital Improvement and Repair Fund, which receives funding from the General Fund.

The City also overhauled traffic signals at a cost of about \$36,000.

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, 2006, the City of South Euclid had \$15,418,585 in outstanding long-term obligations, of which \$9,711,038 was in General Obligation Bonds. Table 4 summarizes the long-term obligations outstanding.

Table 4
Outstanding Long-Term Obligations at Year End

	Governmental Activities	
	2006	2005
General Obligation Bonds	\$9,711,038	\$10,586,506
Special Assessment Bonds	340,000	375,000
OPWC Loans	1,856,693	1,966,300
Police and Fire Pension Liability	320,994	326,720
Capital Lease	291,856	0
Compensated Absences	1,098,004	1,023,586
Total	\$13,618,585	\$14,278,112

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

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

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

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

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

The City of South Euclid's overall legal debt margin is \$38,374,829 with an unvoted debt margin of \$24,402,240 on December 31, 2006. For more information about the City's long-term obligations, see Note 13 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 2006. But with decreasing revenues from Federal and State sources and increasing expenses, the City is going to see some tougher times in the coming years. In 2007, hospitalization has again increased and the City's portion of the Public Employee's Retirement System contribution has increased and will increase each year for the next two years. The City will see an increase of income tax collections due to the passage of the new rate effective January 1, 2006. But due to the timing of collections the full effect of the increase will not be realized until 2008. Expenses can only be cut back so much without jeopardizing the safety, health and welfare of the residents. The Administration will continue to monitor the revenues and expenses and make appropriate adjustments as needed. The Administration continues toward its goal of keeping all residents and other interested parties fully informed as to the financial status of the City of South Euclid.

Contacting the City of South Euclid's Financial Management

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

Basic Financial Statements

City of South Euclid, Ohio

Statement of Net Assets

December 31, 2006

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$16,815,036
Cash and Cash Equivalents In Segregated Accounts	60,262
Accounts Receivable	52,002
Intergovernmental Receivable	1,521,223
Prepaid Items	79,576
Materials and Supplies Inventory	182,826
Income Taxes Receivable	3,186,773
Property Taxes Receivable	5,683,476
Special Assessments Receivable	3,427,720
Investment in Joint Venture	180,346
Nondepreciable Capital Assets	1,182,897
Depreciable Capital Assets	<u>33,328,913</u>
<i>Total Assets</i>	<u>65,701,050</u>
Liabilities	
Accounts Payable	526,617
Accrued Wages	324,259
Contracts Payable	7,617
Intergovernmental Payable	683,948
Accrued Interest Payable	32,789
Deferred Revenue	5,374,165
Notes Payable	1,800,000
Long-Term Liabilities:	
Due Within One Year	1,325,046
Due In More Than One Year	<u>12,293,539</u>
<i>Total Liabilities</i>	<u>22,367,980</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	22,743,267
Restricted for:	
Capital Projects	10,994,596
Debt Service	1,228,773
Street Maintenance	868,767
Street Lighting	564,263
Sewer Rental	361,298
Other Purposes	338,842
Unrestricted	<u>6,233,264</u>
<i>Total Net Assets</i>	<u><u>\$43,333,070</u></u>

See accompanying notes to the basic financial statements

City of South Euclid, Ohio
Statement of Activities
For the Year Ended December 31, 2006

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Operating Assessments	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Capital Assessments	Revenue and Changes in Net Assets
Governmental Activities:					
General Government:					
Legislative and Executive	\$2,423,252	\$235,896	\$0	\$0	(\$2,187,356)
Judicial System	463,068	44,503	0	0	(418,565)
Security of Persons and Property:					
Police	5,025,675	475,520	81,616	0	(4,468,539)
Fire	3,583,897	328,461	0	0	(3,255,436)
Public Health Services	130,178	12,693	0	0	(117,485)
Leisure Time Activities	377,023	35,031	0	0	(341,992)
Community Development	204,704	19,959	0	23,747	(160,998)
Building Department	646,628	62,304	0	0	(584,324)
Transportation	3,138,160	96,845	935,959	0	(2,105,356)
Basic Utility Services	3,032,732	2,952,317	15,000	62,588	(2,827)
Swimming Pools	371,225	121,333	0	0	(249,892)
Interest and Fiscal Charges	496,930	0	0	0	(496,930)
<i>Total Governmental Activities</i>	<u>\$19,893,472</u>	<u>\$4,384,862</u>	<u>\$1,032,575</u>	<u>\$86,335</u>	<u>(14,389,700)</u>

General Revenues

Property Taxes Levied for:

General Purposes	4,005,660
Debt Service	487,938
Capital Projects	549,010
Other Purposes	229,592
Income Taxes Levied for General Purposes	7,309,426
Grants and Entitlements not Restricted to Specific Programs	2,186,857
Increase in Investment in Joint Venture	27,217
Investment Earnings	766,878
Gain on Sale of Capital Assets	42,525
Miscellaneous	152,374

Total General Revenues 15,757,477

Change in Net Assets 1,367,777

Net Assets Beginning of Year - Restated (See Note 3) 41,965,293

Net Assets End of Year \$43,333,070

See accompanying notes to the basic financial statements

City of South Euclid, Ohio

Balance Sheet

Governmental Funds

December 31, 2006

	General	Flood Control	Land Acquisition	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$4,321,839	\$6,519,920	\$2,510,400	\$3,462,877	\$16,815,036
Cash and Cash Equivalents					
In Segregated Accounts	60,262	0	0	0	60,262
Materials and Supplies Inventory	30,308	0	0	152,518	182,826
Accounts Receivable	50,573	0	0	1,429	52,002
Interfund Receivable	15,000	0	0	0	15,000
Intergovernmental Receivable	935,461	0	0	585,762	1,521,223
Prepaid Items	79,576	0	0	0	79,576
Income Taxes Receivable	3,186,773	0	0	0	3,186,773
Property Taxes Receivable	4,377,662	0	0	1,305,814	5,683,476
Investment in Joint Venture	180,346	0	0	0	180,346
Special Assessments Receivable	0	2,214,195	0	1,213,525	3,427,720
<i>Total Assets</i>	<u>\$13,237,800</u>	<u>\$8,734,115</u>	<u>\$2,510,400</u>	<u>\$6,721,925</u>	<u>\$31,204,240</u>
Liabilities					
Accounts Payable	\$182,851	\$240,016	\$0	\$103,750	\$526,617
Accrued Wages	299,693	0	0	24,566	324,259
Contracts Payable	0	7,617	0	0	7,617
Intergovernmental Payable	585,441	0	0	98,507	683,948
Interfund Payable	0	0	0	15,000	15,000
Accrued Interest Payable	0	0	1,023	0	1,023
Deferred Revenue	8,113,041	2,214,195	0	3,016,828	13,344,064
Notes Payable	0	0	1,800,000	0	1,800,000
<i>Total Liabilities</i>	<u>9,181,026</u>	<u>2,461,828</u>	<u>1,801,023</u>	<u>3,258,651</u>	<u>16,702,528</u>
Fund Balances					
Reserved for Encumbrances	98,956	1,308,922	0	463,688	1,871,566
Unreserved					
Designated for					
Compensated Absences	18,725	0	0	0	18,725
Undesignated, Reported in:					
General Fund	3,939,093	0	0	0	3,939,093
Special Revenue Funds	0	0	0	946,986	946,986
Debt Service Funds	0	0	0	772,589	772,589
Capital Projects Funds	0	4,963,365	709,377	1,280,011	6,952,753
<i>Total Fund Balances</i>	<u>4,056,774</u>	<u>6,272,287</u>	<u>709,377</u>	<u>3,463,274</u>	<u>14,501,712</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$13,237,800</u>	<u>\$8,734,115</u>	<u>\$2,510,400</u>	<u>\$6,721,925</u>	<u>\$31,204,240</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, 2006*

Total Governmental Fund Balances	\$14,501,712
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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.	34,511,810
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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	309,311
Income Taxes	2,742,746
Special Assessments	3,427,720
Intergovernmental	1,309,776
Investment in Joint Venture	180,346

Total	7,969,899
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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.	(31,766)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Compensated Absences	(1,098,004)
General Obligation Bonds	(9,711,038)
Special Assessment Bonds	(340,000)
OPWC Loans Payable	(1,856,693)
Capital Leases Payable	(291,856)
Police and Fire Pension Loan	(320,994)

Total	(13,618,585)
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<i>Net Assets of Governmental Activities</i>	<u><u>\$43,333,070</u></u>
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See accompanying notes to the basic financial statements

City of South Euclid, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	General	Flood Control	Land Acquisition	Other Governmental Funds	Total Governmental Funds
Revenues					
Property and Other Taxes	\$3,996,225	\$0	\$0	\$1,271,904	\$5,268,129
Income Taxes	6,741,479	0	0	0	6,741,479
Special Assessments	61,158	1,996,099	0	784,072	2,841,329
Intergovernmental	2,088,810	0	0	1,222,490	3,311,300
Interest	766,878	0	0	0	766,878
Fees, Licenses and Permits	606,335	0	0	0	606,335
Fines and Forfeitures	555,207	0	0	23,139	578,346
Rentals	158,687	0	0	0	158,687
Charges for Services	79,570	0	0	227,028	306,598
Other	138,104	0	0	14,270	152,374
<i>Total Revenues</i>	<u>15,192,453</u>	<u>1,996,099</u>	<u>0</u>	<u>3,542,903</u>	<u>20,731,455</u>
Expenditures					
Current:					
General Government:					
Legislative and Executive	2,424,399	0	0	0	2,424,399
Judicial System	453,396	0	0	0	453,396
Security of Persons and Property:					
Police	4,611,381	0	0	231,300	4,842,681
Fire	3,324,918	0	0	160,071	3,484,989
Public Health Services	130,178	0	0	0	130,178
Leisure Time Activities	370,605	0	0	0	370,605
Community Development	204,704	0	0	0	204,704
Building Department	643,659	0	0	0	643,659
Transportation	977,530	0	0	771,398	1,748,928
Basic Utility Services	1,151,152	0	0	984,098	2,135,250
Swimming Pools	0	0	0	274,413	274,413
Capital Outlay	0	1,994,959	4,050	1,822,792	3,821,801
Debt Service:					
Principal Retirement	5,726	414,607	0	755,108	1,175,441
Interest and Fiscal Charges	13,825	156,844	1,023	243,826	415,518
<i>Total Expenditures</i>	<u>14,311,473</u>	<u>2,566,410</u>	<u>5,073</u>	<u>5,243,006</u>	<u>22,125,962</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>880,980</u>	<u>(570,311)</u>	<u>(5,073)</u>	<u>(1,700,103)</u>	<u>(1,394,507)</u>
Other Financing Sources (Uses)					
Sale of Capital Assets	173,253	0	0	0	173,253
Inception of Capital Lease	0	0	0	356,964	356,964
Transfers In	0	0	0	945,000	945,000
Transfers Out	(945,000)	0	0	0	(945,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(771,747)</u>	<u>0</u>	<u>0</u>	<u>1,301,964</u>	<u>530,217</u>
<i>Net Change in Fund Balances</i>	109,233	(570,311)	(5,073)	(398,139)	(864,290)
<i>Fund Balances Beginning of Year</i>	<u>3,947,541</u>	<u>6,842,598</u>	<u>714,450</u>	<u>3,861,413</u>	<u>15,366,002</u>
<i>Fund Balances End of Year</i>	<u>\$4,056,774</u>	<u>\$6,272,287</u>	<u>\$709,377</u>	<u>\$3,463,274</u>	<u>\$14,501,712</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, 2006*

Net Change in Fund Balances - Total Governmental Funds (\$864,290)

*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	3,035,323
Depreciation	<u>(1,783,923)</u>

Total	1,251,400
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Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities of activities, a gain or loss is reported for each disposal. (169,249)

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

Property Taxes	4,071
Income Taxes	567,947
Intergovernmental	(29,280)
Special Assessments	(82,686)
Increase in Investment in Joint Venture	<u>27,217</u>

Total	487,269
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Other financing sources, such as inception of capital lease, in the governmental funds increase long-term liabilities in the statement of net assets. (356,964)

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 1,175,441

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	3,120
Amortization of Premium	1,296
Bond Accretion	<u>(85,828)</u>

Total	(81,412)
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Some expenses, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. (74,418)

Change in Net Assets of Governmental Activities \$1,367,777

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, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Taxes	\$3,889,965	\$3,889,965	\$3,996,225	\$106,260
Income Taxes	7,260,000	7,260,000	6,711,891	(548,109)
Special Assessments	46,334	46,334	61,158	14,824
Intergovernmental	1,851,306	1,851,306	2,157,240	305,934
Interest	350,000	350,000	721,614	371,614
Fees, Licenses and Permits	577,000	577,000	602,668	25,668
Fines and Forfeitures	457,500	457,500	532,220	74,720
Rentals	175,500	175,500	154,249	(21,251)
Charges for Services	111,000	111,000	88,337	(22,663)
Other	5,166	5,166	141,233	136,067
<i>Total Revenues</i>	<u>14,723,771</u>	<u>14,723,771</u>	<u>15,166,835</u>	<u>443,064</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive	2,616,193	2,797,583	2,450,498	347,085
Judicial System	490,466	490,466	447,131	43,335
Security of Persons and Property:				
Police	4,884,225	4,899,225	4,611,597	287,628
Fire	3,560,793	3,563,793	3,341,058	222,735
Public Health Services	135,132	150,132	130,676	19,456
Leisure Time Activities	468,655	468,655	367,627	101,028
Community Development	273,543	284,343	219,643	64,700
Building Department	712,104	727,604	647,961	79,643
Transportation	1,082,095	1,094,095	993,721	100,374
Basic Utility Services	1,119,462	1,119,462	1,077,824	41,638
<i>Total Expenditures</i>	<u>15,342,668</u>	<u>15,595,358</u>	<u>14,287,736</u>	<u>1,307,622</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(618,897)</u>	<u>(871,587)</u>	<u>879,099</u>	<u>1,750,686</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	3,000	3,000	173,253	170,253
Advances Out	(19,800)	(19,800)	(15,000)	4,800
Transfers Out	(985,000)	(985,000)	(945,000)	40,000
<i>Total Other Financing Sources (Uses)</i>	<u>(1,001,800)</u>	<u>(1,001,800)</u>	<u>(786,747)</u>	<u>215,053</u>
<i>Net Change in Fund Balance</i>	<u>(1,620,697)</u>	<u>(1,873,387)</u>	<u>92,352</u>	<u>1,965,739</u>
<i>Fund Balance Beginning of Year</i>	<u>3,988,850</u>	<u>3,988,850</u>	<u>3,988,850</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>114,620</u>	<u>114,620</u>	<u>114,620</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,482,773</u>	<u>\$2,230,083</u>	<u>\$4,195,822</u>	<u>\$1,965,739</u>

See accompanying notes to the basic financial statements

City of South Euclid, Ohio
Statement of Fiduciary Assets and Liabilities
Agency Fund
December 31, 2006

Assets	
Equity in Pooled Cash and Cash Equivalents	<u><u>\$962,854</u></u>
Liabilities	
Deposits Held and Due to Others	<u><u>\$962,854</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, 2006

Note 1 – Description of the City and Reporting Entity

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

Reporting Entity

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

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

The City is associated with six organizations: one shared risk pool, two joint ventures and three defined as jointly governed organizations. The Northern Ohio Risk Management Association is a shared risk pool. The joint ventures are the Tri-City Consortium on Aging and the South Euclid-Lyndhurst Recreation Commission. The Northeast Ohio Public Energy Council, the First Suburbs Consortium of Northeast Ohio Council of Governments and the Heights Area Special Rescue Team are jointly governed organizations. These organizations are presented in Notes 9, 18 and 19 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, 2006

A. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the City that are governmental and those that are considered business-type. The City, however, has no business-type activities.

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

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

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The City's funds are classified as either governmental or fiduciary.

Governmental Funds

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

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

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

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

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

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

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within thirty-one days of year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the year in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of December 31, 2006, but which were levied to finance year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Cash and Cash Equivalents

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

The City has segregated bank accounts for monies held separate from the City's central bank account. These depository accounts are presented as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited into the City treasury.

During the year, the City invested in federal home loan mortgage corporation notes, federal home loan bank bonds, federal national mortgage association notes and repurchase agreements. Investments are reported at fair value which is based on quoted market prices, with the exception of nonparticipating repurchase agreements, which are reported at cost.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

Following the Charter and Codified Ordinances of the City as well as Ohio statutes, the City has, by resolution, specified the funds to receive an allocation of interest earnings. Interest is distributed to the general fund. Interest revenue credited to the general fund during 2006 amounted to \$766,878, which includes \$578,488 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, 2006, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which the services are consumed.

G. Inventory

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

H. Capital Assets

The City's only capital assets are general capital assets. General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

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

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

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

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

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables.” These amounts are eliminated in the governmental activities column of the statement of net assets.

J. 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.

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

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

L. 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.

M. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The government-wide statement of net assets reports \$14,594,055 of restricted net assets, none of which is restricted by enabling legislation. Net assets restricted for other purposes include resources restricted for swimming pools, law enforcement and parking lots and meters maintenance.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

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

N. Internal Activity

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

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.

O. Bond Premiums

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

P. 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.

Q. 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.

R. Budgetary Process

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

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

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

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

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

A. Changes in Accounting Principles

For fiscal year 2006, the City has implemented GASB Statement No.44, "Economic Condition Reporting: The Statistical Section" and GASB Statement No. 47, "Accounting for Termination Benefits".

The purpose of GASB Statement No. 44 is to improve the understandability and usefulness of the information that State and local governments present as supplementary information in the statistical section.

GASB Statement No. 47 establishes standards of accounting and financial reporting for termination benefits.

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

B. Restatement of Net Assets

During 2006, it was determined that the long-term liability for the White Hall Road Bridge Replacement OPWC Loan was overstated by \$149,587. This restatement increased total net assets from \$41,815,706 to \$41,965,293 at December 31, 2005.

Note 4 – Accountability

The police and fire pension special revenue funds have deficit fund balances as of December 31, 2006 in the amounts of \$8,185 and \$8,186 respectively. 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.

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).

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Investments reported at cost (budget) rather than fair value (GAAP).
5. Unrecorded cash represents amounts received but not reported by the City on the operating statements (budget), but which is reported on the GAAP basis operating statements.

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

Net Change in Fund Balance	
	General
GAAP Basis	\$109,233
Net Adjustment for Revenue Accruals	(68,692)
Beginning Fair Value Adjustment for Investments	44,169
Ending Fair Value Adjustment for Investments	(1,095)
Ending Unrecorded Cash	30
Net Adjustment for Expenditure Accruals	133,659
Encumbrances	(124,952)
Budget Basis	\$92,352

Note 6 - Deposits and Investments

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

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

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

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

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

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

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to payment of principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations;
7. The State Treasurer's investment pool (STAROhio);
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits

Custodial Credit Risk Custodial credit risk for deposits is the risk that, in the event of the failure of the counterparty, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$3,231,258 of the City's bank balance of \$3,631,258 was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

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

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

Investments

As of December 31, 2006, the City had the following investments:

	Maturity			Total
	Less Than Six months	More Than Six Months But Less Than One Year	More Than One Year But Less Than Three Years	
Federal Home Loan Mortgage Corporation Notes	\$1,799,852	\$0	\$1,009,600	\$2,809,452
Federal Home Loan Bank Bonds	0	4,258,006	1,003,212	5,261,218
Federal National Mortgage Association Notes	2,076,513	699,783	1,006,703	3,782,999
Repurchase Agreements	2,880,436	0	0	2,880,436
Total Portfolio	\$6,756,801	\$4,957,789	\$3,019,515	\$14,734,105

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy requires that operating funds be invested primarily in short-term investments maturing within two years from the date of purchase if they have a variable interest rate and five years for investments that have a fixed rate and that the City's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

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

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The underlying securities of the repurchase agreements are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the City's name. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

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

Investment	Percentage of Investments
Federal Home Loan Mortgage Corporation Notes	19.07 %
Federal Home Loan Bank Bonds	35.71
Federal National Mortgage Association Notes	25.67
Repurchase Agreements	19.55

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

Note 7 - Receivables

Receivables at December 31, 2006, consisted primarily of municipal income taxes, property and other taxes, intergovernmental receivables arising from entitlements and shared revenues, special assessments, and accounts (billings for utility service).

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

Special assessments expected to be collected in more than one year amount to \$305,000 in the Special Assessment Bond Retirement Fund. At December 31, 2006 the total amount of delinquent special assessments was \$356,878.

A. Property Taxes

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

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

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

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

The full tax rate for all City operations for the year ended December 31, 2006, was \$14.70 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2005 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	\$448,084,590
Tangible Personal Property	8,747,215
Public Utility Property	8,219,840
Total	<u><u>\$465,051,645</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.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

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, 2006 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 2006 operations and the collections of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

B. Income Taxes

The City levies a 2.0 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

C. Intergovernmental Receivables

A summary of intergovernmental receivables follows:

Governmental Activities	Amount
Local Government and Local Government	
Revenue Assistance	\$650,554
Homestead and Rollback	313,639
Gasoline and Excise Tax	258,887
State and Local Highway Tax	101,449
Estate Tax	37,406
Permissive Motor Vehicle License Tax	68,226
Motor Vehicle License Fees	65,451
Operation Home Improvement Grant	15,000
South Euclid / Lyndhurst	4,438
Liquor Permit Fees	3,667
City of Mayfield Heights	1,403
Flood Emergency Grant	678
Mayfield Village	425
Total	\$1,521,223

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

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.

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 2006, the City of South Euclid paid \$89,241 in premiums from the general fund, which represents 10.28 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.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

Note 10 - Compensated Absences

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

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

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

Note 11 - Capital Assets

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

Governmental Activities	Balance 12/31/2005	Additions	Deductions	Balance 12/31/2006
<i>Capital Assets not being Depreciated:</i>				
Land	\$1,292,897	\$0	(\$110,000)	\$1,182,897
<i>Capital Assets being Depreciated:</i>				
Buildings and Improvements	10,483,587	45,130	0	10,528,717
Equipment	2,949,999	115,081	(84,685)	2,980,395
Vehicles	3,840,458	619,708	(379,903)	4,080,263
Infrastructure:				
Streets	18,821,550	715,492	0	19,537,042
Bridges, Sewers and Culverts	11,294,987	1,503,005	0	12,797,992
Waterlines	2,413,372	0	0	2,413,372
Traffic Signals	0	36,907	0	36,907
Total Capital Assets being Depreciated	<u>49,803,953</u>	<u>3,035,323</u>	<u>(464,588)</u>	<u>52,374,688</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(6,407,901)	(415,181)	0	(6,823,082)
Equipment	(1,946,856)	(170,085)	83,133	(2,033,808)
Vehicles	(2,605,881)	(332,505)	322,206	(2,616,180)
Infrastructure:				
Streets	(5,305,441)	(578,553)	0	(5,883,994)
Bridges, Sewers and Culverts	(1,014,953)	(243,225)	0	(1,258,178)
Waterlines	(386,159)	(43,636)	0	(429,795)
Traffic Signals	0	(738)	0	(738)
Total Accumulated Depreciation	<u>(17,667,191)</u>	<u>(1,783,923) *</u>	<u>405,339</u>	<u>(19,045,775)</u>
Total Capital Assets being Depreciated, Net	<u>32,136,762</u>	<u>1,251,400</u>	<u>(59,249)</u>	<u>33,328,913</u>
Governmental Activities Capital Assets, Net	<u>\$33,429,659</u>	<u>\$1,251,400</u>	<u>(\$169,249)</u>	<u>\$34,511,810</u>

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

*Depreciation expense was charged to governmental activities as follows:

General Government:	
Legislative and Executive	\$2,113
Judicial System	6,636
Security of Persons and Property:	
Police	43,974
Fire	34,479
Leisure Time Activities	14,233
Building Department	7,627
Transportation	1,073,633
Basic Utility Services	504,416
Swimming Pools	96,812
Total Depreciation Expense	\$1,783,923

Note 12 - Note Debt

The City's note activity, including amounts outstanding and interest rates, is as follows:

	Balance 12/31/2005	Additions	Reductions	Balance 12/31/2006
4.09% Land Acquisition Fund	\$0	\$1,800,000	\$0	\$1,800,000

In 2006, the City issued \$1,800,000 in Housing Development bond anticipation notes for acquiring real property and improving the site to assist in providing housing. These notes mature on December 20, 2007.

The notes are backed by the full faith and credit of the City of South Euclid and mature within one year. The note liability is reflected in the fund which received the proceeds.

Note 13 - 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 Parking Lot Improvement 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 White Hall Road Bridge Replacement	0%	188,822	2006 to 2025
OPWC Bexley Infrastructure	0%	1,247,424	2005 to 2024
Police and Fire Pension	4.25%	391,010	1973 to 2035

City of South Euclid, Ohio
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For The Year Ended December 31, 2006

A schedule of changes in bonds and other long-term obligations of the City during 2006 follows:

	Amount Outstanding 12/31/2005	Additions	Deletions	Amount Outstanding 12/31/2006	Amounts Due In One Year
Governmental Activities					
<i>General Obligation Bonds</i>					
1998 Recreational Facilities					
Improvement Refunding Bonds					
Current Interest Serial Bonds	\$1,815,000	\$0	(\$430,000)	\$1,385,000	\$435,000
Capital Appreciation Bonds	59,994	0	0	59,994	0
Accretion on Capital Appreciation Bonds	329,678	85,828	0	415,506	0
Total 1998 Recreational Facilities Bonds	<u>2,204,672</u>	<u>85,828</u>	<u>(430,000)</u>	<u>1,860,500</u>	<u>435,000</u>
2003 Various Purpose General Obligation Bonds					
Premium on Various Purpose Bonds	8,365,000	0	(530,000)	7,835,000	540,000
	16,834	0	(1,296)	15,538	1,292
Total 2003 Various Purpose General Obligation Bonds	<u>8,381,834</u>	<u>0</u>	<u>(531,296)</u>	<u>7,850,538</u>	<u>541,292</u>
<i>Total General Obligation Bonds</i>	<u>10,586,506</u>	<u>85,828</u>	<u>(961,296)</u>	<u>9,711,038</u>	<u>976,292</u>
<i>Special Assessment Bonds</i>					
<i>with Governmental Commitment</i>					
Parking Lot Improvement	375,000	0	(35,000)	340,000	35,000
<i>OPWC Loans:</i>					
Liberty Road Bridge Replacement	623,610	0	(37,795)	585,815	37,795
White Hall Road Bridge Replacement	188,822	0	(9,441)	179,381	9,441
Bexley Infrastructure	1,153,868	0	(62,371)	1,091,497	62,371
Total OPWC Loans	<u>1,966,300</u>	<u>0</u>	<u>(109,607)</u>	<u>1,856,693</u>	<u>109,607</u>
Police and Fire Pension	326,720	0	(5,726)	320,994	5,971
Capital Lease	0	356,964	(65,108)	291,856	68,112
Compensated Absences	1,023,586	116,236	(41,818)	1,098,004	130,064
<i>Total Governmental Activities</i>	<u>\$14,278,112</u>	<u>\$559,028</u>	<u>(\$1,218,555)</u>	<u>\$13,618,585</u>	<u>\$1,325,046</u>

In 1998, the City defeased a 1991 recreational facilities improvement bond issue in order to take advantage of lower interest rates. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. On December 31, 2006, \$1,385,000 of the defeased bonds are still outstanding.

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

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

The serial and capital appreciation bonds remained outstanding at December 31, 2006. The capital appreciation bonds were originally sold at a discount of \$1,085,006, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is December 1, 2011.

The maturity amount of outstanding capital appreciation bonds at December 31, 2006 is \$59,994. The accretion recorded for 2006 was \$85,828, for a total outstanding bond liability of \$475,500 at December 31, 2006.

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

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

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

As of December 31, 2006, the City's overall legal debt margin (the ability to issue additional amounts of general obligation bonded debt) was \$38,374,829 and the unvoted legal debt margin was \$24,402,240.

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

	General Obligation Bonds			
	Serial		Capital Appreciation	
	Principal	Interest	Principal	Accretion
2007	\$975,000	\$317,659	\$0	\$0
2008	1,005,000	282,754	0	0
2009	1,065,000	246,304	0	0
2010	590,000	207,354	33,586	541,414
2011	610,000	189,654	26,408	543,592
2012-2016	3,410,000	641,084	0	0
2017-2018	1,565,000	86,740	0	0
Total	\$9,220,000	\$1,971,549	\$59,994	\$1,085,006

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

	Special Assessment Bonds		Police and Fire Pension		OPWC Loans	Totals
	Principal	Interest	Principal	Interest	Principal	
2007	\$35,000	\$22,780	\$5,971	\$13,579	\$109,607	\$1,479,596
2008	35,000	20,435	6,227	13,323	109,607	1,472,346
2009	40,000	18,090	6,495	13,055	109,607	1,498,551
2010	40,000	15,410	6,773	12,778	109,607	1,556,922
2011	45,000	12,730	7,065	12,486	109,607	1,556,542
2012-2016	145,000	19,765	40,145	57,606	548,035	4,861,635
2017-2021	0	0	49,489	48,264	548,032	2,297,525
2022-2026	0	0	61,132	36,620	212,591	310,343
2027-2031	0	0	75,441	22,311	0	97,752
2032-2035	0	0	62,256	5,296	0	67,552
Total	<u>\$340,000</u>	<u>\$109,210</u>	<u>\$320,994</u>	<u>\$235,318</u>	<u>\$1,856,693</u>	<u>\$15,198,764</u>

Note 14 – Capital Lease

In 2006, the City entered into a capitalized lease obligation for four new vehicles; 2005 Chassis with Trough Loader, 2005 Ford Dump Truck and two 2006 International 5 Ton Dump Trucks. The lease meets the criteria for a capital lease as defined by the Statement of Financial Accounting Standards No. 13 “Accounting for Lease” and have been recorded on the government-wide statements. The lease has been capitalized in the amount of \$356,964, the present value of the minimum lease payment at the inception of the lease. The book value of the capital assets as of December 31, 2006 was \$321,268.

The following is a schedule of the future minimum leases payments required under the capital lease and the present value of the minimum lease payments as of December 31, 2006.

	Amounts
2007	\$81,576
2008	81,576
2009	81,576
2010	81,575
Total Minimum Lease Payments	<u>326,303</u>
Less: Amount representing interest	<u>34,447</u>
Present Value of Minimum Lease Payments	<u><u>\$291,856</u></u>

Note 15 - 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.

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

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, 2006.

Note 16 - Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

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

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement participating in the traditional plan, were required to contribute 9 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary. The City's contribution rate for pension benefits for 2006 was 13.7 percent, except for those plan members in law enforcement or public safety. For those classifications, the City's pension contributions were 16.93 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$323,402, \$318,004, and \$269,233 respectively; 69.87 percent has been contributed for 2006 and 100 percent for 2005 and 2004. Contributions to the member-directed plan for 2006 were \$2,763 made by the City and \$1,815 made by plan members.

B. Ohio Police and Fire Pension Fund

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

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary to fund pension benefits while the City is required to contribute 19.5 percent for police officers and 24 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the Fund for police and firefighters were \$323,843 and \$369,349 for the year ended December 31, 2006, \$315,332 and \$370,057 for the year ended December 31, 2005, and \$370,375 and \$347,788 for the year ended December 31, 2004. The full amount has been contributed for 2005 and 2004. 69.34 percent and 68.80 percent has been contributed for 2006.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2006, the unfunded liability of the City was \$320,994 payable in semi-annual payments through the year of 2035. This is an accounting liability of the City which will not vary.

Note 17 - 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 qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll (16.93 percent for public safety and law enforcement); 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 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 0.50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase at between 0.50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in December 31, 2005, actuarial valuation was 358,804. Actual employer contributions for 2006 which were used to fund postemployment benefits were \$158,186. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a

City of South Euclid, Ohio
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separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

B. Ohio Police and Fire Pension Fund

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

The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution rate is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2006 and 2005. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

The City's actual contributions for 2006 that were used to fund postemployment benefits were \$213,598 for police and \$176,151 for firefighters. The OP&F's total health care expense for the year ended December 31, 2005 (the latest information available), was \$108,039,449, which was net of member contributions of \$55,271,881. The number of OP&F participants eligible to receive health care benefits as of December 31, 2005, was 13,922 for police and 10,537 for firefighters.

Note 18 - 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 2006, the City contributed \$215,686, paid from the general fund, which represented 35.68 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

City of South Euclid, Ohio
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centers. Each of these governments supports SELREC through funds that are appropriated in their budgets and each shares in the equity of SELREC.

The operation of SELREC is controlled by a nine member board consisting of the following: one member appointed by the Mayor of the City of South Euclid and one member appointed by the Mayor of the City of Lyndhurst, three members that are residents of the City of South Euclid, three members that are residents of the City of Lyndhurst, and one member that is a resident of the South Euclid-Lyndhurst City School District and that lives in either the City of South Euclid or the City of Lyndhurst (jointly appointed by the Mayors of the Cities of South Euclid and Lyndhurst). The City has an ongoing financial responsibility because the continued existence of the joint venture depends on the City's continued participation. SELREC is not accumulating significant financial resources or experiencing fiscal stress which would cause additional benefit or burden on the City. In 2006, 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, 2006. Financial statements can be obtained by contacting the fiscal agent, South Euclid-Lyndhurst City School District, 6044 Mayfield Road, Lyndhurst, Ohio 44124.

Note 19 - Jointly Governed Organizations

A. Northeast Ohio Public Energy Council

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

NOPEC is governed by a General Assembly made up of one representative from each member community. The representatives from each county then elect one person to serve on the eight-member NOPEC Board of Directors. The Board oversees and manages the operation of the aggregation program. The degree of control exercised by any participating government is limited to its representation in the General Assembly and on the Board. The City of South Euclid did not contribute to NOPEC during 2006. Financial information can be obtained by contacting Joseph Migliorini, Board Chairman, at 175 South Main Street, Akron, Ohio 44308.

B. First Suburbs Consortium of Northeast Ohio Council of Governments

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

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

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 2006, 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.

C. Heights Area Special Rescue Team

The City is a member of the Heights Area Special Rescue Team (HASRT). HASRT is a council of governments formed under Ohio Revised Code Section 9.6. The governing body of HASRT is comprised of a Council of 5 Fire Chiefs of the member cities. HASRT was established to provide mutual aid for the provision of emergency fire protection and rescue squad services and to organize, train and equip a special rescue team to conduct rescue activities requiring unusual training and/or equipment in participating communities. Annual member receipts are based on an agreed formula based on the member cities population. During 2006, the City of South Euclid contributed \$4,747 to HASRT. Financial information can be obtained by contacting Heights Area Special Rescue Team, 3400 Lee Road, Shaker Heights, Ohio, 44120.

Note 20 - Interfund Transactions

A. Interfund Balances

Interfund balances at December 31, 2006 consist of an interfund receivable in the general fund for \$15,000 and an interfund payable in the operation home improvement special revenue fund for \$15,000. The interfund payable was an advance for grant monies that the fund will receive at a later date. This is expected to be paid within one year.

B. Interfund Transfers

Interfund transfers for the year ended December 31, 2006, consisted of the following:

Transfers To	Transfers From
	General
Other Governmental Funds:	
Operation Home Improvement	\$10,000
Parking Lots and Meters	10,000
Swimming Pools	150,000
Sewer Rental	75,000
Safety Forces Vehicle	200,000
Road Improvement	500,000
<i>Total</i>	<i>\$945,000</i>

A transfer from the general fund to the operation home improvement special revenue fund was to cover the City's match that is required by grant agreements. The transfers from the general fund to the parking lots and meters, swimming pools, and sewer rental special revenue funds were to cover general operating expenditures. The safety forces vehicle capital projects funds received transfers from the general fund to fund future capital purchases. Capital purchases in the safety forces vehicle fund will benefit the police and

City of South Euclid, Ohio
Notes to the Basic Financial Statements
For The Year Ended December 31, 2006

fire departments. A transfer from the general fund to the road improvement capital projects fund was made as a supplement to tax levy proceeds to cover operating costs.

Note 21 – Subsequent Events

On January 30, 2007, the City issued \$17,000,000 in general obligation real estate acquisition and urban development notes at a rate of 5.50 percent, maturing on January 29, 2008, in anticipation of the issuance of bonds.

Combining Statements and Individual Fund Schedules

Combining Statements – Nonmajor Governmental Funds

Nonmajor Special Revenue Funds

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

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

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

Street Construction, Maintenance and Repair Fund The Street Construction, Maintenance and Repair Fund accounts for ninety-two and one half percent 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 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 The FEMA Firefighters Grant Fund 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.

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.

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 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 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.

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, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$934,766	\$772,589	\$1,755,522	\$3,462,877
Materials and Supplies Inventory	152,518	0	0	152,518
Accounts Receivable	1,429	0	0	1,429
Intergovernmental Receivable	523,227	30,796	31,739	585,762
Property Taxes Receivable	262,660	481,544	561,610	1,305,814
Special Assessments Receivable	770,437	443,088	0	1,213,525
<i>Total Assets</i>	<u>\$2,645,037</u>	<u>\$1,728,017</u>	<u>\$2,348,871</u>	<u>\$6,721,925</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$84,662	\$0	\$19,088	\$103,750
Accrued Wages	24,566	0	0	24,566
Intergovernmental Payable	98,507	0	0	98,507
Interfund Payable	15,000	0	0	15,000
Deferred Revenue	1,468,051	955,428	593,349	3,016,828
<i>Total Liabilities</i>	<u>1,690,786</u>	<u>955,428</u>	<u>612,437</u>	<u>3,258,651</u>
Fund Balances				
Reserved for Encumbrances	7,265	0	456,423	463,688
Unreserved, Undesignated, Reported in:				
Special Revenue Funds	946,986	0	0	946,986
Debt Service Funds	0	772,589	0	772,589
Capital Projects Funds	0	0	1,280,011	1,280,011
<i>Total Fund Balances</i>	<u>954,251</u>	<u>772,589</u>	<u>1,736,434</u>	<u>3,463,274</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$2,645,037</u>	<u>\$1,728,017</u>	<u>\$2,348,871</u>	<u>\$6,721,925</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, 2006

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Total Nonmajor Governmental Funds
Revenues				
Property and Other Taxes	\$229,026	\$491,476	\$551,402	\$1,271,904
Special Assessments	723,867	60,198	7	784,072
Intergovernmental	1,034,833	61,592	126,065	1,222,490
Fines and Forfeitures	23,139	0	0	23,139
Charges for Services	227,028	0	0	227,028
Other	11,170	0	3,100	14,270
<i>Total Revenues</i>	<u>2,249,063</u>	<u>613,266</u>	<u>680,574</u>	<u>3,542,903</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police	231,300	0	0	231,300
Fire	160,071	0	0	160,071
Transportation	771,398	0	0	771,398
Basic Utility Services	984,098	0	0	984,098
Swimming Pools	274,413	0	0	274,413
Capital Outlay	0	0	1,822,792	1,822,792
Debt Service:				
Principal Retirement	0	465,000	290,108	755,108
Interest and Fiscal Charges	0	111,148	132,678	243,826
<i>Total Expenditures</i>	<u>2,421,280</u>	<u>576,148</u>	<u>2,245,578</u>	<u>5,243,006</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(172,217)</u>	<u>37,118</u>	<u>(1,565,004)</u>	<u>(1,700,103)</u>
Other Financing Sources				
Inception of Capital Lease	0	0	356,964	356,964
Transfers In	245,000	0	700,000	945,000
<i>Total Other Financing Sources</i>	<u>245,000</u>	<u>0</u>	<u>1,056,964</u>	<u>1,301,964</u>
<i>Net Change in Fund Balances</i>	72,783	37,118	(508,040)	(398,139)
<i>Fund Balances Beginning of Year</i>	<u>881,468</u>	<u>735,471</u>	<u>2,244,474</u>	<u>3,861,413</u>
<i>Fund Balances End of Year</i>	<u>\$954,251</u>	<u>\$772,589</u>	<u>\$1,736,434</u>	<u>\$3,463,274</u>

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2006

	Operation Home Improvement	COPS Grant	Street Construction, Maintenance and Repair	State Highway
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$5,744	\$1,613	\$402,608	\$12,338
Materials and Supplies Inventory	0	0	152,518	0
Accounts Receivable	0	0	0	0
Intergovernmental Receivable	15,000	0	393,852	31,935
Property Taxes Receivable	0	0	0	0
Special Assessments Receivable	0	0	0	0
<i>Total Assets</i>	<u>\$20,744</u>	<u>\$1,613</u>	<u>\$948,978</u>	<u>\$44,273</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$0	\$0	\$12,976	\$0
Accrued Wages	0	0	13,934	1,180
Intergovernmental Payable	0	0	25,985	1,601
Interfund Payable	15,000	0	0	0
Deferred Revenue	0	0	335,279	27,185
<i>Total Liabilities</i>	<u>15,000</u>	<u>0</u>	<u>388,174</u>	<u>29,966</u>
Fund Balances				
Reserved for Encumbrances	0	0	2,877	0
Unreserved, Undesignated (Deficit)	5,744	1,613	557,927	14,307
<i>Total Fund Balances (Deficit)</i>	<u>5,744</u>	<u>1,613</u>	<u>560,804</u>	<u>14,307</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$20,744</u>	<u>\$1,613</u>	<u>\$948,978</u>	<u>\$44,273</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>
\$21,401	\$7,733	\$105,695	\$104,793	\$12,329	\$195,769
0	0	0	0	0	0
1,170	0	0	259	0	0
0	0	68,226	0	0	0
0	0	0	0	0	0
0	0	0	0	0	401,276
<u>\$22,571</u>	<u>\$7,733</u>	<u>\$173,921</u>	<u>\$105,052</u>	<u>\$12,329</u>	<u>\$597,045</u>
\$1,047	\$2,739	\$34,980	\$0	\$0	\$32,782
833	0	0	0	0	0
636	3,515	0	0	0	0
0	0	0	0	0	0
0	0	58,276	0	0	401,276
<u>2,516</u>	<u>6,254</u>	<u>93,256</u>	<u>0</u>	<u>0</u>	<u>434,058</u>
0	39	20	2,457	0	0
<u>20,055</u>	<u>1,440</u>	<u>80,645</u>	<u>102,595</u>	<u>12,329</u>	<u>162,987</u>
<u>20,055</u>	<u>1,479</u>	<u>80,665</u>	<u>105,052</u>	<u>12,329</u>	<u>162,987</u>
<u>\$22,571</u>	<u>\$7,733</u>	<u>\$173,921</u>	<u>\$105,052</u>	<u>\$12,329</u>	<u>\$597,045</u>

(continued)

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

	Sewer Rental	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$31,114	\$16,815	\$16,814	\$934,766
Materials and Supplies Inventory	0	0	0	152,518
Accounts Receivable	0	0	0	1,429
Intergovernmental Receivable	0	7,107	7,107	523,227
Property Taxes Receivable	0	131,330	131,330	262,660
Special Assessments Receivable	369,161	0	0	770,437
<i>Total Assets</i>	<u>\$400,275</u>	<u>\$155,252</u>	<u>\$155,251</u>	<u>\$2,645,037</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$138	\$0	\$0	\$84,662
Accrued Wages	8,619	0	0	24,566
Intergovernmental Payable	16,770	25,000	25,000	98,507
Interfund Payable	0	0	0	15,000
Deferred Revenue	369,161	138,437	138,437	1,468,051
<i>Total Liabilities</i>	<u>394,688</u>	<u>163,437</u>	<u>163,437</u>	<u>1,690,786</u>
Fund Balances				
Reserved for Encumbrances	1,872	0	0	7,265
Unreserved, Undesignated (Deficit)	3,715	(8,185)	(8,186)	946,986
<i>Total Fund Balances (Deficit)</i>	<u>5,587</u>	<u>(8,185)</u>	<u>(8,186)</u>	<u>954,251</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$400,275</u>	<u>\$155,252</u>	<u>\$155,251</u>	<u>\$2,645,037</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, 2006

	Operation Home Improvement	COPS Grant	Street Construction, Maintenance and Repair	State Highway
Revenues				
Property and Other Taxes	\$0	\$0	\$0	\$0
Special Assessments	0	0	0	0
Intergovernmental	15,000	0	718,553	58,262
Fines and Forfeitures	0	0	0	0
Charges for Services	0	0	0	0
Other	0	0	11,170	0
<i>Total Revenues</i>	<u>15,000</u>	<u>0</u>	<u>729,723</u>	<u>58,262</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police	0	4,358	0	0
Fire	0	0	0	0
Transportation	0	0	642,171	58,681
Basic Utility Services	25,000	0	0	0
Swimming Pools	0	0	0	0
<i>Total Expenditures</i>	<u>25,000</u>	<u>4,358</u>	<u>642,171</u>	<u>58,681</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	(10,000)	(4,358)	87,552	(419)
Other Financing Sources				
Transfers In	10,000	0	0	0
<i>Net Change in Fund Balances</i>	0	(4,358)	87,552	(419)
<i>Fund Balances Beginning of Year</i>	<u>5,744</u>	<u>5,971</u>	<u>473,252</u>	<u>14,726</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$5,744</u></u>	<u><u>\$1,613</u></u>	<u><u>\$560,804</u></u>	<u><u>\$14,307</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, 2006

	Parking Lots and Meters	Swimming Pools	Permissive Motor Vehicle License	Law Enforcement
Revenues				
Property and Other Taxes	\$0	\$0	\$0	\$0
Special Assessments	1,267	0	0	0
Intergovernmental	0	0	132,976	81,616
Fines and Forfeitures	0	0	0	23,139
Charges for Services	81,050	121,333	0	0
Other	0	0	0	0
<i>Total Revenues</i>	<u>82,317</u>	<u>121,333</u>	<u>132,976</u>	<u>104,755</u>
Expenditures				
Current:				
Security of Persons and Property:				
Police	0	0	0	76,870
Fire	0	0	0	0
Transportation	0	0	70,546	0
Basic Utility Services	82,314	0	0	0
Swimming Pools	0	274,413	0	0
<i>Total Expenditures</i>	<u>82,314</u>	<u>274,413</u>	<u>70,546</u>	<u>76,870</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	3	(153,080)	62,430	27,885
Other Financing Sources				
Transfers In	10,000	150,000	0	0
<i>Net Change in Fund Balances</i>	10,003	(3,080)	62,430	27,885
<i>Fund Balances Beginning of Year</i>	<u>10,052</u>	<u>4,559</u>	<u>18,235</u>	<u>77,167</u>
<i>Fund Balances (Deficit) End of Year</i>	<u><u>\$20,055</u></u>	<u><u>\$1,479</u></u>	<u><u>\$80,665</u></u>	<u><u>\$105,052</u></u>

FEMA Firefighters Grant	Street Lighting	Sewer Rental	Police Pension	Fire Pension	Total Nonmajor Special Revenue Funds
\$0	\$0	\$0	\$114,513	\$114,513	\$229,026
0	384,964	337,636	0	0	723,867
0	0	0	14,213	14,213	1,034,833
0	0	0	0	0	23,139
0	0	24,645	0	0	227,028
0	0	0	0	0	11,170
0	384,964	362,281	128,726	128,726	2,249,063
0	0	0	150,072	0	231,300
10,000	0	0	0	150,071	160,071
0	0	0	0	0	771,398
0	404,212	472,572	0	0	984,098
0	0	0	0	0	274,413
10,000	404,212	472,572	150,072	150,071	2,421,280
(10,000)	(19,248)	(110,291)	(21,346)	(21,345)	(172,217)
0	0	75,000	0	0	245,000
(10,000)	(19,248)	(35,291)	(21,346)	(21,345)	72,783
22,329	182,235	40,878	13,161	13,159	881,468
\$12,329	\$162,987	\$5,587	(\$8,185)	(\$8,186)	\$954,251

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2006

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$624,400	\$148,189	\$772,589
Intergovernmental Receivable	30,796	0	30,796
Property Taxes Receivable	481,544	0	481,544
Special Assessments Receivable	0	443,088	443,088
<i>Total Assets</i>	<u>\$1,136,740</u>	<u>\$591,277</u>	<u>\$1,728,017</u>
Liabilities and Fund Balances			
Liabilities			
Deferred Revenue	\$512,340	\$443,088	\$955,428
Fund Balances			
Unreserved, Undesignated	<u>624,400</u>	<u>148,189</u>	<u>772,589</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$1,136,740</u>	<u>\$591,277</u>	<u>\$1,728,017</u>

City of South Euclid, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2006

	General Obligation Bond Retirement	Special Assessment Bond Retirement	Total Nonmajor Debt Service Funds
Revenues			
Property and Other Taxes	\$491,476	\$0	\$491,476
Special Assessments	0	60,198	60,198
Intergovernmental	61,592	0	61,592
<i>Total Revenues</i>	<u>553,068</u>	<u>60,198</u>	<u>613,266</u>
Expenditures			
Debt Service:			
Principal Retirement	430,000	35,000	465,000
Interest and Fiscal Charges	85,365	25,783	111,148
<i>Total Expenditures</i>	<u>515,365</u>	<u>60,783</u>	<u>576,148</u>
<i>Net Change in Fund Balances</i>	37,703	(585)	37,118
<i>Fund Balances Beginning of Year</i>	<u>586,697</u>	<u>148,774</u>	<u>735,471</u>
<i>Fund Balances End of Year</i>	<u><u>\$624,400</u></u>	<u><u>\$148,189</u></u>	<u><u>\$772,589</u></u>

City of South Euclid, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2006

	General Capital Improvements	Safety Forces Vehicle	Recreation Improvement	Road Improvement
Assets				
Equity in Pooled Cash and Cash Equivalents	\$501,096	\$667,223	\$47,232	\$71,209
Intergovernmental Receivable	0	0	0	31,739
Property Taxes Receivable	0	0	0	561,610
<i>Total Assets</i>	<u>\$501,096</u>	<u>\$667,223</u>	<u>\$47,232</u>	<u>\$664,558</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$19,088	\$0	\$0	\$0
Deferred Revenue	0	0	0	593,349
<i>Total Liabilities</i>	<u>19,088</u>	<u>0</u>	<u>0</u>	<u>593,349</u>
Fund Balances				
Reserved for Encumbrances	105,222	8,579	0	36,714
Unreserved, Undesignated	376,786	658,644	47,232	34,495
<i>Total Fund Balances</i>	<u>482,008</u>	<u>667,223</u>	<u>47,232</u>	<u>71,209</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$501,096</u>	<u>\$667,223</u>	<u>\$47,232</u>	<u>\$664,558</u>

Sidewalk Improvement	Stanhope Parking Lot	Issue II	Sewer Rehabilitation	Total Nonmajor Capital Projects Funds
\$7	\$2,853	\$464,651	\$1,251	\$1,755,522
0	0	0	0	31,739
0	0	0	0	561,610
<u>\$7</u>	<u>\$2,853</u>	<u>\$464,651</u>	<u>\$1,251</u>	<u>\$2,348,871</u>
\$0	\$0	\$0	\$0	\$19,088
0	0	0	0	593,349
0	0	0	0	612,437
0	0	305,908	0	456,423
7	2,853	158,743	1,251	1,280,011
7	2,853	464,651	1,251	1,736,434
<u>\$7</u>	<u>\$2,853</u>	<u>\$464,651</u>	<u>\$1,251</u>	<u>\$2,348,871</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, 2006

	General Capital Improvements	Safety Forces Vehicle	Recreation Improvement	Road Improvement
Revenues				
Property and Other Taxes	\$0	\$0	\$0	\$551,402
Special Assessments	0	0	0	0
Intergovernmental	80	0	0	63,477
Other	0	3,100	0	0
<i>Total Revenues</i>	<u>80</u>	<u>3,100</u>	<u>0</u>	<u>614,879</u>
Expenditures				
Capital Outlay	785,436	196,313	0	778,535
Debt Service:				
Principal Retirement	65,108	0	0	225,000
Interest and Fiscal Charges	16,468	0	0	116,210
<i>Total Expenditures</i>	<u>867,012</u>	<u>196,313</u>	<u>0</u>	<u>1,119,745</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(866,932)</u>	<u>(193,213)</u>	<u>0</u>	<u>(504,866)</u>
Other Financing Sources				
Inception of Capital Lease	356,964	0	0	0
Transfers In	0	200,000	0	500,000
<i>Total Other Financing Sources</i>	<u>356,964</u>	<u>200,000</u>	<u>0</u>	<u>500,000</u>
<i>Net Change in Fund Balances</i>	(509,968)	6,787	0	(4,866)
<i>Fund Balances Beginning of Year</i>	<u>991,976</u>	<u>660,436</u>	<u>47,232</u>	<u>76,075</u>
<i>Fund Balances End of Year</i>	<u><u>\$482,008</u></u>	<u><u>\$667,223</u></u>	<u><u>\$47,232</u></u>	<u><u>\$71,209</u></u>

Sidewalk Improvement	Stanhope Parking Lot	Issue II	Sewer Rehabilitation	Total Nonmajor Capital Projects Funds
\$0	\$0	\$0	\$0	\$551,402
7	0	0	0	7
0	0	62,508	0	126,065
0	0	0	0	3,100
7	0	62,508	0	680,574
0	0	62,508	0	1,822,792
0	0	0	0	290,108
0	0	0	0	132,678
0	0	62,508	0	2,245,578
7	0	0	0	(1,565,004)
0	0	0	0	356,964
0	0	0	0	700,000
0	0	0	0	1,056,964
7	0	0	0	(508,040)
0	2,853	464,651	1,251	2,244,474
\$7	\$2,853	\$464,651	\$1,251	\$1,736,434

Combining Statement - Agency Fund

Agency Fund

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

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

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

	Beginning Balance 12/31/05	Additions	Deductions	Ending Balance 12/31/06
<i>Deposits Fund</i>				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$954,446	\$415,742	\$407,334	\$962,854
Liabilities				
Deposits Held and Due to Others	\$954,446	\$415,742	\$407,334	\$962,854

**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, 2006

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property and Other Taxes	\$3,889,965	\$3,889,965	\$3,996,225	\$106,260
Income Taxes	7,260,000	7,260,000	6,711,891	(548,109)
Special Assessments	46,334	46,334	61,158	14,824
Intergovernmental	1,851,306	1,851,306	2,157,240	305,934
Interest	350,000	350,000	721,614	371,614
Fees, Licenses and Permits	577,000	577,000	602,668	25,668
Fines and Forfeitures	457,500	457,500	532,220	74,720
Rentals	175,500	175,500	154,249	(21,251)
Charges for Services	111,000	111,000	88,337	(22,663)
Other	5,166	5,166	141,233	136,067
<i>Total Revenues</i>	<u>14,723,771</u>	<u>14,723,771</u>	<u>15,166,835</u>	<u>443,064</u>
Expenditures				
Current:				
General Government:				
Legislative and Executive:				
Council				
Personal Services	72,650	73,650	71,492	2,158
Materials and Supplies	5,770	9,270	7,101	2,169
Other	10,160	9,160	3,569	5,591
Total Council	<u>88,580</u>	<u>92,080</u>	<u>82,162</u>	<u>9,918</u>
Mayor				
Personal Services	147,608	147,608	143,753	3,855
Contractual Services	600	600	166	434
Materials and Supplies	5,100	5,100	3,789	1,311
Other	11,100	11,100	8,304	2,796
Total Mayor	<u>164,408</u>	<u>164,408</u>	<u>156,012</u>	<u>8,396</u>
Finance Department				
Personal Services	301,490	301,490	248,275	53,215
Contractual Services	33,050	33,050	19,599	13,451
Materials and Supplies	6,810	6,810	6,486	324
Other	7,300	7,300	4,237	3,063
Total Finance Department	<u>348,650</u>	<u>348,650</u>	<u>278,597</u>	<u>70,053</u>
Law Director				
Personal Services	128,120	128,120	124,488	3,632
Contractual Services	185,874	338,764	313,432	25,332
Materials and Supplies	8,705	13,705	9,787	3,918
Other	25,750	25,750	17,486	8,264
Total Law Director	<u>348,449</u>	<u>506,339</u>	<u>465,193</u>	<u>41,146</u>
Civil Service				
Personal Services	9,000	9,000	7,528	1,472
Contractual Services	28,000	28,000	14,356	13,644
Other	2,080	2,080	421	1,659
Total Civil Service	<u>\$39,080</u>	<u>\$39,080</u>	<u>\$22,305</u>	<u>\$16,775</u>

(continued)

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

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Municipal Complex				
Personal Services	\$92,050	\$92,050	\$79,796	\$12,254
Contractual Services	366,685	366,685	357,444	9,241
Materials and Supplies	9,035	9,035	8,041	994
Other	54,684	54,684	45,386	9,298
Total Municipal Complex	522,454	522,454	490,667	31,787
Engineer				
Personal Services	18,355	18,355	17,916	439
Contractual Services	4,500	4,500	3,200	1,300
Other	62,179	82,179	48,172	34,007
Total Engineer	85,034	105,034	69,288	35,746
Mandated				
Contractual Services	200,000	200,000	158,889	41,111
Other	819,538	819,538	727,385	92,153
Total Mandated	1,019,538	1,019,538	886,274	133,264
Total Legislative and Executive	2,616,193	2,797,583	2,450,498	347,085
Judicial System:				
Municipal Court				
Personal Services	446,808	446,808	408,168	38,640
Contractual Services	4,500	4,500	4,224	276
Materials and Supplies	23,108	23,108	21,726	1,382
Other	16,050	16,050	13,013	3,037
Total Judicial System	490,466	490,466	447,131	43,335
Total General Government	3,106,659	3,288,049	2,897,629	390,420
Security of Persons and Property:				
Police:				
Police Department				
Personal Services	4,570,917	4,570,917	4,356,279	214,638
Contractual Services	101,553	101,553	64,985	36,568
Materials and Supplies	88,460	103,460	95,994	7,466
Other	123,295	123,295	94,339	28,956
Total Police	4,884,225	4,899,225	4,611,597	287,628
Fire:				
Fire Department				
Personal Services	3,276,684	3,276,684	3,135,555	141,129
Contractual Services	73,000	73,000	42,769	30,231
Materials and Supplies	85,461	85,461	63,490	21,971
Other	95,648	98,648	71,511	27,137
Total Fire Department	\$3,530,793	\$3,533,793	\$3,313,325	\$220,468

(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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Fire Hydrants				
Contractual Services	\$21,000	\$21,000	\$20,610	\$390
Materials and Supplies	9,000	9,000	7,123	1,877
Total Fire Hydrants	30,000	30,000	27,733	2,267
Total Fire	3,560,793	3,563,793	3,341,058	222,735
Total Security of Persons and Property	8,445,018	8,463,018	7,952,655	510,363
Public Health Services:				
Health and Human Services				
Contractual Services	135,132	150,132	130,676	19,456
Leisure Time Activities:				
Recreation Department				
Personal Services	102,400	102,400	84,608	17,792
Contractual Services	58,224	58,224	52,180	6,044
Materials and Supplies	7,000	7,000	3,399	3,601
Other	14,985	14,985	9,421	5,564
Total Recreation Department	182,609	182,609	149,608	33,001
Community Center				
Personal Services	107,530	107,530	87,998	19,532
Contractual Services	43,900	43,900	38,140	5,760
Materials and Supplies	40,616	40,616	31,435	9,181
Other	94,000	94,000	60,446	33,554
Total Community Center	286,046	286,046	218,019	68,027
Total Leisure Time Activities	468,655	468,655	367,627	101,028
Community Development:				
Boards and Commissions				
Personal Services	35,500	35,500	32,792	2,708
Other	300	300	228	72
Total Boards and Commissions	35,800	35,800	33,020	2,780
Community Relations				
Personal Services	146,460	146,460	135,957	10,503
Contractual Services	59,451	62,751	29,519	33,232
Materials and Supplies	3,050	3,050	1,339	1,711
Other	28,782	36,282	19,808	16,474
Total Community Relations	237,743	248,543	186,623	61,920
Total Community Development	\$273,543	\$284,343	\$219,643	\$64,700

(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, 2006

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Building Department:				
Building Department				
Personal Services	\$638,020	\$636,020	\$575,378	\$60,642
Contractual Services	16,665	16,665	16,597	68
Materials and Supplies	18,586	20,586	18,104	2,482
Other	38,833	54,333	37,882	16,451
Total Building Department	<u>712,104</u>	<u>727,604</u>	<u>647,961</u>	<u>79,643</u>
Transportation:				
Service Department				
Personal Services	495,271	498,271	460,226	38,045
Contractual Services	126,595	138,595	130,011	8,584
Materials and Supplies	61,265	58,265	40,783	17,482
Other	22,786	22,786	9,474	13,312
Total Service Department	<u>705,917</u>	<u>717,917</u>	<u>640,494</u>	<u>77,423</u>
Service Garage				
Personal Services	151,400	144,400	137,944	6,456
Contractual Services	72,650	72,650	68,221	4,429
Materials and Supplies	142,128	148,128	136,801	11,327
Other	10,000	11,000	10,261	739
Total Service Garage	<u>376,178</u>	<u>376,178</u>	<u>353,227</u>	<u>22,951</u>
Total Transportation	<u>1,082,095</u>	<u>1,094,095</u>	<u>993,721</u>	<u>100,374</u>
Basic Utility Services:				
Refuse Collection and Disposal				
Contractual Services	950,500	950,500	940,722	9,778
Curbside Recycling				
Personal Services	124,900	124,900	117,106	7,794
Other	44,062	44,062	19,996	24,066
Total Curbside Recycling	<u>168,962</u>	<u>168,962</u>	<u>137,102</u>	<u>31,860</u>
Total Basic Utility Services	<u>1,119,462</u>	<u>1,119,462</u>	<u>1,077,824</u>	<u>41,638</u>
Total Expenditures	<u>15,342,668</u>	<u>15,595,358</u>	<u>14,287,736</u>	<u>1,307,622</u>
Excess of Revenues Over (Under) Expenditures	<u>(\$618,897)</u>	<u>(\$871,587)</u>	<u>\$879,099</u>	<u>\$1,750,686</u>

(continued)

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Other Financing Sources (Uses)				
Sale of Capital Assets	\$3,000	\$3,000	\$173,253	\$170,253
Advances Out	(19,800)	(19,800)	(15,000)	4,800
Transfers Out	(985,000)	(985,000)	(945,000)	40,000
<i>Total Other Financing Sources (Uses)</i>	<u>(1,001,800)</u>	<u>(1,001,800)</u>	<u>(786,747)</u>	<u>215,053</u>
<i>Net Change in Fund Balance</i>	(1,620,697)	(1,873,387)	92,352	1,965,739
<i>Fund Balance Beginning of Year</i>	3,988,850	3,988,850	3,988,850	0
Prior Year Encumbrances Appropriated	<u>114,620</u>	<u>114,620</u>	<u>114,620</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$2,482,773</u>	<u>\$2,230,083</u>	<u>\$4,195,822</u>	<u>\$1,965,739</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$2,000,000	\$2,000,000	\$1,996,099	(\$3,901)
Expenditures				
Capital Outlay:				
Contractual Services	5,725,740	5,725,740	3,071,306	2,654,434
Debt Service:				
Principal Retirement	422,088	422,088	414,607	7,481
Interest and Fiscal Charges	156,844	156,844	156,844	0
Total Debt Service	578,932	578,932	571,451	7,481
<i>Total Expenditures</i>	6,304,672	6,304,672	3,642,757	2,661,915
<i>Net Change in Fund Balance</i>	(4,304,672)	(4,304,672)	(1,646,658)	2,658,014
<i>Fund Balance Beginning of Year</i>	5,565,071	5,565,071	5,565,071	0
Prior Year Encumbrances Appropriated	1,284,968	1,284,968	1,284,968	0
<i>Fund Balance End of Year</i>	\$2,545,367	\$2,545,367	\$5,203,381	\$2,658,014

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenses				
Capital Outlay:				
Contractual Services	714,450	714,450	4,050	710,400
<i>Excess of Revenues Under Expenditures</i>	(714,450)	(714,450)	(4,050)	710,400
Other Financing Sources				
Bond Anticipation Note Issued	0	0	1,800,000	1,800,000
<i>Net Change in Fund Balance</i>	(714,450)	(714,450)	1,795,950	2,510,400
<i>Fund Balance Beginning of Year</i>	714,450	714,450	714,450	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$2,510,400</u>	<u>\$2,510,400</u>

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$30,000	\$30,000	\$15,000	(\$15,000)
Expenditures				
Current:				
Basic Utility Services:				
Refuse Collection and Disposal:				
Other	25,000	25,000	25,000	0
<i>Excess of Revenues Over (Under) Expenditures</i>	5,000	5,000	(10,000)	(15,000)
Other Financing Sources				
Advances In	0	0	15,000	15,000
Transfers In	10,000	10,000	10,000	0
<i>Total Other Financing Sources</i>	10,000	10,000	25,000	15,000
<i>Net Change in Fund Balance</i>	15,000	15,000	15,000	0
<i>Fund Deficit Beginning of Year</i>	(9,256)	(9,256)	(9,256)	0
<i>Fund Balance End of Year</i>	<u>\$5,744</u>	<u>\$5,744</u>	<u>\$5,744</u>	<u>\$0</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Personal Services	5,971	5,971	4,358	1,613
<i>Net Change in Fund Balance</i>	(5,971)	(5,971)	(4,358)	1,613
<i>Fund Balance Beginning of Year</i>	5,971	5,971	5,971	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$1,613</u>	<u>\$1,613</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$600,000	\$600,000	\$710,158	\$110,158
Other	0	0	11,170	11,170
<i>Total Revenues</i>	600,000	600,000	721,328	121,328
Expenditures				
Current:				
Transportation:				
Street Maintenance:				
Personal Services	651,400	651,400	478,480	172,920
Materials and Supplies	223,014	223,014	180,757	42,257
Contractual Services	56,470	56,470	47,101	9,369
Other	6,500	6,500	2,179	4,321
<i>Total Expenditures</i>	937,384	937,384	708,517	228,867
<i>Net Change in Fund Balance</i>	(337,384)	(337,384)	12,811	350,195
<i>Fund Balance Beginning of Year</i>	371,436	371,436	371,436	0
Prior Year Encumbrances Appropriated	6,684	6,684	6,684	0
<i>Fund Balance End of Year</i>	\$40,736	\$40,736	\$390,931	\$350,195

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$48,000	\$48,000	\$57,580	\$9,580
Expenditures				
Current:				
Transportation:				
Street Maintenance:				
Personal Services	49,300	49,300	47,331	1,969
Materials and Supplies	13,814	13,814	13,596	218
<i>Total Expenditures</i>	63,114	63,114	60,927	2,187
<i>Net Change in Fund Balance</i>	(15,114)	(15,114)	(3,347)	11,767
<i>Fund Balance Beginning of Year</i>	11,871	11,871	11,871	0
Prior Year Encumbrances Appropriated	3,814	3,814	3,814	0
<i>Fund Balance End of Year</i>	\$571	\$571	\$12,338	\$11,767

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$1,267	\$1,267	\$1,267	\$0
Charges for Services	58,733	58,733	80,920	22,187
<i>Total Revenues</i>	60,000	60,000	82,187	22,187
Expenditures				
Current:				
Basic Utility Services:				
Parking Lots and Meters:				
Personal Services	37,460	37,460	32,895	4,565
Materials and Supplies	3,800	5,800	5,013	787
Contractual Services	47,325	45,325	44,873	452
Other	2,100	2,100	1,710	390
<i>Total Expenditures</i>	90,685	90,685	84,491	6,194
<i>Excess of Revenues Under Expenditures</i>	(30,685)	(30,685)	(2,304)	28,381
Other Financing Sources				
Transfers In	20,000	20,000	10,000	(10,000)
<i>Net Change in Fund Balance</i>	(10,685)	(10,685)	7,696	18,381
<i>Fund Balance Beginning of Year</i>	13,705	13,705	13,705	0
<i>Fund Balance End of Year</i>	\$3,020	\$3,020	\$21,401	\$18,381

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for Services	\$130,000	\$130,000	\$121,333	(\$8,667)
Expenditures				
Current:				
Swimming Pools:				
Personal Services	199,100	199,100	172,945	26,155
Materials and Supplies	30,000	30,000	23,278	6,722
Contractual Services	96,218	96,218	74,678	21,540
Other	2,600	2,600	2,347	253
<i>Total Expenditures</i>	327,918	327,918	273,248	54,670
<i>Excess of Revenues Under Expenditures</i>	(197,918)	(197,918)	(151,915)	46,003
Other Financing Sources				
Transfers In	190,000	190,000	150,000	(40,000)
<i>Net Change in Fund Balance</i>	(7,918)	(7,918)	(1,915)	6,003
<i>Fund Balance Beginning of Year</i>	9,391	9,391	9,391	0
Prior Year Encumbrances Appropriated	218	218	218	0
<i>Fund Balance End of Year</i>	\$1,691	\$1,691	\$7,694	\$6,003

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$132,000	\$132,000	\$133,737	\$1,737
Expenditures				
Current:				
Transportation:				
Street Maintenance:				
Materials and Supplies	146,672	146,672	83,484	63,188
<i>Net Change in Fund Balance</i>	(14,672)	(14,672)	50,253	64,925
<i>Fund Balance Beginning of Year</i>	3,770	3,770	3,770	0
Prior Year Encumbrances Appropriated	16,672	16,672	16,672	0
<i>Fund Balance End of Year</i>	<u>\$5,770</u>	<u>\$5,770</u>	<u>\$70,695</u>	<u>\$64,925</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$2,000	\$66,667	\$81,616	\$14,949
Fines and Forfeitures	1,000	33,333	23,568	(9,765)
<i>Total Revenues</i>	3,000	100,000	105,184	5,184
Expenditures				
Current:				
Security of Persons and Property:				
Police Department:				
Other	78,834	130,752	79,327	51,425
<i>Net Change in Fund Balance</i>	(75,834)	(30,752)	25,857	56,609
<i>Fund Balance Beginning of Year</i>	71,194	71,194	71,194	0
Prior Year Encumbrances Appropriated	5,285	5,285	5,285	0
<i>Fund Balance End of Year</i>	<u>\$645</u>	<u>\$45,727</u>	<u>\$102,336</u>	<u>\$56,609</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues	\$0	\$0	\$0	\$0
Expenditures				
Current:				
Security of Persons and Property:				
Fire Department:				
Other	22,300	22,300	10,000	12,300
<i>Net Change in Fund Balance</i>	(22,300)	(22,300)	(10,000)	12,300
<i>Fund Balance Beginning of Year</i>	12,329	12,329	12,329	0
Prior Year Encumbrances Appropriated	10,000	10,000	10,000	0
<i>Fund Balance End of Year</i>	<u>\$29</u>	<u>\$29</u>	<u>\$12,329</u>	<u>\$12,300</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$360,000	\$360,000	\$384,964	\$24,964
Expenditures				
Current:				
Basic Utility Services:				
Street Maintenance:				
Contractual Services	507,000	507,000	404,198	102,802
<i>Net Change in Fund Balance</i>	(147,000)	(147,000)	(19,234)	127,766
<i>Fund Balance Beginning of Year</i>	215,003	215,003	215,003	0
<i>Fund Balance End of Year</i>	<u>\$68,003</u>	<u>\$68,003</u>	<u>\$195,769</u>	<u>\$127,766</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$340,000	\$340,000	\$337,636	(\$2,364)
Charges for Services	20,000	20,000	24,645	4,645
<i>Total Revenues</i>	360,000	360,000	362,281	2,281
Expenditures				
Current:				
Basic Utility Services:				
Sewer Maintenance:				
Personal Services	338,600	338,600	313,474	25,126
Materials and Supplies	14,660	14,660	9,495	5,165
Contractual Services	155,995	155,995	135,874	20,121
Other	10,000	10,000	9,641	359
<i>Total Expenditures</i>	519,255	519,255	468,484	50,771
<i>Excess of Revenues Under Expenditures</i>	(159,255)	(159,255)	(106,203)	53,052
Other Financing Sources				
Transfers In	100,000	100,000	75,000	(25,000)
<i>Net Change in Fund Balance</i>	(59,255)	(59,255)	(31,203)	28,052
<i>Fund Balance Beginning of Year</i>	56,790	56,790	56,790	0
Prior Year Encumbrances Appropriated	3,655	3,655	3,655	0
<i>Fund Balance End of Year</i>	\$1,190	\$1,190	\$29,242	\$28,052

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$112,960	\$112,960	\$114,513	\$1,553
Intergovernmental	15,500	15,500	14,213	(1,287)
<i>Total Revenues</i>	128,460	128,460	128,726	266
Expenditures				
Current:				
Security of Persons and Property:				
Police:				
Contractual Services	150,000	150,000	150,000	0
Other	200	200	72	128
<i>Total Expenditures</i>	150,200	150,200	150,072	128
<i>Net Change in Fund Balance</i>	(21,740)	(21,740)	(21,346)	394
<i>Fund Balance Beginning of Year</i>	38,161	38,161	38,161	0
<i>Fund Balance End of Year</i>	\$16,421	\$16,421	\$16,815	\$394

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$112,960	\$112,960	\$114,513	\$1,553
Intergovernmental	15,500	15,500	14,213	(1,287)
<i>Total Revenues</i>	128,460	128,460	128,726	266
Expenditures				
Current:				
Security of Persons and Property:				
Fire:				
Contractual Services	150,000	150,000	150,000	0
Other	200	200	71	129
<i>Total Expenditures</i>	150,200	150,200	150,071	129
<i>Net Change in Fund Balance</i>	(21,740)	(21,740)	(21,345)	395
<i>Fund Balance Beginning of Year</i>	38,159	38,159	38,159	0
<i>Fund Balance End of Year</i>	\$16,419	\$16,419	\$16,814	\$395

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property and Other Taxes	\$486,655	\$486,656	\$491,476	\$4,820
Intergovernmental	70,000	70,000	61,592	(8,408)
<i>Total Revenues</i>	<u>556,655</u>	<u>556,656</u>	<u>553,068</u>	<u>(3,588)</u>
Expenditures				
Debt Service:				
Principal Retirement	480,357	480,357	430,000	50,357
Interest and Fiscal Charges	86,780	86,780	85,365	1,415
<i>Total Expenditures</i>	<u>567,137</u>	<u>567,137</u>	<u>515,365</u>	<u>51,772</u>
<i>Net Change in Fund Balance</i>	(10,482)	(10,481)	37,703	48,184
<i>Fund Balance Beginning of Year</i>	<u>586,697</u>	<u>586,697</u>	<u>586,697</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$576,215</u></u>	<u><u>\$576,216</u></u>	<u><u>\$624,400</u></u>	<u><u>\$48,184</u></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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$50,000	\$50,000	\$60,198	\$10,198
Expenditures				
Debt Service:				
Principal Retirement	35,000	35,000	35,000	0
Interest and Fiscal Charges	26,125	26,125	25,783	342
<i>Total Expenditures</i>	61,125	61,125	60,783	342
<i>Net Change in Fund Balance</i>	(11,125)	(11,125)	(585)	10,540
<i>Fund Balance Beginning of Year</i>	148,774	148,774	148,774	0
<i>Fund Balance End of Year</i>	\$137,649	\$137,649	\$148,189	\$10,540

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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$0	\$0	\$80	\$80
Expenditures				
Capital Outlay:				
Contractual Services	582,516	867,516	615,079	252,437
<i>Net Change in Fund Balance</i>	(582,516)	(867,516)	(614,999)	252,517
<i>Fund Balance Beginning of Year</i>	890,228	890,228	890,228	0
Prior Year Encumbrances Appropriated	103,816	103,816	103,816	0
<i>Fund Balance End of Year</i>	<u>\$411,528</u>	<u>\$126,528</u>	<u>\$379,045</u>	<u>\$252,517</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other	\$0	\$0	\$3,100	\$3,100
Expenditures				
Capital Outlay:				
Contractual Services	260,528	260,528	204,892	55,636
<i>Excess of Revenues Under Expenditures</i>	(260,528)	(260,528)	(201,792)	58,736
Other Financing Sources				
Transfers In	200,000	200,000	200,000	0
<i>Net Change in Fund Balance</i>	(60,528)	(60,528)	(1,792)	58,736
<i>Fund Balance Beginning of Year</i>	599,908	599,908	599,908	0
Prior Year Encumbrances Appropriated	60,528	60,528	60,528	0
<i>Fund Balance End of Year</i>	<u>\$599,908</u>	<u>\$599,908</u>	<u>\$658,644</u>	<u>\$58,736</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, 2006

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

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property and Other Taxes	\$544,202	\$544,202	\$551,402	\$7,200
Intergovernmental	69,000	69,000	63,477	(5,523)
<i>Total Revenues</i>	<u>613,202</u>	<u>613,202</u>	<u>614,879</u>	<u>1,677</u>
Expenditures				
Capital Outlay:				
Contractual Services	828,833	828,833	815,249	13,584
Debt Service:				
Principal Retirement	225,000	225,000	225,000	0
Interest and Fiscal Charges	116,210	116,210	116,210	0
Total Debt Service	<u>341,210</u>	<u>341,210</u>	<u>341,210</u>	<u>0</u>
<i>Total Expenditures</i>	<u>1,170,043</u>	<u>1,170,043</u>	<u>1,156,459</u>	<u>13,584</u>
<i>Excess of Revenues Under Expenditures</i>	(556,841)	(556,841)	(541,580)	15,261
Other Financing Sources				
Transfers In	500,000	500,000	500,000	0
<i>Net Change in Fund Balance</i>	(56,841)	(56,841)	(41,580)	15,261
<i>Fund Balance Beginning of Year</i>	40,242	40,242	40,242	0
Prior Year Encumbrances Appropriated	<u>35,833</u>	<u>35,833</u>	<u>35,833</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$19,234</u>	<u>\$19,234</u>	<u>\$34,495</u>	<u>\$15,261</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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special Assessments	\$0	\$0	\$7	\$7
Expenditures	0	0	0	0
<i>Net Change in Fund Balance</i>	0	0	7	7
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$7	\$7

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, 2006

	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, 2006

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental	\$0	\$0	\$62,508	\$62,508
Expenditures				
Capital Outlay:				
Contractual Services	463,421	463,421	368,416	95,005
<i>Net Change in Fund Balance</i>	(463,421)	(463,421)	(305,908)	157,513
<i>Fund Balance Beginning of Year</i>	101,230	101,230	101,230	0
Prior Year Encumbrances Appropriated	363,421	363,421	363,421	0
<i>Fund Balance End of Year</i>	<u>\$1,230</u>	<u>\$1,230</u>	<u>\$158,743</u>	<u>\$157,513</u>

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, 2006

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

Statistical Section

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

Contents	Pages(s)
<i>Financial Trends</i>	<i>S2 – S9</i>
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	<i>S10 – S13</i>
These schedules contain information to help the reader assess the City's most significant local revenue, the municipal income tax.	
<i>Debt Capacity</i>	<i>S14 – S19</i>
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
<i>Economic and Demographic Information</i>	<i>S20 – S23</i>
These schedules offer economic and demographic indicators to help the reader understand the environment within which the City's financial activities take place.	
<i>Operating Information</i>	<i>S24 – S26</i>
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year. The City implemented GASB Statement No. 34 in 2001; schedules presenting government-wide information include information beginning in that year.

City of South Euclid, Ohio
Net Assets By Component
Last Seven Years
(Accrual Basis of Accounting)

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Governmental Activities			
Invested in Capital Assets,			
Net of Related Debt	\$22,743,267	\$20,848,365	\$18,556,099
Restricted:			
Capital Projects	10,994,596	12,072,013	13,586,656
Debt Service	1,228,773	1,230,674	1,209,362
Street Construction,			
Maintenance and Repair	868,767	767,151	745,178
Street Lighting	564,263	581,334	616,735
Sewer Rental	361,298	398,185	374,740
Other Purposes (1)	338,842	295,348	404,799
Unrestricted	<u>6,233,264</u>	<u>5,772,223</u>	<u>5,689,409</u>
<i>Total Governmental Activities Net Assets</i>	<u><u>43,333,070</u></u>	<u><u>41,965,293</u></u>	<u><u>41,182,978</u></u>

(1) Net Assets Restricted for Other Purposes were shown in total for years 2000, 2001 and 2002.

2003	2002	2001	2000
\$17,806,555	\$14,677,992	\$16,110,371	\$15,005,341
9,536,999	12,337,811	10,221,386	7,091,825
4,689,143	4,624,328	564,075	657,985
619,840	0	0	0
638,139	0	0	0
386,731	0	0	0
449,460	2,340,095	2,507,471	2,581,842
6,886,696	6,541,579	6,937,209	6,740,644
<u>41,013,563</u>	<u>40,521,805</u>	<u>36,340,512</u>	<u>32,077,637</u>

City of South Euclid, Ohio
Changes in Net Assets
Last Six Years
(Accrual Basis of Accounting)

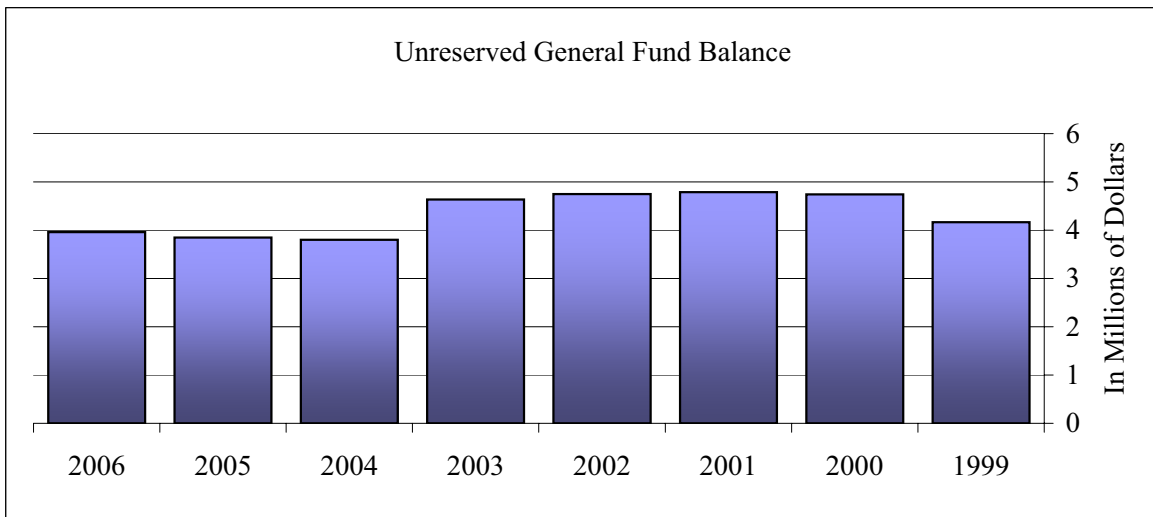
	2006	2005	2004	2003	2002	2001
Program Revenues						
Governmental Activities:						
Charges for Services:						
General Government:						
Legislative and Executive	\$235,896	\$214,236	\$212,514	\$81,257	\$64,126	\$117,227
Judicial System	44,503	42,818	42,712	480,593	448,288	436,864
Security of Persons and Property:						
Police	475,520	444,970	438,192	63,961	26,077	49,710
Fire	328,461	326,040	327,875	331,904	268,318	1,621
Public Health and Welfare	12,693	12,796	100,210	0	0	0
Leisure Time Activities	35,031	74,440	13,590	37,390	36,367	38,942
Community Development	19,959	22,012	107,106	109,337	98,144	70,682
Building Department	62,304	57,307	140,534	357,593	304,627	147,740
Transportation	96,845	89,006	55,040	9,202	5,943	13,074
Basic Utility Services	2,952,317	2,934,578	2,951,856	2,938,776	2,735,584	37,958
Swimming Pools	121,333	142,634	132,144	156,078	162,915	166,060
Operating Grants and Contributions	1,032,575	928,712	968,392	926,987	797,868	3,740,595
Capital Grants and Contributions	86,335	24,468	262,868	653,384	2,690,808	672,508
<i>Total Governmental Activities</i>						
<i>Program Revenues</i>	<u>5,503,772</u>	<u>5,314,017</u>	<u>5,753,033</u>	<u>6,146,462</u>	<u>7,639,065</u>	<u>5,492,981</u>
Expenses						
Governmental Activities:						
General Government:						
Legislative and Executive	\$2,423,252	\$2,149,780	\$2,142,448	\$1,978,940	\$1,953,365	\$1,895,080
Judicial System	463,068	439,808	453,624	460,425	373,524	371,504
Security of Persons and Property:						
Police	5,025,675	4,600,120	4,501,705	4,342,704	4,085,718	3,853,772
Fire	3,583,897	3,552,050	3,314,684	3,139,703	2,854,567	2,665,347
Public Health and Welfare	130,178	127,609	136,516	168,765	132,411	157,173
Leisure Time Activities	377,023	385,161	525,902	522,564	387,883	415,552
Community Development	204,704	219,507	182,993	207,347	307,024	243,728
Building Department	646,628	587,553	619,424	734,635	657,134	563,338
Transportation	3,138,160	2,732,270	2,587,269	3,382,764	2,167,781	1,928,058
Basic Utility Services	3,032,732	2,590,425	2,656,146	3,098,100	2,368,217	2,019,669
Swimming Pools	371,225	442,493	702,414	769,297	773,327	746,909
Interest and Fiscal Charges	496,930	491,110	495,871	308,094	445,494	364,455
<i>Total Governmental Activities Expenses</i>	<u>19,893,472</u>	<u>18,317,886</u>	<u>18,318,996</u>	<u>19,113,338</u>	<u>16,506,445</u>	<u>15,224,585</u>
<i>Total Primary Government Net Expense</i>	<u>(14,389,700)</u>	<u>(13,003,869)</u>	<u>(12,565,963)</u>	<u>(12,966,876)</u>	<u>(8,867,380)</u>	<u>(9,731,604)</u>
General Revenues and Other Changes in Net Assets						
Governmental Activities						
Taxes:						
Property and Other Local Taxes Levied For:						
General Purposes	4,005,660	3,945,778	3,935,438	3,597,642	3,683,343	3,553,391
Debt Service	487,938	491,236	525,600	480,622	490,604	481,170
Capital Projects	549,010	558,422	559,713	549,291	557,055	549,581
Other Purposes	229,592	228,914	228,606	208,170	207,014	207,006
Municipal Income Taxes	7,309,426	5,889,209	5,258,353	6,005,698	5,573,741	5,897,127
Grants and Entitlements not Restricted to						
Specific Programs	2,186,857	2,132,798	2,032,457	2,271,565	1,921,190	2,324,610
Increase in Investment in Joint Venture	27,217	0	0	64,400	103,518	163,469
Investment Income	766,878	459,995	163,416	264,118	472,003	635,777
Gain on Sale of Capital Assets	42,525	0	0	0	9,800	149,725
Miscellaneous	152,374	79,832	31,795	17,128	30,405	32,623
<i>Total Governmental Activities</i>	<u>15,757,477</u>	<u>13,786,184</u>	<u>12,735,378</u>	<u>13,458,634</u>	<u>13,048,673</u>	<u>13,994,479</u>
<i>Total Primary Government Change in Net Assets</i>	<u>\$1,367,777</u>	<u>\$782,315</u>	<u>\$169,415</u>	<u>\$491,758</u>	<u>\$4,181,293</u>	<u>\$4,262,875</u>

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City of South Euclid, Ohio
Fund Balances, Governmental Funds
Last Eight Years (1)
(Modified Accrual Basis of Accounting)

	2006	2005	2004
General Fund			
Reserved	\$98,956	\$99,302	\$151,359
Unreserved	3,957,818	3,848,239	3,801,648
Total General Fund	<u>4,056,774</u>	<u>3,947,541</u>	<u>3,953,007</u>
All Other Governmental Funds			
Reserved	1,772,610	1,868,745	932,454
Unreserved, Undesignated, Reported in:			
Special Revenue funds	946,986	851,780	943,201
Debt Service funds	772,589	735,471	678,299
Capital Projects funds	6,952,753	7,962,465	10,286,763
Total All Other Governmental Funds	<u>10,444,938</u>	<u>11,418,461</u>	<u>12,840,717</u>
Total Governmental Funds	<u><u>\$14,501,712</u></u>	<u><u>\$15,366,002</u></u>	<u><u>\$16,793,724</u></u>

(1) Information prior to 1999 is not available.



2003	2002	2001	2000	1999
\$161,318	\$145,434	\$204,815	\$336,574	\$595,558
4,634,250	4,751,166	4,789,106	4,741,657	4,164,477
4,795,568	4,896,600	4,993,921	5,078,231	4,760,035
1,012,722	247,085	1,355,357	422,301	1,328,236
1,117,585	1,456,501	1,041,451	1,323,116	1,042,397
631,875	576,357	522,235	491,534	487,305
10,268,190	14,016,454	12,057,860	4,977,999	3,957,710
13,030,372	16,296,397	14,976,903	7,214,950	6,815,648
<u>\$17,825,940</u>	<u>\$21,192,997</u>	<u>\$19,970,824</u>	<u>\$12,293,181</u>	<u>\$11,575,683</u>

City of South Euclid, Ohio
Changes in Fund Balances, Governmental Funds
Last Eight Years (1)
(Modified Accrual Basis of Accounting)

	2006	2005	2004	2003
Revenues				
Property and Other Taxes	\$5,268,129	\$5,279,878	\$5,265,227	\$4,767,851
Municipal Income Taxes	6,741,479	5,594,529	5,349,183	5,739,236
Special Assessments	2,841,329	2,891,889	2,879,471	2,731,482
Intergovernmental	3,311,300	3,205,613	3,026,880	3,733,712
Interest	766,878	459,995	163,416	264,118
Fees, Licenses and Permits	606,335	638,644	534,101	748,651
Fines and Forfeitures	578,476	472,986	521,519	489,830
Rentals	158,687	184,116	166,792	105,893
Charges for Services	306,468	257,754	346,546	303,336
Other	152,374	79,832	31,795	17,128
<i>Total Revenues</i>	<u>20,731,455</u>	<u>19,065,236</u>	<u>18,284,930</u>	<u>18,901,237</u>
Expenditures				
Current:				
General Government (2)				
General Government:				
Legislative and Executive	2,424,399	2,140,190	2,171,553	1,955,867
Judicial System	453,396	426,959	437,166	444,559
Security of Persons and Property (3)				
Security of Persons and Property:				
Police	4,842,681	4,522,458	4,376,502	4,178,466
Fire	3,484,989	3,400,649	3,279,987	2,978,482
Public Health and Welfare	130,178	127,609	136,516	168,765
Leisure Time Activities	370,605	341,400	393,217	467,343
Community Development	204,704	219,507	185,669	207,345
Building Department	643,659	569,766	572,410	719,646
Transportation	1,748,928	1,940,539	1,779,840	1,675,861
Basic Utility Services	2,135,250	1,840,926	1,930,402	1,968,487
Swimming Pools	274,413	266,658	351,821	461,665
Capital Outlay	3,821,801	3,208,757	2,583,885	7,510,874
Debt Service:				
Principal Retirement	1,175,441	1,070,655	1,019,245	9,342,841
Interest and Fiscal Charges	415,518	427,297	460,865	431,485
Bond Issuance Costs	0	0	0	0
<i>Total Expenditures</i>	<u>22,125,962</u>	<u>20,503,370</u>	<u>19,679,078</u>	<u>32,511,686</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,394,507)</u>	<u>(1,438,134)</u>	<u>(1,394,148)</u>	<u>(13,610,449)</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	173,253	10,412	6,023	2,731
General Obligation Bonds Issued	0	0	0	9,400,000
Premium on General Obligation Bonds	0	0	0	20,074
Payment to Refunded Bond Escrow	0	0	0	0
General Obligation Notes Issued	0	0	0	0
Premium on General Obligation Notes	0	0	0	0
OPWC Loans Issued	0	0	355,909	820,587
Inception of Capital Lease	356,964	0	0	0
Transfers In	945,000	732,917	407,500	348,103
Transfers Out	(945,000)	(732,917)	(407,500)	(348,103)
<i>Total Other Financing Sources (Uses)</i>	<u>530,217</u>	<u>10,412</u>	<u>361,932</u>	<u>10,243,392</u>
<i>Net Change in Fund Balances</i>	<u><u>(\$864,290)</u></u>	<u><u>(\$1,427,722)</u></u>	<u><u>(\$1,032,216)</u></u>	<u><u>(\$3,367,057)</u></u>
Debt Service as a Percentage of Noncapital Expenditures	9.5%	9.5%	9.5%	64.2%

(1) Information prior to 1999 is not available.

(2) General Government was shown in total for years 1999 and 2000.

(3) Security of Persons and Property was shown in total for years 1999 and 2000.

2002	2001	2000	1999
\$4,942,050	\$4,733,663	\$4,552,516	\$4,475,041
5,729,709	5,480,272	5,385,924	5,404,307
2,810,566	2,838,353	1,855,655	1,973,302
5,664,588	3,917,807	3,617,495	3,527,776
472,003	679,836	703,591	570,978
604,012	169,739	171,630	138,903
450,711	467,915	360,976	414,642
42,530	97,359	94,913	94,104
276,359	284,989	351,706	456,990
71,598	48,570	166,704	178,860
<u>21,064,126</u>	<u>18,718,503</u>	<u>17,261,110</u>	<u>17,234,903</u>
		2,301,392	2,703,982
1,954,740	1,914,256		
365,555	370,071	6,746,905	6,613,379
3,887,106	3,853,690		
2,777,117	2,569,171		
111,483	102,938	91,338	98,340
360,608	334,721	815,416	756,215
139,688	130,464	556,553	501,068
630,633	544,835	0	0
1,547,080	1,480,690	1,540,384	1,757,927
1,918,152	1,930,490	1,520,283	1,437,963
498,134	493,966	2,399,172	2,314,488
8,339,672	2,443,991	0	0
6,318,734	1,394,639	1,369,448	1,354,265
385,878	260,248	256,126	285,656
0	0	0	0
<u>29,234,580</u>	<u>17,824,170</u>	<u>17,597,017</u>	<u>17,823,283</u>
<u>(8,170,454)</u>	<u>894,333</u>	<u>(335,907)</u>	<u>(588,380)</u>
32,677	211,625	0	0
0	0	0	0
0	0	0	0
0	0	0	0
8,900,000	5,900,000	1,000,000	1,000,000
13,617	6,195	0	0
446,333	665,490	53,405	0
0	0	0	0
1,403,833	1,802,751	871,300	825,000
<u>(1,403,833)</u>	<u>(1,802,751)</u>	<u>(871,300)</u>	<u>(825,000)</u>
<u>9,392,627</u>	<u>6,783,310</u>	<u>1,053,405</u>	<u>1,000,000</u>
<u>\$1,222,173</u>	<u>\$7,677,643</u>	<u>\$717,498</u>	<u>\$411,620</u>
47.2%	12.1%	10.2%	10.1%

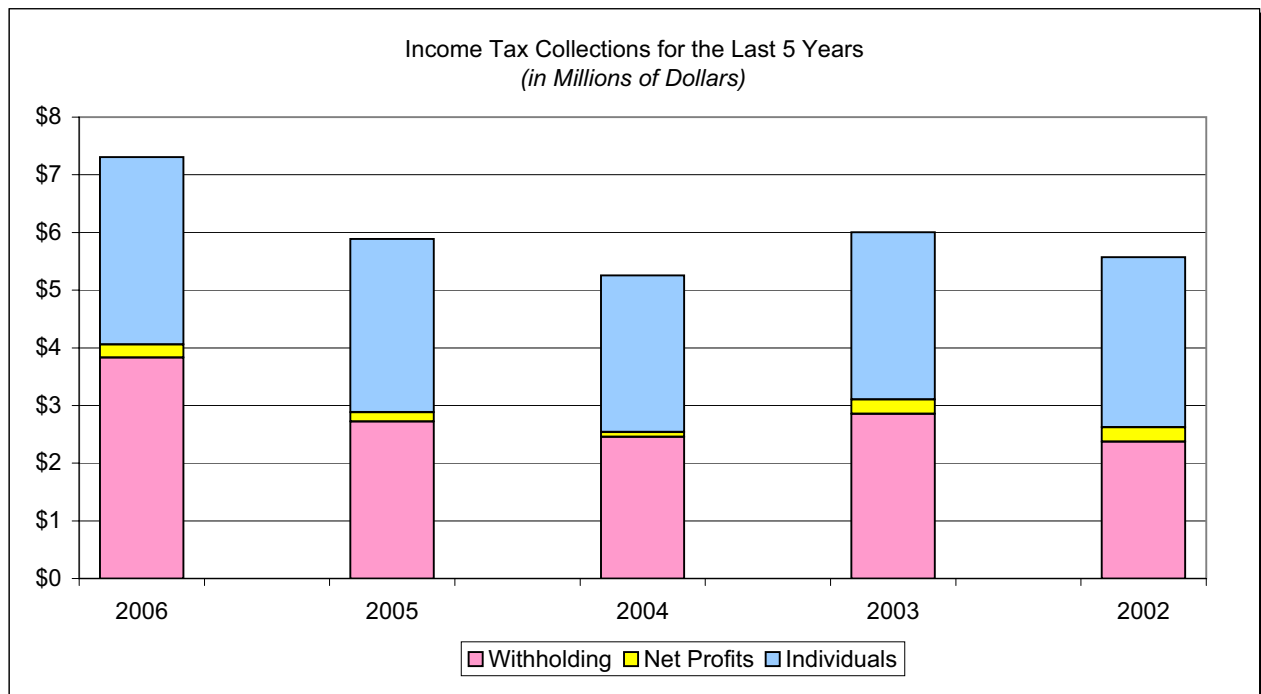
City of South Euclid, Ohio
Income Tax Revenue Base and Collections
Last Five Years (1)

Tax Year (2)	Tax Rate (3)	Total Tax Collected	Taxes from Withholding	Percentage of Taxes from Withholding	Taxes From Net Profits	Percentage of Taxes from Net Profits	Taxes From Individuals	Percentage of Taxes from Individuals
2006	2.00 %	\$7,309,426	\$3,830,126	52.40%	\$229,265	3.14%	\$3,250,035	44.46%
2005	1.50	5,889,209	2,720,121	46.19	164,850	2.80	3,004,238	51.01
2004	1.50	5,258,353	2,458,664	46.76	80,510	1.53	2,719,179	51.71
2003	1.50	6,005,698	2,854,627	47.53	249,266	4.15	2,901,805	48.32
2002	1.50	5,573,741	2,373,168	42.58	247,983	4.45	2,952,590	52.97

(1) Information prior to 2002 is not available.

(2) 2002 through 2006 are on an Accrual Basis.

(3) The City's income tax rate was increased by a majority vote of residents in August 2005 and became effective January 1, 2006.



City of South Euclid, Ohio
Income Tax Statistics
One Year Ago and Five Years Ago

2005 (1)

Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
\$0 - \$24,999	2,463	34.90%	\$23,905,119	7.38%
\$25,000 - \$49,999	1,896	26.87	71,111,583	21.97
\$50,000 - \$74,999	1,401	19.85	85,856,492	26.52
\$75,000 - \$99,999	700	9.92	60,268,878	18.62
Over \$100,000	597	8.46	82,581,499	25.51
Total	<u>7,057</u>		<u>\$323,723,571</u>	

2001 (2)

Income Range	Number of Filers	Percent of Filers	Taxable Income	Percent of Taxable Income
\$0 - \$24,999	2,605	34.54%	26,735,621	8.03%
\$25,000 - \$49,999	2,206	29.25	82,287,624	24.70
\$50,000 - \$74,999	1,502	19.90	92,021,417	27.62
\$75,000 - \$99,999	706	9.36	60,447,804	18.14
Over \$100,000	524	6.95	71,646,224	21.51
Total	<u>7,543</u>		<u>\$333,138,690</u>	

(1) Information for 2005 is the most current available.

(2) Information prior to 2001 is not available.

City of South Euclid, Ohio
Principal Income Taxpayers
Current Year and Three Years Ago (Cash Basis) (1)

The following are the principal income taxpayers in the City; ranked in order of payroll withholding.

2006 Taxpayers	Ranking
South Euclid-Lyndhurst Board of Education	1
City of South Euclid	2
Glastic Corporation	3
University Surburban Health Center	4
Cuyahoga County Auditor	5
Notre Dame College	6
Transdigm Inc.	7
Riser Foods	8
Cleveland Physicians	9
University Hospitals Health System	10

2003 Taxpayers	Ranking
South Euclid-Lyndhurst Board of Education	1
Transdigm Inc.	2
City of South Euclid	3
University Surburban Health Center	4
Cuyahoga County Auditor	5
Allergy Immunology Association Inc.	6
Cleveland Physicians	7
Riser Foods	8
Notre Dame College	9
Cuyahoga County Auditor	10

Due to legal restrictions and confidentiality requirements, the City cannot disclose the amount of withholding.

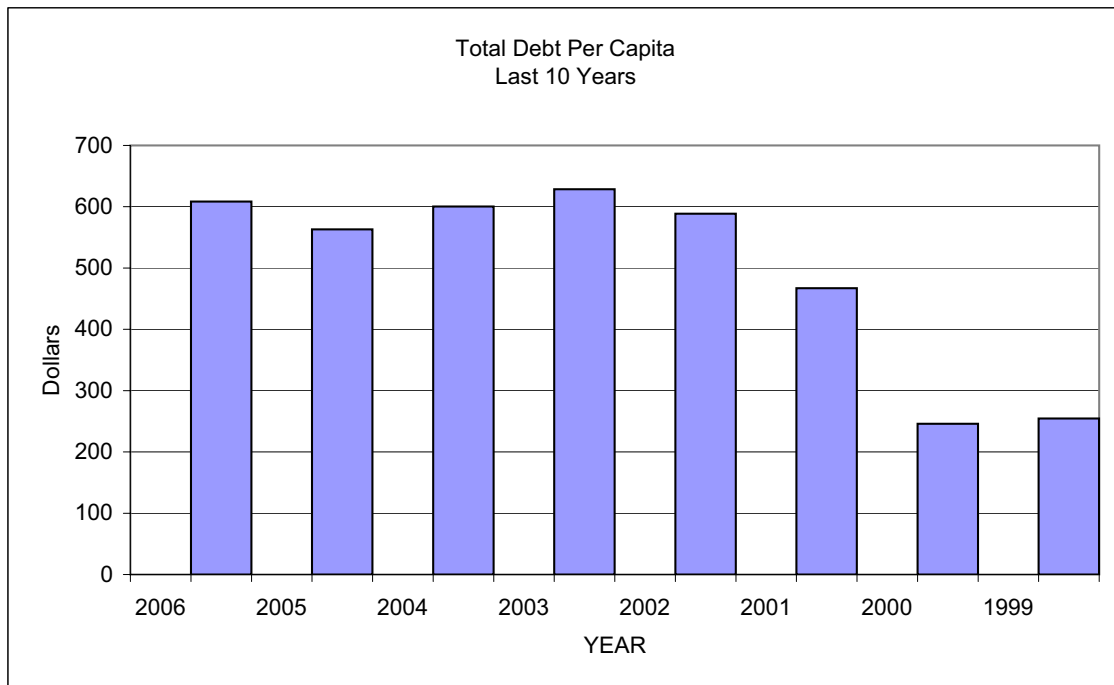
(1) Information prior to 2003 is not available.

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City of South Euclid, Ohio
*Ratio of Outstanding Debt to
 Total Personal Income and Debt Per Capita
 Last Eight Years*

Governmental Activities						
Year	General Obligation Bonds	Special Assessment Bonds	OPWC Loans	Capital Leases	Police and Fire Pension	General Obligation Bond Anticipation Notes
2006	\$9,711,038	\$340,000	\$1,856,693	\$291,856	\$320,994	\$1,800,000
2005	10,586,506	375,000	1,966,300	0	326,720	0
2004	11,174,994	405,000	2,216,053	0	332,209	0
2003	12,089,994	435,000	1,929,124	0	337,474	0
2002	3,005,000	460,000	1,146,332	0	342,520	8,900,000
2001	3,542,458	485,000	718,895	0	347,358	5,901,549
2000	3,873,533	510,000	53,405	0	351,997	1,000,000
1999	4,181,108	535,000	0	0	356,445	1,000,000

(1) The personal income and population can be found on S22.



<u>Total Debt</u>	<u>Percentage of Personal Income (1)</u>	<u>Per Capita (1)</u>
\$14,320,581	2.72%	\$608
13,254,526	2.52	563
14,128,256	2.68	600
14,791,592	2.81	628
13,853,852	2.63	589
10,995,260	2.09	467
5,788,935	1.10	246
6,072,553	1.58	254

City of South Euclid, Ohio
*Ratio of General Obligation Bonded Debt to Assessed
Value and Bonded Debt Per Capita
Last Eight Years (1)*

Year	Population (2)		Estimated True Values of Taxable Property (3)	Bonded Debt (4)	Ratio of Bonded Debt to Estimated True Values of Taxable Property	Bonded Debt Per Capital
2006	23,537	b	\$1,336,234,226	\$9,711,038	0.73 %	\$412.59
2005	23,537	b	1,224,421,930	10,586,506	0.86	449.78
2004	23,537	b	1,221,430,277	11,174,994	0.91	474.78
2003	23,537	b	1,211,632,103	12,089,994	1.00	513.66
2002	23,537	b	1,114,318,570	3,005,000	0.27	127.67
2001	23,537	b	1,110,215,623	3,542,458	0.32	150.51
2000	23,537	a	1,113,072,820	3,873,533	0.35	164.57
1999	23,866	a	1,016,244,347	4,181,108	0.41	175.19

Sources:

- (1) Information prior to 1999 is not available.
- (2) U. S. Bureau of Census, Census of Population.
 - (a) 1990 Federal Census
 - (b) 2000 Federal Census
- (3) Cuyahoga County Auditor
- (4) Includes all general obligation bonded debt.

City of South Euclid, Ohio
Computation of Direct and Overlapping Governmental Activities Debt
 December 31, 2006

Jurisdiction	Governmental Activities Debt Outstanding	Percentage Applicable to City (1)	Amount Applicable to City of South Euclid
Direct - City of South Euclid			
General Obligation Bonds	\$9,711,038	100.00%	\$9,711,038
Special Assessment Bonds	340,000	100.00%	340,000
OPWC Loans	1,856,693	100.00%	1,856,693
Capital Leases	291,856	100.00%	291,856
Police and Fire Pension	320,994	100.00%	320,994
Notes Payable	1,800,000	100.00%	1,800,000
<i>Total Direct</i>	<u>14,320,581</u>		<u>12,520,581</u>
Overlapping			
South Euclid-Lynhurst City School District			
General Obligation Bonds	9,610,000	93.49%	8,984,389
Bond Anticipation Notes	1,750,000	93.49%	1,636,075
Cleveland Heights School District			
General Obligation Bonds	14,024,990	6.51%	913,027
Energy Conservation Bonds	5,170,000	6.51%	336,567
Capital Lease Obligations	514,173	6.51%	33,473
Cuyahoga County (2)			
General Obligation Bonds	208,194,000	1.40%	2,914,716
Revenue Bonds	106,015,000	1.40%	1,484,210
Capital Lease Obligations	28,390,000	1.40%	397,460
Loans Payable	5,475,000	1.40%	76,650
Greater Cleveland Regional Transit Authority			
General Obligation Bonds	131,860,000	1.40%	1,846,040
SIB Loan	4,580,196	1.40%	64,123
<i>Total Overlapping Debt</i>	<u>515,583,359</u>		<u>18,686,729</u>
Total	<u><u>\$529,903,940</u></u>		<u><u>\$31,207,310</u></u>

(1) The percentage of gross indebtedness of the City's overlapping political subdivisions was determined by dividing each overlapping subdivision's assessed valuation within the City by its total assessed valuation.

(2) The special taxing districts' debt (which includes the Cleveland Metropolitan Park District, Cuyahoga Community College and the Cleveland-Cuyahoga Port Authority) is included in the County total.

Source: Cuyahoga County Auditor

City of South Euclid, Ohio
Ratios of Bonded Debt Outstanding and Legal Debt Margin
Last Eight Years (1)

	2006	2005	2004
Population	23,537	23,537	23,537
Total Assessed Property Value	<u>\$465,051,645</u>	<u>\$428,196,500</u>	<u>\$428,020,457</u>
General Bonded Debt Outstanding:			
General Obligation Bonds	\$9,279,994	\$10,239,994	\$11,174,994
Special Assessment Bonds	340,000	375,000	405,000
Bond Anticipation Notes	1,800,000	0	0
OPWC Loans	<u>1,856,693</u>	<u>1,966,300</u>	<u>2,216,053</u>
Total Gross Indebtedness	13,276,687	12,581,294	13,796,047
Less:			
Special Assessment Bonds	(340,000)	(375,000)	(405,000)
OPWC Loans	(1,856,693)	(1,966,300)	(2,216,053)
General Obligation Bond Retirement Fund Balance	<u>(624,400)</u>	<u>(586,697)</u>	<u>(528,218)</u>
Total Net Debt Applicable to Debt Limit	<u>10,455,594</u>	<u>9,653,297</u>	<u>10,646,776</u>
Overall Legal Debt Limit (10 ½ % of Assessed Valuation)	<u>48,830,423</u>	<u>44,960,633</u>	<u>44,942,148</u>
Legal Debt Margin Within 10 ½ % Limitations	<u>\$38,374,829</u>	<u>\$35,307,336</u>	<u>\$34,295,372</u>
Legal Debt Margin as a Percentage of the Debt Limit	78.59%	78.53%	76.31%
Unvoted Debt Limitation 5 ½ % of Assessed Valuation	<u>\$25,577,840</u>	<u>\$23,550,808</u>	<u>\$23,541,125</u>
Total Gross Indebtedness	13,276,687	12,581,294	13,796,047
Less:			
Special Assessment Bonds	(340,000)	(375,000)	(405,000)
OPWC Loans	(1,856,693)	(1,966,300)	(2,216,053)
Voted General Obligation Bonds	(9,279,994)	(10,239,994)	(11,174,994)
General Obligation Bond Retirement Fund Balance	<u>(624,400)</u>	<u>(586,697)</u>	<u>(528,218)</u>
Net Debt Within 5 ½ % Limitations	<u>1,175,600</u>	<u>0</u>	<u>0</u>
Unvoted Legal Debt Margin Within 5 ½ % Limitations	<u>\$24,402,240</u>	<u>\$23,550,808</u>	<u>\$23,541,125</u>
Unvoted legal Debt Margin as a Percentage of the Unvoted Debt Limitation	95.40%	100.00%	100.00%

Source: City Financial Records

(1) Information prior to 1999 is not available.

2003	2002	2001	2000	1999
23,537	23,537	23,537	23,537	23,866
<u>\$424,956,568</u>	<u>\$389,649,944</u>	<u>\$388,535,868</u>	<u>\$391,349,144</u>	<u>\$357,742,347</u>
\$12,089,994	\$3,005,000	\$3,542,458	\$3,873,533	\$4,181,108
435,000	460,000	485,000	510,000	535,000
0	8,900,000	5,901,549	1,000,000	1,000,000
1,929,124	1,146,332	718,895	53,405	0
14,454,118	13,511,332	10,647,902	5,436,938	5,716,108
(435,000)	(460,000)	(485,000)	(510,000)	(535,000)
(1,929,124)	(1,146,332)	(718,895)	(53,405)	0
(480,323)	(429,268)	(373,139)	(360,815)	(370,046)
11,609,671	11,475,732	9,070,868	4,512,718	4,811,062
44,620,440	40,913,244	40,796,266	41,091,660	37,562,946
<u>\$33,010,769</u>	<u>\$29,437,512</u>	<u>\$31,725,398</u>	<u>\$36,578,942</u>	<u>\$32,751,884</u>
73.98%	71.95%	77.77%	89.02%	87.19%
<u>\$23,372,611</u>	<u>\$21,430,747</u>	<u>\$21,369,473</u>	<u>\$21,524,203</u>	<u>\$19,675,829</u>
14,454,118	13,511,332	10,647,902	5,436,938	5,716,108
(435,000)	(460,000)	(485,000)	(510,000)	(535,000)
(1,929,124)	(1,146,332)	(718,895)	(53,405)	0
(12,089,994)	(3,005,000)	(3,542,458)	(3,873,533)	(4,181,108)
(480,323)	(429,268)	(373,139)	(360,815)	(370,046)
0	8,470,732	5,528,410	639,185	629,954
<u>\$23,372,611</u>	<u>\$12,960,015</u>	<u>\$15,841,063</u>	<u>\$20,885,018</u>	<u>\$19,045,875</u>
100.00%	60.47%	74.13%	97.03%	96.80%

City of South Euclid

Principal Employers

Current Year (1)

2006

Employer	Number of Employees
Notre Dame College	566
South Euclid-Lyndhurst Board of Education	440
Marc Glassman Inc.	337
Cuyahoga County Auditor	267
City of South Euclid	199
University Suburban Health Center	192
Glastic Corporation	175
Riser Foods Company	156
Walgreen Company	135
Transdigm	74
	<hr/>
Total	2,541
	<hr/> <hr/>
Total Employment within the City	n/a
	<hr/> <hr/>

Source: Regional Income Tax Agency

(1) Information prior to 2006 not available.

n/a - Information not available

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City of South Euclid, Ohio
Demographic and Economic Statistics
Last Ten Years

Year	Population (1)	Total Personal Income (5)	Personal Income Per Capita	Median Household Income (1)	Median Age (1)
2006	23,537	\$526,828,671	\$22,383	\$48,346	38
2005	23,537	526,828,671	22,383	48,346	38
2004	23,537	526,828,671	22,383	48,346	38
2003	23,537	526,828,671	22,383	48,346	38
2002	23,537	526,828,671	22,383	48,346	38
2001	23,537	526,828,671	22,383	48,346	38
2000	23,537	526,828,671	22,383	48,346	38
1999	23,866	384,576,724	16,114	36,119	37
1998	23,866	384,576,724	16,114	36,119	37
1997	23,866	384,576,724	16,114	36,119	37

(1) Source: U. S. Census

(a) Years 2000 through 2006 - 2000 Federal Census

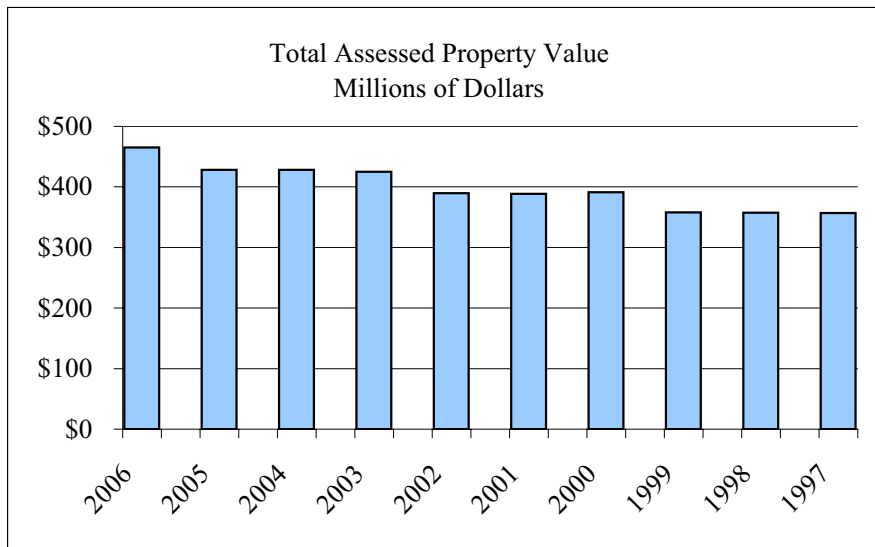
(b) Years 1997 through 1999 - 1990 Federal Census

(2) Source: Ohio Department of Education Website: "<http://www.ode.state.oh.us/data/>"

(3) Cuyahoga County Planning Commission

(4) Source: Cuyahoga County Auditor

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



Educational Attainment: Bachelor's Degree or Higher (1)	School Enrollment (2)	Cuyahoga County Unemployment Rate (3)	Total Assessed Property Value (4)
67.0%	4,462	5.5%	\$465,051,645
65.5	4,613	5.9	428,196,500
65.6	4,669	6.3	428,020,457
59.2	4,634	6.2	424,956,568
58.8	4,392	5.7	389,649,944
58.6	4,452	4.5	388,535,868
54.8	4,482	4.1	391,349,144
55.0	4,429	4.4	357,742,347
N/A	4,344	4.3	357,641,263
70.0	4,310	4.7	356,749,991

City of South Euclid, Ohio
City Government Employees by Function/Program
Last Five Years (1)

Function/Program	2006	2005	2004	2003	2002
General Government:					
Legislative and Executive					
City Council	4.00	4.00	4.00	4.00	4.00
Mayors Office	2.00	2.00	2.00	2.00	3.00
Finance	5.00	5.00	5.00	5.00	5.00
Law	3.00	2.00	2.00	2.00	2.00
Civil Service	2.00	2.00	2.00	2.00	2.00
Municipal Complex	3.00	2.00	3.00	3.00	3.00
Engineering	1.00	1.00	1.00	1.00	1.00
Judicial System					
Municipal Court	10.00	10.00	11.00	12.00	9.00
Security of Persons and Property					
Police	58.00	64.00	64.00	65.00	64.00
Fire	36.00	34.00	34.00	33.00	33.00
Leisure Time Activities					
Recreation	3.00	3.00	3.00	3.00	3.00
Community Center	6.00	4.00	4.00	6.00	6.00
Community Development					
Boards and Commissions	10.00	10.00	10.00	10.00	10.00
Community Relations	2.00	2.00	1.00	1.00	1.00
Building Department					
Transportation	11.00	11.00	11.00	11.00	12.00
Service Department	23.00	21.00	21.00	20.00	20.00
Service Garage	2.00	2.00	2.00	2.00	2.00
Basic Utility Services					
Curbside Recycling	2.00	2.00	2.00	2.00	2.00
Swimming Pools					
	35.00	52.00	52.00	52.00	157.00
Totals:	<u>218.00</u>	<u>233.00</u>	<u>234.00</u>	<u>236.00</u>	<u>339.00</u>

Source: City of South Euclid, Annual budget approved by March of each year.

Method: Using 1.0 for each full-time employee and 0.50 for each part-time and seasonal employee at year end.

(1) Information prior to 2002 is not available.

City of South Euclid, Ohio
Operating Indicators by Function/Program
Last Five Years (1)

Function/Program	2006	2005	2004	2003	2002
General Government					
<i>City Council</i>					
Ordinances Introduced	88	78	94	103	80
Resolutions Introduced	44	66	58	41	49
Security of Persons & Property					
<i>Police</i>					
Number of Stations	1	1	1	1	1
Policemen and Officers	41	41	41	41	41
School Guards	13	16	18	17	17
Hours of Training	1,967	1,655	2,300	2,600	2,400
Number of Persons Arrested	947	997	990	965	872
Number of Traffic Citations Issued	4,787	4,467	4,239	4,838	4,447
Number of Parking Violations/Arrests	5,709	4,756	4,115	4,299	5,272
Police Responses	16,874	17,984	15,196	N/A	N/A
<i>Fire</i>					
Number of Stations	1	1	1	1	1
Firemen and Officers	35	34	33	32	32
Paramedics	23	22	21	20	20
Hours of Training	5,703	3,485	3,296	3,994	4,131
Number of Incidents	335,450	2,938	2,894	3,056	2,882
EMS Responses	2,022	N/A	N/A	N/A	N/A
Total Fire Loss	\$335,450	\$225,200	\$363,600	\$363,050	\$850,100
Building Department					
Residential Building Permits Issued	976	983	1,027	1,011	1,178
Estimated Value of Residential Construction	\$5,725,155	\$7,032,396	\$5,608,679	\$7,003,250	\$6,861,206
Commercial Building Permits Issued	36	39	38	45	70
Estimated Value of Commercial Construction	\$2,807,093	\$995,007	\$1,104,551	\$3,557,985	\$7,595,022
Swimming Pools					
Number of Pools	2	2	3	3	3
Swimming Pool Receipts	\$121,334	\$142,635	\$132,913	\$155,454	\$162,770
Swimming Pool Expenditures	\$273,248	\$270,526	\$350,436	\$456,467	\$505,710

(1) Information prior to 2002 is not available.

City of South Euclid, Ohio
Capital Assets Statistics by Function/Program
Last Five Years (1)

Function/Program	2006	2005	2004	2003	2002
General Government					
Total Square Footage (2)	54,002	54,002	54,002	54,002	54,002
Vehicles	1	1	1	1	1
Security of Persons and Property					
<i>Police</i>					
Number of Stations	1	1	1	1	1
Vehicles	25	28	28	28	28
<i>Fire</i>					
Number of Stations	1	1	1	1	1
Vehicles	10	10	9	9	9
Leisure Time Activities					
Number of Parks	3	3	3	3	3
Number of Playgrounds	2	2	2	2	2
Number of Tennis Courts	4	4	4	4	8
Number of Community Centers	1	1	1	1	1
Square Footage of Community Center	10,582	10,582	10,582	10,582	10,582
Building Department					
Vehicles	8	8	8	8	8
Transportation					
Street Miles	67	61	61	61	61
Storm Sewer Miles	60	N/A	N/A	N/A	56
Sanitary Sewer Miles	64	N/A	N/A	N/A	56
Water Line Miles	70	N/A	N/A	N/A	61
Square Footage of Service Garage	13,897	13,897	13,897	13,897	13,897
Square Footage of Parking Garage	17,542	17,542	17,542	17,542	17,542
Vehicles	32	29	29	27	27
Basic Utility Services					
Vehicles	19	19	19	19	19
Swimming Pools					
Number of Swimming Pools	2	2	3	3	3

(1) Information prior to 2002 is not available.

(2) Total Square Footage includes square footage of the police and fire stations.



Mary Taylor, CPA
Auditor of State

CITY OF SOUTH EUCLID

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 10, 2007**